

**PACIFIC GAS AND ELECTRIC COMPANY**  
**Wildfire Mitigations Plans Discovery 2026-2028**  
**Data Response**

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| <b>PG&amp;E Data Request No.:</b> | SPD_004-Q029                           |
| <b>PG&amp;E File Name:</b>        | WMP-Discovery2026-2028_DR_SPD_004-Q029 |
| <b>Request Date:</b>              | May 1, 2025                            |
| <b>Requester DR No.:</b>          | CONF-SPD-PGE-WMP2026-004               |
| <b>Requesting Party:</b>          | Safety Policy Division                 |
| <b>Requester:</b>                 | Edwin Schmitt                          |
| <b>Date Sent:</b>                 | May 30, 2025                           |

**SUBJECT: MITIGATION COST EFFICIENCY ASSESSMENT (SPD-PGE-WMP2026-004)**

**QUESTION 029**

Provide a detailed explanation of how PG&E addresses tail risk in its risk models presented in the 2026-2028 Base WMP?

- a. Is the EORM impacted by PG&E's approach to addressing wildfire tail risk? If so, how? If not, why not?
- b. Is the WDRM impacted by PG&E's approach to addressing wildfire tail risk? If so, how? If not, why not?
- c. Is the WTRM impacted by PG&E's approach to addressing wildfire tail risk? If so, how? If not, why not?

**ANSWER 029**

- a. Yes, Wildfire Risk Bow-tie Model is impacted by PG&E's approach to addressing wildfire tail risk by using a risk-averse Risk Attitude Function (also known as a Risk Scaling Function) which gives a greater weight in the risk model to low frequency, high consequence events than to high frequency, low consequence events.<sup>1</sup>
- b. Yes, the WDRM is impacted by PG&E's approach to addressing wildfire tail risk as it influences the Cost Benefit Analysis (CBA) provided by Enterprise Operational Risk Management. The CBA influences the MAVf that is used as a transform to produce a single Wildfire Consequence Model value for historical fire outcomes (acres burned, structures destroyed, and fatalities) during model data processing. This, in turn, impacts the risk values produced by the WDRM.
- c. Yes, the WTRM is impacted by PG&E's approach to addressing wildfire tail risk as it influences the Cost Benefit Analysis (CBA) provided by Enterprise Operational Risk Management. The CBA influences the MAVf that is used as a transform to produce a single Wildfire Consequence Model value for historical fire outcomes (acres

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<sup>1</sup> PG&E's use of a risk-averse Risk Attitude function is described in 2024 RAMP Exhibit (PG&E-2) Chapter 2 Section C.

burned, structures destroyed, and fatalities) during model data processing. This, in turn, impacts the risk values produced by the WTRM.