California Public Utilities Commission
505 Van Ness Ave., San Francisco

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Docket #: I.19-09-016

CPUC PROPOSAL ON PG&E'S REORGANIZATION PLAN REQUIRES GOVERNANCE AND OVERSIGHT CHANGES

SAN FRANCISCO, April 20, 2020 – The California Public Utilities Commission (CPUC) today issued for public comment a proposal that would approve with conditions Pacific Gas and Electric Company's (PG&E) proposed reorganization plan pursuant to the requirements of Assembly Bill 1054 and under the CPUC's regular authority. The proposal will be on the CPUC's May 21, 2020 Voting Meeting agenda.

The proposal, officially termed a Proposed Decision, by CPUC Administrative Law Judge Peter Allen, would require PG&E to modify its governance structure, submit to an enhanced oversight and enforcement process if it fails to improve safety, and create local operating regions. These new oversight tools and changes to PG&E's Board of Directors and management are designed to ensure PG&E will emerge from bankruptcy as a fundamentally changed company that has a commitment and ability to provide safe and reliable service and can simultaneously continue needed improvements to mitigate wildfire risk and achieve the state's climate goals.

The Administrative Law Judge's proposal adopts most of the proposals set out in CPUC President Marybel Batjer's February 18, 2020 Ruling addressing PG&E's management, board governance, and regulatory oversight. The oversight provisions:

- Establish a process under which PG&E could ultimately lose its license in the event of future safety violations;
- Re-orient management and the Board of Directors structures to create further safety accountability and better representation of PG&E's customers; and,
- Require regional restructuring to create local operating regions to bring management closer to customers.

The Administrative Law Judge's proposal also includes requirements that would protect PG&E's ratepayers and ensure the utility regains solid financial footing going forward, which benefits customers, including:

- PG&E would be barred from burdening ratepayers with costs from pre-2019 fires, but could propose rate neutral securitization to refinance those costs with shareholder-backed offsets;
- PG&E would have to demonstrate efforts to pay down the wildfire-associated debt and return to a normal utility capital structure over time;
- There would be a modest reduction of ratepayer costs by replacing nearly $12 billion of existing long-term debt with lower interest rates, offset by PG&E's associated financing fees; and,
- PG&E would be denied from collecting its professional fees incurred in the bankruptcy proceedings.

PG&E needs CPUC approval, as well as federal Bankruptcy Court approval, of its reorganization plan by June 30, 2020 to participate in a wildfire insurance fund established by the California Legislature last year. The fund is designed to facilitate prompt payments to future wildfire victims and benefit ratepayers by reducing the utilities' cost of financing for future investments in safety and other infrastructure improvements.

If confirmed by the Bankruptcy Court, PG&E's reorganization plan will establish a $13.5 billion trust fund to pay wildfire victims. Victims of the devastating 2017 and 2018 wildfires cannot begin receiving compensation until PG&E emerges from bankruptcy.

The proposal is available at www.cpuc.ca.gov/pgechapter11.

Documents related to the proceeding are available at https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:I1909016. By clicking the "Public Comments" tab, members of the public can submit comments on the proposal.

The CPUC regulates services and utilities, protects consumers, 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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