



**ELECTRIC PRELIMINARY STATEMENT PART IX
FIXED RECOVERY CHARGE**

Sheet 1

IX. Fixed Recovery Charge

1. PURPOSE:

The purpose of this section is to establish a Fixed Recovery Charge, as mandated by Article 5.8, Chapter 4, Part 1, Division 1 of the California Public Utilities Code (Article 5.8). Article 5.8 authorizes PG&E to recover a portion of its costs associated with catastrophic wildfires ignited in 2017 (Catastrophic Wildfire Amounts) through the issuance of Recovery Bonds. The Fixed Recovery Charge is defined by Article 5.8 as a nonbypassable, separate charge that is authorized by the Commission in a Financing Order to recover the Catastrophic Wildfire Amounts and financing costs associated with the Recovery Bonds. The Fixed Recovery Charge will be composed of the following costs: (1) interest and principal on the Recovery Bonds, (2) administration and servicing fees, (3) Bond Trustee fees and other expenses, (4) any credit enhancements, (5) allowance for uncollectibles, (6) replenishing the capital subaccount, (7) authorized rate of return on PG&E's equity contribution to the Special Purpose Entity (SPE), and (8) other financing costs. A separate Fixed Recovery Charge will apply to each series of Recovery Bonds issued. The aggregate amount of applicable Fixed Recovery Charges will appear on customers' bills under one line item called "Recovery Bond Charge (RBC)."

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The rights in and to the Fixed Recovery Charge established pursuant to the Financing Order constitute "recovery property" as defined in the legislation and have been established pursuant to a Financing Order (Decision (D.) 21-05-015) issued by the California Public Utilities Commission.

Concurrently with the effectiveness of the Fixed Recovery Charge, PG&E has sold all of its rights with respect to such recovery property to [(SPE)], a Delaware Limited Liability Company (SPE). The recovery property includes the right, title, and interest of PG&E 1) in and to the Fixed Recovery Charges, including all rights to obtain adjustments to the Fixed Recovery Charges as provided in the Financing Order, and 2) to be paid the amount that is determined in the Financing Order that PG&E is lawfully entitled to receive pursuant to the provisions of Article 5.8 and the proceeds thereof, and all revenues, collections, claims, payments, money, or proceeds of or arising from Fixed Recovery Charges that are subject of the Financing Order. PG&E has no rights to the recovery property, Fixed Recovery Charge or any amounts payable thereunder.

2. APPLICABILITY:

This Fixed Recovery Charge shall apply to all customers¹ except for those customers participating in the California Alternate Rates for Energy or Family Electric Rate Assistance programs pursuant to Section 850.1(i).

¹ References to "customer" include the term "consumer" as defined in Section 850(b)(3) and as used in Section 850.1(b). See Pub. Util. Code § 850(b)(3) ("Consumer" means any individual, governmental body, trust, business entity, or nonprofit organization that consumes electricity that has been transmitted or distributed by means of electric transmission or distribution facilities, whether those electric transmission or distribution facilities are owned by the consumer, the electrical corporation, or any other party.")

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**ELECTRIC PRELIMINARY STATEMENT PART IX
FIXED RECOVERY CHARGE**

Sheet 2

IX. Fixed Recovery Charge (Cont'd)

3. ISSUANCE ADVICE LETTER:

PG&E shall submit an Issuance Advice Letter no later than one business day after each series of Recovery Bonds is priced. The Issuance Advice Letter will include the final issuance details and a request that the Fixed Recovery Charge be set based on the actual amount, price, and other terms of that series of Recovery Bonds. Unless before noon on the fourth business day after pricing the Commission staff rejects the Issuance Advice Letter based on the arithmetic accuracy of the calculations or compliance with (i) Article 5.8, (ii) the Financing Order or (iii) the requirements of the Issuance Advice Letter (including the attached Finance Team approval letter), the Fixed Recovery Charges established by the Issuance Advice Letter will be effective automatically at noon on the fourth business day after pricing and the Recovery Property, established pursuant to Section 850.1(h) and the Financing Order, will come into being simultaneously with the sale of the Recovery Property to the SPE.

4. FIXED RECOVERY CHARGE ADJUSTMENTS:

PG&E will submit a Routine True-Up Mechanism Advice Letter at least annually, or more often if necessary, as described in the Financing Order to adjust the Fixed Recovery Charge to ensure timely recovery of Recovery Bond principal, interest, and other Financing Costs. All true-up adjustments to the Fixed Recovery Charges shall ensure that the Fixed Recovery Charges generate sufficient revenues to timely pay all scheduled (or legally due) payments of principal (including, if any, prior scheduled but unpaid principal payments), interest, and other recovery costs to be paid with Fixed Recovery Charge revenues. The adjustment will be based on the following:

(1) the most recent sales forecast; (2) the projected amortization schedule; (3) estimated ongoing financing costs; (4) an adjustment to reflect collections from the prior period; and (5) changes to projected uncollectibles. The advice letter will adjust the Fixed Recovery Charge for each series of Fixed Recovery Bonds issued and become effective on 1) March 1, in the case of an annual Routine True-Up, 2) September 1, in the case of a semi-annual Routine True-Up, and 3) the first day of the month that is at least 50 days after the submission of an interim Routine True-Up.

In addition to the Routine True-Up Mechanism, PG&E may also make changes to the Fixed Recovery Charge based on changes to the logic, structure, and components of the cash flow model not specified above. In this case, PG&E will submit a Non-Routine True-Up Mechanism Advice Letter at least 90 days before the date when the proposed changes would become effective.

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<i>Advice</i>	6568-E	<i>Issued by</i>	<i>Submitted</i>	<u>April 22, 2022</u>
<i>Decision</i>	21-06-030	Robert S. Kenney	<i>Effective</i>	<u>May 22, 2022</u>
		<i>Vice President, Regulatory Affairs</i>	<i>Resolution</i>	<u></u>



**ELECTRIC PRELIMINARY STATEMENT PART IX
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Sheet 3

IX. Fixed Recovery Charge (Cont'd)

5. FIXED RECOVERY CHARGE² (\$ per kWh):

FIXED RECOVERY BOND Series 1.....	\$0.00297	(l)
FIXED RECOVERY BOND Series 2.....	\$0.00300	(l)

² Displayed as Recovery Bond Charge on Consumers' bills.

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