ATTACHMENT A

APPLICATION 21-06-021

AGREEMENT AMONG PACIFIC GAS AND ELECTRIC COMPANY, THE UTILITY REFORM NETWORK AND THE PUBLIC ADVOCATES OFFICE AT THE CALIFORNIA PUBLIC UTILITIES COMMISSION TO JOINTLY PETITION TO MODIFY D.23-11-069 ON NON-WILDFIRE LIABILITY INSURANCE

ARTICLE 1

INTRODUCTION

In accordance with Rule 12 and Rule 16.4 of the Rules of Practice and Procedure (Rules) of the California Public Utilities Commission (CPUC or Commission), the Parties (as defined infra at Section 2.4) mutually accept the terms and conditions stated herein and enter into this Agreement (Agreement) to jointly petition to modify D.23-11-069 (the decision adopting Pacific Gas and Electric Company's (PG&E) Test Year 2023 General Rate Case request) to request revisions to the use of the authorized revenue requirement (RRQ) for non-wildfire liability insurance and related ratemaking. The revisions would permit PG&E to procure non-wildfire liability insurance coverage through a combination of self-insurance and third-party commercial insurance for PG&E's 2023 GRC Program Years 2025 and 2026. The revisions would modify the Risk Transfer Balancing Account (RTBA) as necessary to establish a self-insurance framework for a portion of PG&E's non-wildfire liability insurance (i.e., Layer 2 of PG&E's insurance tower). No modifications to the RTBA are intended by this Agreement for the purchase of commercial insurance. This Agreement also binds the Parties to advocate for and defend a request for Commission review and approval of the same non-wildfire liability self-insurance program terms set forth herein for PG&E's forthcoming Test Year 2027 General Rate case period (covering January 1, 2027-December 31, 2030).

ARTICLE 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.

2.4 The terms "Settling Parties" or "Parties" mean collectively PG&E, TURN, and Cal Advocates.

2.5 The terms "CPUC" or "Commission" mean the California Public Utilities Commission.

2.6 The term "Rule" means the CPUC Rules of Practice and Procedure (May 1, 2021).

2.7 The term "Settlement" means this Settlement Agreement.

2.8 The term "2023 GRC" means PG&E's 2023 General Rate Case Application 21-06-021, resulting in Decision 23-11-069.

2.9 The term "2023 GRC Period" means the period between January 1, 2023 and December 31, 2026 for which rates are in effect in accordance with Decision 23-11-069.

2.10 The term "2027 GRC" means PG&E's Test Year 2027 General Rate Case Application [A.25-05-XXX], currently anticipated to be filed May 15, 2025.

2.11 The term "2027 GRC Period" means the period between January 1, 2027 and December 31, 2030 for which the authorized revenue requirement (RRQ) will be in place in accordance with a Commission's final decision in the 2027 GRC proceeding.

2.12 The term "Program Period" refers to two of the program years in the 2023 GRC Period – Program years 2025 and 2026. Two insurance renewal periods are within this Program Period:

- 1) PG&E′s 2025 non-wildfire liability insurance renewal period (covering June 1, 2025-May 31, 2026);
- (2) The first half of PG&E′s 2026 non-wildfire liability insurance renewal period (covering June 1, 2026-December 31, 2026).

2.13 The term "Non-wildfire Event" means an accident or injury resulting in a liability claim(s) from a third party that occurred or is alleged to have occurred between June 1, 2025 and December 31, 2026. It also includes non-wildfire events that occurred or are alleged to have occurred in 2027 or beyond this date, to the extent the self-insurance framework is extended into 2027 as provided for in this Settlement.

2.14 The term "Non-wildfire Liability Insurance" means insurance coverage for general liability across PG&E's business resulting from third-party claims arising from accidents or injuries that are caused by events other than wildfires, and that occur during the period of June 1, 2025 through December 31, 2026. Non-wildfire Liability Insurance excludes accidents, injuries, or occurrences that are covered by the following forms of insurance coverage, including: Directors & Officers, Other Liability, Nuclear Property, Non-Nuclear Property, Other Property, Aviation, and Cyber Liability.

