

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



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Application of Pacific Gas and Electric
Company to Recover Costs Recorded in the
Catastrophic Event Memorandum Account
Pursuant to Public Utilities Code Section 454.9
Associated with Certain Declared Disasters
Between August 2009 and March 2011

Application No. 11-09-014
(filed September 21, 2011)

(U 39 E)

**ALL-PARTY MOTION OF PACIFIC GAS AND ELECTRIC COMPANY, THE
DIVISION OF RATEPAYER ADVOCATES, AND THE UTILITY REFORM
NETWORK FOR APPROVAL AND ADOPTION OF THE ATTACHED
SETTLEMENT AGREEMENT**

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Dated: October 31, 2012

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SETTLEMENT AGREEMENT**

1. INTRODUCTION

Pursuant to Rule 12.1 of the Commission's Rules of Practice and Procedure, the Settling Parties (as defined in section 2, below) hereby move that the Commission accept and adopt the attached All-Party Settlement Agreement (Settlement) as soon as practical. As explained below, the Settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

2. DEFINITIONS

- 2.1. The term "PG&E" means Pacific Gas and Electric Company;
- 2.2. The term "DRA" means the Division of Ratepayer Advocates;
- 2.3. The term "TURN" means The Utility Reform Network; and
- 2.4. The term "Settling Parties" means collectively PG&E, DRA, and TURN.

3. THE SETTLING PARTIES WAIVE RULE 12.1, SUBDIVISION (b).

The Settling Parties hereby jointly and severally hereby waive the requirements of Rule

12.1(b). That Rule requires parties to convene at least one conference with notice and opportunity to participate provided to all parties. Since all the parties in this proceeding have already met and discussed this Settlement and unanimously and mutually accept its terms and conditions, adhering to Rule 12.1(b) in this instance would be inefficient and unnecessary.

4. BACKGROUND

4.1. PG&E'S Application

On September 21, 2011, PG&E filed Application (A.) 11-09-014 to recover incremental electric costs recorded in its Catastrophic Event Memorandum Account (CEMA) incurred while responding to the following seven declared disasters (CEMA Events):

- August 2009 Fires;
- October 2009 Storm;
- January 2010 Earthquake;
- January 2010 Storms;
- November 2010 Storm;
- December 2010 thru January 2011 Storms; and
- March 2011 Storms.

PG&E's A.11-09-014 requested authorization to recover \$32.4 million in electric distribution and generation revenue requirements associated with \$48.95 million in CEMA-eligible incremental costs incurred in responding to the CEMA Events. Further, as a result of the CEMA Events, PG&E incurred damages across its service territory that cost system-wide a total of \$225.3 million. In accordance with Commission Decision (D.) 07-07-041, however, PG&E sought cost recovery only for those damages incurred in counties that were officially declared a state of emergency by a competent state or federal authority. Consistent with past CEMA applications and Commission Decisions, PG&E adjusted its CEMA-eligible costs as follows: (1) to exclude employee benefits associated with labor expense and capitalized Administrative and

General (A&G) costs charged to capital orders, and (2) to reflect any insurance claim proceeds.^{1/}

In its Application, PG&E proposed to collect the authorized CEMA expenses and to amortize the authorized CEMA capital costs in rates beginning on January 1, 2013, as part of its Annual Electric True-Up (AET) filing, or as soon as possible following a decision in this proceeding. PG&E proposed that such amortization of capital costs shall continue until PG&E's next General Rate Case (GRC), currently slated for a Test Year 2014. Thereafter, the recovery of capital-related costs (such as return, taxes, and depreciation) would be included in PG&E's next GRC base rates. The annual amount PG&E proposed to recover in rates will consist of the CEMA account balance as of the end of the prior year, along with the current year activity, interest, and franchise fees and uncollectibles in order to approximate a zero balance by year-end. Prior to the next GRC, PG&E proposed that cost recovery would occur through the Distribution Revenue Adjustment Mechanism (DRAM) and the Utility Generation Balancing Account (UGBA) and be updated annually through the AET filing. Rates set to recover CEMA costs would be set in the same manner as rates that are set to recover other distribution (i.e., DRAM) and generation (i.e., UGBA) costs, using adopted methodologies for revenue allocation and rate design.

The seven CEMA Events referenced in PG&E's Application are as follows.

