

Plan of Reorganization Q&A for PG&E Customers

Bankruptcy/Plan of Reorganization (POR)

1. **What are the goals of the Plan of Reorganization?**

- To fairly compensate wildfire victims, other prepetition creditors, and other stakeholders; prioritize the interests of our customers and communities; and meet PG&E's legal obligations.
- To emerge from Chapter 11 financially sound and able to continue meeting California's clean energy goals.

2. **How does PG&E's Plan of Reorganization work?**

- Our Plan is comprised of the following:
 - Compensation of wildfire victims and certain limited public entities from a trust funded for their benefit in an amount to be determined by the Bankruptcy Court not to exceed \$8.4 billion;
 - Compensation of insurance subrogation claimants from a trust funded for their benefit in an amount to be determined by the Bankruptcy Court not to exceed \$8.5 billion;
 - Payment of \$1 billion in full settlement of the claims of certain public entities relating to the wildfires, as previously announced;
 - Payment in full, with interest, of all prepetition funded debt obligations, all prepetition trade claims and employee-related claims;
 - Assumption of all power purchase agreements and community choice aggregation servicing agreements;
 - Assumption of all pension obligations, other employee obligations, and collective bargaining agreements with labor;
 - Future participation in the state wildfire fund established by Assembly Bill 1054; and
 - Satisfaction of the requirements of Assembly Bill 1054.
- PG&E has engaged in discussions with some of the largest lenders (banks) in the country and those institutions have indicated that PG&E has ample access to deep pools of both debt and equity capital in order to finance its emergence from Chapter 11. Several of these financial institutions have expressed high levels of confidence in their ability to raise in excess of \$30 billion of both debt and equity capital to satisfy claims, refinance indebtedness, and address other bankruptcy related and post emergence uses.
- We cannot confirm our POR and emerge from Chapter 11 until proceedings regarding wildfire liabilities – currently pending in both federal district court and state court – are completed. For that reason, the amounts we owe to satisfy wildfire claimants and subrogation wildfire claimants are subject to caps under the POR pending the outcome of those estimation proceedings.

What happens next? Will there be a hearing?

- While this is important milestone, the POR will take time to be approved by the Bankruptcy Court and the California Public Utilities Commission.

- The CPUC has indicated that it intends to open a new proceeding in September to consider the POR.
- There will be a status hearing in the Bankruptcy Court on September 24 to discuss the POR.
- The POR is also subject to a vote by certain prepetition creditors and stakeholders eligible to vote per the Bankruptcy Code and must otherwise satisfy the other requirements for confirmation under the Bankruptcy Code as determined by the Bankruptcy Court.
- PG&E has the exclusive right to solicit votes on its POR until November 26 unless terminated or extended by the Bankruptcy Court.
- PG&E will file its Disclosure Statement at a future date to be determined. The Disclosure Statement will describe the terms of the company's POR, as well as sufficient information about the company and other matters so that those prepetition creditors and stakeholders entitled to vote can make an informed decision as to whether to vote to accept the Plan.
- PG&E also intends to file a Solicitation Motion, which will outline the process and timeline for soliciting votes on the Plan.
- The Bankruptcy Court will then hold a hearing to consider the Disclosure Statement and Solicitation Motion. Once approved, the process of soliciting votes to accept the POR begins.
- Once the solicitation period ends, there will be hearing to confirm the Plan of Reorganization.
- We cannot confirm our POR and emerge from Chapter 11 until proceedings regarding wildfire liabilities – currently pending in both federal district court and state court – are completed. For that reason, the amounts we owe to satisfy wildfire claimants and subrogation wildfire claimants are subject to caps under the POR pending the outcome of those estimation proceedings.
- We are on track to achieve confirmation of the Plan in advance of the June 30, 2020, deadline set forth in Assembly Bill 1054 for participation in the newly-established state wildfire fund.

3. How will the reorganization affect customer rates?

- The Plan filed today fairly compensates wildfire victims without passing those costs on to our customers.

Legislation

4. Is your Plan contingent on legislation that needs to pass in California?

- No. However, AB 235 is an important element to the state's path forward when it comes to addressing wildfire risk.
- It would provide an additional source of low-cost financing that would help ensure that victims of the 2017 and 2018 wildfires are paid quickly at shareholder expense without increasing customers' bills.
- It also helps assure the Plan of Reorganization can be confirmed by June 30, 2020, so that PG&E can participate in the state's new Wildfire Fund established by AB 1054. The fund is a key part of the shared goals of the governor and legislature in addressing future wildfire risk.
- The proposal provides for further certainty that funding comes from shareholders, not customers, by requiring the California Public Utilities Commission to ensure that Wildfire Victim Recovery Bonds are used in conjunction with substantial equity contributions from current shareholders.

- We're pleased that policymakers acknowledge the merits of this proposal and look forward to lawmakers considering it in January as a balanced approach that prioritizes and protects both wildfire victims and customers.

5. How do the Wildfire Victim Recovery Bonds work? Where does the money for financing the bonds come from?

- AB 235 authorizes the issuance of Wildfire Victim Recovery Bonds to ensure that victims of the 2017 and 2018 wildfires are paid quickly and in a way that will not increase customer bills.
- PG&E would finance the wildfire claims by taking a reduction on its future profits.
- AB 235 also prohibits the use of a portion of last year's SB 901 that allows utilities to pass on wildfire costs to customers.
- It requires the CPUC to ensure that the cost of paying victims comes from shareholders, not from customers.
- Overall, WVRBs would provide a source of low-cost financing capacity that would facilitate timely resolution and payment of wildfire victim claims by providing additional capacity to address the uncertainty associated with the estimation or settlement of Wildfire Claims.

Stakeholders

6. If I filed a pre-petition claim, when will it be paid?

- At this time, we do not have a timeframe for when claims that are allowed by the Bankruptcy Court will be paid.
- While the filing of a POR is an important milestone in the Chapter 11 process, it will take additional time for the Plan to be approved.

7. Can I still file a claim against PG&E or is it too late?

- You may file a claim against PG&E up until the Bar Date, which is set for October 21, 2019, at 5pm PT.
- The Bar Date is the court approved deadline for filing claims against PG&E for money owed from before the January 29, 2019 petition date, including any claims arising out of or relating to any of the Northern California Fires that occurred prior to the petition date.

Long-term Outlook

8. How will the reorganization affect the company's ability to meet California's clean energy goals?

- We have a long track record of supporting California's climate goals, and we remain committed to our shared clean energy future.
- In addition to maintaining an over 85% GHG-free power portfolio, enabling solar customers, investing in EV infrastructure, and promoting increased energy efficiency, we are supporting state and local building decarbonization efforts.
- Our Plan keeps intact longstanding PPAs that support California clean energy economy.

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