2.15 The term "Self-Insurance" or "Self-Insurance Costs" means all types of loss arising from claims for non-wildfire liability, that have typically been covered by third-party non-wildfire liability insurance, such as and including, but not limited to: non-wildfire liability claims; judgments; awards; settlements; prejudgment or post-judgment interest; court costs and associated legal fees (excluding the costs of PG&E's in-house counsel); and other fees or costs associated with the investigation, defense and/or settlement of liability claims for non-wildfire events that are paid through self-insurance.[1]

[1] This list is not exhaustive and is intended to capture what has typically been covered by third-party non-wildfire liability insurance, including PG&E's current non-wildfire liability policies.

2.16 The term "RTBA" means the Risk Transfer Balancing Account initially approved in Decision 20-12-005 concerning PG&E's 2020 General Rate Case and modified in Decision 23-11-069 for PG&E's 2023 GRC, as will be modified consistent with this Settlement.

2.17 The term "Adjustment Mechanism" is the mechanism for revising the already authorized base revenue requirements approved for GRC program years 2025 and 2026, and potentially carried through the 2027 GRC Period, as described in Section 3.2.2 below.

ARTICLE 3

SETTLEMENT TERMS AND CONDITIONS

3.1 Self-Insurance Framework for Non-Wildfire Liability Insurance

Decision 23-11-069 (the decision on PG&E's 2023 GRC Phase 1) approved an annual $156 million base revenue requirement for 2025 and 2026 for PG&E to purchase commercial insurance coverage for non-wildfire liability claims.[2] This Settlement to jointly file a petition to modify D.23-11-069 will allow PG&E to use a portion of the approved revenue requirement to also initiate a Self-Insurance program for non-wildfire liability insurance. Revising the amount of the approved base revenue requirement will not be a subject of a joint petition for modification.

For the 2023 GRC Period, Program Years 2025 and 2026, PG&E's non-wildfire liability insurance program will consist of (i) the remaining non-wildfire liability insurance coverage for certain policies currently in place through existing commercial market policies, which will expire in 2025·and (ii) a hybrid of commercial market insurance and Self-Insurance as provided in this Settlement for the remainder of the 2023 GRC cycle.

PG&E will self-insure a portion of its non-wildfire liability, Layer 2, in lieu of purchasing non-wildfire liability insurance from the commercial market, as described in Table A:

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[2] D.23-11-069, p. 842 (Finding of Fact nos. 344, 346, 347), 890 (Conclusion of Law 258).

Table A

		2025 Program Year	2026 Program Year	Total
2023 GRC Decision – current RRQ authorization for commercial insurance	*Layers 1-3*	$156 million RRQ	$156 million RRQ	$312 million RRQ
Settlement – commercial and self-insurance:				
	Commercial Insurance –			
	Layer 1	$41 M	$41 M	$82 M
	Layer 3	$19 M	$19 M	$38 M
	Self-Insurance –			
	Layer 2	$96 M	$96 M	$192 M
Total for 2025 & 2026 GRC Program Years		$156 M	$156 M	$312 M

A description of the three layers of Non-wildfire liability insurance coverage:

- **<u>Layer 1 non-wildfire insurance coverage.</u>** The first layer, for claim coverage between 10 million[3] and $115 million, has the highest likelihood of utilization due to likelihood and frequency of small claims. This layer will be revised downward to cover claims up to $75 million, a decrease from $115 million. Layer 1 provides cost-effective and sufficient protection for PG&E and customers, and PG&E will continue to purchase commercial insurance from two utility mutual insurance companies for this layer (Approximately $41 million of

[3] PG&E's self-retention covers the first $10 million in liability for claims.

the $156 million RRQ).

PG&E will closely monitor performance of this Layer and insurance market conditions for possible modification during the 2023 GRC Cycle, per this Section, and Sections 3.4 and 3.10.

