PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298

Pacific Gas & Electric Company
ELC (Corp ID 39)
Status of Advice Letter 6769E
As of December 13, 2022

Subject: Issuance Advice Letter Submission for Wildfire Hardening Recovery Bonds

Division Assigned: Energy

Date Filed: 11-21-2022

Date to Calendar: 11-30-2022

Authorizing Documents: D2208004

Disposition:	**Accepted**
Effective Date:	**11-21-2022**

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

Kimberly Loo
(415)973-4587
PGETariffs@pge.com

STATE OF CALIFORNIA **GAVIN NEWSOM,** *Governor*

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298

To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

Advice Letter Number
Name of Filer
CPUC Corporate ID number of Filer
Subject of Filing
Date Filed
Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
Effective Date of Filing
Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to
edtariffunit@cpuc.ca.gov

Pacific Gas and Electric Company

Sidney Bob Dietz II
Director
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

Fax: 415-973-3582

November 21, 2022

Advice 6769-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: **Issuance Advice Letter Submission for Wildfire Hardening Recovery Bonds**

Pursuant to California Public Utilities Commission ("CPUC") Decision (D.) 22-08-004 (Decision), Pacific Gas and Electric Company ("PG&E") hereby transmits for submission, one business day after the pricing date of this series of Wildfire Hardening Recovery Bonds, the initial Fixed Recovery Charges for the series. This Issuance Advice Letter is for the Wildfire Hardening Senior Secured Recovery Bonds Series 2022-A, Tranche(s) A-1, A-2, and A-3 ("Wildfire Hardening Recovery Bonds").

Pursuant to Ordering Paragraph 4 of the Financing Order, attached hereto as Exhibit 4 is the Finance Team's pre-issuance approval letter dated November 18, 2022.

Purpose

This submission establishes initial Fixed Recovery Charges for rate schedules for Consumers. This submission also establishes the Recovery Property to be sold to the Recovery Property Owner ("Special Purpose Entity" or "SPE"), including the Billing Commencement Date. Finally, this submission sets forth the final terms of the Recovery Bonds, including a final estimate of Upfront Financing Costs and estimated Ongoing Financing Costs for the 12-month period following the Closing Date.

Background

In D. 22-08-004, the Commission authorized PG&E to submit Issuance Advice Letters when final terms and pricing for Wildfire Hardening Recovery Bonds have been established. Issuance Advice Letter submissions are those in which PG&E uses the rate design methodology and Fixed Recovery Charge cash flow formula (the "adjustment mechanism") found reasonable by the Commission in D. 22-08-004 to establish initial Fixed Recovery Charges for a series of Wildfire Hardening Recovery Bonds. Using this methodology and formula approved by the Commission in D. 22-08-004, this submission establishes the initial Fixed Recovery Charges.

Issuance Information:

Decision 22-08-004 requires PG&E to provide the following information.

Recovery Bond Name: Senior Secured Recovery Bonds, Series 2022-A
Recovery Property Owner (SPE): PG&E Recovery Funding LLC
Bond Trustee(s): The Bank of New York Mellon Trust Company, N.A.
Closing Date: November 30, 2022
Bond Rating(s): AAA(sf) (S&P) / Aaa(sf) (Moody's)
Principal Amount Issued (Authorized Amount): $983,362,000
Upfront Financing Costs: $8,362,000
Upfront Financing Costs as a Percent of Principal Amount Issued: 0.85%
Coupon Rate(s): See Exhibit 1
Call Features: None
Expected Principal Amortization Schedule: See Exhibit 1
Scheduled Final Payment Date(s): See Exhibit 1
Legal Maturity Date(s): See Exhibit 1
Payment Dates (semi-annually): January 15 and July 15
Annual Servicing Fee as a percent of the issuance amount: .05%
Overcollateralization amount for the series, if any: None
FRC Annual Adjustment Date: March 1
Semi-Annual Adjustment Dates: September 1

Billing Commencement Date: January 1, 2023
First Payment Period: Closing Date through and including first Payment Date
Second Payment Period: Day following first Payment Date through and including second Payment Date

Securitized Amount:

The following table sets forth the computation of the final Authorized Amount (i.e., the principal amount of the Recovery Bonds).

Table 1: Authorized Amount	
Second AB 1054 CapEx Amount: Approved in D.20-12-005	$975,000,000
Upfront Financing Costs (See Table 2 below)	$8,362,000
Total Securitized Amount	$983,362,000

The amounts set forth in Table 1 are within the amounts approved as recovery costs in D. 22-08-004. PG&E has determined that Community Wildfire Safety Program (CWSP) system hardening costs approved in D.20-12-005 and to be recovered through issuance of the Wildfire Hardening Recovery Bonds described herein do not exceed 115 percent of the Commission-approved per-mile costs set forth in D.20-12-005 at page 119.

Upfront Financing Costs:

The following table includes actual or estimated (as noted) Upfront Financing Costs to be incurred in connection with the issuance of the Wildfire Hardening Recovery Bonds:

Table 2 Upfront Financing Costs	
Underwriters' Fees and Expenses	$3,933,448
Legal Fees and Expenses	1,245,000
Rating Agency Fees	1,130,866
Accounting Fees and Expenses	125,000
PG&E's Advisory Fee	255,000
Servicer Set-up Costs	0
SEC Registration Fees	108,349
Section 1904 Fees	497,681
Printing / EDGARizing Expenses	150,000
Trustee / Trustee Counsel Fee and Expenses	41,500
Original Issue Discount	69,391
Commission's Costs and Expenses	745,000
Miscellaneous	60,765
Total	**$8,362,000**
Note 1: Section 1904 Fees computed in accordance with D. 22-08-004.	

True-Up Mechanism:

Changes to the Fixed Recovery Charges will be requested through the submission of Routine True-Up Mechanism Advice Letters and Non-Routine True-Up Mechanism Advice Letters in accordance with Decision 22-08-004. Annually before each FRC Annual Adjustment Date (and at least quarterly beginning 12 months prior to the last scheduled final payment date of the last maturing tranche of a series of Wildfire Hardening Recovery Bonds), and if determined necessary by the servicer, semi-annually and more frequently, the servicer will submit Routine True-Up Mechanism Advice Letters in the form of Attachment 3 to the Financing Order to ensure that Fixed Recovery Charges collections be sufficient to make all scheduled payments of bond principal, interest, and other Ongoing Financing Costs on a timely basis during each of the two payment periods and, in the case of semi-annual Routine True-Up Mechanism Advice Letter, to replenish any draws upon the capital subaccount. The first payment period means the period commencing on the Closing Date and ending (and including) the first Payment Date following the Closing Date (the "First Payment Period"); the second payment period means the period commencing on the day following the first Payment Date following the adjustment date and ending on (and including) the next Payment Date (the "Second Payment Period"). The servicer may also submit Non-Routine True-Up Mechanism Advice Letters in the form of Attachment 4 to the Financing Order.

Ongoing Financing Costs:

The following table includes estimated Ongoing Financing Costs for the First and Second Payment periods following Closing Date to be recovered through Fixed Recovery Charges in accordance with the Financing Order.

Table 3: Estimated Ongoing Financing Costs		
	First Payment Period	Second Payment Period
Servicing Fee (PG&E as Servicer) (0.05% of the initial principal amount of the Wildfire Hardening Recovery Bonds)	$307,301	$245,841
Administration Fee	46,875	37,500
Accounting Fees and Expenses	31,250	31,250
Legal Fees and Expenses	17,500	17,500
Rating Agency Surveillance Fees	20,000	20,000
Trustee Fees and Expenses	7,725	7,725
Independent Director Fees	750	750
Printing / EDGARizing Expenses	5,000	5,000
Return on Equity	167,595	134,076
Miscellaneous Fees and Expenses	5,000	5,000
TOTAL ONGOING FINANCING COSTS (with PG&E as Servicer)	**$608,996**	**$504,642**
Ongoing Servicers Fee (Third Party as Servicer) (0.60% of initial principal amount)	$3,687,608	$2,950,086
TOTAL ONGOING FINANCING COSTS (Third Party as Servicer)	**$3,989,303**	**$3,208,887**

Fixed Recovery Charges:

Table 4 below shows the inputs and current assumptions for each of the variables used in calculating the Fixed Recovery Charges.

