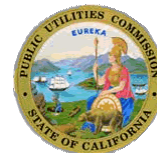


A.20-02-004 ALJ/CS8/sgu

Attachment 1



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

Application of Pacific Gas and Electric
Company to Recover Insurance Costs
Recorded in the Wildfire Expense
Memorandum Account

Application 20-02-004
(Filed February 7, 2020)

U 39 M

**JOINT MOTION OF PACIFIC GAS AND ELECTRIC COMPANY,
THE UTILITY REFORM NETWORK AND THE PUBLIC
ADVOCATES OFFICE AT THE CALIFORNIA PUBLIC UTILITIES
COMMISSION FOR APPROVAL AND ADOPTION OF THE
ATTACHED SETTLEMENT AGREEMENT**

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Attorney for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: June 30, 2021

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

Application of Pacific Gas and Electric
Company to Recover Insurance Costs
Recorded in the Wildfire Expense
Memorandum Account

Application 20-02-004
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**JOINT MOTION OF PACIFIC GAS AND ELECTRIC COMPANY,
THE UTILITY REFORM NETWORK AND THE PUBLIC
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ATTACHED SETTLEMENT AGREEMENT**

1. INTRODUCTION

Pursuant to Rule 12.1 of the California Public Utilities Commission’s (CPUC or the Commission) Rules of Practice and Procedure (Rules), the Settling Parties (as defined *infra* at section 2.4) hereby move that the Commission approve and adopt the attached Settlement Agreement.¹ The Public Advocates Office at the California Public Utilities Commission and The Utility Reform Network have authorized the Pacific Gas and Electric Company by their counsel to file this motion on their behalf pursuant to Rule 1.8(d).² 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 “Cal Advocates” means the Public Advocates Office at the California Public Utilities Commission;
- 2.3** The term “TURN” means The Utility Reform Network; and

¹ Rule 12.1 (May 1, 2021) pp. 68-69; Attachment A, Application 20-02-004, *Settlement Agreement between Pacific Gas and Electric Company, The Utility Reform Network and The Public Advocates Office at the California Public Utilities Commission* (Settlement Agreement).

² Rule 1.8(d) (May 1, 2021) p. 6.

- 2.4 The term “Settling Parties” means collectively PG&E, TURN and Cal Advocates.

3. BACKGROUND

3.1 PG&E’s Application

On February 7, 2020, PG&E filed Application (A.) 20-02-04 to recover insurance costs recorded in the Wildfire Expense Memorandum Account (WEMA)³ pursuant to Public Utilities Code Sections 454 and 701,⁴ Commission Decision (D.) 18-06-029,⁵ and Article 2 of the CPUC’s Rules of Practice and Procedure.⁶ In D.18-06-029, the Commission authorized the establishment of the WEMA, with an effective date of July 26, 2017.⁷ D.18-06-029 also allows PG&E to record liability insurance premiums not collected in rates in the WEMA.⁸

In its application, PG&E requested authorization to recover \$498.7 million in revenue associated with the following insurance events (WEMA Events) in 2017-2019:⁹

- 2017 insurance renewal;
- 2017 insurance reinstatement;
- 2018 insurance renewal; and
- 2019 insurance renewal.

PG&E incurred \$704.9 million for the WEMA Events listed above for the time period covered by this Application.¹⁰ From that amount PG&E removed: (1) \$123.5 million in revenue requirements for insurance, as authorized in its 2017 GRC, that correspond to the time period covered by the Application; (2) \$36.2 million of non-CPUC jurisdictional costs; and (3) \$66.1

³ A.20-02-004, Application of Pacific Gas and Electric Company (U 39 M) to Recover Insurance Costs Recorded in the Wildfire Expense Memorandum Account (filed Feb. 7, 2020) (“Application”).

⁴ Pub. Util. §§ 454 & 701.

⁵ D.18-06-029, Alternate Decision Authorizing Establishment of Wildfire Expense Memorandum Account (June 22, 2018).

⁶ Rules, Article 2. *Applications Generally* (May 1, 2021) pp. 16-22.

⁷ D.18-06-029, *Alternate Decision Authorizing Establishment of Wildfire Expense Memorandum Account* (June 22, 2018) p. 15.

⁸ D.18-06-029, *Alternate Decision Authorizing Establishment of Wildfire Expense Memorandum Account* (June 22, 2018) Ordering Paragraphs 1-4, p. 19.