- **Layer 2 coverage.** The second layer, currently for claims coverage between $115 million and $535 million, will be converted to a Self-Insurance framework. This layer will be revised to cover claims between $75 million and $535 million. This Layer possesses the greatest potential cost saving opportunity for PG&E and its customers through Self-Insurance. The second layer is priced to cover higher than normal loss events than PG&E's historical claim levels. (Approximately $96 million of the $156 million RRQ).[4]

- **Layer 3 coverage.** The third layer is considered "catastrophic" coverage for losses that exceed $535M. PG&E will continue to purchase commercial insurance for Layer 3, as the benefits of continuing to purchase coverage far exceeds the risks of insufficient financial coverage for a potential liability event exceeding this level of coverage. (Approximately $19 million of the $156 million RRQ).

Upon mutual agreement of the Settling Parties, the Settling Parties may seek Commission authorization to revise the scope and terms of the use of the RRQ for the non-wildfire liability commercial and Self-Insurance framework via a Tier 2 Advice Letter.

3.2 Funding for Self-Insurance in Rates

All funding for self-insurance, including Self-Insurance Costs paid from the non-wildfire self-insurance program, will be included in customer rates with the exception of the PG&E deductible described in 3.2.3.- As described in Section 3.4

[4] See Appendix A to this Agreement for illustrative insurance modeling scenarios showing the projected growth of a self-insurance fund and potential claims made through 2030. PG&E's projections of the RRQ from 2027-2030 are illustrative. The actual RRQ for 2027-2030 will be determined in the 2027 GRC.

below, neither the funding for Self-Insurance nor Self-Insurance Costs shall be subject to additional reasonableness review or refund.

3.2.l Funding for 2023 GRC Program Years 2025 and 2026

The 2023 GRC decision (D.23-11-069) authorized PG&E to collect an annual revenue requirement of $156 million for Program Year 2025 and $156 million for Program Year 2026 for Non-wildfire liability insurance. This Settlement does not revise upward or downward this annual authorized revenue requirement, except as authorized by operation of this Settlement Adjustment Mechanism in Section 3.2.2. This Settlement Adjustment Mechanism does not change the treatment of non-wildfire commercial insurance costs recorded to the RTBA pursuant to D.23-11-069.

3.2.2 Adjustment Mechanism for 2025 and 2026 Funding

The revenue requirement for each Program Year for 2025 and 2026 will be subject to adjustment based on the level of Self-Insurance Costs for Non-Wildfire Events that occurred in the prior year, as described in this Section 3.2.2.

3.2.2.1 Increase in Funding Based on Self-Insurance Costs Activity in Prior Year

For each year during program years 2025 and 2026, if the estimated Self-Insurance Costs for Non-wildfire Events from the immediately preceding year exceed the amount collected for self-insurance in that same year, the self-insurance amount to be collected in rates during the following year would increase by 50% of the difference between the self-insurance amount collected for Layer 2 and the estimated Self-insurance Costs for Non-wildfire Events in the immediately preceding year for Layer 2. The amount of funding from the prior year would be effective January 1 each year thereafter. The amount of any increase in revenue requirement compared to the prior year would be effective January 1 of each year or as soon thereafter as practicable, subject to the Advice Letter process set forth in Section 3.7 below. The amount of the PG&E deductible adopted in this Settlement would not be considered in determining whether an increase is triggered under this Adjustment Mechanism.[5]

3.2.2.2 Decrease in Funding Based on Self-Insurance Costs Activity in Prior Year

For each year during program years 2025 and 2026, the self-insurance amount to be collected in rates shall be no greater than the amount that would achieve a target available self-insurance accrual amount of $460 million. This $460 million target is anticipated, but not guaranteed, to be achieved during the 2027 GRC cycle, assuming the absence of any significant unforeseen non-wildfire liability events. Available self-insurance means a surplus amount of self-insurance that PG&E has already collected in rates, which has not been identified by PG&E as necessary to be reserved to pay for Self-Insurance Costs from a Non-wildfire Event.

3.2.2.3 Applicability of Adjustment Mechanism in 2027

If the self-insurance framework is extended in 2027 or subsequent years as described in this Settlement, the Adjustment Mechanism will continue to be in effect subject to the same terms described in this Settlement.