Table 4: Input Values For Fixed Recovery Charges		
	First Payment Period	Second Payment Period
Allocation Factors for each Customer Class (see Exhibit 3)	See Exhibit 3	See Exhibit 3
Projected kWh sales for each Customer Class for payment period (See Exhibit 3)	See Exhibit 3	See Exhibit 3
Percent of Consumers' revenue written off	0.34%	0.34%
Average Days Sales Outstanding	55	55
Ongoing Financing Costs for the applicable payment period (See Table 3 above)	$608,996	$504,642
Wildfire Hardening Recovery Bond Principal	$11,195,480	$9,276,743
Wildfire Hardening Recovery Bond Interest	$33,014,783	$26,129,421
Periodic Payment Requirement (See Exhibit 2)	$44,819,260	$35,910,806
Periodic Billing Requirement (See Exhibit 3)	$44,819,260	$35,910,806

Table 5 shows the initial Fixed Recovery Charges for each FRC Consumer Class. The Fixed Recovery Charge calculations are shown in Exhibit 3.

Table 5: Fixed Recovery Charges (cent per kWh)	
FRC Consumer Class	**WHC***
Residential	0.148
Residential – CARE	-
Residential – Non-CARE	0.215
Small Commercial	0.219
Medium Commercial	0.182
Medium Commercial – A/B-10T	0.126
Medium Commercial – A/B-10P	0.172
Medium Commercial – A/B-10S	0.183
E/B-19	0.154
E/B-19T	0.121
E/B-19P	0.147
E/B-19S	0.155
Streetlight	0.184
Standby	0.124
Standby – STOU T	0.113
Standby – STOU P	0.375
Standby – STOU S	0.225
Agriculture	0.197

E/B-20	0.112
E/B-20 T	0.087
E/B-20 P	0.129
E/B-20 S	0.134
Average Bundled Rate	0.157
Direct Access/Community Choice Aggregation (DA/CCA)	
Residential	0.148
Residential – CARE	-
Residential – Non-CARE	0.215
Small Commercial	0.219
Medium Commercial	0.182
Medium Commercial – A/B-10T	0.126
Medium Commercial – A/B-10P	0.172
Medium Commercial – A/B-10S	0.183
E/B-19	0.154
E/B-19T	0.121
E/B-19P	0.147
E/B-19S	0.155
Streetlight	0.184
Standby	0.124
Standby – STOU T	0.113
Standby – STOU P	0.375
Standby – STOU S	0.225
Agriculture	0.197
E/B-20	0.112
E/B-20 T	0.087
E/B-20 P	0.129
E/B-20 S	0.134
Average DA/CCA Rate	0.157

*Class average rates are calculated by dividing total revenues expected to be collected by the WHC by total forecasted system sales for the class for the rate effective period.

Recovery Property:

Recovery Property is the property described in Public Utilities Code Section 850(b)(11) relating to the Fixed Recovery Charges set forth herein, including, without limitation, all of the following:

(1) The right, title and interest in and to the Fixed Recovery Charges set forth herein, as adjusted from time to time.

(2) The right to be paid the principal amount of the Recovery Bonds, together with interest thereon as the same become due as shown on Exhibit 2, together with all Ongoing Financing Costs as the same become due.

(3) The right, title and interest in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the Fixed Recovery Charges, as set forth herein.

(4) All rights to obtain adjustments to the Fixed Recovery Charges under the True-Up Mechanism.

These Fixed Recovery Charges, as adjusted from time to time, shall remain in place until the total amounts in Exhibit 2 are paid in full to the owner of the Recovery Property, or its assignee(s).

Proposed Tariff Changes:

PG&E will submit all tariff sheets reflecting the revised Fixed Recovery Charges shown in Table 5 in the consolidated revenue requirement and rate change advice letter for rates effective on January 1, 2023.

Effective Date

In accordance with Decision 22-08-004, unless before noon on the fourth business day after pricing the Commission staff rejects this Issuance Advice Letter for failure to adhere to the terms of the Financing Order, the Issuance Advice Letter and the Fixed Recovery Charges established by this Issuance Advice Letter will be effective automatically at noon on the fourth business day after pricing, and pursuant to Section 850.1(h), the Recovery Property established by the Financing Order, will come into being simultaneously with the sale of the Recovery Property to the SPE. The Fixed Recovery Charges will continue to be effective, unless they are changed by a subsequent True-Up Mechanism Advice Letter. All of the Recovery Property identified herein constitutes a current property right and will continuously exist as property for all purposes. Further all Upfront Financing Costs and all Ongoing Financing Costs for the life of the Wildfire Hardening Recovery Bonds shall be recoverable as provided in the Financing Order.

Description of Exhibits:

Exhibit 1 presents the debt service schedule for the Wildfire Hardening Recovery Bonds, including expected principal amortization, scheduled final payment dates and final legal maturity dates, interest rates, and aggregate scheduled debt service per payment date.

Exhibit 2 presents the Periodic Payment Requirements related to the Wildfire Hardening Recovery Bonds for the two payment periods following the Closing Date.

Exhibit 3 presents the Fixed Recovery Charges calculations.

Exhibit 4 provides the pre-issuance approval letter of the Finance Team.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically to parties shown on the attached list and the parties on the service list for A.22-03-010. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: http://www.pge.com/tariffs/.

/S/

Sidney Bob Dietz II
Director, Regulatory Relations

Attachments

Attachment 1: Exhibits 1-4

Exhibit 1: Recovery Bond Terms and Debt Service Schedule

Exhibit 2: Periodic Payment Requirements

Exhibit 3: Fixed Recovery Charges Calculations

Exhibit 4: Pre-Issuance Approval Letter of the Finance Team

cc: Service List for A.22-03-010

California Public Utilities Commission

ADVICE LETTER SUMMARY

ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39 E)

Utility type:

☑ ELC ☐ GAS ☐ WATER
☐ PLC ☐ HEAT

Contact Person: Kimberly Loo
Phone #: (415)973-4587
E-mail: PGETariffs@pge.com
E-mail Disposition Notice to: KELM@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric	GAS = Gas	WATER = Water
PLC = Pipeline	HEAT = Heat	

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 6769-E

Tier Designation: 1

Subject of AL: Issuance Advice Letter Submission for Wildfire Hardening Recovery Bonds

Keywords (choose from CPUC listing): Compliance

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.22-08-004

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? ☐ Yes ☑ No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution required? ☐ Yes ☑ No

Requested effective date:

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]: N/A

Pending advice letters that revise the same tariff sheets: N/A

[1]Discuss in AL if more space is needed.

