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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Recovery of Recorded Expenditures Related to Wildfire Mitigation, Catastrophic Events, and Other Recorded Costs. (U 39 M)	Application No. 22-12-009 (Filed December 15, 2022)

JOINT MOTION OF THE PUBLIC ADVOCATES OFFICE, PACIFIC GAS AND ELECTRIC COMPANY, AND DIRECT ACCESS CUSTOMER COALITION FOR APPROVAL OF SETTLEMENT AGREEMENT

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Dated: December 22, 2023

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JOINT MOTION OF THE PUBLIC ADVOCATES OFFICE, PACIFIC GAS AND ELECTRIC COMPANY, AND DIRECT ACCESS CUSTOMER COALITION FOR APPROVAL OF SETTLEMENT AGREEMENT

Pursuant to Rule 12.1 of the California Public Utilities Commission's (CPUC or the Commission) Rules of Practice and Procedure (Rules), Pacific Gas and Electric Company (PG&E), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), and the Direct Access Customer Coalition (DACC) (collectively referred to as the Settling Parties) jointly move that the Commission approve and adopt the proposed Settlement Agreement, attached hereto as Attachment A. If approved by the Commission, the Settlement Agreement will settle and resolve certain issues within the scope of Application (A.) 22-12-009, as established by the Assigned Commissioner's Scoping Memo and Ruling for the proceeding. A.22-12-009 is also referred to in shorthand as PG&E's 2022 Wildfire Mitigation and Catastrophic Events Application (2022 WMCE Application). Counsel for Cal Advocates and DACC have authorized PG&E to file this motion on their behalf pursuant to Rule 1.8(d).

I. INTRODUCTION AND OVERVIEW

The proposed Settlement Agreement sets forth the final approved costs and associated revenue requirements for the following memorandum accounts under review in the 2022 WMCE:

(1) Catastrophic Event Memorandum Account (CEMA)
(2) California Consumer Privacy Act Memorandum Account (CCPAMA)
(3) Emergency Consumer Protections Memorandum Account (ECPMA)
(4) COVID-19 Pandemic Protections Memorandum Account (CPPMA)

(5) Disconnection Memorandum Account (DMA)

(6) Microgrids Memorandum Account (MGMA)

(7) Transmission Revenue Requirement Reclassification Memorandum Account (TRRRMA)

The Commission previously issued Decision (D.) 23-06-004 authorizing PG&E to recover (on an interim basis) a maximum of $1,104 million (with interest) in revenue over a 12-month amortization period, for all accounts under review in the 2022 WMCE. (The authorized revenue and amortization period approved in D.23-06-004 is referred to in the proposed Settlement Agreement as the "Interim 2022 WMCE Revenue Requirement.") The proposed Settlement Agreement presented here would authorize an Additional 2022 WMCE Revenue Requirement of $69.5 million (excluding interest) above the Interim 2022 Revenue Requirement granted in D.23-06-004, specifically for costs recorded to the CEMA, CCPAMA, ECPMA, DMA, MGMA, and TRRRMA (referred to individually as a "Settled Account" and collectively as the "Settled Accounts").

The proposed Settlement Agreement does not involve the Wildfire Mitigation Balancing Account (WMBA) and Vegetation Management Balancing Account (VMBA), which remain disputed issues pending the Commission's decision in this proceeding.

As noted above, the Settling Parties are PG&E, Cal Advocates and DACC. TURN is not a party to this proposed Settlement Agreement. However, PG&E contacted TURN regarding the proposed settlement, and TURN indicated that at this point TURN did not plan on weighing in on the settlement.

II. OVERVIEW OF PG&E'S COST-RECOVERY REQUEST

A. PG&E's Cost Recovery Request In The 2022 WMCE

In A.22-12-009, PG&E requested that the Commission find that PG&E reasonably incurred approximately $1,227 million of expense and $136 million of capital expenditures related to wildfire mitigation, catastrophic-event response, and other customer-related activities that PG&E recorded in various Commission-approved balancing and memorandum accounts delineated below.[1] PG&E further requested a revenue requirement of $1,294 million (excluding interest) and $1,329 million (including interest) to recover all of the requested O&M expense costs and the first several years of capital-related costs in these accounts.[2] The accounts at issue in PG&E's Application, including those not included in the proposed Settlement Agreement, are as follows:[3]

1. Accounts Not Included In The Proposed Settlement Agreement

(1) <u>Wildfire Mitigation Balancing Account (WMBA)</u> – The Commission authorized the WMBA in Decision (D.) 20-12-005 – PG&E's 2020 General Rate Case (GRC) Decision. Under the 2020 GRC Decision, the WMBA operated as a two-way balancing account used to track and record costs for PG&E's Community Wildfire Safety Program and associated activities as of January 1, 2020. The 2020 GRC Decision further required PG&E to file a reasonableness review application to recover WMBA costs exceeding 115 percent of the GRC authorized amount or if PG&E's recorded average per mile unit costs for system hardening exceed 115 percent of the authorized unit costs. The WMBA is not included in this Settlement Agreement.

(2) <u>Vegetation Management Balancing Account (VMBA)</u> – The 2020 GRC Decision modified PG&E's VMBA. Commencing in 2020, the VMBA operated as a two-way balancing account used to track and record PG&E's Vegetation Management (VM) costs for: (1) Routine VM, (2) Enhanced VM, (3) Tree Mortality, which formerly was recorded to the CEMA, and (4) Power Generation Tree Mortality. The 2020 GRC Decision further required PG&E to file a reasonableness review application to recover VMBA costs exceeding 120 percent of the GRC authorized amount. The VMBA is not included in this Settlement Agreement.

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[1] Exhibit PGE-1, p. 1-7, Table 1-1.

[2] Exhibit PGE-1, p. 12-2, Table 12-1.

[3] Exhibit PGE-01, p. 1-11 to p. 1-20.

2. Accounts Included In Proposed Settlement Agreement (Settled Accounts)

(1) Catastrophic Event Memorandum Account (CEMA) – Under Public Utilities Code Section 454.9(a), the purpose of CEMA is to record PG&E's costs for "(1) restoring utility services to customers, (2) repairing, replacing, or restoring damaged utility facilities, and (3) complying with governmental agency orders in connection with events declared disasters by competent state or federal authorities." Costs incurred for responding to certain wildfires and severe weather events declared as catastrophic events were identified in the 2022 WMCE Application as CEMA costs.

(2) COVID-19-CEMA – During 2021, PG&E continued implementing measures to protect employees, contractors, and customers impacted by the COVID-19 pandemic, which was declared as a catastrophic event. Costs incurred to implement these measures were identified in the 2022 WMCE Application as COVID-19 CEMA costs.