4.1.1. The August 2009 Fires

In August 2009, multiple wild land fires started in northern and central California. Specifically:

- On August 14, 2009, a wildfire started in Yuba County. On August 20, 2009, Governor Arnold Schwarzenegger issued a State of Emergency proclamation for Yuba County.
- On August 26, 2009, a wildfire started in the Big Meadow area of Mariposa County. On August 29, 2009, Lieutenant Governor John Garamendi as Acting Governor

^{1/} PG&E Appl. at 2; PG&E Testimony at 1-2 to 1-3, *PG&E*, A.11-09-014 (filed Sept. 21, 2011).

issued a State of Emergency proclamation for Mariposa County.

- On August 27, 2009, the “Gloria” wildfire started in Monterey County. On August 28, 2009, Governor Schwarzenegger issued a State of Emergency proclamation for Monterey County.
- On August 30, 2009, the “49er” wildfire started in Placer County. On August 30, 2009, Governor Schwarzenegger issued a State of Emergency proclamation for Placer County.

On September 15, 2009, PG&E submitted a letter to the Commission’s Executive Director providing notice that costs associated with the restoration of service following the series of wildland fires in Yuba, Mariposa, Monterey, and Placer Counties were being recorded in its CEMA.

4.1.2. The October 2009 Storm

From October 12, 2009 through October 14, 2009, Santa Cruz County experienced high winds and significant rainfall in an area that had burned during the summer wildfires. The severe weather caused mudslides and flooding in and around these areas. On November 20, 2009, Governor Schwarzenegger issued a State of Emergency proclamation for Santa Cruz County.

On December 4, 2009, PG&E submitted a letter to the Commission’s Executive Director providing notice that costs associated with the restoration of service following severe weather in Santa Cruz County were being recorded in its CEMA.

4.1.3. The January 2010 Earthquake

On January 9, 2010, a 6.5 magnitude earthquake struck the northern coast of California. The earthquake damaged electric and gas facilities in PG&E’s Humboldt Division, which encompasses the County of Humboldt. On January 12, 2010, Governor Schwarzenegger issued a State of Emergency proclamation for Humboldt County.

On February 5, 2010, PG&E submitted a letter to the Commission’s Executive Director

providing notice that costs associated with the restoration of service following the Ferndale earthquake were being recorded in its CEMA.

4.1.4. The January 2010 Storms

On January 17, 2010, a series of winter storms began in California, bringing high winds and significant amounts of precipitation statewide. On January 21, 2010, Attorney General Edmund G. Brown, Jr. as Acting Governor issued a State of Emergency proclamation for Los Angeles, Orange, Riverside, San Francisco, and Siskiyou Counties. On January 27, 2010, Governor Schwarzenegger issued a State of Emergency proclamation for Calaveras and Imperial Counties.

On February 12, 2010, PG&E submitted a letter to the Commission's Executive Director providing notice that costs associated with the restoration of service following the winter storms that began on January 17, 2010, were being recorded in its CEMA.

4.1.5. The November 2010 Storm

On November 20 and 21, 2010, a series of winter storms swept through Calaveras and Tuolumne Counties, respectively, bringing high winds and significant amounts of precipitation. On November 30 and December 9, 2010, Governor Schwarzenegger issued State of Emergency proclamations for Tuolumne and Calaveras Counties, respectively.

On December 30, 2010, PG&E submitted a letter to the Commission's Executive Director providing notice that costs associated with the restoration of service following a series of winter storms that began on November 20, 2010, were being recorded in its CEMA.

4.1.6. The December 2010 through January 2011 Storms

Beginning on December 18, 2010 through January 4, 2011, a series of severe winter storms swept through California, bringing high winds and significant amounts of precipitation. On December 21, 23, 24 and 30, and January 27, 2011, Governor Schwarzenegger, Lieutenant Governor Abel Maldonado as Acting Governor, and Governor Edmund G. Brown Jr. issued State of Emergency proclamations for Inyo, Kern, Kings, Los Angeles, Madera, Mariposa, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, and

Tulare Counties.

On December 30, 2010, January 20 and 28, and February 25, 2011, PG&E submitted letters to the Commission's Executive Director providing notice that costs associated with the restoration of service following a series of winter storms that began on December 18, 2010 were being recorded in its CEMA.