Clear Form

Protests and correspondence regarding this AL are to be sent via email and are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission Energy Division Tariff Unit Email: EDTariffUnit@cpuc.ca.gov	Contact Name: Sidney Bob Dietz II, c/o Megan Lawson Title: Director, Regulatory Relations Utility/Entity Name: Pacific Gas and Electric Company Telephone (xxx) xxx-xxxx: Facsimile (xxx) xxx-xxxx: Email: PGETariffs@pge.com
	Contact Name: Title: Utility/Entity Name: Telephone (xxx) xxx-xxxx: Facsimile (xxx) xxx-xxxx: Email:

CPUC
Energy Division Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Clear Form

Advice 6769-E
November 21, 2022

Attachment 1

Exhibits 1-4

EXHIBIT 1

Exhibit 1
Recovery Bond Terms and Debt Service Schedule

Tranche	Expected Weighted Average Life	Principal Amount Offered	Scheduled Final Payment Date	Final Maturity Date	Interest Rate
A-1	5.29	$214,922,000	7/15/2032	7/15/2034	5.045%
A-2	12.49	$200,000,000	1/15/2038	1/15/2040	5.256%
A-3	20.52	$568,440,000	7/15/2047	7/15/2049	5.536%
		$983,362,000			

Tranche A-1

Payment Date	Principal Balance	Principal	Interest	Total Payment
11/30/2022	$214,922,000			
7/15/2023	$203,726,520	$11,195,480	$6,776,759	$17,972,240
1/15/2024	$194,449,777	$9,276,743	$5,139,001	$14,415,744
7/15/2024	$184,907,580	$9,542,197	$4,904,996	$14,447,193
1/15/2025	$175,092,333	$9,815,247	$4,664,294	$14,479,541
7/15/2025	$164,996,222	$10,096,110	$4,416,704	$14,512,814
1/15/2026	$154,611,212	$10,385,010	$4,162,030	$14,547,040
7/15/2026	$143,929,034	$10,682,178	$3,900,068	$14,582,245
1/15/2027	$132,941,186	$10,987,848	$3,630,610	$14,618,458
7/15/2027	$121,638,921	$11,302,265	$3,353,441	$14,655,707
1/15/2028	$110,013,241	$11,625,680	$3,068,342	$14,694,021
7/15/2028	$98,054,893	$11,958,348	$2,775,084	$14,733,432
1/15/2029	$85,754,356	$12,300,537	$2,473,435	$14,773,971
7/15/2029	$73,101,840	$12,652,516	$2,163,154	$14,815,670
1/15/2030	$60,087,272	$13,014,568	$1,843,994	$14,858,562
7/15/2030	$46,700,292	$13,386,980	$1,515,701	$14,902,681
1/15/2031	$32,930,243	$13,770,049	$1,178,015	$14,948,063
7/15/2031	$18,766,165	$14,164,078	$830,665	$14,994,744
1/15/2032	$4,196,781	$14,569,384	$473,377	$15,042,760
7/15/2032	$0	$4,196,781	$105,864	$4,302,645

Exhibit 1
Tranche A-2

Payment Date	Principal Balance	Principal	Interest	Total Payment
11/30/2022	$200,000,000			
7/15/2023	$200,000,000	$0	$6,570,000	$6,570,000
1/15/2024	$200,000,000	$0	$5,256,000	$5,256,000
7/15/2024	$200,000,000	$0	$5,256,000	$5,256,000
1/15/2025	$200,000,000	$0	$5,256,000	$5,256,000
7/15/2025	$200,000,000	$0	$5,256,000	$5,256,000
1/15/2026	$200,000,000	$0	$5,256,000	$5,256,000
7/15/2026	$200,000,000	$0	$5,256,000	$5,256,000
1/15/2027	$200,000,000	$0	$5,256,000	$5,256,000
7/15/2027	$200,000,000	$0	$5,256,000	$5,256,000
1/15/2028	$200,000,000	$0	$5,256,000	$5,256,000
7/15/2028	$200,000,000	$0	$5,256,000	$5,256,000
1/15/2029	$200,000,000	$0	$5,256,000	$5,256,000
7/15/2029	$200,000,000	$0	$5,256,000	$5,256,000
1/15/2030	$200,000,000	$0	$5,256,000	$5,256,000
7/15/2030	$200,000,000	$0	$5,256,000	$5,256,000
1/15/2031	$200,000,000	$0	$5,256,000	$5,256,000
7/15/2031	$200,000,000	$0	$5,256,000	$5,256,000
1/15/2032	$200,000,000	$0	$5,256,000	$5,256,000
7/15/2032	$189,210,495	$10,789,505	$5,256,000	$16,045,505
1/15/2033	$173,769,697	$15,440,798	$4,972,452	$20,413,250
7/15/2033	$157,850,311	$15,919,386	$4,566,668	$20,486,053
1/15/2034	$141,437,504	$16,412,807	$4,148,306	$20,561,113
7/15/2034	$124,515,982	$16,921,522	$3,716,978	$20,638,500
1/15/2035	$107,069,978	$17,446,004	$3,272,280	$20,718,284
7/15/2035	$89,083,234	$17,986,743	$2,813,799	$20,800,542
1/15/2036	$70,538,992	$18,544,242	$2,341,107	$20,885,350
7/15/2036	$51,419,971	$19,119,021	$1,853,765	$20,972,786
1/15/2037	$31,708,355	$19,711,615	$1,351,317	$21,062,932
7/15/2037	$11,385,778	$20,322,577	$833,296	$21,155,872
1/15/2038	$0	$11,385,778	$299,218	$11,684,997

Exhibit 1
Tranche A-3

Payment Date	Principal Balance	Principal	Interest	Total Payment
11/30/2022	$568,440,000			
7/15/2023	$568,440,000	$0	$19,668,024	$19,668,024
1/15/2024	$568,440,000	$0	$15,734,419	$15,734,419
7/15/2024	$568,440,000	$0	$15,734,419	$15,734,419
1/15/2025	$568,440,000	$0	$15,734,419	$15,734,419
7/15/2025	$568,440,000	$0	$15,734,419	$15,734,419
1/15/2026	$568,440,000	$0	$15,734,419	$15,734,419
7/15/2026	$568,440,000	$0	$15,734,419	$15,734,419
1/15/2027	$568,440,000	$0	$15,734,419	$15,734,419
7/15/2027	$568,440,000	$0	$15,734,419	$15,734,419
1/15/2028	$568,440,000	$0	$15,734,419	$15,734,419
7/15/2028	$568,440,000	$0	$15,734,419	$15,734,419
1/15/2029	$568,440,000	$0	$15,734,419	$15,734,419
7/15/2029	$568,440,000	$0	$15,734,419	$15,734,419
1/15/2030	$568,440,000	$0	$15,734,419	$15,734,419
7/15/2030	$568,440,000	$0	$15,734,419	$15,734,419
1/15/2031	$568,440,000	$0	$15,734,419	$15,734,419
7/15/2031	$568,440,000	$0	$15,734,419	$15,734,419
1/15/2032	$568,440,000	$0	$15,734,419	$15,734,419
7/15/2032	$568,440,000	$0	$15,734,419	$15,734,419
1/15/2033	$568,440,000	$0	$15,734,419	$15,734,419
7/15/2033	$568,440,000	$0	$15,734,419	$15,734,419
1/15/2034	$568,440,000	$0	$15,734,419	$15,734,419
7/15/2034	$568,440,000	$0	$15,734,419	$15,734,419
1/15/2035	$568,440,000	$0	$15,734,419	$15,734,419
7/15/2035	$568,440,000	$0	$15,734,419	$15,734,419
1/15/2036	$568,440,000	$0	$15,734,419	$15,734,419
7/15/2036	$568,440,000	$0	$15,734,419	$15,734,419
1/15/2037	$568,440,000	$0	$15,734,419	$15,734,419
7/15/2037	$568,440,000	$0	$15,734,419	$15,734,419
1/15/2038	$558,873,303	$9,566,697	$15,734,419	$25,301,116
7/15/2038	$537,252,368	$21,620,935	$15,469,613	$37,090,548
1/15/2039	$514,918,267	$22,334,101	$14,871,146	$37,205,247
7/15/2039	$491,847,475	$23,070,792	$14,252,938	$37,323,729
1/15/2040	$468,015,694	$23,831,782	$13,614,338	$37,446,120
7/15/2040	$443,397,820	$24,617,873	$12,954,674	$37,572,547
1/15/2041	$417,967,927	$25,429,894	$12,273,252	$37,703,145
7/15/2041	$391,699,228	$26,268,699	$11,569,352	$37,838,051
1/15/2042	$364,564,056	$27,135,172	$10,842,235	$37,977,406
7/15/2042	$336,533,831	$28,030,225	$10,091,133	$38,121,358
1/15/2043	$307,579,029	$28,954,802	$9,315,256	$38,270,059
7/15/2043	$277,669,152	$29,909,876	$8,513,788	$38,423,664
1/15/2044	$246,772,698	$30,896,454	$7,685,882	$38,582,336
7/15/2044	$214,857,125	$31,915,573	$6,830,668	$38,746,242
1/15/2045	$181,888,817	$32,968,308	$5,947,245	$38,915,554
7/15/2045	$147,833,049	$34,055,768	$5,034,682	$39,090,451
1/15/2046	$112,653,951	$35,179,098	$4,092,019	$39,271,116
7/15/2046	$76,314,471	$36,339,480	$3,118,261	$39,457,742
1/15/2047	$38,776,333	$37,538,138	$2,112,385	$39,650,522
7/15/2047	$0	$38,776,333	$1,073,329	$39,849,662