(3) California Consumer Privacy Act Memorandum Account (CCPAMA) – D.19-09-026 authorized PG&E to establish the CCPAMA. The purpose of the CCPAMA is to track and record costs associated with PG&E's actions to protect customers' private information in compliance with the California Consumer Privacy Act.

(4) Emergency Consumer Protections Memorandum Account (ECPMA) – D.18-08-004 authorized PG&E to establish the ECPMA. The purpose of the ECPMA is to track and record incremental costs associated with PG&E's implementation of its Emergency Consumer Protection Plan, which PG&E implements when the California Governor's Office or the President of the United States declares a state of emergency that has resulted in the loss, disruption, or degradation of utility service as defined in D.19-07-015.

(5) COVID-19 Pandemic Protections Memorandum Account (CPPMA) – Commission Resolution M-4842 directed PG&E to establish the CPPMA to track and record costs

associated with implementing billing-related protections for residential and small business customers impacted by the COVID-19 pandemic.

(6) Disconnections Memorandum Account (DMA) – The purpose of the DMA is to track and record costs associated with implementing the requirements of D.20-06-003, which established various rules to reduce the number of residential customer disconnections and improve reconnection processes for disconnected customers.

(7) Microgrids Memorandum Account (MGMA) – D.20-06-017 approved various micro-grid related programs and authorized PG&E to track and record associated program costs in the MGMA. The programs generally seek to mitigate the impact of Power Safety Power Shutoff (PSPS) events on customers.

(8) Transmission Revenue Requirement Reclassification Memorandum Account (TRRRMA) – The Commission approved the TRRRMA in Resolution E-3574, authorizing PG&E to: (i) record a CPUC revenue requirement associated with the costs PG&E requested for recovery in transmission rates that are no longer deemed to be network transmission related- costs and are not allowed to be included in Federal Energy Regulatory Commission (FERC) transmission rates; (ii) record, as a credit to the TRRRMA, any revenue requirement associated with costs already included in CPUC electric distribution rates, but subsequently included in FERC transmission rates; and (iii) include an allowance for Revenue Fees and Uncollectibles accounts expense.

B. Interim Rate Relief Approved In D.23-06-004

Concurrent with the 2022 WMCE Application, PG&E had filed a Motion for Interim Rate Recovery (IRR Motion), requesting authorization to collect 85 percent of the revenue requirement sought in 2022 WMCE Application. As noted above, the Commission granted the IRR Motion in D.23-06-004, authorizing PG&E to recover (on an interim basis) a maximum of

$1,104 million in revenue over a 12-month amortization period (with interest).[4]

III. PROCEDURAL HISTORY

A. Parties' Initial Submissions

PG&E filed the 2022 WMCE Application on December 15, 2022. On January 18, 2023, the following parties submitted protests to the 2022 WMCE Application: (1) Cal Advocates; (2) The Utility Reform Network (TURN); and (3) DACC. Cal Advocates' protest cited Cal Advocates' statutory obligation to represent and advocate on behalf of public utility customers and expressed their intent to audit and review the reasonableness of the costs PG&E requested.[5] TURN's protest discussed the legal standard for the Commission's review and asserted that the Commission must ensure that the rates charged by PG&E are just and reasonable.[6] DACC's protest urged the Commission to closely examine PG&E's cost-recovery proposal and argued that the Commission should consider the reasonableness of PG&E's costs and the impact of the proposed rate increase on governmental, education and commercial and industrial customers.[7]

B. Prehearing Conference and Scoping Memo

The Commission held a prehearing conference on March 27, 2022.[8] During the prehearing conference, the assigned Administrative Law Judge considered the parties' various contentions regarding the proper scope of the proceeding and schedule. On April 7, 2023, the Assigned Commissioner issued a Scoping Memo and Ruling (Scoping Memo) set forth the scope and schedule of the proceeding.[9]

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[4] D.23-06-004, p. 1.

[5] Cal Advocates Protest, pp. 1-4.

[6] TURN Protest, pp. 1-3.

[7] DACC's Response, pp. 2-3.

[8] Scoping Memo, p. 2.

[9] Scoping Memo, pp. 3-4.

C. Summary of Testimony

1. PG&E's Opening Testimony

PG&E's testimony presented a summary of costs by account and described the scope and nature of activities and associated costs submitted for the Commission's reasonableness review.

2. Intervenors' Testimony

Cal Advocates reviewed all of PG&E's requested costs except for those recorded to the VMBA. TURN reviewed PG&E's requested VMBA costs. Cal Advocates and TURN submitted testimony on September 8, 2023.

Cal Advocates objected to certain costs recorded to the Settled Accounts as unreasonable or inadequately supported.[10] Cal Advocates argued, for example, that certain straight-time labor and overhead costs recorded to various accounts – including the CEMA[11], CCPAMA[12], and DMA[13] – were not incremental to funding authorized in PG&E's 2020 GRC.[14] Cal Advocates' testimony also objected to certain costs recorded to the WMBA on various grounds, including on the ground that the costs were not incremental to the GRC,[15] unreasonable,[16] or not sufficiently supported.[17] Cal Advocates also challenged costs recorded to the MGMA as unnecessary.[18]

TURN's testimony objected to certain costs recorded to the VMBA.[19]

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[10] Exhibit CA-04 p. 6, lines 15-20 (objecting to portion of WMBA costs), p. 12, line 1 to p. 13, line 15 (objecting to portion of CCPAMA costs).

[11] Exhibit CA-05, p. 2, Table 5-1 and p. 10, Table 5-2.

[12] Exhibit CA-04, p. 11, Table 4-5, and p. 14, line 6, to p. 16, line 25.

[13] Exhibit CA-04, p. 20, line 13 to p. 22, line 2.

[14] *See, generally*, Exhibit CA-01, p. 8, lines 1-13.

[15] Exhibit CA-02, p. 13, Table 2-7 and line 9 to p. 14, line 17; p. 4, Table 2-3 and line 11 to p. 6, line 11; Exhibit CA-04, p. 9, Table 4-4.

[16] Exhibit CA-02, p. 8, lines 16-17 (objecting to helicopter costs recorded to the WMBA).

[17] CA-04 p. 6, lines 15-20.

[18] Exhibit CA-06-E, p. 2, Table 6-1, and pp. 12-13.

[19] Exhibit TURN-01, pp. 4-5 (recommending that routine vegetation management costs under review be awarded subject to the outcome of any Commission review of the Dixie Fire), p. 5, line 18 to p. 22, line 9 (recommending that all enhanced vegetation management costs under review be disallowed).