⁹ Application, pp. 1-2.

¹⁰ *Id.* at pp. 2-3, Table 1.

million in 2020 GRC revenue requirements pertaining to incremental insurance spending in 2017.¹¹ This left \$479.1 million, prior to the calculation of interest and Revenue Fees and Uncollectibles (RF&U). Incorporating those amounts resulted in \$498.7 million as the amount sought in PG&E's application.¹² Table 1 below summarizes these calculations.

TABLE 1
CALCULATION OF COSTS SOUGHT IN THIS APPLICATION
(MILLIONS OF DOLLARS)

Line No.	Item	Expense
1	2017-2019 Insurance Costs (see table 1)	\$704.9
2	2017 GRC Authorized Amount	(123.5)
3	Company-wide Incremental Cost Subtotal	----- 581.4
4	Non CPUC-Jurisdictional Costs	(36.2)
5	CPUC-Jurisdictional Incremental Cost Subtotal	\$545.2
6	Amount sought in 2020 GRC	(66.1)
7	Revised Total	479.1
8	Interest	13.6
9	RF&U	6.0
10	Grand Total	\$498.7

In its Application, PG&E sought to recover the revenue requirement as part of its Annual Electric True-Up (AET) and Annual Gas True-Up (AGT) advice letter filings, respectively, on January 1, 2021, or the next available rate change, as soon as practicable following a final decision in this proceeding. Rates set to recover WEMA costs would be set in the same manner as rates set to recover other line of business (e.g., Electric Generation, Electric Distribution, Gas Distribution) costs using existing methodologies for revenue allocation and rate design.

¹¹ *Id.* at pp. 3-4, Table 2.

¹² *Ibid.*

3.2 PROTESTS, RESPONSES AND TESTIMONY

On March 13, 2020, the following parties protested or responded to PG&E's Application: (1) Cal Advocates;¹³ (2) the Joint CCAs (a group consisting of Marin Clean Energy ("MCE"); Peninsula Clean Energy ("PCE"); Pioneer Community Energy ("Pioneer"); and Sonoma Clean Power ("SCP"))¹⁴; (3) Thomas Del Monte ("Del Monte"); and Southern California Edison Company (SCE).¹⁵ Administrative Law Judge (ALJ) Haga held a telephonic prehearing conference on April 2, 2020, at which representatives for all parties to the proceeding were present.¹⁶ On January 12, 2021, the Assigned Commissioner's Scoping Memo and Ruling ("Scoping Memo") set forth the scope and schedule of the proceeding.¹⁷

On February 26, 2021, Cal Advocates and TURN each served their opening testimony.¹⁸ Cal Advocates recommended that the Commission apply a deductible of \$10 million per event from the Z factor tariff to PG&E's \$498.7 million cost recovery request, for a total downward adjustment of \$40 million.¹⁹ TURN recommended the Commission should not permit recovery of insurance costs that may be attributable to PG&E's loss history and that the Commission should require a supplemental showing from PG&E to quantify the extent to which such costs were included in the Application.²⁰ Based on those recommendations, TURN presented calculations supporting a disallowance of approximately \$140 million for the 2018-19 and 2019-

¹³ *Protest of the Public Advocates Office* (Mar. 13, 2020).

¹⁴ *Response of the Joint CCAs to Application of Pacific Gas and Electric Company to Recover Insurance Costs Recorded in the Wildfire Expense Memorandum Account* (Mar. 13, 2020).

¹⁵ *Southern California Edison Company's (U 338-E) Response to Pacific Gas and Electric Company's (U 39 E) Application to Recover Insurance Costs Recorded in the Wildfire Expense Memorandum Account* (Mar. 13, 2020).

¹⁶ The parties to this proceeding include PG&E, Cal Advocates, TURN, Del Monte, the Joint CCAs, Southern California Edison Company, and San Diego Gas and Electric Company (collectively referred to as "Parties".) On December 17, 2020, Chief Administrative Law Judge Simon reassigned this proceeding to Administrative Law Judge Carolyn Sisto. (See A.20-02-004 *Notice of Reassignment* (Dec. 17, 2020)).

¹⁷ A.20-02-004, *Assigned Commissioner Scoping Memo and Ruling* (Jan. 12, 2021).