3.2.3 PG&E Shareholder Contribution

PG&E will have a deductible equal to 2.5 percent of the qualifying claims that fall within Layer 2, comprised of claims between $75 million and $535 million. The total maximum is $460 million for Self-Insurance Costs ultimately paid in Layer 2 for Non-wildfire Events that occur each calendar year. The total amount of the deductible will not exceed $11.5 million annually (i.e., 2.5 percent of $460 million). The amount of the deductible will not be included in customer rates.

[5] See Appendix B to this Agreement for illustrative Adjustment Mechanism calculations showing potential increases in revenue requirements from claims activity.

3.3 Overcollections and Undercollections at the End of the 2023 GRC Period

The Settling Parties acknowledge that the total amount collected in rates for self- insurance over the 2023 GRC Period will likely differ from the actual amount of Self-Insurance Costs to be paid through the self-insurance program for Non-wildfire Events. This section describes how overcollections and undercollections will be addressed at the end of the 2023 GRC Period.

3.3.1 Determination of the Self-Insurance Balance at the end of the 2023 GRC Period

Determining the amount by which the self-insurance fund balance is overcollected or undercollected at the end of the 2023 GRC Period will depend, in part, on a true-up to reflect potential changes as the total amount of Self-Insurance Costs paid for the 2023 GRC Period becomes known and finalized. Because of the lag time between a Non-wildfire Event and payment of claims from that event, this true-up may extend beyond the end of year 2026. The true-up will be handled through the Tier 2 Advice Letter process and the RTBA as described in Sections 3.7 and 3.8 below, respectively.

3.3.2.1 Treatment of Undercollection at the End of the 2023 GRC Period

If the amounts collected for self-insurance during the 2023 GRC Period are undercollected (i.e., the amounts calculated as described above and collected in rates are less than the total amount of Self-Insurance Costs for Non-wildfire Events that occurred during the GRC period), the amount of undercollection shall be recovered in rates through the RTBA. Subject to a cap of $96 million per year, the undercollection shall be recovered as follows: 40% in 2027; 30% in 2028; and 30% in 2029. To the extent the $96million per year cap means the full undercollection for the 2023 GRC Period is not fully recovered by the end of 2029, the remainder would be recovered in 2030. PG&E shall recover interest at the then-authorized memorandum and balancing account rate on the amount of undercollected Self-Insurance Costs at the rate that applies to its regulatory account.[6] If the self-insurance framework is extended into 2027 and an undercollection results at the end of that year, PG&E shall be entitled to recover the undercollection subject to the same annual caps and percentages set forth in this section for 2027 through 2030, but beginning in 2028 and concluding in 2031.

3.3.2.2 Treatment of Overcollection at the End of the 2023 GRC Period

If the amounts collected for self-insurance during the 2023 GRC Period are overcollected (i.e., the amounts calculated as described above and collected in rates are more than the total amount of Self-Insurance Costs for Non-wildfire Events that occurred during the 2023 GRC Period) the amount of overcollection shall be available for self-insurance as part of PG&E's 2027 insurance program with any remainder subject to disposition as the Commission may direct in its decision on PG&E's 2027 General Rate Case.

3.4 No Reimbursement of Self-Insurance Funding or Self-Insurance Costs Tied to Reasonableness Determination

For the 2023 GRC Period, self-insurance funding collected in customer rates shall not be subject to refund or reimbursement. Other than the deductible amount addressed in Section 3.2.3, PG&E shareholders would not be at risk of bearing Self-Insurance Costs paid from the self-insurance program. To the extent the self-insurance funding from the revenue requirement approved in the 2023 GRC is used to pay Self-insurance Costs incurred from Non-Wildfire Events, there would be no further review or determination of reasonableness associated with PG&E's actions leading up to a non-wildfire liability event for purposes of allocating self-insurance funding or Self-Insurance Costs between customers and shareholders.

