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PRESS RELEASE

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CPUC ISSUES PROPOSALS TO EVALUATE SAFE ENERGY SERVICE

SAN FRANCISCO, December 21, 2018 - The California Public Utilities Commission (CPUC) today took two actions in furtherance of its mission to empower California through access to safe and affordable utility services and infrastructure. First, a Ruling was issued to set the scope the CPUC will use to examine Pacific Gas and Electric Company's (PG&E) and Pacific Gas and Electric Corporation's current corporate governance, management, and structure to determine the best path forward for Northern Californians to receive safe energy service. Second, as directed by the California Legislature in Senate Bill 901 (2018), the CPUC issued a proposed Rulemaking that would adopt a methodology to be applied in future utility requests for wildfire cost recovery.

CPUC Investigation Into PG&E's Safety Culture

The CPUC has initiated the next phase of its investigation into PG&E's and PG&E Corp.'s safety culture by examining the companies' current corporate governance, management, and structure to determine the best path forward for Northern Californians to receive safe energy service.

PG&E has had serious safety problems with both its natural gas and electric operations in recent years. As a result, in August 2015 the CPUC opened a proceeding to determine whether PG&E's and PG&E Corp.'s organizational culture and governance prioritize safety (I.15-08-019). After a thorough evaluation, the CPUC adopted the safety findings and recommendations of its Safety and Enforcement Division contained in the Northstar Report in November 2018.

In the next phase of this proceeding, opened today, the CPUC will consider a range of possibilities. The CPUC has not drawn any conclusions but will use an illustrative set of proposals to receive input from the public before determining how to move forward. The set of proposals includes



examples such as: should some or all of the existing PG&E and PG&E Corp. Board of Directors be replaced by Directors with a stronger background and focus on safety; should PG&E retain new corporate management; should the CPUC condition PG&E's return on equity on safety performance; should PG&E's natural gas and electric distribution and transmission divisions be split into separate companies controlled by a holding company; should PG&E's corporate structure be reorganized with regional subsidiaries based on regional distinctions; should the CPUC revoke holding company authorization so PG&E is exclusively a regulated utility; should some or all of PG&E be reconstituted as a publicly owned utility or utilities.

“This is not a punitive exercise. The keystone question is would, compared to PG&E and PG&E Corp. as presently constituted, any of the proposals provide Northern Californians with safer natural gas and electric service at just and reasonable rates,” said CPUC President Michael Picker, the Commissioner assigned to the proceeding and the author of the Ruling, which is effective immediately.

Parties may present other options than the ones listed above. The CPUC may revise the scope of alternatives to be considered after receiving comments from parties. Careful consideration will be given to whether there is a viable transition process from the status quo to any preferred alternative. If there is not a clear path forward to implement an alternative, then the alternative will not be considered a viable option in the proceeding.

The next step is for the CPUC to obtain input on the various possible approaches to addressing the underlying issue of PG&E's safety culture. The CPUC must have more information and analysis from a range of perspectives before it can consider implementing a particular approach, or choosing an approach to consider in more detail. Opening comments are due January 30, 2019.

“We must be careful and practical,” said President Picker. “This process will be like repairing a jetliner while it's in flight. Crashing a plane to make it safer isn't good for the passengers.”

Those interested in following the proceeding can subscribe to receive certain documents at <http://subscribecpuc.cpuc.ca.gov> using proceeding number I.15-08-019.

The Ruling issued today is available at

<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M252/K547/252547055.PDF>.

SB 901 Cost Recovery Methodology

The California Legislature, in Senate Bill 901 (2018), directed the CPUC to adopt a methodology to address future utility requests for wildfire cost recovery per Public Utilities Code Section 451.2. If adopted at the January 10, 2019 CPUC Voting Meeting, the Rulemaking proposed today would evaluate proposed methodologies to implement a requirement of Senate Bill 901 to determine the maximum amount a utility can pay for wildfire-related liabilities without harming ratepayers or materially impacting a utility's ability to provide adequate and safe service. In undertaking the adoption of criteria and a methodology to determine the maximum amount a utility can pay, the CPUC is mindful of both the finite resources of ratepayers in California, and the importance of maintaining financially viable utilities to provide safe and reliable service. The scope of this proceeding does not include the consideration of cost recovery for any specific fire event. The CPUC's approval of criteria and a methodology in this proceeding is not a determination of the reasonableness of any type of costs.

The utilities that will be subject to the findings of the proceeding are PG&E; Southern California Edison; San Diego Gas & Electric; Liberty Utilities; Bear Valley Electric Service; and Pacific Power, a division of PacifiCorp.

The proposal will be on the CPUC's Jan. 10, 2019 Voting Meeting agenda for consideration.

If approved by the Commissioners, the proposal will be given a proceeding number. Those interested in following the proceeding can email process_office@cpuc.ca.gov with the proceeding number and ask to be added to the "Information Only" category of the official Service List to receive via email all documents in the proceeding. Or, those interested can subscribe to receive certain documents related to the proceeding at <http://subscribecpuc.cpuc.ca.gov>.

The SB 901 Cost Recovery Methodology proposed Rulemaking is available at

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M252/K777/252777509.PDF>.

The CPUC regulates services and utilities, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services. For more information on the CPUC, please visit www.cpuc.ca.gov.

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