4.1.7. The March 2011 Storms

Between March 15 and 27, 2011, a series of severe winter storms swept across California, bringing high winds and excessive precipitation and flooding. On April 15, 2011, Governor Brown issued a State of Emergency proclamation for Alameda, Amador, Butte, Contra Costa, Del Norte, Humboldt, Madera, Mariposa, Mendocino, Monterey, San Luis Obispo, Santa Barbara, Santa Cruz, Sierra, Stanislaus, Sutter, Trinity, Tuolumne, and Ventura Counties. On July 13, 2011, Governor Brown issued a State of Emergency proclamation for Marin County.

On May 13, 2011, PG&E submitted a letter to the Commission's Executive Director providing notice that costs associated with the restoration of service following a series of winter storms that occurred in 19 California counties between March 15 and 27, 2011 were being recorded in its CEMA. On August 4, 2011, PG&E submitted a supplemental letter to the Commission's Executive Director providing notice that costs associated with the restoration of service following a series of winter storms that occurred in Marin County between March 15 and 27, 2011 were being recorded in its CEMA.

4.2. INTERVENOR PROTESTS AND TESTIMONY

On October 31, 2011, DRA and TURN severally protested A.11-09-014. Administrative Law Judge (ALJ) Farrar held a prehearing conference on January 31, 2012, at which representatives for PG&E, DRA, and TURN were present. On April 16, 2012, the Scoping Memo and Ruling of Assigned Commissioner was issued, setting forth the scope of the proceeding and establishing the proceeding's schedule.

On May 1, 2012, DRA served the other Settling Parties its "Report on the Results of Examination for Pacific Gas and Electric Company's Catastrophic Event Memorandum Account

Regarding Events Occurring from August 2009 to March 2011” (DRA Report). The DRA Report recommended disallowing \$4.9 million expenses and \$5.3 million in capital expenditures, which would result in a revenue requirement of approximately \$25.6 million, a 21% decrease in PG&E’s proposed recovery of \$32.4 million. Basically, DRA’s recommendations were based on the following: (1) straight-time labor was included in PG&E’s expense request, resulting in a recommended disallowance of \$4.1 million in PG&E’s electric distribution expenses and \$0.8 million in PG&E’s customer contact center expenses; and (2) straight-time labor was included in PG&E’s capital request, resulting in a recommended disallowance of \$5.3 million of PG&E’s capital request.^{2/}

On June 14, 2012, TURN served the other Settling Parties its “Testimony of John Sugar in Pacific Gas and Electric 2011 Catastrophic Event Memorandum Account” (TURN Testimony). Mr. Sugar focused on PG&E’s CEMA expenses; did not review PG&E’s capital request; and concluded that \$16 million of the \$22.8 million CEMA-eligible expenses requested by PG&E are reimbursable, which was a difference of \$6.8 million.^{3/} TURN’s adjustment was based on disallowing “non-incremental straight-time labor, non-incremental customer contact overtime, and non-incremental telephone service and contract expenses.”^{4/}

In a separate Motion for Admission of Testimony into Evidence, the Settling Parties request that the Commission admit into evidence PG&E’s Opening Testimony, DRA’s Report on the Results of Examination for Pacific Gas and Electric Company’s Catastrophic Event Memorandum Account Regarding Events Occurring from August 2009 to March 2011, and the Testimony of John Sugar on behalf of TURN.

4.3. SETTLEMENT NEGOTIATIONS

On June 29, 2012, Counsel for PG&E on behalf of the Settling Parties e-mailed ALJ

^{2/} DRA Rept. 1–2.

^{3/} TURN Testimony at 2, A.11-09-014 (Sept. 21, 2011)

^{4/} *Id.*

Farrar to request a suspension of the proceeding's schedule to pursue settlement discussions and proposed to provide on July 25, 2012, a status report by e-mail. ALJ Farrar granted the requests by e-mail dated July 3, 2012.

On July 23, 2012, Counsel for PG&E on behalf of the Settling Parties requested via e-mail another extension of time to continue settlement discussions. In an e-mail dated July 24, 2012, ALJ Farrar granted the further extension and directed the parties to provide a settlement status report by e-mail on or before August 24, 2012. He also directed that if the August 24 status report does not indicate a settlement was reached, the Settling Parties must provide a joint schedule for submitting further testimonies within 30 days, hearings, and briefing.

On August 24, 2012, Counsel for PG&E on behalf of the Settling Parties informed ALJ Farrar that they had reached a settlement in principle of all disputed issues, and a formal settlement agreement would be filed with the Commission as soon as practical.