EXHIBIT 2

Exhibit 2
Periodic Payment Requirements

The total amount payable to the owner of the Recovery Property, or its assignee(s), pursuant to this issuance advice letter is a $983,362,000 principal amount, plus interest on such principal amount, plus Ongoing Financing Costs, to be obtained from Fixed Recovery Charges calculated in accordance with the Decision.

The Fixed Recovery Charges shall be adjusted from time to time, at least annually, via the Routine True-Up Mechanism Advice Letter and Non-Routine True-Up Mechanism Advice Letter in accordance with the Decision.

The following amounts are scheduled to be paid by the Bond Trustee from Fixed Recovery Charges it has received during the two Payment Periods following the Closing Date. These payment amounts include principal plus interest and plus other Ongoing Financing Costs.

Payment Period	Recovery Bond Payments (See Exhibit 1)	Ongoing Financing Costs (see Table 3)	Periodic Payment Requirement
First Payment Period	$44,210,264	$608,996.10	$44,819,260
Second Payment Period	$35,406,164	$504,641.88	$35,910,806

EXHIBIT 3

Exhibit 3
Fixed Recovery Charges Calculations

(A)	(B)	(C)	(D)	(E)	(F)	(G) = (F) x (B) / (C)
FRC Consumer Class	WHFRC Allocation Factors for Effective Period[1]	WHFRC Sales Factors for Effective Period[1]	Highest Periodic Billing Requirement ($)	Forecasted Billed and Collected Sales for Highest Periodic Requirement (MWh)	System Average WHFRC (¢/kWh)	New WHFRC (¢/kWh)
Residential - CARE [2]	0.0%	0.0%	44,819,260	0	0.176	-
Residential - Non-CARE	33.4%	27.4%	44,819,260	6,858,770	0.176	0.215
Small Commercial	14.3%	11.5%	44,819,260	3,007,974	0.176	0.219
A/B-10T	0.004%	0.005%	44,819,260	1,654	0.176	0.126
A/B-10P	0.1%	0.1%	44,819,260	31,909	0.176	0.172
A/B-10S	11.4%	11.0%	44,819,260	2,855,608	0.176	0.183
E/B-19T	0.05%	0.07%	44,819,260	18,270	0.176	0.121
E/B-19P	1.5%	1.8%	44,819,260	487,498	0.176	0.147
E/B-19S	16.1%	18.4%	44,819,260	4,815,114	0.176	0.155
Streetlight	0.3%	0.3%	44,819,260	89,785	0.176	0.184
Standby - STOU T	0.4%	0.6%	44,819,260	168,432	0.176	0.113
Standby - STOU P	0.0%	0.02%	44,819,260	6,954	0.176	0.375
Standby - STOU S	0.02%	0.02%	44,819,260	4,124	0.176	0.225
Agriculture	9.6%	8.6%	44,819,260	1,939,643	0.176	0.197
E/B-20T	4.2%	8.5%	44,819,260	2,256,747	0.176	0.087
E/B-20P	6.5%	8.9%	44,819,260	2,345,150	0.176	0.129
E/B-20S	2.0%	2.7%	44,819,260	720,922	0.176	0.134

(1) Effective Period is 1/1/2023 through 2/29/2024 and is defined as the time period in which these Wildfire Hardening Fixed Recovery Charges will be collected in rates.

(2) CARE customers are exempt from paying the fixed recovery charge.

EXHIBIT 4

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

November 18, 2022 **VIA ELECTRONIC MAIL**

Margaret K. Becker
Vice President and Treasurer
Pacific Gas and Electric Company
Mail Code B12H
77 Beale Street
San Francisco, CA 94105
Mari.Becker@pge.com

Subject: Pre-Issuance Approval Letter for PG&E Senior Secured Recovery Bonds Series 2022-A, Tranches A-1 through A-3 (Recovery Bonds)

Dear Ms. Becker,

Pursuant to Ordering Paragraph 4 of California Public Utilities Commission (the "Commission") Decision (D.) 22-08-004 (the "Decision"), the Commission Finance Team (consisting of Leuwam Tesfai, Deputy Executive Director for Energy and Climate Policy and Christine Jun Hammond, General Counsel, and their designated representatives) provides this letter evidencing the Finance Team's pre-issuance review and approval of Pacific Gas and Electric Company's ("PG&E") issuance of Recovery Bonds authorized by the Decision, the terms of which are set forth in the Draft Issuance Advice Letter for the Senior Secured Recovery Bonds Series 2022-A, Tranches A-1 through A-3 attached hereto as Exhibit A (the "Draft Issuance Advice Letter"). As set forth below, the Finance Team confirms it has completed its pre-issuance review of and approves the material terms of the Recovery Bonds as presented in the Draft Issuance Advice Letter.

In accordance with the Decision, the final terms and structure of the Recovery Bonds, including the recovery of the Upfront Financing Costs and all ongoing financing costs for the life of the Recovery Bonds, as well as the initial fixed recovery charges, are to be approved through the Issuance Advice Letter process as provided in the Decision.

FINANCE TEAM REVIEW AND APPROVAL

I. COMMISSION AUTHORITY FOR APPROVING STRUCTURE AND TERMS FOR RECOVERY BONDS

On March 11, 2022, PG&E filed an application under California Public Utilities Code Section 850 et seq.[1] seeking the Commission's approval of a proposed financing order for PG&E's second issuance of Recovery Bonds to finance fire risk mitigation capital expenditures and related costs and expenses. Specifically, PG&E requested authority to issue Recovery Bonds for $1.4 Billion,[2] including Financing Costs associated with issuing the Recovery Bonds.

The Commission reviewed PG&E's request, considered comments filed by stakeholders who were parties to the proceeding (A.22-03-010), issued a financing order, and granted PG&E's request to allow PG&E to submit an Issuance Advice Letter when final terms and structure for the Recovery Bonds have been established.[3] The Issuance Advice Letter is to include the critical details and final terms of the proposed Recovery Bonds and sets forth the cost allocation and rate design methodology and Fixed Recovery Charge cash flow formula authorized by the Commission to establish initial Fixed Recovery Charges for a series of Recovery Bonds.

On November 12, 2021, PG&E sponsored, and the issuing entity, PG&E Recovery Funding LLC, issued, an $860,399,000 aggregate principal amount of three tranches of Senior Secured Recovery Bonds, Series 2021-A.