¹⁸ Ex. Cal Advocates-01, Cal Advocates' Report entitled "Application of Pacific Gas and Electric Company to Recover Insurance Costs Recorded in the Wildfire Expense Memorandum Account" (Feb. 26, 2021); Ex. TURN-01, *Prepared Testimony of Robert Finkelstein Regarding Pacific Gas and Electric Company Application for Recovery of Insurance Costs Recorded in the Wildfire Expense Memorandum Account*.

¹⁹ Ex. Cal Advocates-01 (Feb. 26, 2021) p. 2.

²⁰ Ex. TURN-01 (Feb. 26, 2021) p. 2.

20 policy renewals, and \$133.7 million for the 2017 reinstatement, a total disallowance of approximately \$274 million.²¹

On March 29, 2021, PG&E served its rebuttal testimony, asserting among other things that Cal Advocates' and TURN's respective recommendations were inconsistent with Commission policy and should not be adopted.²² PG&E's rebuttal testimony also provided additional information about rate impacts associated with PG&E's Application as directed by ALJ Sisto's January 19, 2021 *Email Ruling Seeking Additional Information and Modifying the Procedural Schedule* (January 19, 2021 Email Ruling).²³

3.3 SETTLEMENT NEGOTIATIONS

The January 19, 2021 Email Ruling directed Parties "to meet and confer within 10 days following the submission of rebuttal testimony and provide a report no later than April 1, 2021 on issues that have been resolved and identifying the outstanding issues of contested fact."²⁴

On January 26, 2021, ALJ Sisto granted a request for a two-week extension for the dates to submit direct testimony, rebuttal testimony, and the meet-and-confer report, placing the new due date for the meet and confer report on April 15, 2021.²⁵

On March 29, 2021, ALJ Sisto issued an *Email Ruling Regarding Pre- and Post-Evidentiary Hearing Activities* (March 29, 2021 Email Ruling), which set forth the issues to be addressed in the April 15, 2021 Meet and Confer Report.²⁶

On April 15, 2021, the Settling Parties filed and served the Meet and Confer Report, addressing the issues set forth in the March 29, 2021 Email Ruling.²⁷ The Settling Parties

²¹ Ex. TURN-01 (Feb. 26, 2021) pp. 14-18.

²² Ex. PGE-02, *PG&E's Wildfire Expense Memorandum Account Rebuttal Testimony*, which is sponsored by Benjamin M. Kolnowski; Pauline P. Lui; Brian Pelham and Katia K. Solokoff (Mar. 19, 2021).

²³ A.20-02-04, *Email Ruling Seeking Additional Information and Modifying the Procedural Schedule* (Jan. 19, 2021).

²⁴ A.20-02-04, *Email Ruling Seeking Additional Information and Modifying the Procedural Schedule* (Jan. 19, 2021), pp. 4-5.

²⁵ A.20-02-004, *Email Ruling Further Modifying the Procedural Schedule* (Jan. 26, 2021).

²⁶ A.20-02-004, *Email Ruling Regarding Pre- and Post-Evidentiary Hearing Activities* (Mar. 29, 2021).

²⁷ A.20-02-004, *Meet and Confer Report* (Apr. 15, 2021). Among the information provided in the Meet and Confer Report was a description of the methodology used to develop the rate impacts associated with the costs PG&E sought to recover in A.20-02-004, as identified in Attachment H of its rebuttal testimony.

reported they had reached a settlement-in-principle to resolve the issues in PG&E's Application. The Settling Parties advised that they believed that evidentiary hearings would not be necessary and jointly requested that the remaining procedural schedule be suspended to allow the Settling Parties to focus on finalizing a settlement, noticing a settlement conference, and filing a motion for its adoption with the Commission.²⁸ The Settling Parties also reported that they had contacted the other parties to this proceeding (those not submitting testimony) and that each of whom had represented that they did not oppose the Settling Parties' request to suspend the procedural schedule, remove hearings from the calendar and proceed through the settlement process described above.²⁹

On April 16, 2021, ALJ Sisto issued an Email Ruling to suspend the remaining procedural schedule and to schedule a telephonic status conference for May 17, 2021.³⁰ On May 13, 2021, the Settling Parties jointly requested an extension of time for the telephonic status conference to allow the Settling Parties additional time to resolve remaining issues with respect to the settlement-in-principle.³¹ ALJ Sisto granted the request for extension and rescheduled the telephonic status conference for May 25, 2021.³² The telephonic status conference was held on May 25, 2021.