To the extent that Parties, after engaging in the meet and confer process described below in Section 3.10, conclude that commercial insurance or reinsurance is in the customers' interest and should be pursued, such modification to this Agreement would be presented via a Tier 1 advice letter for expedited Commission review and approval.

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[6] See Appendix B for illustrative calculations for cost recovery of undercollections at the end of the 2023 GRC Period under the worst case scenario.

3.5 Rate Recovery in Transmission Owner Rates

Self-insurance for non-wildfire liability will be funded through Commission-jurisdictional rates and allocated to the gas and electric distribution functions.

The Parties acknowledge that, as of the time of executing this Agreement, there is a currently pending proceeding nearing its conclusion, termed the Federal Energy Regulatory Commission (FERC) Transmission Owner Tariff Formula Rate proceeding (TO 21). TO 21, establishing a Formula Rate through 2030, does not include a request for cost recovery of self-insurance for non-wildfire liability.

To the extent authorized by FERC in a future TO proceeding filed after TO 21, PG&E shall (i) allocate non-wildfire liability insurance costs to TO customers using the FERC-adopted allocations and (ii) use any amounts collected from TO customers for self-insurance and apply those amounts toward achieving a total, available self-insurance amount of $460 million. Self-Insurance will not be available for the amount of any non-wildfire claims allocated to FERC TO customers unless FERC approves PG&E's request to recover self-insurance through the formula rate. If FERC does not approve an allocation of self-insurance costs to TO customers, self-insurance will continue to be fully allocated to CPUC jurisdictional customers as described in this section.

3.6 Investment of Accrued Self-Insurance Funds

PG&E will invest self-insurance funds, not reserved for claims, into an 5investment vehicle subject to appropriate safety and liquidity condition, and any returns on that investment will be applied to offset the costs associated with this vehicle and contributing to additional Self-Insurance, consistent with the vehicle housing PG&E’s wildfire self-insurance.[7]

3.7 Administration of The Settlement Via Tier 2 Advice Letter Process

The Settling Parties agree that the following aspects of the Settlement should be subject to administration via a Tier 2 Advice Letter as follows:

3.7.1 Revenue Requirement Adjustment Mechanism for 2025 and 2026

[7] The wildfire self-insurance costs referred to above include operational and implementation expenses, and taxes, and are detailed in a PG&E April 1, 2024 advice letter submission, at Elec_7231-E, pages 3-4. https://www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_7231-E.pdf.

PG&E will file a Tier 2 Advice Letter that includes the claims activity for the prior year and shows the calculation of the revenue requirement to be included in rates for the following year under the Adjustment Mechanism.

The Settling Parties acknowledge that the timing of collecting Self-Insurance Cost data, with respect to specific non-Wildfire Events, can vary. As such, the Settling Parties intend for the Settlement to provide flexibility with respect to the timing of Advice Letter submissions to facilitate the implementation of the Adjustment Mechanism. PG&E may file a Tier 2 Advice Letter providing its best estimate of Self-Insurance Costs for the year such that any adjustments to the revenue requirement may be implemented on January lst of the following year, or as soon as practicable thereafter. PG&E may file the Advice letter before the end of the calendar year, or until April 1 of the following year.

The Settling Parties also acknowledge that initial Self-Insurance Costs for Non-Wildfire Events can fluctuate materially as additional information regarding the Non-Wildfire Event becomes known. Therefore, for purposes of implementing the Adjustment Mechanism, it is the intent of the Settling Parties that PG&E should be permitted to update the Self-Insurance Cost information submitted from time to time. The Settling Parties agree that PG&E is authorized to file up to two additional Tier 2 Advice Letters within the calendar year as necessary to inform of material changes to previously-reported Self-Insurance Costs data and seek to update the authorized revenue requirements permitted under the Adjustment Mechanism based on the updated data.

3.7.2 PG&E Deductible Described in Section 3.2.3

PG&E may account for its annual deductible by offsetting the amount of the revenue requirement to be collected in a following year or by otherwise including the amount of the deductible as a credit to customers in the RTBA. PG&E's proposed ratemaking treatment of the deductible will be addressed as appropriate in its Tier 2 Advice Letters.