II. ESTABLISHMENT OF A FINANCE TEAM

The Decision provides for, among other tools, "employing the review and approval of the Finance Team … [to] reduce, to the maximum extent possible, the rates to Consumers on a present value basis."[4] which is consistent with the statutory mandate that "[t]he recovery of recovery costs through the designation of the fixed recovery charges and any associated fixed recovery tax amounts, and the issuance of recovery bonds in connection with the fixed recovery charges, would reduce, to the maximum extent possible, the rates

[1] On July 12, 2019, Governor Newsom signed into law Assembly Bill (AB) No. 1054, which amended Division 1, Part 1, Chapter 4, Article 5.8, commencing with § 850 of the Public Utilities Code. Public Utilities Code Article 5.8 was later amended by AB 1513 and AB 913 and authorizes the issuance of Recovery Bonds.

[2] On May 4, 2022, PG&E filed a statement containing a revised Application to exclude consideration of cost elements related to PG&E's Application in A.20-09-019, as these cost elements would not be finalized by the time of a decision in A.22-03-010.

[3] Decision Ordering ¶ 14.

[4] Decision Finding of Fact ¶ 3.

on a present value basis that consumers within the electrical corporation's service territory would pay as compared to the use of traditional utility financing mechanisms, which shall be calculated using the electrical corporation's corporate debt and equity in the ratio approved by the Commission at the time of the financing order."[5] We refer to this statutory mandate as the "Savings Standard".

Ordering Paragraphs 2 and 4 of the Decision provide that:

> The purpose of the Finance Team is to provide oversight over the structuring, marketing, and pricing of each Recovery Bond transaction and to review and approve the material terms of such transaction in light of the goal to reduce rates on a present value basis to the maximum extent possible pursuant to Assembly Bill 1054's directives.
>
> The Finance Team's pre-issuance review and approval of the material terms and structure of a series of Recovery Bonds shall be evidenced by an approval letter from the Finance Team to Pacific Gas and Electric Company (PG&E) delivered on or before the date of the pricing of the relevant Recovery Bonds. PG&E shall be required to include such an approval letter as an attachment to the Issuance Advice Letter relating to such series of Recovery Bonds, or as a supplement to such Issuance Advice Letter. Such approval letter from the Finance Team to PG&E shall be a condition precedent to the issuance of such series of Recovery Bonds.

Consistent with the Decision, the Commission established a Finance Team consisting of the Commission's Deputy Executive Director for Energy and Climate Policy, Leuwam Tesfai, the Commission's General Counsel, Christine Jun Hammond, and additional designated representatives from Commission staff. The Finance Team was advised by Ducera Partners LLC, as Financial Advisor, and Paul, Weiss, Rifkind, Wharton & Garrison LLP, as Legal Advisor.

III. PG&E's ACTIVITIES

In accordance with the Financing Order, PG&E undertook a number of activities in arranging for the issuance of the Recovery Bonds. In addition to the specific activities discussed in the following section, PG&E has represented that it has undertaken the following activities:

[5] Public Utilities Code § 850.1(a)(1)(A)(ii)(III).

- Responded to all Finance Team inquiries and comments and incorporated Finance Team input.
- Registered the Recovery Bonds with the Securities and Exchange Commission (SEC) to facilitate greater liquidity and marketed the Recovery Bonds to ABS and corporate bond investors.
- Solicited advice from the underwriters on the number of rating agencies to apply with, selected two agencies with the benefit of such advice, and applied for and received preliminary Aaa(sf)/AAA(sf) ratings from two of the major rating agencies with final Aaa(sf)/AAA(sf) ratings as a condition of closing.
- Evaluated market conditions in consultation with the underwriters, including treasury market volatility and spread expansion, if any timing modifications would be appropriate, appropriate responses to Bloomberg's decision of corporate bond index eligibility for utility securitization bonds and current issuer specific considerations and determined when to go to market to achieve the Savings Standard.
- In conjunction with the underwriters' advice, developed and implemented a marketing approach, including considering time required, strategies to use, tools to rely on, and competing issuances, consistent with the Financing Order and Savings Standard.
- Provided preliminary prospectus to prospective investors.
- Pursued and received a green bond designation for the Recovery Bonds to expand the pool of potential investors.
- Allowed sufficient time for investors to review the preliminary prospectus and to ask questions regarding the transaction.
- Arranged for the issuance of rating agency pre-sale reports during the marketing period.
- During the period that the Recovery Bonds were marketed, PG&E held frequent market update discussions with the underwriting team and the Finance Team's financial advisors to review relevant pricing benchmarks, discuss market conditions and develop strategies for pricing.
- Had multiple conversations with members of the underwriting team and the Finance Team's financial advisors before and

during the marketing phase in which PG&E identified the existence of the Savings Standard.

- Conducted roadshow meetings with investors to provide information on the offering.
- Directed the underwriters to provide potential investors with access to an internet roadshow for viewing at investors' convenience.
- Adapted the Recovery Bond offering to market conditions and investor demand at the time of pricing. Variables impacting the final structure of the transaction were evaluated including the tranche structure, term, length of weighted average lives, issuance size, amortization schedules, credit protections and maturity of the Recovery Bonds and interest rate requirements at the time of pricing so that the structure of the transaction would correspond to investor preferences and rating agency requirements for AAA ratings, while meeting the requirements of the Financing Order.
- Independently reviewed opportunities to achieve the best pricing, consistent with the Savings Standard, at the time of issuance taking into account the marketing process to date, level of subscription, market benchmarks, passive underwriter feedback, and advice of underwriters on steps necessary to achieve the best pricing.
- With consideration to input from, and the approval of, the Finance Team and underwriters (and each of their respective counsels), finalized documentation in accordance with established standards for transactions of this sort and the terms of the Financing Order.
- At the request of the Finance Team, and in light of current and future interest rate levels and volatility, evaluated floating interest rate structures and early redemption call features.

IV. FINANCE TEAM REVIEW

The Finance Team met periodically with PG&E representatives, via teleconference, from September 2022 through November 2022, to address subjects such as: (1) the underwriter and syndication group size, selection process, participants, diverse bank inclusion, allocations, and economics, which involved a Request for Proposal (RFP) process, obtaining a broad view of transaction structure alternatives from potential underwriters and proposals from a broad set of banks; (2) the structure of the Recovery Bonds, including considerations reviewed or proposed during the RFP process and recommendations from PG&E and its lead underwriter, including on parameters to drive the greatest level of investor interest and resulting savings to ratepayers; (3) the Recovery Bonds' credit rating agency materials, supporting materials and preliminary AAA/Aaa results; (4) the underwriters' preparation, proposed marketing, marketing materials, and proposed syndication of the Recovery Bonds; (5) the proposed pricing approach of the Recovery Bonds and certifications to be provided by PG&E and the lead underwriters (with ongoing review and involvement in the pricing process); (6) all associated Recovery Bond costs (including Upfront Financing Costs and other Financing Costs), servicing and administrative fees and associated crediting as well as a comparison of such costs relative to other issuances, (7) maturities, weighted average lives and alternative structures, (8) reporting templates, (9) the amount of PG&E's equity contribution to the related Special Purpose Entity, (10) overcollateralization and other credit enhancements and (11) the initial calculation of the related Fixed Recovery Charges. The Finance Team also met both with PG&E and without PG&E to evaluate PG&E's proposals and to conduct due diligence, including reviewing the validity of PG&E's assumptions, evaluating potential modifications, and developing recommended paths forward. In accordance with the Decision, the Finance Team's review included the following:

1. Recovery Bonds Structure

Pursuant to the Decision, the Finance Team was provided the right to review all material terms of the Recovery Bonds and other items the Finance Team determined were appropriate to perform its reviewing role.[6] With the benefit of preliminary structures proposed by potential underwriters in the RFP process, the Finance Team considered and made inquiries about PG&E's proposed structure, proposed structuring parameters and proposed alternatives. The Finance Team discussed parameters to maximize potential net present value savings and available transaction alternatives and provided comments and input, which were evaluated and incorporated into the Recovery Bond structure. After conducting its review, the Finance Team accepted the proposed transaction structure, including three tranches of Recovery Bonds and structural elements designed to appeal to the broadest range of investors possible. The proposed transaction was found to be appropriate subject to modification, if required, as part of the marketing process, to reduce, to the maximum extent possible, the rates on a present value basis that consumers within PG&E's service territory would pay as compared to the rates that would be paid using traditional utility financing mechanisms.