4.4. SETTLEMENT TERMS AND CONDITIONS

In addition to the general terms and conditions, the Settling Parties agreed to the following substantive compromises of their litigation positions as part of the Settlement Agreement.

- The Settling Parties agree that PG&E's CEMA-related expense request shall be reduced by \$5.0 million from \$22.844 million to \$17.844 million. This includes a reduction in Customer Care costs of \$1.331 million.
- The Settling Parties agree that PG&E's CEMA-related capital request shall be reduced by \$2.5 million from \$26.104 million to \$23.604 million, and that PG&E may include these \$23.604 million costs in Rate Base in its 2014 General Rate Case.
- The Settling Parties agree that PG&E's total CEMA-related incremental costs shall be \$41.448 million.
- The Settling Parties agree that in its next CEMA application, PG&E must account for all labor costs at the applicable straight-time, double-time,

overtime, or other pay rates.

- The Settling Parties agree that PG&E's 2013 CEMA revenue requirement shall be \$26.537 million. PG&E's CEMA revenue requirement for 2014 onward shall be recovered but not re-litigated through base revenues via PG&E's 2014 General Rate Case.

4.5. ARGUMENTS AND AUTHORITIES

4.5.1. The Commission Should Approve and Adopt the Settlement.

The Settling Parties request that the Commission approve the attached Settlement Agreement as reasonable in light of the whole record, consistent with law, and in the public interest. Each of the components of the Settlement Agreement is described below and justified based on the evidentiary record, public interest, and any relevant legal authority.

Specifically, with respect to PG&E's CEMA-related expense request of \$22.844 million, the Settling Parties agree that this expense amount shall be reduced by \$5.0 million to \$17.844 million, including a reduction in Customer Care costs of \$1.331 million. This reduction reflects a reasonable compromise of PG&E's request for full recovery of such expenses, with (1) DRA's litigation position, which recommended disallowing \$4.1 million in PG&E's electric distribution expenses and \$0.8 million in PG&E's customer contact center expenses associated with straight-time labor; and (2) TURN's litigation position, which recommended a \$6.8 million disallowance of non-incremental straight-time labor, non-incremental customer contact overtime, and non-incremental telephone service and contract expenses.

With respect to PG&E's CEMA-related capital request of \$26.104 million, the Settling Parties agree that this capita amount shall be reduced by \$2.5 million to \$23.604 million, and that PG&E may include these \$23.604 million costs in Rate Base in its 2014 General Rate Case. This reduction reflects a reasonable compromise of PG&E's request for full recovery of such capital expenditures, with DRA's litigation position to disallow \$5.3 million of PG&E's capital request for straight-time labor. TURN did not make any additional recommendations beyond DRA's position regarding PG&E's CEMA capital request.

As discussed above, “straight-time labor” was a key issue underlying DRA’s and TURN’s litigation positions regarding PG&E’s expense and capital requests in this proceeding. To ameliorate this issue in future CEMA cases, the Settling Parties agree that in PG&E’s next CEMA application, PG&E must account for all labor costs at the applicable straight-time, double-time, overtime, or other pay rates.

To clarify the ratemaking associated with the Settlement Agreement and to minimize the opportunity to ongoing dispute, the Settling Parties specify that PG&E’s 2013 CEMA revenue requirement shall be \$26.537 million, and that its CEMA revenue requirement for 2014 onward shall be recovered but not re-litigated through base revenues via PG&E’s 2014 General Rate Case.

The Settlement Agreement reasonably compromises between the litigation positions of PG&E and the two ratepayer advocate groups (DRA and TURN), with the settlement figures falling closer to the ratepayer advocates’ recommended disallowances than to PG&E’s original request. At the same time, the Settlement Agreement tries to reduce the likelihood of dispute in future CEMA applications by requiring PG&E to account for all labor costs at the applicable straight-time, double-time, overtime, and other pay rates. By resolving these issues without requiring litigation, the Settlement Agreement preserves the time and resources of all parties, which benefits ratepayers. Thus, the Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest and should therefore be approved.

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

Application of Pacific Gas and Electric Company (U 39 E) to Recover Costs Recorded in the Catastrophic Event Memorandum Account Pursuant to Public Utilities Code Section 454.9 Associated with Certain Declared Disasters Between August 2009 and March 2011.