3.7.3 Treatment of Overcollections and Undercollections

The treatment of potential overcollection or undercollection that may exist at the end of the 2023 GRC Period, including whether the self-insurance framework will be extended into 2027 as provided for in this Settlement, will be addressed via Tier 2 Advice Letter Filing.

3.7.4 Advice Letter Process Beyond the 2023 GRC Period

The Advice Letter process described in Section 3.7 above will continue for 2027 to the extent the self-insurance framework is extended to that year as described in this Settlement. Additionally, as described in Section 3.3.1 above, the Settling Parties acknowledge that because of a lag in the timing of payment of claims for Non-wildfire Events, the ultimate amount of any overcollection or undercollection may not be known at the end of the 2023 GRC Period and therefore may need to be trued-up in the years that follow. The Advice Letter process described in Section _3.7 will be used as necessary for that true-up.

3.8 Risk Transfer Balancing Account (RTBA)

In D.23-11-069, the Commission authorized PG&E to track the costs incurred to procure non-wildfire liability insurance coverage up to a target of $700 million in the RTBA. If PG&E's annual incurred non-wildfire liability insurance costs are less than the authorized GRC forecast of $156 million, PG&E will return to ratepayers in the next annual RTBA true-up the difference between the amount collected and the amount incurred. If PG&E's annual incurred costs are above the forecast amount of $156 million, PG&E may seek recovery of those costs by application.

The RTBA will be revised as necessary to support administration of this Settlement, which implements a partial self-insurance framework for non-wildfire liability insurance during the 2023 GRC Period. This will include tracking self-insurance funding in rates, tracking Self-Insurance Costs, implementing the self-insurance revenue requirements using the Adjustment Mechanism, crediting customers for any cost recovery from transmission customers through the FERC process (if any, through the appropriate FERC regulatory account), accounting for overcollections or undercollections at the end of the 2023 GRC Period (including the truing up those amounts beyond 2026), applying investment proceeds against Self-Insurance Costs and/or growth of the Self-Insurance fund, and collecting interest. The Settling Parties acknowledge that the partial self-insurance framework is a novel one and that there could be unanticipated costs or benefits associated with its implementation that should be included in the RTBA as well. To the extent any such unanticipated costs or benefits are recorded to the RTBA, PG&E will identify and discuss them in its Tier 2 Advice Letter filings where applicable.

The shift to a partial self-insurance framework for the 2023 GRC Period shall not affect PG&E's authority to collect through the RTBA the remaining, outstanding costs of commercial insurance policies PG&E has already purchased or will purchase for the remainder of the 2023 GRC Period. Nor does this Settlement affect the ratemaking treatment adopted in D.23-11-069 for any RTBA undercollection or overcollection for commercial insurance, whether purchased as part of a partial self-insurance framework (if authorized by the Commission) or as described in Section 3.9.

Notwithstanding whether the self-insurance framework extends beyond the 2023 GRC Period or whether a different regulatory framework may be implemented in the future, the RTBA will remain effective beyond the 2023 GRC Period at least until: (l) the final amounts of Self-Insurance claims paid for Non-Wildfire Events are known; (2) the final amounts of any Self-Insurance overcollection or undercollection are known· and (3) PG&E has collected the balance of any Self-Insurance undercollection in customer rates through the RTBA or otherwise credited back any overcollection to customers.

Should the Commission issue a final decision approving this Petition on the requested timeline, PG&E will file a Tier 1 advice letter to revise the RTBA consistent with the decision, in order to facilitate implementation and operation of a self-insurance framework by June 1, 2025.

3.8 Term of Settlement

The term of this Settlement is for the 2023 GRC Period, Program Years 2025 and 2026, and may be extended into 2027 as set forth in Section 3.3.2 above. The Parties will file a joint petition for modification of PG&E’s 2023 GRC final decision (D.23-11-069), intended to address program years 2025 and 2026. In recognition of the multi-year benefits provided by a longer Program Period, the Parties further commit to supporting

PG&E's testimony in its 2027 GRC supporting continuation of the self-insurance framework through the 2027 GRC cycle on the same terms and conditions set forth in this Agreement, as further described in Section 4.9 below.