[6] Decision, Ordering ¶ 3.

2. Recovery Bonds Lead Advisor and Underwriters

Pursuant to the Decision, the Finance Team was provided the right to oversee the process of selecting underwriters for the Recovery Bonds.[7] Accordingly, the Finance Team engaged in several meetings with PG&E to inquire about PG&E's request for proposals, the content of such requests for proposals which could be informative to the broader process, the responses provided, and the selection criteria for underwriters.

The underwriter group was expanded to include four diverse bank co-managers to supplement the underwriter group's experience and to include experience with transactions marketed to both ABS and corporate investors. PG&E named the lead left underwriter as the Diversity, Equity and Inclusion Coordinator and tasked it with a coordinating role among the co-managers. PG&E also requested that the lead left underwriter solicit feedback from the co-managers on best practices to facilitate and coordinate efforts such as to maximize their opportunity to participate in the bond issuance transaction.

The Finance Team assessed all materials provided to the Finance Team as part of PG&E's underwriter RFP processes, which included underwriter views on Recovery Bond structures and key components thereof; proposed investor lists; the proposed cost structure; proposed underwriting fees; additional structural elements (including early redemption features and green bond certifications), and views on tranche sizing and pricing to reduce, to the maximum extent possible, the rates on a present value basis that consumers within PG&E's service territory would pay as compared to the use of traditional utility financing mechanisms. Based on information provided by PG&E, the Finance Team accepted the selection of underwriters noting their relevant experience and execution expertise, including participation in previous issuances, and the criteria used by PG&E to evaluate underwriters.

Underwriter economics were reviewed with PG&E, including review of comparable issuances and the role and scope of this process.

3. Credit Rating Agency Review

Pursuant to the Decision, the Finance Team was directed to review the credit rating agency materials associated with the Recovery Bonds.[8] PG&E provided the Finance Team with access to information provided to the rating agencies, including previewing information with the Finance Team. All aspects of the process, including confidential materials shared with the rating agencies were also made available to the Finance Team.

[7] Decision, Ordering ¶ 3.

[8] Decision, Ordering ¶ 3.

The Finance Team reviewed the credit rating process, related materials, call recordings, and the approach to presentations and the application for credit ratings. With the Finance Team's input on certain information shared with credit ratings, PG&E applied for and received preliminary "triple A" ratings from two of the major rating agencies with final Aaa(sf)(Moody's)/ AAA(sf)(S&P) ratings expected to be confirmed at closing.

PG&E also reviewed potential green bond certification options with the Finance team, including potential certification providers, the associated costs and potential benefits of obtaining such certification. The Finance Team approved pursuit of the green bond certification after requesting it, which was obtained to further broaden potential investors and resulting potential customer savings.

4. Preparation and Marketing of Recovery Bonds

Pursuant to the Decision, the Finance Team had the right to review the underwriters' preparation, marketing and syndication of the proposed Recovery Bonds, including indicative pricing.[9] The Finance Team also had the right to review the marketing approach for the Recovery Bonds.[10]

In meetings with PG&E, the Finance Team explored the risks and benefits of the proposed marketing plan for the Recovery Bonds. PG&E and its structuring advisor presented the proposed structure to the Finance Team and its proposal to market to a broad range of ABS and corporate investors. The Finance Team actively followed, and commented on, the evaluation of potential structures, including requesting the review of and evaluating alternative structures, focusing on maximizing investor participation to reduce, to the maximum extent possible, the rates on a present value basis that consumers within PG&E's service territory would pay as compared to the use of traditional utility financing mechanisms.

The Finance Team considered input from PG&E and its underwriters on market conditions and expectations as well as investor demand to assist in determining the suitable timing to go to market and the final size and structure of the offering. PG&E and its lead underwriters provided the Finance Team with assessments on market timing and structure based on key indicators such as, market conditions, unpredictability on future rates, availability of investor capital and the potential for other transactions to compete with the issuance of this series of Recovery Bonds.

After evaluation of a broad range of potential alternatives, PG&E ultimately selected, with the Finance Team's concurrence, a proposed structure that was anticipated to produce the greatest amount of investor interest, highest present value savings and lowest

[9] Decision, Ordering ¶ 3.

[10] Decision, Ordering ¶ 3.

weighted average interest rate on the Recovery Bonds relative to alternative structures. Having conducted its review and provided input and comments on the proposed structuring and marketing of the Recovery Bonds, the Finance Team accepted the approach to register the Recovery Bonds with the Securities and Exchange Commission on a Form SF-1 to facilitate greater liquidity and identify the Recovery Bonds as not "asset-backed securities" as such term is defined by the SEC in governing regulations Item 1101 of Regulation AB.

With the opportunity to provide comment by the Finance Team, PG&E developed and implemented a marketing and structuring plan to incentivize underwriters to market the Recovery Bonds to their customers and to reach out to a broad base of potential investors, including both corporate and ABS investors and investors who have not previously purchased this type of security. PG&E held a group roadshow and opportunities for potential investors to have one-on-one and small group calls with PG&E management and the underwriters.

Pursuant to the Decision, the Finance Team reviewed and provided input on certificates provided by PG&E and the lead underwriters, necessary to further align interests and ensure the statutory objective was achieved.[11]

The Finance Team was apprised that PG&E held market update discussions with the underwriting team to develop recommendations for pricing. PG&E and the Finance Team met with the underwriting team before and during the marketing phase. The Finance Team's Financial Advisor engaged with the underwriters on key elements of the marketing, pricing, and syndication process including participating in market updates, pricing discussions and roadshows, using such information to inform the Finance Team's review and feedback on the structure and marketing process. This process included participating in pricing discussions, review of subscriptions, and modifications available, focused on meeting the statutory objective.

5. Transaction Fees and Costs

Pursuant to the Decision, the Finance Team had the right to review all transaction fees and costs for the Recovery Bonds, including Upfront Financing Costs and other Financing Costs.[12] That includes reviewing and approving servicing and administrative fees and associated crediting, and any return on equity contribution.[13]

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[11] Decision, Ordering ¶ 3.

[12] Decision, Ordering ¶ 3.

[13] Decision, Ordering ¶ 3.

The Finance Team asked questions and provided input on the fees and costs for the Recovery.

Bonds, including a review of pricing comparisons and amounts separately credited back by PG&E. The Finance Team provided feedback on various aspects of the fees and costs for the Recovery Bonds. As determined in the Financing Order, the transaction also included a credit enhancement for the Recovery Bonds in the form of the true-up mechanism and an equity contribution of 0.50% of the original principal amount of the Recovery Bonds. The rate of return on this amount, tied to the cost of the securitization, was also determined in the Financing Order, and reviewed by the Finance Team.

6. Collateral and Credit Enhancements

Pursuant to the Decision, the Finance Team was directed to determine whether over-collateralization and other additional credit enhancements would be required for the transaction.[14] In response to the Finance Team's inquiries and input, PG&E confirmed no additional enhancements would be required to obtain the highest possible credit rating and achieve the statutory objective.