3. PG&E's Rebuttal Testimony

PG&E submitted rebuttal testimony on October 26, 2023, arguing that the Commission should reject Cal Advocates' and TURN's respective recommendations.[20]

4. Summary of Parties' Positions

Table 1 provides a summary of the parties' cost-recovery recommendations:[21]

Table 1
Summary of Parties' Cost-Recovery Positions
2022 WMCE
A.22-12-009
($ thousands)

Memorandum Account and Balancing Account	PG&E Proposed Cost Recovery	Cal Advocates Recommended Cost Recovery	TURN Recommended Cost Recovery
O&M Expense			
WMBA	$101,457	$65,523	No Position
VMBA	$814,724	No Position	$465,637
CEMA	$189,682	$177,982	No Position
COVID-19 CEMA	$5,810	$5,323	No Position
CPPMA	$11,571	$11,571	No Position
DMA	$ 8,175	$217	No Position
ECPMA	$2,214	$854	No Position
CCPAMA	$5,937	$3,886	No Position
MGMA	$87,213	$85,041	No Position
Total O&M Expenses	$1,226,783	$350,397	$465,637
Capital Expenditures			
CEMA	$131,250	$124,150	No Position
CCPAMA	$2,381	$2,024	No Position
MGMA	$2,853	$2,853	No Position
Total Capital Expenditures	$136,484	$129,027	
Grand Total	**$1,363,267**	**$479,424**	**$465,637**

1) TRRRMA not included in totals because amounts are recorded as RRQ and not costs.

2) 2) No Position – Cal Advocates did not recommend any disallowance for the VMBA. TURN did not recommend any disallowances for the WMBA, CEMA, CCPAMA, ECPMA, CPPMA, DMA, and MGMA. DACC did not recommend any disallowances for any account under review.

[20] Exhibit PGE-002.

[21] Exhibit PGE-39.

IV. SETTLEMENT HISTORY

Pursuant to Administrative Law Judge Watts-Zagha's October 13, 2023 ruling,[22], PG&E submitted a notice on October 27, 2023, providing an update regarding the status of issues in dispute. The notice identified that intervenors did not contest the expenses or expenditures for the following: (1) Power Generation CEMA costs; (2) CPPMA costs; (3) MGMA capital expenditures; and (4) TRRRMA refund proposal.[23] The notice further indicated that as of October 27, 2023 no settlement had been reached on any aspect of the case.[24]

Following evidentiary hearings, representatives for PG&E and Cal Advocates engaged in settlement discussions. On November 27, 2023, PG&E issued a Notice of Settlement Conference pursuant to Rule 12.1(b). PG&E served the notice on the service list for A.22-12-009. On December 1, 2023, the Settling Parties filed a joint motion to extend the settlement deadline to December 14, 2023. On December 4, 2023, the Administrative Law Judge issued an email ruling granting the Settling Parties' motion to extend this deadline to December 14, 2023.[1] On December 13, 2023, the Settling Parties requested an additional eight-day extension of the deadline to December 22, 2023 to allow for more time to finalize a written settlement and supporting documents. On December 15, 2023, the Administrative Law Judge granted this motion extending the deadline to December 22, 2023.

On December 4, 2023, parties in the proceeding participated in the scheduled settlement conference. Representatives for PG&E, Cal Advocates, TURN, and DACC attended.

The proposed Settlement Agreement reached by the Settling Parties is attached to this motion as Attachment A.

V. SETTLEMENT TERMS AND CONDITIONS

As reflected in Section 5 of the proposed Settlement Agreement (Attachment A), the Settling Parties have agreed to compromise their litigation positions concerning cost recovery for

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[22] Scoping Memo, p. 3, see also pp. 4-5, Section 5.

[23] PG&E Notice of Rule 13.9 Meet and Confer and Settlement Status Update (Oct. 27, 2023), pp. 1-2.

[24] *Id*., p. 3.

the following memorandum accounts (Settled Accounts) under review in the 2022 WMCE:

(1) Catastrophic Event Memorandum Account (CEMA)

(2) California Consumer Privacy Act Memorandum Account (CCPAMA)

(3) Emergency Consumer Protections Memorandum Account (ECPMA)

(4) COVID-19 Pandemic Protections Memorandum Account (CPPMA)

(5) Disconnection Memorandum Account (DMA)

(6) Microgrids Memorandum Account (MGMA)

(7) Transmission Revenue Requirement Reclassification Memorandum Account (TRRRMA)

The proposed Settlement Agreement presented here would approve as reasonable, certain operation & maintenance (O&M) expense costs and capital expenditures recorded to the Settled Accounts, and authorize an Additional 2022 WMCE Revenue Requirement of $69.5 million (excluding interest) above the authorized Interim 2022 WMCE Revenue Requirement for those accounts granted in D.23-06-004.[25] All section references made in this motion are to the proposed Settlement Agreement.

Specifically, Sections 5.1 and 5.2 set forth the approved O&M expenses and capital expenditures for the Settled Accounts, respectively. Section 5.3 sets forth the associated Additional 2022 WMCE Revenue Requirement.

A. O&M Expense Costs

Under Section 5.1, the Settling Parties agree that $296.08 million of the O&M expense costs PG&E recorded to the CEMA, CCPAMA, ECPMA, CPPMA, DMA, and MGMA are reasonable for recovery, as set forth in Table 2 below:

[25] Attachment A.

Table 2
O&M Expense Costs by Settled Account
($ Thousands)

Settled Account	PG&E Request	Settlement Agreement Reductions	Total Cost Recovery Per Settlement Agreement
CEMA	$189,682	$(7207)	$182,475
COVID-19 Pandemic CEMA	$ 5,810	$(0)	$5,810
CPPMA	$11,571	$(0)	$11,571
DMA	$8,175	$(3,675)	$4,500
ECPMA	$2,214	$(1,089)	$1,125
CCPAMA	$5,937	$ (812)	$5,125
MGMA	$87,213	$(1,744)	$85,469
Total O&M Expenses	**$310,602**	**$(14,527)**	**$296,075**

1) TRRRMA not included in totals because amounts are recorded as RRQ and not costs. See Table 4.

B. Capital Expenditures

Under, Section 5.2, the Settling Parties agree that $136.5 million of the capital expenditures PG&E recorded to the CEMA, CCPAMA, and MGMA are reasonable for recovery, as set forth in Table 3 below:

Table 3
Capital Expenditures by Settled Account
($ Thousands)

Settled Account	PG&E Costs	Settlement Agreement Reductions	Total Cost Recovery Per Settlement Agreement
Capital Expenditures	**Costs**		
CEMA	$131,250	$(0)	$131,250
CCPAMA	$2,381	$(0)	$2,381
MGMA	$2,853	$(0)	$2,853
Total Capital Expenditures	**$136,484**	**$(0)**	**$136,484**

1) TRRRMA not included in totals because amounts are recorded as RRQ and not costs. See Table 4.