The term of this Agreement will continue in effect until a final decision on the 2027 GRC (to account for a possibility a decision extends beyond December 31, 2026, resulting in potential gap in Self-Insurance program) (Section 4.14).

Additionally, for reasons not limited to those described in Section 3.3.2, upon mutual agreement of the Parties, the Parties may seek Commission authorization to extend the term of this Agreement for one or more years via Tier 2 Advice Letter.

Nothing in this Settlement restricts the proposals that PG&E, Cal Advocates and TURN could put forward for the 2027 General Rate Case.

3.9 Ensuring Timely Resolution of Non-Wildfire Liability Insurance Approach for the 2025 and 2026 Policy Year

The Settling Parties recognize the need to determine the non-wildfire liability insurance approach for the 2025-2026 policy year prior to the time when PG&E would be expected to assess insurance options from third-party providers. Therefore, the Settling Parties will seek such timely adoption of this Settlement through means of a Commission decision on these insurance-related issues or another mutually acceptable procedural approach.

PG&E currently has two insurance renewals scheduled for the 2025-2026 and 2026-2027 policy years. The first renewal would replace coverage set to expire on May 31, 2025. PG&E would need to make decisions on what insurance to include in that renewal by approximately mid-March 2025. The second renewal would replace coverage set to expire on May 31, 2026. PG&E would need to make decisions on what insurance to include in that renewal by approximately mid-March 2026 and would likely need to engage its brokers by the beginning of February 2026 to meet that timeline.

Should the Settlement be adopted in its entirety prior to the time that PG&E would need to engage its brokers for the renewal, PG&E agrees not to replace the expiring coverage for Layer 2. Should the Settlement not be adopted in its entirety prior to that time, the Settling Parties agree that PG&E may replace the amount of coverage expiring at the time of the renewal with commercial insurance, using the already approved 2023 GRC revenue requirements for non-wildfire liability insurance, subject to the terms of the RTBA adopted in D.23-11-069. The Settling Parties agree that they would not oppose such a cost recovery request on procedural or policy grounds, but reserve their right to address whether the premiums were reasonably negotiated and reflect market conditions. The Settling Parties intend for this provision to be immediately binding on execution of this Settlement and to remain in effect notwithstanding the Commission's final decision on this Settlement.

3.10 Meet and Confer Process

During the Program Period, the Parties will meet and confer twice annually (second and fourth quarter of each year) and may make modifications to the terms of the Agreement, but if and only if said modifications are mutually agreed upon by all parties and consistent with Section 4.8 below.

ARTICLE 4

GENERAL PROVISIONS

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 Resolution of Issues

In the event of any ambiguity or conflict between this Settlement and the joint petition for modification of PG&E’s 2023 GRC decision (D.23-11-069), the terms of this Agreement shall prevail as among the Parties.

4.3 Settlement is Reasonable Based on the Record

In executing this Settlement, each Settling Party declares and mutually agrees that the terms and conditions are reasonable in light of the whole record, consistent with law, and in the public interest.

4.4 Compromise; No Precedent

The Settling Parties agree that this Settlement represents a compromise to which all Settling Parties have contributed. It does not constitute an agreement or endorsement of disputed facts and law presented by the Settling Parties in any proceeding. No provision of this Settlement shall be construed against any Settling Party because that Settling Party or its counsel drafted the provision. Except as provided in Rule 12.5, the Settling Parties agree that this Settlement does not constitute precedent regarding any principle or issue in this proceeding or in any future proceeding.

4.5 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.

4.6 Entire Agreement

This Settlement embodies the entire understanding and agreement of the Settling Parties with respect to the matters described herein. Except as described in this Settlement, the Settlement supersedes and cancels any and all prior oral or written agreements, principles, negotiations, statements, representations, or understandings among the Settling Parties. This Settlement constitutes the entire agreement among the Settling Parties. Unless otherwise provided in this Settlement, this Settlement does not attempt to addresses proposals or recommendations by the Settling Parties that were resolved through D.23-11-069, with the exception of proposing revisions to the Decision consistent with this Settlement.

