

Decision PROPOSED DECISION OF ALJ ALLEN (Mailed 9/17/2020)**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the Commission's Own Motion to Consider the Ratemaking and Other Implications of a Proposed Plan for Resolution of Voluntary Case filed by Pacific Gas and Electric Company, pursuant to Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court, Northern District of California, San Francisco Division, In re Pacific Gas and Electric Corporation and Pacific Gas and Electric Company, Case No. 19-30088.

Investigation 19-09-016

**DECISION CLOSING PROCEEDING****Summary**

This decision closes this proceeding, which was opened to consider the reorganization plan of Pacific Gas and Electric Company (PG&E) and its holding company PG&E Corporation (PG&E Corp.) pursuant to the requirements of Assembly Bill (AB) 1054 (Ch.79, Stats. 2019). On May 28, 2020, the Commission voted out Decision (D.) 20-05-053, approving the reorganization plan. That decision left this proceeding open to allow the Commission to address any issues that might

arise, particularly those that might arise prior to the resolution of PG&E's federal bankruptcy proceeding. PG&E's reorganization plan was

subsequently approved by the Bankruptcy Court, and PG&E has emerged from bankruptcy. Accordingly, it is no longer necessary to keep this proceeding open. This proceeding is closed.

## 1. Background and Discussion

As this Commission stated in Decision (D.) 20-05-053:

Pacific Gas and Electric Company (PG&E) and its holding company PG&E Corporation (PG&E Corp.) (jointly Debtors) filed voluntary bankruptcy petitions on January 29, 2019, under Chapter 11 of the U.S. Bankruptcy Code. The Debtors' filings came after a series of major wildfires, including fires for which PG&E expected to be held liable.

California Assembly Bill (AB) 1054 (Ch.79, Stats. 2019) subsequently established a Wildfire Fund to pay eligible claims to victims of wildfires caused by utility infrastructure. The fund is expected to be capitalized with approximately \$21 billion in revenue contributed approximately equally from utility ratepayers and utility shareholders. (Public Utilities Code Section 3288(b).) California electrical corporations, such as PG&E, can participate in the fund if they meet certain criteria. One of the criteria that PG&E must satisfy to participate in the fund is that its "insolvency proceeding" (*i.e.* bankruptcy) must be "resolved pursuant to a plan or similar document not subject to a stay" by no later than June 30, 2020. (Public Utilities Code section 3292(b).) (D.20-05-053 at 3.)

In addition, AB 1054 required the Commission to complete certain tasks by June 30, 2020, including Commission approval of the reorganization plan.

The Commission issued an Order Instituting Investigation (OII) opening this proceeding on October 4, 2019. Following an expedited but thorough proceeding including testimony and evidentiary hearings, a proposed decision

was issued on April 20, 2020, and the Commission voted out D.20-05-053 on May 28, 2020.

On July 15, 2020, a ruling<sup>1</sup> was issued jointly in this proceeding and in Investigation (I.) 15-08-019<sup>2</sup> allowing parties to file comments addressing a number of questions, with one question relating to this proceeding:

Should I.19-09-016 be closed or kept open? If kept open, state the purpose of keeping it open, including the issues to be addressed and when it would be closed. (ALJ Ruling at 9.)

Comments and/or reply comments were filed by parties including PG&E, City and County of San Francisco (CCSF), Coalition of California Utility Employees, The Utility Reform Network (TURN), William B. Abrams, Energy Producers and Users Coalition, Silicon Valley Clean Energy Authority, Direct Access Customer Coalition, Public Advocates Office, Small Business Utility Advocates and Center for Energy Efficiency and Renewable Technologies.

With one exception, the parties submitting comments either supported or did not oppose closing this proceeding. The exception was TURN, which made a conditional argument suggesting that this proceeding could be kept open to address PG&E executive compensation issues if those issues were not promptly being addressed via other Commission processes. (TURN Comments at 2-3.) As TURN acknowledges, the Commission's Wildfire Safety Division is developing a process for addressing executive compensation issues going forward. (Id.) There

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<sup>1</sup> *Administrative Law Judge's Ruling on Case Status* (ALJ Ruling).

<sup>2</sup> I.15-08-019 is the Commission proceeding examining PG&E's safety culture, which remains open.

is no need to keep this proceeding open solely as a backstop for that process. Taking into consideration the relevant language in D.20-05-053 and the comments of the other parties, TURN's argument does not provide an adequate basis for a determination that it is necessary to keep this proceeding open. This proceeding should be closed.

## **2. Comments on Proposed Decision**

The Administrative Law Judge's (ALJ) proposed decision was mailed to the parties in accordance with Section 311 of the Public Utilities Code, and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed by PG&E. Reply comments were filed by TURN and CCSF.

PG&E's comments request that this decision be used as a vehicle to modify D.20-05-053, and specifically to authorize PG&E to file advice letters to interpret and implement D.20-05-053. TURN and CCSF oppose PG&E's request, arguing that PG&E's request is neither fair nor necessary, and that it is not appropriately raised in comments on this proposed decision. TURN and CCSF raise valid points. No changes have been made in response to comments.

## **3. Assignment of Proceeding**

Marybel Batjer is the assigned Commissioner and Peter V. Allen is the assigned ALJ in this proceeding.

### **Findings of Fact**

1. D.20-05-053 approved PG&E's reorganization plan and other documents resolving the insolvency proceeding.
2. PG&E has emerged from bankruptcy.

3. I.15-08-019 remains open.

**Conclusions of Law**

1. There is no legal or procedural need to keep this proceeding open.
2. This proceeding should be closed.

**O R D E R**

**IT IS ORDERED** that Investigation 19-09-016 is closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.