7. Sale of Recovery Bonds

Pursuant to the Decision, the Finance Team had the right to review all material terms of the Recovery Bonds in a negotiated offering through one or more underwriters.[15] The Finance Team worked with PG&E and the underwriters (and each of their respective counsels) to finalize documentation in accordance with established standards for transactions of this sort and the terms of the Decision. The Finance Team was apprised of developments in the marketing process, including the roadshow process and results, the level of interest from investors, questions raised throughout the process and pricing implications.

V. CONCLUSION

The Finance Team has completed its pre-issuance review and approves the material terms of the Recovery Bonds in the Draft Issuance Advice Letter in accordance with the Decision (pending review of ultimately proposed final sizing and pricing levels). Based on the materials that the Finance Team has received and reviewed, the Finance Team is satisfied that the issuance of the Recovery Bonds as proposed would reduce, to the maximum extent possible, consumer rates on a present value basis as compared to the use of traditional utility financing mechanisms.

[14] Decision, Ordering ¶ 3.

[15] Decision, Ordering ¶ 3.

Christine Jun Hammond

Christine Jun Hammond
General Counsel

Leuwam Tesfai

Leuwam Tesfai
Deputy Executive Director for Energy and Climate Policy

EXHIBIT A

Draft Issuance Advice Letter

Pacific Gas and Electric Company

Sidney Bob Dietz II
Director
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

Fax: 415-973-3582

[ ], 2022

Advice [ ]-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: **Issuance Advice Letter Submission for Wildfire Hardening Recovery Bonds**

Pursuant to California Public Utilities Commission ("CPUC") Decision (D.) 22-08-004 (Decision), Pacific Gas and Electric Company ("PG&E") hereby transmits for submission, one business day after the pricing date of this series of Wildfire Hardening Recovery Bonds, the initial Fixed Recovery Charges for the series. This Issuance Advice Letter is for the Wildfire Hardening Senior Secured Recovery Bonds Series 2022-A, Tranche(s) A-1, A-2, and A-3 ("Wildfire Hardening Recovery Bonds").

Pursuant to Ordering Paragraph 4 of the Financing Order, attached hereto as Exhibit 4 is the Finance Team's pre-issuance approval letter dated [Pricing Date], 2022.

Purpose

This submission establishes initial Fixed Recovery Charges for rate schedules for Consumers. This submission also establishes the Recovery Property to be sold to the Recovery Property Owner ("Special Purpose Entity" or "SPE"), including the Billing Commencement Date. Finally, this submission sets forth the final terms of the Recovery Bonds, including a final estimate of Upfront Financing Costs and estimated Ongoing Financing Costs for the 12-month period following the Closing Date.

Background

In D. 22-08-004, the Commission authorized PG&E to submit Issuance Advice Letters when final terms and pricing for Wildfire Hardening Recovery Bonds have been established. Issuance Advice Letter submissions are those in which PG&E uses the rate design methodology and Fixed Recovery Charge cash flow formula (the "adjustment mechanism") found reasonable by the Commission in D. 22-08-004 to establish initial Fixed Recovery Charges for a series of Wildfire Hardening Recovery Bonds. Using this methodology and formula approved by the Commission in D. 22-08-004, this submission establishes the initial Fixed Recovery Charges.

Issuance Information:

Decision 22-08-004 requires PG&E to provide the following information.

Recovery Bond Name: Senior Secured Recovery Bonds, Series 2022-A
Recovery Property Owner (SPE): PG&E Recovery Funding LLC
Bond Trustee(s): The Bank of New York Mellon Trust Company, N.A.
Closing Date: [November 30], 2022
Bond Rating(s): AAA(sf) (S&P) / Aaa(sf) (Moody's)
Principal Amount Issued (Authorized Amount): (See Table 1 below)
Upfront Financing Costs: (See Table 2 below)
Upfront Financing Costs as a Percent of Principal Amount Issued: 0.85%
Coupon Rate(s): See Exhibit 1
Call Features: None
Expected Principal Amortization Schedule: See Exhibit 1
Scheduled Final Payment Date(s): See Exhibit 1
Legal Maturity Date(s): See Exhibit 1
Payment Dates (semi-annually): January 15 and July 15
Annual Servicing Fee as a percent of the issuance amount: .05%
Overcollateralization amount for the series, if any: None
FRC Annual Adjustment Date: March 1
Semi-Annual Adjustment Dates: September 1

Billing Commencement Date: January 1, 2023
First Payment Period: Closing Date through and including first Payment Date
Second Payment Period: Day following First Payment Date through and including second Payment Date

Securitized Amount:

The following table sets forth the computation of the final Authorized Amount (i.e., the principal amount of the Recovery Bonds).

Table 1: Authorized Amount	
Second AB 1054 CapEx Amount: Approved in D.20-12-005	$975,000,000
Upfront Financing Costs (See Table 2 below)	$8,362,000
Total Securitized Amount	$983,362,000

The amounts set forth in Table 1 are within the amounts approved as recovery costs in D. 22-08-004. PG&E has determined that Community Wildfire Safety Program (CWSP) system hardening costs approved in D.20-12-005 and to be recovered through issuance of the Wildfire Hardening Recovery Bonds described herein do not exceed 115 percent of the Commission-approved per-mile costs set forth in D.20-12-005 at page 119.

Upfront Financing Costs:

The following table includes actual or estimated (as noted) Upfront Financing Costs to be incurred in connection with the issuance of the Wildfire Hardening Recovery Bonds:

Table 2 Upfront Financing Costs	
Underwriters' Fees and Expenses	$3,933,448
Legal Fees and Expenses	1,245,000
Rating Agency Fees	1,130,866
Accounting Fees and Expenses	125,000
PG&E's Advisory Fee	255,000
Servicer Set-up Costs	0
SEC Registration Fees	108,366
Section 1904 Fees	497,681
Printing / EDGARizing Expenses	150,000
Trustee / Trustee Counsel Fee and Expenses	41,500
Original Issue Discount	[TBD upon pricing]
Commission's Costs and Expenses	676,000
Miscellaneous	[TBD by size of OID]
Total	**$8,362,000**
Note 1: Section 1904 Fees computed in accordance with D. 22-08-004.	

True-Up Mechanism:

Changes to the Fixed Recovery Charges will be requested through the submission of Routine True-Up Mechanism Advice Letters and Non-Routine True-Up Mechanism Advice Letters in accordance with Decision 22-08-004. Annually before each FRC Annual Adjustment Date (and at least quarterly beginning 12 months prior to the last scheduled final payment date of the last maturing tranche of a series of Wildfire Hardening Recovery Bonds), and if determined necessary by the servicer, semi-annually and more frequently, the servicer will submit Routine True-Up Mechanism Advice Letters in the form of Attachment 3 to the Financing Order to ensure that Fixed Recovery Charges collections be sufficient to make all scheduled payments of bond principal, interest, and other Ongoing Financing Costs on a timely basis during each of the two payment periods and, in the case of semi-annual Routine True-Up Mechanism Advice Letter, to replenish any draws upon the capital subaccount. The first payment period means the period commencing on the Closing Date and ending (and including) the first Payment Date following the Closing Date (the "First Payment Period"); the second payment period means the period commencing on the day following the first Payment Date following the adjustment date and ending on (and including) the next Payment Date (the “Second Payment Period”). The servicer may also submit Non-Routine True-Up Mechanism Advice Letters in the form of Attachment 4 to the Financing Order.

Ongoing Financing Costs:

The following table includes estimated Ongoing Financing Costs for the First and Second Payment periods following Closing Date to be recovered through Fixed Recovery Charges in accordance with the Financing Order.