On June 17, 2021, PG&E issued a Notice of Settlement Conference pursuant to Rule 12.1(b).³³ PG&E served the notice on the service list.

On June 24, 2021 the Settling Parties held the settlement conference. Representatives from PG&E, Cal Advocates, TURN and SCE attended.

²⁸ *Ibid.* The Settling Parties made the same request via an April 15, 2021 email to ALJ Sisto with copy to the service list (A.20-02-004, WEMA, PG&E's Email).

²⁹ *Id.* at Section 2 (Status of Settlement Negotiation and Request to Suspend the Procedural Schedule).

³⁰ A.20-02-004, *Email Ruling Suspending Procedural Schedule* (Apr. 16, 2021).

³¹ A.20-02-004, *Request to Reschedule May 17th Telephonic Status Conference* (May 13, 2021).

³² A.20-02-004, *Email Ruling Rescheduling Status Conference* (May 14, 2021).

³³ Rule 12.1(b) (May 1, 2021) pp. 68-69; *PG&E's(U 39 M) Notice of Settlement Conference* (June 17, 2021).

3.4 SETTLEMENT TERMS AND CONDITIONS

In addition to the general terms and conditions set forth in the Settlement Agreement at sections 4.1 through 4.18, the Settling Parties have agreed to a compromise of their litigation positions for purposes of calculating an overall revenue requirement. Specifically, PG&E's total revenue requirement for the WEMA costs included in its Application will be \$445.4 million, instead of \$498.7 million as initially proposed.³⁴

The settlement revenue requirement consists of two separate reductions to the \$498.7 million initially proposed in PG&E's Application. First, the Settlement Agreement reduces PG&E's CPUC-jurisdictional original application revenue requirement request from \$498.7 million to \$492.1 million, a decrease of \$6.6 million, to account for updated cost allocation factors adopted in PG&E's Transmission Owner 20 Formula Rate case (TO20) at Federal Energy Regulatory Commission (FERC) since the time PG&E's application was filed.³⁵ This update accounts for the reallocation described in PG&E's prepared testimony in Chapter 3, page 3-8, footnote 3, so that no further update to reflect this cost allocation update will be required after the issuance of a final decision.³⁶ Second, the \$492.1 million updated CPUC-jurisdictional revenue requirement was further reduced by \$46.7 million for a final settlement revenue requirement of \$445.4 million.³⁷

The Settlement Agreement specifies that the revenue requirement shall be recovered over a 12-month period through the next available rate change, as soon as practicable following a final decision in this proceeding³⁸ as follows:³⁹

- Electric Distribution portion of the WEMA amounts shall be recovered through the Distribution Revenue Adjustment Mechanism (DRAM);

³⁴ See Attachment A, Settlement Agreement, Section 3.3.

³⁵ See Attachment A, Settlement Agreement, Section 3.2.

³⁶ *Ibid.*

³⁷ *Id.* at Section 3.3.

³⁸ *Id.* at Section 3.4.

³⁹ *Id.* at Section 3.5.

- Electric Generation WEMA amounts shall be recovered through the Portfolio Allocation Balancing Account (PABA);
- Gas Distribution WEMA amounts shall be recovered via the Core Fixed Cost Account (CFCA)/Noncore Customer Class Charge Account (NCA) distribution subaccount using the adopted Distribution Level Based Revenue allocation factor;
- Gas Transmission and Storage WEMA amounts shall be recovered via the CFCA/NCA customer class subaccount using the adopted equal cents per therm methodology to all customer classes;
- Nuclear Decommissioning Cost Triennial Proceeding (NDCTP) – Safe Storage (SAFSTOR) WEMA amounts shall be recovered via the Nuclear Decommissioning Adjustment Mechanism (NDAM).

These ratemaking matters were not disputed by Cal Advocates or TURN in their litigation positions.

3.5 ARGUMENTS AND AUTHORITIES

Commission 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.⁴⁰

The Commission approves settlement agreements based on whether the settlement agreement 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.⁴¹

Numerous Commission decisions “have endorsed settlements as an ‘appropriate method of alternative ratemaking’ and express a strong public policy favoring settlement of disputes if

⁴⁰ Rule 12.1(d) (May 1, 2021) p. 69.