4.7 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.

4.8 No Modification

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.

Until such time as the Commission adopts 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 hereto.

After such time as the Commission has issued a final decision on the Petition for Modification adopting this Agreement and except as otherwise provided in Section 3.4, the Parties may only seek changes to this Agreement through a Petition for Modification of the Commission's decision adopting this Agreement.

4.9 Joint Support

Consistent with Section 3.9 and Section 3.10 above, the Parties agree to seek expeditious approval of a joint Petition for Modification of the 2023 GRC decision to adopt this Agreement, and to jointly advocate for and jointly defend, continuation of the self-insurance framework through 2030 as will be reflected in insurance testimony and working cash testimony lodged in PG&E's 2027 GRC Phase 1 proceeding, as well as any other related submissions or filings, submitted by the parties in PG&E's 2027 GRC Phase 1 filing.

The Parties will use their reasonable best efforts to secure timely Commission approval of this Agreement without change. If the Commission denies the requested relief or grants the requested relief with modifications that are unacceptable to any Party, then the Parties reserve the right to rescind or renegotiate this Agreement as set forth in Section 4.10 below. The Parties agree to actively and mutually support and defend this Agreement, the associated Petition for Modification, and any subsequent or related submissions or filings in PG&E's 2023 GRC or PG&E's 2027 GRC whether or not opposed by any other party in proceedings before the Commission, including any necessary timing modifications to the Agreement should a Commission decision approving the Petition for Modification be issued after the deadline for procuring commercial insurance for the 2025 policy year.

Consistent with Rule 12.6, if this Agreement is not adopted by the Commission, the Parties agree that its terms are inadmissible in any evidentiary hearing unless their admission is agreed to by the Parties. The provisions of this Section shall impose obligations on the Parties immediately upon the execution of this Agreement.

4.10 Rejection or Modification of the Settlement

The Settling Parties agree that if the Commission fails to adopt this Settlement 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 Settlement 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.

4.11 Severability

The Settling Parties' agree that the provisions of this Settlement are not severable. If the Commission, or any Court of competent jurisdiction, rejects, overrules or modifies as legally invalid any material provision of the Settlement, the Settlement may be considered rescinded as of the date of such ruling or modification becomes final, at the discretion of the Settling Parties.

4.12 Voluntary and Knowing Acceptance

Each of the Settling Parties hereto 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 right to discuss this Settlement with legal counsel, which has been exercised to the extent deemed necessary.

4.13 Execution and Amendment

This Settlement and any amendment thereto may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4.14 Effective Date and Term

This Settlement will become effective and binding on each of the Settling Parties as of the date when it is fully executed. It will 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. Unless otherwise expressly stated, the obligations set forth in this Settlement shall take effect upon the Commission's approval of this Settlement and shall be limited to the term of the 2023 GRC Period, except that it may extend into the 2027 GRC Period as otherwise described in this Settlement.

4.15 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.

4.16 Authority to Sign

Each Party executing this Agreement represents and warrants to the other Party that the individual signing this Agreement and the related Petition for Modification has the legal authority to do so on behalf of the Party.

4.17 Limited Admissibility

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

4.18 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.

ln witness whereof intending to be legally bound, the Settling Parties hereto have duly executed this Settlement on behalf of the parties they represent.

INTENTIONALLY LEFT BLANK

THE PUBLIC ADVOCATES OFFICE AT THE
CALIFORNIA PUBLIC UTILITIES COMMISSION

By:

Name: Michael Campbell

Title: Assistant Deputy Director

Date: December 16, 2024

THE UTILITY REFORM NETWORK

By: ____________________________

Name: Hayley Goodson

Title: Managing Attorney

Date: December 12, 2024

PACIFIC GAS AND ELECTRIC COMPANY

By: ____________________________

Name: Shilpa Ramaiya

Title: Vice President, Regulatory Proceedings and Rates

Date: December 12, 2024

(END OF ATTACHMENT A)