C. Additional 2022 WMCE Revenue Requirement

The Settling Parties agree that an Additional 2022 WMCE Revenue Requirement of $69.5 million (excluding interest) above the authorized interim rate relief per D.23-06-004 shall be recovered for costs recorded to the CEMA, CCPAMA, ECPMA, CPPMA, DMA, MGMA, and TRRRMA under review in A.22-12-009, as set forth in Table 4 (column B-A).[26] Pursuant to Section 5.4.3, PG&E shall be authorized to collect interest on unrecovered amounts of the Additional 2022 WMCE Revenue Requirement.

Table 4
Additional 2022 WMCE Revenue Requirement (RRQ) by Settled Account
($ Thousands)

Settled Account	**(A) Interim 2022 WMCE Revenue Requirement Per D.23-06-004**	**(B) Total Revenue Requirement per Settlement Agreement**	**(B-A) Additional 2022 WMCE Revenue Requirement**
Expense Revenue Requirement			
CEMA	$159,313	$180,057	$20,744
COVID-19 CEMA	$4,449	$5,152	$703
CPPMA	$9,576	$11,571	$1,995
DMA	$7,208	$4,500	$(2,708)
ECPMA	$1,882	$1,125	$(757)
CCPAMA	$5,047	$5,125	$ 78
MGMA	$74,131	$85,469	$11,338
TRRRMA	$(280)	$(330)	$(49)
Total Expense RRQ	$261,326	$292,669	$31,343
Capital Expenditure Revenue Requirement			
CEMA	$34,379	$71,870	$37,491
CPPMA	$1,279	$2,844	$1,565
MGMA	$1,246	$2,169	$922
TRRRMA	$(2,554)	$(4,340)	$(1,786)
Total Capital RRQ	$34,351	$72,543	$38,193
Total RRQ (Without Interest)	$295,677	$365,212	$69,536
Interest	$10,409	$21,197	$10,788
Total RRQ (With Interest)	**$306,086**	**$386,410**	**$80,324**

[26] Revenue requirement displayed in Table 4 is subject to true up for interest upon final adoption of the Settlement Agreement.

D. Revenue Requirement Collections

Section 5.4.1 provides that the Interim 2022 WMCE Revenue Requirement granted in D.23-06-004 shall continue until fully collected by PG&E over the 12-month amortization period authorized in that decision. The Settlement Agreement does not modify any terms of the collection of the Interim 2022 WMCE Revenue Requirement granted in D.23-06-004.

Section 5.4.2 provides that the Additional 2022 WMCE Revenue Requirement shall be recovered over a 12-month amortization period, commencing on March 1, 2024 or as otherwise authorized by the Commission's decision approving this Settlement Agreement.

Section 5.4.3 provides that PG&E shall accrue interest associated with the Additional 2022 WMCE Revenue Requirement based on the interest rate on the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. The interest calculation shall utilize the average balance of unrecovered amounts, with the average calculated using the beginning and end of month balances.

E. Additional Requirements

Section 5.5 provides that PG&E shall recover the revenue requirements over the approved amortization periods in Sections 5.4.1 and 5.4.2 through routine advice letter filings. Future revenue requirements associated with capital expenditures in A.22-12-009 will be included in future GRCs or as authorized. Section 5.6 provides that the Additional 2022 WMCE Revenue Requirement adopted under the proposed Settlement Agreement shall be allocated to customer classes using the methodology for costs in accordance with the Revenue Allocation settlement D.21-11-016 adopted in A.19-11-019 for electric, D.19-10-036 adopted in A.17-09-006 for gas, or applicable Commission decision effective at the time this Settlement Agreement is approved.

In Section 5.7, the Settling Parties confirm their agreement that the settlement is reasonable in light of the evidentiary record, consistent with law, and in the public interest. The Settling Parties also agree that the proposed Settlement Agreement complies with Rule 12.1(d).

Sections 5.8 through 5.26 set forth additional governance terms, including the Settling Parties' respective duties and obligations under the proposed Settlement Agreement.

VI. ARGUMENTS AND AUTHORITIES

Rule 12.1(d) sets forth the standard for approval of settlements:

> The Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.[27]

The Commission approves settlement agreements based on whether the settlement is just and reasonable as a whole:

> In assessing settlements we consider individual settlement provisions but, in light of strong public policy favoring settlements, we do not base our conclusion on whether any single provision is the optimal result. Rather, we determine whether the settlement as a whole produces a just and reasonable outcome. [28]

Commission decisions "have endorsed settlements as an 'appropriate method of alternative ratemaking' and express a strong public policy favoring settlement of disputes if they are fair and reasonable in light of the whole record."[29] It is long-standing Commission policy to strongly favor settlement.[30] This policy supports many worthwhile goals, including not only reducing the expense of litigation and conserving scarce Commission resources, but also allowing parties to reduce the risk that litigation will produce unacceptable results.[31]

The proposed Settlement Agreement here would resolve PG&E's cost-recovery request for all accounts under review except for the WMBA and VMBA. Thus, it advances the goal of significantly narrowing the disputed issues for the Commission to assess in depth, even though briefs have been submitted in this case. The proposed Settlement Agreement also reduces the risk of an unfavorable outcome for the Settling Parties. The Commission has recognized the

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[27] Rule 12.1(d).

[28] D.10-04-033, p. 9.

[29] D.05-10-041, p. 47; D.15-03-006, p. 6; D.15-04-006, p. 8.

[30] D.10-06-038, p. 38.

[31] D.14-12-040, p. 15; D.02-01-041, p. 13.

value of settlements in furthering these policy goals even if the settlement is not joined by all parties to a proceeding.[32]

As explained further below, the proposed Settlement Agreement meets the requirements for settlements under Rule 12.1(d) and Commission precedent cited above.

First, the proposed Settlement Agreement is reasonable in light of the whole record. The Settling Parties are knowledgeable and experienced regarding the issues in this proceeding, have a well-documented history of strongly-held positions, and agree that the proposed Settlement Agreement reflects a reasonable balance of the various interests affected in this proceeding in light of the whole record. Specifically, PG&E's original cost-recovery request for the accounts subject to the proposed Settlement Agreement (*i.e.*, for all accounts other than the WMBA and VMBA) was $310.6 million of O&M expense and $136.5 million of capital expenditures.[33] Cal Advocates was the only party objecting to a portion of these costs, recommending cost-recovery of $284.9 million in O&M expense and $129.0 million in capital expenditures.[34] Cal Advocates' recommendations reflect a $25.7 million reduction to O&M expense and a $7.5 million reduction to capital expenditures. The proposed Settlement Agreement would disallow recovery of $14.5 million in O&M expense and $0 in capital expenditures – applying approximately 44 percent of Cal Advocates' recommended reductions overall. This near-the-middle settlement reflects a reasonable compromise of PG&E's request for full recovery of costs presented in A.22-12-009 and the of Cal Advocates recommended reductions.