⁴¹ D.10-04-033, *mimeo*, p. 9.

they are fair and reasonable in light of the whole record.”⁴² It is long-standing Commission policy to strongly favor settlement.⁴³ 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.⁴⁴

The Settling Parties agree that the 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 Settlement Agreement reflects a reasonable balance of the various interests affected in this proceeding in light of the whole record. Specifically, with respect to PG&E’s WEMA-related revenue adjusted requirement request of \$498.7 million, the Settling Parties agree that the revenue requirement amount shall be reduced by \$6.6 million to reflect updated cost allocation factors and by an additional \$46.7 million to \$445.4 million.⁴⁵ The potential need to update the revenue requirement to reflect newly-implemented allocation factors is described in PG&E’s testimony.⁴⁶ The additional \$46.7 million reduction is a reasonable compromise between PG&E’s request for full recovery of such costs and TURN’s and Cal Advocates’ recommended revenue requirement reductions, which ranged from approximately \$40 million to \$274 million, respectively, as set forth in their respective testimony.

The Settling Parties agree that the Settlement Agreement is consistent with law. In its prepared testimony accompanying the application, PG&E explains that the WEMA costs included in its application were tracked in the WEMA in accordance with D.18-06-029.⁴⁷ PG&E also explains that the Application revenue requirement was reduced to account for portions of the costs that had already been collected in rates such to ensure that no double

⁴² See, e.g., D.05-10-041, *mimeo*, p. 47; D.15-03-006, *mimeo*, p. 6; and D.15-04-006, *mimeo*, p. 8.

⁴³ D.10-06-038, *mimeo*, p. 38.

⁴⁴ D.14-12-040, *mimeo*, p. 15.

⁴⁵ See Attachment A, Settlement Agreement, Sections 3.2 and 3.3.

⁴⁶ Ex. PGE-01, p. 3-8, FN 3. The calculation was done by updating the analysis supporting PG&E’s original revenue requirement in Ex. PGE-01 AtchA-1.

⁴⁷ PG&E *Wildfire Expense Memorandum Account Prepared Testimony* (Feb.7, 2020), Chapters 1 and 2.

ATTACHMENT A

SETTLEMENT AGREEMENT BETWEEN PACIFIC GAS AND ELECTRIC COMPANY, THE UTILITY REFORM NETWORK AND THE PUBLIC ADVOCATES OFFICE AT THE CALIFORNIA PUBLIC UTILITIES COMMISSION

APPLICATION 20-02-004

**SETTLEMENT AGREEMENT BETWEEN PACIFIC GAS AND
ELECTRIC COMPANY, THE UTILITY REFORM NETWORK AND
THE PUBLIC ADVOCATES OFFICE AT THE CALIFORNIA
PUBLIC UTILITIES COMMISSION**

1. INTRODUCTION

On February 7, 2020, PG&E filed Application (A.) 20-02-004 to recover insurance costs recorded in its Wildfire Expense Memorandum Account (WEMA) pursuant to Article 2 of the California Public Utilities Commission (Commission or CPUC) Rules of Practice and Procedure (Rules), Public Utilities Code Sections 454 and 701, and Commission Decision (D.) 18-06-029.¹ In accordance with Article 12 of the Rules, the Settling Parties (as defined *infra* at section 2) 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. PARTIES

The following parties are entering into this Settlement: Pacific Gas and Electric Company (PG&E); the Public Advocates Office at the California Public Utilities Commission (“Cal Advocates”); and The Utility Reform Network (“TURN”) (collectively referred to as “Settling Parties”).

3. SETTLEMENT TERMS AND CONDITIONS

3.1 This Settlement resolves all disputed issues in this proceeding.

¹ A.20-02-004, *Application of PG&E to Recover Insurance Costs Recorded in the Wildfire Expense Memorandum Account* (Feb. 7, 2020); Rules, Article 2 (Apr. 1, 2018) pp. 15-20; Pub. Util. Code §§ 454 & 701: D.18-06-029, *Alternate Decision Authorizing Establishment of Wildfire Expense Memorandum Account* (June 22, 2018).

3.2 PG&E's CPUC-jurisdictional original application revenue requirement request, as set forth in PG&E's original application, shall be updated from \$498.7 million to \$492.1 million, a decrease of \$6.6 million, to account for updated cost allocation factors adopted in PG&E's Transmission Owner 20 Formula Rate case (TO20) since the time PG&E's application was filed. This update shall account for the reallocation described in PG&E's prepared testimony in Chapter 3, page 3-8, footnote 3, so that no further update to reflect this cost allocation update shall be required.