Application (A.)11-09-014
(filed September 21, 2011)

ALL PARTY SETTLEMENT AGREEMENT AMONG PACIFIC GAS AND ELECTRIC COMPANY, DIVISION OF RATEPAYER ADVOCATES, AND THE UTILITY REFORM NETWORK

1. INTRODUCTION

In accordance with Article 12 of the Rules of Practice and Procedure (Rule) of the California Public Utilities Commission (CPUC or Commission), the Settling Parties (as defined in section 2 below) mutually accept the terms and conditions stated herein and enter into this Settlement Agreement (Settlement) to resolve all disputed issues in this matter without the need for an evidentiary hearing before the Commission.

2. DEFINITIONS

- 2.1. The term “PG&E” means the Pacific Gas and Electric Company;
- 2.2. The term “DRA” means the Division of Ratepayer Advocates;
- 2.3. The term “TURN” means The Utility Reform Network; and
- 2.4. The term “Settling Parties” means collectively PG&E, DRA, and TURN.

3. BACKGROUND

On September 21, 2011, PG&E filed Application (A.) 11-09-014 to recover incremental electric costs recorded in its Catastrophic Event Memorandum Account (CEMA) that were incurred while responding to the following seven declared disasters (CEMA Events):

- August 2009 Fires;
- October 2009 Storm;
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representatives for PG&E, DRA, and TURN were present. On April 16, 2012, the Scoping Memo and Ruling of Assigned Commissioner was issued, setting forth the scope of the proceeding and establishing the proceeding's schedule.

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On June 29, 2012, Counsel for PG&E on behalf of the Settling Parties e-mailed ALJ Farrar to request a suspension of the proceeding's schedule to pursue settlement discussions and proposed to provide on July 25, 2012, a status report by e-mail. ALJ Farrar granted the requests by e-mail dated July 3, 2012.

² DRA Rept. 1-2.

³ TURN Testimony at 2, A.11-09-014 (Sept. 21, 2011)

⁴ *Id.*

On July 23, 2012, Counsel for PG&E on behalf of the Settling Parties requested via e-mail another extension of time to continue settlement discussions. In an e-mail dated July 24, 2012, ALJ Farrar granted the further extension and directed the parties to provide a settlement status report by e-mail on or before August 24, 2012. He also directed that if the August 24 status report does not indicate a settlement was reached, the Settling Parties must provide a joint schedule for submitting further testimonies within 30 days, hearings, and briefing.

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4. SETTLEMENT TERMS AND CONDITIONS

- 4.1. The Settling Parties agree that PG&E's CEMA-related expense request shall be reduced by \$5.0 million from \$22.844 to \$17.844 million. This includes a reduction in Customer Care costs of 1.331 Million.
- 4.2. The Settling Parties agree that PG&E's CEMA-related capital request shall be reduced by \$2.5 million from \$26.104 to \$23.604 million, and that PG&E may include these \$23.604 million costs in Rate Base in its 2014 General Rate Case.
- 4.3. The Settling Parties agree that PG&E's total CEMA-related incremental costs shall be \$41.448 million.
- 4.4. The Settling Parties agree that in its next CEMA application, PG&E must account for all labor costs at the applicable straight-time, double-time, overtime, or other pay rates.
- 4.5. The Settling Parties agree that PG&E's 2013 CEMA revenue requirement shall be \$26.537 million. PG&E's CEMA revenue requirement for 2014 onward shall be recovered but not re-litigated through base revenues via PG&E's General Rate Case.

5. OTHER TERMS AND CONDITIONS

- 5.1. *Commission's Primary Jurisdiction.* The Settling Parties agree that the Commission

has primary jurisdiction over any interpretation, enforcement, or remedies regarding this Settlement. None of the Settling Parties may bring an action regarding this Settlement in any State or Federal court or before another administrative agency without having first exhausted its administrative remedies at the Commission.