Further, the proposed Settlement Agreement is consistent with law. In testimony supporting the application, PG&E explained how the activities and costs tracked and recorded in the Settled Accounts are consistent with California state law and Commission policy.[35] PG&E explained, for example, that the CEMA work was necessary to repair facilities and restore

[32] D.18-05-042, p. 20, and D.11-05-018, p. 16.

[33] *Supra* Table 1 (adding PG&E's cost-recovery request for all accounts except WMBA and VMBA).

[34] *Supra* Table 1 (adding Cal Advocates' recommendations for all accounts except WMBA and VMBA).

[35] Exhibit PGE-001, Chapters 1, 4-9.

electric service following government-declared catastrophic events.[36] PG&E also explained that the activities recorded in the various Customer Care accounts (CPPMA, DMA, ECPMA, and CCPAMA) were necessary to implement various customer protections consistent with California state and Commission policies[37], and that microgrid work tracked in the MGMA was needed to mitigate the impacts of PSPS events on customers.[38] In short, the proposed Settlement Agreement allows for the recovery of PG&E's reasonable costs of service in connection with important California state and Commission policy objectives for CEMA response activities, customer-focused initiatives. The Settling Parties are aware of no statutory provisions or controlling law that would be contravened or compromised by the proposed Settlement Agreement.

Finally, the proposed Settlement Agreement is in the public interest. The Settling Parties acknowledge the burden on customers stemming from the significant costs included in A.22-12-000. The proposed recovery reduces that burden. The proposed Settlement Agreement also resolves disputed issues other than WMBA and VMBA costs, which reduces the need for potential further litigation regarding the Commission's ultimate decision in this matter, and thereby conserving the Commission's and Settling Parties' time and resources, which in turn benefits customers.

In sum, the Settling Parties recommend that the Commission approve and adopt the proposed Settlement Agreement because, in light of the whole record, it is reasonable, consistent with law, and in the public interest.

VII. CONCLUSION

For the reasons explained above, the Commission should approve the proposed Settlement Agreement.

[36] Exhibit PGE-001, Chapters 4-6.

[37] Exhibit PGE-001, Chapter 7.

[38] Exhibit PGE-001, Chapter 8.

Respectfully Submitted,

By: *_/s/ Walker A. Matthews_*
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Dated: December 22, 2023

ATTACHMENT A

APPLICATION 22-12-009

SETTLEMENT AGREEMENT IN PG&E'S APPLICATION FOR RECOVERY OF RECORDED EXPENDITURES RELATED TO WILDFIRE MITIGATION, CATASTROPHIC EVENTS, AND OTHER RECORDED COSTS, PARTIALLY RESOLVING APPLICATION 22-12-009

1. Introduction

The parties to this Settlement Agreement are: Pacific Gas and Electric Company (PG&E), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), and Direct Access Customer Coalition (DACC) (each a Settling Party and collectively referred to as the Settling Parties). In accordance with Article 12 of the Rules of Practice and Procedure (Rules) of the California Public Utilities Commission (Commission or CPUC), the Settling Parties hereby agree to settle and resolve certain issues within the scope of Application (A.) 22-12-009, as established by the Assigned Commissioner's Scoping Memo and Ruling for the proceeding. A.22-12-009 is also referred to in shorthand as PG&E's 2022 Wildfire Mitigation and Catastrophic Events Application (2022 WMCE Application). The details of this Settlement Agreement and agreed-upon costs and associated revenue requirements are set forth herein.

The Settling Parties bargained earnestly and in good faith to compromise and develop this Settlement Agreement, which is the product of arms-length negotiations on a number of disputed issues, in order to minimize the time, expense, and uncertainty of continued litigation of this proceeding, and to narrow the issues in dispute and thereby conserve Commission resources. The Settling Parties agree that the Settlement Agreement addresses each disputed issue that is the subject of the settlement in a fair and balanced manner.

This Settlement Agreement is the product of concessions and trade-offs among the Settling Parties. Thus, the various elements and sections of this Settlement Agreement are closely interrelated and should not be altered, as the Settling Parties intend that the Settlement Agreement be treated as a package of elements that balances and aligns the interests of each

Settling Party. Accordingly, the Settling Parties respectfully recommend that the Commission approve each and every aspect of the Settlement Agreement without modification.

2. Settling Parties

The parties to this Settlement Agreement are:

- PG&E, the Applicant, which is a public utility that provides natural gas and electric service to approximately 16 million people throughout a 70,000-square-mile service area in northern and central California;
- Cal Advocates, an independent organization within the Commission that advocates solely on behalf of utility ratepayers; and
- Direct Access Customer Coalition, a regulatory alliance of educational, commercial and industrial customers that use direct access for all or a portion of their demand.

3. Overview of PG&E's Cost-Recovery Request

3.1. Revenue Requirement Requested in A.22-12-009: In A.22-12-009, PG&E requested that the Commission find that PG&E reasonably incurred approximately $1,227 million of expense and $136 million of capital expenditures related to wildfire mitigation, catastrophic-event response, and other customer-related activities that PG&E recorded in various Commission-approved balancing and memorandum accounts delineated below.[1] PG&E further requested a revenue requirement of $1,294 million (excluding interest) and $1,329 million (including interest) to recover all of the requested O&M expense costs and the first several years

[1] A.22-12-009, Exhibit PGE-1, p. 1-7, Table 1-1.

of capital-related costs in these accounts.[2] The accounts at issue in PG&E's Application, including those not included in the proposed Settlement Agreement, are as follows:[3]

3.1.1. Accounts Not Included In The Proposed Settlement Agreement

(1) Wildfire Mitigation Balancing Account (WMBA) – The Commission authorized the WMBA in Decision (D.) 20-12-005 (2020 GRC Decision). Under the 2020 GRC Decision, the WMBA operated as a two-way balancing account used to track and record costs for PG&E's Community Wildfire Safety Program and associated activities as of January 1, 2020. The 2020 GRC Decision further required PG&E to file a reasonableness review application to recover WMBA costs exceeding 115 percent of the GRC authorized amount or if PG&E's recorded average per mile unit costs for system hardening exceed 115 percent of the authorized unit costs. The WMBA is not included in this Settlement Agreement.