3.3 PG&E's total CPUC-jurisdictional revenue requirement associated with this application shall be \$445.4 million, which is a \$46.7 million reduction from PG&E's updated request of \$492.1 million described in Section 3.2.

3.4 The revenue requirement shall be recovered over a 12-month period through the next available rate change, as soon as practicable following a final decision in this proceeding.

3.5 The revenue requirement shall be recovered as follows:

- Electric Distribution portion of the WEMA amounts shall be recovered through the Distribution Revenue Adjustment Mechanism (DRAM);
- Electric Generation WEMA amounts shall be recovered through the Portfolio Allocation Balancing Account (PABA);
- Gas Distribution WEMA amounts shall be recovered via the Core Fixed Cost Account (CFCA)/Noncore Customer Class Charge Account (NCA) distribution subaccount using the adopted Distribution Level Based Revenue allocation factor;
- Gas Transmission and Storage WEMA amounts shall be recovered via the CFCA/NCA customer class subaccount using the adopted equal cents per therm methodology to all customer classes;

- Nuclear Decommissioning Cost Triennial Proceeding (NDCTP) – Safe Storage (SAFSTOR) WEMA amounts shall be recovered via the Nuclear Decommissioning Adjustment Mechanism (NDAM).

4. GENERAL TERMS AND CONDITIONS

4.1 *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 administrative agency without having first exhausted its administrative remedies at the Commission.

4.2 *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 shall prepare and file a Motion for Approval and Adoption of the Settlement. 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. The Settling Parties agree that all testimony served prior to the date of this Settlement that addresses the issues resolved by this Settlement should be admitted into evidence without cross-examination by the Settling Parties.

4.3 *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.

4.4 *Non-Severability.* The provisions of this Settlement are non-severable.

4.5 *Voluntary and Knowing Acceptance.* Each of the Settling Parties 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.

4.6 *Entirety of Agreement.* This Settlement constitutes the entire understanding and agreement of the Settling Parties regarding the matters set forth herein. All prior oral or written agreements, settlements, principles, negotiations, statements, representations, or understandings whether oral or in writing regarding any matter set forth in this Settlement, are expressly waived and have no further force or effect.

4.7 *No Modification.* Until such time as the Commission has adopted this Settlement, the Settlement 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.

4.8 *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.

4.9 *Counterparts.* This Settlement 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, notwithstanding that the signatures of the Settling Parties and/or of a Settling Party's attorney or other representative do not appear on the same page of this Settlement.

4.10 *Binding upon Full Execution.* This Settlement 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.

4.11 *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.

4.12 *Enforceability.* The Settling Parties agree and acknowledge that after issuance of the 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.

4.13 *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.

4.14 *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 or in any state or federal court or 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.

4.15 Authority to Sign. Each Settling Party executing this Settlement represents and warrants to the other Settling Party that the individual signing this Settlement and the related Motion has the legal authority to do so on behalf of the Settling Party.

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

4.17 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.

4.18 Rejection or Modification of the Settlement. The Settling Parties agree that if the Commission fails to adopt this Agreement in its entirety and without modification, the Settling Parties shall convene a settlement conference within 15 days thereof to discuss whether they can resolve the issues raised by the Commission's actions. If the Settling Parties cannot mutually agree to resolve the issues raised by the Commission's actions, the Agreement shall be rescinded, and the Settling Parties shall be released from their obligation to support the Settlement. Thereafter, the Settling Parties may pursue any action they deem appropriate, but agree to cooperate in establishing a procedural schedule. Settling Parties reserve all rights set forth in Rule 12.4 of the Rules of Practice and Procedure.

5. CONCLUSION

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

<p>THE PUBLIC ADVOCATES OFFICE AT THE CALIFORNIA PUBLIC UTILITIES COMMISSION</p> <p>By: <u> /s/ Linda Serizawa</u> Name: Linda Serizawa Title: Deputy Director</p> <p>Date: June 29, 2021</p>	<p>THE UTILITY REFORM NETWORK A California Corporation</p> <p>By: <u> /s/ Robert Finkelstein</u> Name: Robert Finkelstein Title: General Counsel</p> <p>Date: June 28, 2021</p>
<p>PACIFIC GAS AND ELECTRIC COMPANY A California Corporation</p> <p>By: <u> /s/ David Thomason</u> Name: David Thomason Title: VP/Controller</p> <p>Date: June 28, 2021</p>	

End Attachment 1