- 5.2. **Further Actions.** The Settling Parties acknowledge that this Settlement is subject to approval by the Commission. As soon as practicable after all the Settling Parties have signed the Settlement, the Settling Parties through their respective attorneys will prepare and file the Settlement Motion. The Settling Parties will furnish such additional information, documents, or testimonies as the Commission may require for purposes of granting the Settlement Motion and approving and adopting the Settlement.
- 5.3. **No Personal Liability.** None of the Settling Parties, or their respective employees, attorneys, or any other individual representative or agent, assumes any personal liability as a result of the Settling Parties signing this Settlement.
- 5.4. **Non-Severability.** The provisions of this Settlement are non-severable. If any of the Settling Parties fails to perform its respective obligations under this Settlement, the Settlement will be regarded as rescinded.
- 5.5. **Voluntary and Knowing Acceptance.** Each of the Settling Parties hereto acknowledges and stipulates that it is agreeing to this Settlement freely, voluntarily, and without any fraud, duress, or undue influence by any other Settling Party. Each Settling Party has read and fully understands its rights, privileges, and duties under this Settlement, including its right to discuss this Settlement with its legal counsel, which has been exercised to the extent deemed necessary.
- 5.6. **No Modification.** This Settlement constitutes the entire understanding and agreement of the Settling Parties regarding the matters set forth herein, which may not be altered, amended, or modified in any respect except in writing and with the express written and signed consent of all the Settling Parties hereto. All prior oral or written agreements, settlements, principles, negotiations, statements, representations, or

understandings whether oral or in writing and regarding any matter set forth in this Settlement, are expressly waived and have no further force or effect.

- 5.7. **No Reliance.** None of the Settling Parties has relied or presently relies on any statement, promise, or representation by any other Settling Party, whether oral or written, except as specifically set forth in this Settlement. Each Settling Party expressly assumes the risk of any mistake of law or fact made by such Settling Party or its authorized representative.
- 5.8. **Counterparts.** This Settlement may be executed in separate counterparts by the different Settling Parties hereto and all so executed will be binding and have the same effect as if all the Settling Parties had signed one and the same document. All such counterparts will be deemed to be an original and together constitute one and the same Settlement, notwithstanding that the signatures of all the Settling Parties and/or of a Settling Party's attorney or other representative do not appear on the same page of this Settlement.
- 5.9. **Binding upon Full Execution.** This Settlement will become effective and binding on each of the Settling Parties as of the date when it is fully executed. It will also be binding upon each of the Settling Parties' respective successors, subsidiaries, affiliates, representatives, agents, officers, directors, employees, and personal representatives, whether past, present, or future.
- 5.10. **Commission Adoption Not Precedential.** In accordance with Rule 12.5, the Settling Parties agree and acknowledge that unless the Commission expressly provides otherwise, Commission approval and adoption of this Settlement 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.
- 5.11. **Enforceability.** The Settling Parties agree and acknowledge that after issuance of a Commission decision approving and adopting this Settlement, the Commission may reassert jurisdiction and reopen this proceeding to enforce the terms and conditions of this Settlement.

- 5.12. **Finality.** Once fully executed by the Settling Parties and adopted and approved by a Commission Decision, this Settlement fully and finally settles any and all disputes among and between the Settling Parties in this proceeding, unless otherwise specifically provided in the Settlement.
- 5.13. **No Admission.** Nothing in this Settlement or related negotiations may be construed as an admission of any law or fact by any of the Settling Parties, or as precedential or binding on any of the Settling Parties in any other proceeding whether before the Commission, in any court, or in any other state or federal administrative agency. Further, unless expressly stated herein this Settlement does not constitute an acknowledgement, admission, or acceptance by any of the Settling 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.
- 5.14. **Authority to Sign.** Each Settling Party executing this Settlement represents and warrants to the other Settling Parties that the individual signing this Settlement and the related Settlement Motion has the legal authority to do so on behalf of the Settling Party.
- 5.15. **Limited Admissibility.** Each Settling Party signing this Settlement agrees and acknowledges that this Settlement will be admissible in any subsequent Commission proceeding for the sole purpose of enforcing the Terms and Conditions of this Settlement.
- 5.16. **Estoppel or Waiver.** Unless expressly stated herein, the Settling Parties' execution of this Settlement is not intended to provide any of the Settling Parties in any manner a basis of estoppel or waiver in this or any other proceeding.
- 5.17. **Rescission.** If the Commission, any court, or any other state or federal administrative agency, rejects or materially alters any provision of the Settlement, it will be deemed rescinded by the Settling Parties and of no legal effect as of the date of issuance of the decision by Commission, any court, or any state or federal

administrative agency. The Settling Parties may negotiate in good faith regarding whether they want to accept the changes described above and resubmit a revised Settlement to the Commission.

6. CONCLUSION

6.1. Each of the Settling Parties has executed this Settlement as of the date appearing below their respective signature.

[signatures page follows next]