(2) Vegetation Management Balancing Account (VMBA) – The 2020 GRC Decision modified PG&E's VMBA. Commencing in 2020, the VMBA operated as a two-way balancing account used to track and record PG&E's Vegetation Management (VM) costs for: (1) Routine VM, (2) Enhanced VM, (3) Tree Mortality, which formerly was recorded to the CEMA, and (4) Power Generation Tree Mortality. The 2020 GRC Decision further required PG&E to file a reasonableness review application to recover VMBA costs exceeding 120 percent of the GRC authorized amount. The VMBA is not included in this Settlement Agreement.

3.1.2. Accounts Included In The Proposed Settlement Agreement

(1) Catastrophic Event Memorandum Account (CEMA) – Under Public Utilities Code Section 454.9(a), the purpose of CEMA is to record PG&E's costs for "(1) restoring utility services to customers, (2) repairing, replacing, or restoring damaged utility facilities, and (3) complying with governmental agency orders in connection with events declared disasters by competent state or federal authorities." Costs incurred for responding to certain wildfires and

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[2] A.22-12-009, Exhibit PGE-1, p. 12-2, Table 12-1.

[3] A.22-12-009, Exhibit PGE-1, pp. 1-11 to 1-20.

severe weather events declared as catastrophic events were identified in the 2022 WMCE Application as CEMA costs.

(2) COVID-19-CEMA – During 2021, PG&E continued implementing measures to protect employees, contractors, and customers impacted by the COVID-19 pandemic, which was declared as a catastrophic event. Costs incurred to implement these measures were identified in the 2022 WMCE Application as COVID-19 CEMA costs.

(3) California Consumer Privacy Act Memorandum Account (CCPAMA) – D.19-09-026 authorized PG&E to establish the CCPAMA. The purpose of the CCPAMA is to track and record costs associated with PG&E's actions to protect customers' private information in compliance with the California Consumer Privacy Act.

(4) Emergency Consumer Protections Memorandum Account (ECPMA) – D.18-08-004 authorized PG&E to establish the ECPMA. The purpose of the ECPMA is to track and record incremental costs associated with PG&E's implementation of its Emergency Consumer Protection Plan, which PG&E implements when the California Governor's Office or the President of the United States declares a state of emergency that has resulted in the loss, disruption, or degradation of utility service as defined in D.19-07-015.

(5) COVID-19 Pandemic Protections Memorandum Account (CPPMA) – Commission Resolution M-4842 directed PG&E to establish the CPPMA to track and record costs associated with implementing billing-related protections for residential and small business customers impacted by the COVID-19 pandemic.

(6) Disconnections Memorandum Account (DMA) – The purpose of the DMA is to track and record costs associated with implementing the requirements of D.20-06-003, which established various rules to reduce the number of residential customer disconnections and improve reconnection processes for disconnected customers.

(7) Microgrids Memorandum Account (MGMA) – D.20-06-017 approved various micro-grid related programs and authorized PG&E to track and record associated program costs in the

MGMA. The programs generally seek to mitigate the impact of Power Safety Power Shutoff (PSPS) events on customers.

(8) Transmission Revenue Requirement Reclassification Memorandum Account (TRRRMA) – The Commission approved the TRRRMA in Resolution E-3574, authorizing PG&E to: (i) record a CPUC revenue requirement associated with the costs PG&E requested for recovery in transmission rates that are no longer deemed to be network transmission related-costs and are not allowed to be included in Federal Energy Regulatory Commission (FERC) transmission rates; (ii) record, as a credit to the TRRRMA, any revenue requirement associated with costs already included in CPUC electric distribution rates, but subsequently included in FERC transmission rates; and (iii) include an allowance for Revenue Fees and Uncollectibles accounts expense.

3.2. Interim Rate Relief Approved In D.23-06-004: Concurrently with A.22-12-009, PG&E filed a Motion for Interim Rate Recovery (IRR Motion), requesting authorization to collect 85 percent of the revenue requirement sought in 2022 WMCE Application. The Commission issued D.23-06-004 granting the IRR Motion, authorizing PG&E to recover, on an interim basis, a maximum of $1.104 billion in revenue over a 12-month amortization period, with interest. The authorized revenue and amortization period approved in D.23-06-024 is referred to in this Settlement Agreement as the "Interim 2022 WMCE Revenue Requirement," as set forth in Section 5.3, Table 4, Column (A).

4. Procedural And Settlement History

4.1. Parties' Submissions and Evidentiary Hearings: PG&E filed A.22-12-009 and submitted supporting testimony on December 15, 2022. Cal Advocates, The Utility Reform Network (TURN), and DACC filed protests to A.22-12-009 on January 18, 2023. Cal Advocates and TURN submitted testimony on September 8, 2023. PG&E submitted rebuttal testimony on October 6, 2023. Evidentiary hearings were held on November 1-3, 2023. On December 1, 2023, the Settling Parties filed a joint motion to extend the settlement deadline to December 14, 2023.

4.2. Summary of Parties' Cost-Recovery Positions: Table 1 provides a summary of the parties' cost-recovery recommendations in the 2022 WMCE:[4]

Table 1
Summary of Parties' Cost-Recovery Positions
2022 WMCE
A.22-12-009
($ thousands)

Memorandum Account and Balancing Account	PG&E Proposed Cost Recovery	Cal Advocates Recommended Cost Recovery	TURN Recommended Cost Recovery
O&M Expense			
WMBA	$101,457	$65,523	No Position
VMBA	$814,724	No Position	$465,637
CEMA	$189,682	$177,982	No Position
COVID-19 CEMA	$5,810	$5,323	No Position
CPPMA	$11,571	$11,571	No Position
DMA	$8,175	$217	No Position
ECPMA	$2,214	$854	No Position
CCPAMA	$5,937	$3,886	No Position
MGMA	$87,213	$85,041	No Position
Total O&M Expenses	$1,226,783	$350,397	$465,637
Capital Expenditures			
CEMA	$131,250	$124,150	No Position
CCPAMA	$2,381	$2,024	No Position
MGMA	$2,853	$2,853	No Position
Total Capital Expenditures	$136,484	$129,027	
Grand Total	**$1,363,267**	**$479,424**	**$465,637**

1) TRRRMA not included in totals because amounts are recorded as RRQ and not costs.
2) No Position – Cal Advocates did not recommend any disallowance for the VMBA. TURN did not recommend any disallowances for the WMBA, CEMA, CCPAMA, ECPMA, CPPMA, DMA, and MGMA. DACC did not recommend any disallowances for any account under review.

4 Exhibit PG&E-39.

4.3. Notice of Settlement Conference: On November 27, 2023, PG&E issued a Notice of Settlement Conference pursuant to Rule 12.1(b). PG&E served the notice on the service list for A.22-12-009. On December 4, 2023, the Settling Parties held a properly noticed settlement conference, fulfilling all requirements under Rule 12.1 prior to the Settling Parties signing this Settlement Agreement. Those in attendance included representatives for: PG&E, Cal Advocates, TURN, and DACC.

5. Settlement Terms and Conditions

Subject to the terms and conditions set forth below, this Settlement Agreement represents a negotiated compromise regarding cost recovery for the following memorandum accounts under review in A.22-12-009: CEMA, CCPAMA, ECPMA, CPPMA, DMA, MGMA, and TRRRMA (individually may be referred to as a "Settled Account" and collectively may be referred to as the "Settled Accounts"). This Settlement Agreement does not resolve cost recovery issues for the WMBA and VMBA.

5.1. 2022 WMCE Application – O&M Expense Costs: The Settling Parties agree that $296.08 million of the O&M expense costs PG&E recorded to the CEMA, CCPAMA, ECPMA, CPPMA, DMA, and MGMA are reasonable for recovery, as set forth in Table 2 below:

Table 2
O&M Expense Costs by Settled Account
($ Thousands)

Settled Account	PG&E Request	Settlement Agreement Reductions	Total Cost Recovery Per Settlement Agreement
CEMA	$189,682	$(7207)	$182,475
COVID-19 Pandemic CEMA	$5,810	$(0)	$5,810
CPPMA	$11,571	$(0)	$11,571
DMA	$8,175	$(3,675)	$4,500
ECPMA	$2,214	$(1,089)	$1,125
CCPAMA	$5,937	$(812)	$5,125
MGMA	$87,213	$(1,744)	$85,469
Total O&M Expenses	**$310,602**	**$(14,527)**	**$296,075**

1) TRRRMA not included in totals because amounts are recorded as RRQ and not costs. See Table 4.

5.2. 2022 WMCE Application – Capital Expenditures: The Settling Parties agree that $136.5 million of the capital expenditures PG&E recorded to the CEMA, CCPAMA, and MGMA are reasonable for recovery, as set forth in Table 3 below:

Table 3
Capital Expenditures by Settled Account
($ Thousands)

Settled Account	**PG&E Costs**	**Settlement Agreement Reductions**	**Total Cost Recovery Per Settlement Agreement**
Capital Expenditures	**Costs**		
CEMA	$131,250	$(0)	$131,250
CCPAMA	$2,381	$(0)	$2,381
MGMA	$2,853	$(0)	$2,853
Total Capital Expenditures	**$136,484**	**$(0)**	**$136,484**

1) TRRRMA not included in totals because amounts are recorded as RRQ and not costs. See Table 4.

5.3. Additional 2022 WMCE Revenue Requirement: A revenue requirement of $69.5 million (excluding interest) (referred to as "Additional 2022 WMCE Revenue Requirement") above the authorized Interim 2022 WMCE Revenue Requirement granted in D.23-06-004 shall be recovered for costs recorded to the CEMA, CCPAMA, ECPMA, CPPMA, DMA, MGMA, and TRRRMA under review in A.22-12-009, as set forth in Table 4 (column B-A).[5] Pursuant to Section 5.4.3, PG&E shall be authorized to collect interest on unrecovered amounts of the Additional 2022 WMCE Revenue Requirement.

[5] Revenue requirement displayed in Table 4 is subject to true up for interest upon final adoption of the Settlement Agreement.

Table 4
Additional 2022 WMCE Revenue Requirement (RRQ) by Settled Account
($ Thousands)

Settled Account	**(A) Interim 2022 WMCE Revenue Requirement Per D.23-06-004**	**(B) Total Revenue Requirement per Settlement Agreement**	**(B-A) Additional 2022 WMCE Revenue Requirement**
Expense Revenue Requirement			
CEMA	$159,313	$180,057	$20,744
COVID-19 CEMA	$4,449	$5,152	$703
CPPMA	$9,576	$11,571	$1,995
DMA	$7,208	$4,500	$(2,708)
ECPMA	$1,882	$1,125	$(757)
CCPAMA	$5,047	$5,125	$78
MGMA	$74,131	$85,469	$11,338
TRRRMA	$(280)	$(330)	$(49)
Total Expense RRQ	$261,326	$292,669	$31,343
Capital Expenditure Revenue Requirement			
CEMA	$34,379	$71,870	$37,491
CPPMA	$1,279	$2,844	$1,565
MGMA	$1,246	$2,169	$922
TRRRMA	$(2,554)	$(4,340)	$(1,786)
Total Capital RRQ	$34,351	$72,543	$38,193
Total RRQ (Without Interest)	$295,677	$365,212	$69,536
Interest	$10,409	$21,197	$10,788
Total RRQ (With Interest)	**$306,086**	**$386,410**	**$80,324**

5.4. Revenue Requirement Collections: The revenue requirements set forth in Table 4 shall be collected as follows:

5.4.1. The Interim 2022 WMCE Revenue Requirement granted in D.23-06-024 shall continue until fully collected by PG&E over the 12-month amortization period authorized in that decision. This Settlement Agreement does not modify any terms of the collection of the Interim 2022 WMCE Revenue Requirement granted in D.23-06-004.

5.4.2. The Additional 2022 WMCE Revenue Requirement shall be recovered over a 12-month amortization period, commencing on March 1, 2024 or as otherwise authorized by the Commission's decision approving this Settlement Agreement.

5.4.3. PG&E shall accrue interest associated with the Additional 2022 WMCE Revenue Requirement based on the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. The interest calculation shall utilize the average balance of unrecovered amounts, with the average calculated using the beginning and end of month balances.

5.5. Recovery of Expense and Capital Costs: With respect to revenue requirements associated with authorized expense and capital costs, PG&E shall recover the revenue requirements over the approved amortization periods in Sections 5.4.1 and 5.4.2 through routine advice letter filings. Future revenue requirements associated with capital expenditures in A.22-12-009 will be included in future GRCs or as authorized.

5.6. Revenue Allocation for Rate Design: The Settling Parties agree that the Additional 2022 WMCE Revenue Requirement adopted under this Settlement Agreement shall be allocated to customer classes using the methodology for costs in accordance with the Revenue Allocation settlement D.21-11-016 adopted in A.19-11-019 for electric, D.19-10-036 adopted in A.17-09-006 for gas, or applicable Commission decision effective at the time this Settlement Agreement is approved.

5.7. Reasonableness of Settlement Terms: The Settling Parties agree that this Settlement Agreement is reasonable in light of the evidentiary record, consistent with law, and in the public interest. The Settling Parties agree that this Settlement Agreement complies with Rule 12.1(d).

5.8. Plain Meaning of Terms: The Settling Parties agree that the language in all provisions of this Settlement Agreement shall be construed according to its fair meaning and not for or against any Settling Party because that Settling Party or its counsel or advocate drafted the provision. The descriptive headings in this Settlement Agreement are for reference only and are not intended to have any substantive meaning or interpretive value.

5.9. Commission's Primary Jurisdiction and Governing Law: The Settling Parties agree that the Commission has primary jurisdiction over any interpretation, enforcement, or remedies regarding this Settlement Agreement. No Settling Party may bring an action regarding this Settlement Agreement in any state or federal court or administrative agency without having first exhausted its administrative remedies at the Commission. This Settlement Agreement shall be governed by the Rules of the California Public Utilities Commission and the laws of the State of California.

5.10. Further Actions and Joint Support: The Settling Parties acknowledge that this Settlement Agreement is subject to approval by the Commission. As soon as practicable after all the Settling Parties have signed the Settlement Agreement, the Settling Parties through their respective attorneys shall prepare and file a Joint Motion for Approval and Adoption of the Settlement (Settlement Motion). The Settling Parties agree to actively support prompt approval of the Settlement Agreement, including through written and oral testimony if testimony is required, appearances, briefing, filing an appeal of a Presiding Officer's decision, and other means as needed to obtain the approvals sought. The Settling Parties shall furnish such additional information, documents, or testimonies as the Commission may require for purposes of granting the Motion and approving and adopting the Settlement Agreement. For avoidance of doubt, the Settling Parties acknowledge that: (1) PG&E may oppose any further proposed reductions on the Settled Accounts made in a proposed or alternate proposed decision on the Settlement Agreement or recommended by parties who did not take positions on the Settled Accounts; and (2) Cal Advocates shall not support any further proposed reductions on the Settled Accounts made in a proposed or alternate proposed decision on the Settlement Agreement or recommended by parties who did not take positions on the Settled Accounts.

5.11. 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 Agreement.

5.12. Non-Severability: The provisions of this Settlement Agreement are non-severable.

5.13. Voluntary and Knowing Acceptance: Each Settling Party acknowledges and stipulates that it is agreeing to this Settlement Agreement 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 Agreement, including its right to discuss this Settlement Agreement with its legal counsel, which has been exercised to the extent deemed necessary by each Settling Party.

5.14. Entirety of Agreement: This Settlement Agreement embodies the entire understanding and agreement of the Settling Parties with respect to the matters described, and it supersedes prior oral or written agreements, principles, negotiations, statements, representations, or understandings among or between the Settling Parties with respect to those matters.

5.15. No Modification: Until such time as the Commission has adopted this Settlement Agreement, the Settlement Agreement 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.

5.16. No Reliance: No Settling Party 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 Agreement. Each Settling Party expressly assumes the risk of any mistake of law or fact made by such Settling Party or its authorized representative.

5.17. Counterparts: This Settlement Agreement may be executed in separate counterparts by the different Settling Parties hereto and all so executed shall be binding and have the same effect as if all the Settling Parties had signed one and the same document. All such counterparts shall be deemed to be an original and together constitute one and the same

Settlement Agreement, notwithstanding that the signatures of the Settling Parties or of a Settling Party's attorney or other representative do not appear on the same page of this Settlement Agreement.

5.18. Binding Upon Full Execution: This Settlement Agreement shall become effective and binding on each of the Settling Parties as of the date when it is fully executed. It shall 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.

5.19. 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 Agreement 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.

5.20. Enforceability: The Settling Parties agree and acknowledge that after issuance of a Commission decision approving and adopting this Settlement Agreement, the Commission may reassert jurisdiction and reopen this proceeding to enforce the terms and conditions of this Settlement Agreement.

5.21. Finality: Once fully executed by the Settling Parties and adopted and approved by a Commission decision, this Settlement Agreement fully and finally settles any and all disputes among and between the Settling Parties in this proceeding, unless otherwise specifically provided in the Settlement Agreement.

5.22. No Admission: Nothing in this Settlement Agreement 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 or in any state or federal court or administrative agency. Further, unless expressly stated herein, this Settlement Agreement 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.

5.23. Authority to Sign: Each Settling Party executing this Settlement Agreement represents and warrants to the other Settling Parties that the individual signing this Settlement Agreement and the related Settlement Motion on its behalf has the legal authority to do so.

5.24. Limited Admissibility: Each Settling Party signing this Settlement Agreement agrees and acknowledges that this Settlement Agreement shall be admissible in any subsequent Commission proceeding for the sole purpose of enforcing the Terms and Conditions of this Settlement Agreement.

5.25. Estoppel or Waiver: Unless expressly stated herein, the Settling Parties' execution of this Settlement Agreement is not intended to provide any of the Settling Parties a basis to claim estoppel or waiver in any manner in this or any other proceeding.

5.26. Rejection or Modification of the Settlement Agreement: The Settling Parties agree that if the Commission in a proposed decision or any other alternate proposed decision issued in A.22-12-009, declines to adopt this Settlement Agreement in its entirety and without modification, the Settling Parties shall convene a settlement conference within 15 days of such Commission action(s) to discuss whether they can resolve the issues raised by the Commission's action(s). If the Settling Parties cannot mutually agree to resolve the issues raised by the Commission's action(s), the Settling Parties shall continue jointly to support those aspects of the Settlement Agreement approved without modification by the proposed decision or alternate proposed decision subject to the requirements of Paragraph 5.10 above and may otherwise pursue any action they deem appropriate, but agree to cooperate in establishing a procedural schedule. The Settling Parties reserve all rights set forth in Rule 12.4 of the Rules of Practice and Procedure.

6. Conclusion

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

THE PUBLIC ADVOCATES OFFICE

By: ___/s/Darwin Farrar______
Name: Darwin Farrar
Title: Chief Counsel, Public Advocates Office

Date: December 22, 2023

PACIFIC GAS AND ELECTRIC COMPANY

By: ________________________
Name: Stephanie Williams
Title: Vice President, Controller, and Utility Chief Financial Officer

Date: December 22, 2023

DIRECT ACCESS CUSTOMER COALITION

By: ________________________
Name: Daniel W. Douglass
Title: Counsel for DACC

Date: December 22, 2023

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By: Daniel W. Douglass
Name: Daniel W. Douglass
Title: Counsel for DACC

Date: December 22, 2023