Table 3: Estimated Ongoing Financing Costs		
	First Payment Period	Second Payment Period
Servicing Fee (PG&E as Servicer) (0.05% of the initial principal amount of the Wildfire Hardening Recovery Bonds)	$307,301	$245,841
Administration Fee	46,875	37,500
Accounting Fees and Expenses	31,250	31,250
Legal Fees and Expenses	17,500	17,500
Rating Agency Surveillance Fees	20,000	20,000
Trustee Fees and Expenses	7,725	7,725
Independent Director Fees	750	750
Printing / EDGARizing Expenses	5,000	5,000
Return on Equity	[TBD]	[TBD]
Miscellaneous Fees and Expenses	5,000	5,000
TOTAL ONGOING FINANCING COSTS (with PG&E as Servicer)	**$441,401**	**$370,566**
Ongoing Servicers Fee (Third Party as Servicer) (0.60% of initial principal amount)	$3,687,608	$2,950,086
TOTAL ONGOING FINANCING COSTS (Third Party as Servicer)	**$3,821,708**	**$3,074,811**

Fixed Recovery Charges:

Table 4 below shows the inputs and current assumptions for each of the variables used in calculating the Fixed Recovery Charges.

Table 4: Input Values For Fixed Recovery Charges		
	First Payment Period	Second Payment Period

Allocation Factors for each Customer Class (see Exhibit 3)	See Exhibit 3	See Exhibit 3
Projected kWh sales for each Customer Class for payment period (See Exhibit 3)	See Exhibit 3	See Exhibit 3
Percent of Consumers' revenue written off	0.34%	0.34%
Average Days Sales Outstanding	55	55
Ongoing Financing Costs for the applicable payment period (See Table 3 above)	441,401	370,566
Wildfire Hardening Recovery Bond Principal	[ ]	[ ]
Wildfire Hardening Recovery Bond Interest	[ ]	[ ]
Periodic Payment Requirement (See Exhibit 2)	[ ]	[ ]
Periodic Billing Requirement (See Exhibit 3)	[ ]	[ ]

Table 5 shows the initial Fixed Recovery Charges for each FRC Consumer Class. The Fixed Recovery Charge calculations are shown in Exhibit 3.

Table 5: Fixed Recovery Charges (cent per kWh)	
FRC Consumer Class	**WHC***
Residential	
Residential – CARE	
Residential – Non-CARE	
Small Commercial	
Medium Commercial	
Medium Commercial – A/B-10T	
Medium Commercial – A/B-10P	
Medium Commercial – A/B-10S	
E/B-19	
E/B-19T	
E/B-19P	
E/B-19S	
Streetlight	
Standby	
Standby – STOU T	
Standby – STOU P	
Standby – STOU S	
Agriculture	
E/B-20	
E/B-20 T	
E/B-20 P	
E/B-20 S	
Average Bundled Rate	
Direct Access/Community Choice Aggregation (DA/CCA)	
Residential	
Residential – CARE	

Residential – Non-CARE	
Small Commercial	
Medium Commercial	
Medium Commercial – A/B-10T	
Medium Commercial – A/B-10P	
Medium Commercial – A/B-10S	
E/B-19	
E/B-19T	
E/B-19P	
E/B-19S	
Streetlight	
Standby	
Standby – STOU T	
Standby – STOU P	
Standby – STOU S	
Agriculture	
E/B-20	
E/B-20 T	
E/B-20 P	
E/B-20 S	
Average Bundled Rate	
Average DA/CCA Rate	

*Class average rates are calculated by dividing total revenues expected to be collected by the WHC by total forecasted system sales for the class for the rate effective period.

Recovery Property:

Recovery Property is the property described in Public Utilities Code Section 850(b)(11) relating to the Fixed Recovery Charges set forth herein, including, without limitation, all of the following:

(1) The right, title and interest in and to the Fixed Recovery Charges set forth herein, as adjusted from time to time.

(2) The right to be paid the principal amount of the Recovery Bonds, together with interest thereon as the same become due as shown on Exhibit 2, together with all Ongoing Financing Costs as the same become due.

(3) The right, title and interest in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the Fixed Recovery Charges, as set forth herein.

(4) All rights to obtain adjustments to the Fixed Recovery Charges under the True-Up Mechanism.

These Fixed Recovery Charges, as adjusted from time to time, shall remain in place until the total amounts in Exhibit 2 are paid in full to the owner of the Recovery Property, or its assignee(s).

Proposed Tariff Changes:

PG&E will submit all tariff sheets reflecting the revised Fixed Recovery Charges shown in Table 5 in the consolidated revenue requirement and rate change advice letter for rates effective on January 1, 2023.

Effective Date

In accordance with Decision 22-08-004, unless before noon on the fourth business day after pricing the Commission staff rejects this Issuance Advice Letter for failure to adhere to the terms of the Financing Order, the Issuance Advice Letter and the Fixed Recovery Charges established by this Issuance Advice Letter will be effective automatically at noon on the fourth business day after pricing, and pursuant to Section 850.1(h), the Recovery Property established by the Financing Order, will come into being simultaneously with the sale of the Recovery Property to the SPE. The Fixed Recovery Charges will continue to be effective, unless they are changed by a subsequent True-Up Mechanism Advice Letter. All of the Recovery Property identified herein constitutes a current property right and will continuously exist as property for all purposes. Further all Upfront Financing Costs and all Ongoing Financing Costs for the life of the Wildfire Hardening Recovery Bonds shall be recoverable as provided in the Financing Order.

Description of Exhibits:

Exhibit 1 presents the debt service schedule for the Wildfire Hardening Recovery Bonds, including expected principal amortization, scheduled final payment dates and final legal maturity dates, interest rates, and aggregate scheduled debt service per payment date.

Exhibit 2 presents the Periodic Payment Requirements related to the Wildfire Hardening Recovery Bonds for the two payment periods following the Closing Date.

Exhibit 3 presents the Fixed Recovery Charges calculations.

Exhibit 4 provides the pre-issuance approval letter of the Finance Team.

Notice

In accordance with General Order 96-B, Section 4.4, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes should be directed to PG&E at email address PGETariffs@pge.com. Advice letter submissions can also be accessed electronically at: https://www.pge.com/tariffs/advice-letters.page. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: http://www.pge.com/tariffs/.

/S/

Sidney Bob Dietz II
Director, Regulatory Relations

Attachments

Attachment 1: Exhibits 1-4

Exhibit 1: Recovery Bond Terms and Debt Service Schedule

Exhibit 2: Periodic Payment Requirements

Exhibit 3: Fixed Recovery Charges Calculations

Exhibit 4: Pre-Issuance Approval Letter of the Finance Team

cc: Service List for A.22-03-010

PG&E Gas and Electric
Advice Submittal List
General Order 96-B, Section IV

AT&T
Albion Power Company

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
Braun Blaising Smith Wynne, P.C.
California Cotton Ginners & Growers Assn
California Energy Commission

California Hub for Energy Efficiency Financing

California Alternative Energy and Advanced Transportation Financing Authority
California Public Utilities Commission
Calpine

Cameron-Daniel, P.C.
Casner, Steve
Center for Biological Diversity

Chevron Pipeline and Power
City of Palo Alto

City of San Jose
Clean Power Research
Coast Economic Consulting
Commercial Energy
Crossborder Energy
Crown Road Energy, LLC
Davis Wright Tremaine LLP
Day Carter Murphy

Dept of General Services
Don Pickett & Associates, Inc.
Douglass & Liddell
Dish Wireless L.L.C.

East Bay Community Energy Ellison Schneider & Harris LLP
Engineers and Scientists of California

GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Power Institute
Hanna & Morton
ICF
iCommLaw
International Power Technology
Intertie

Intestate Gas Services, Inc.
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated Waste Management Task Force
MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McClintock IP
McKenzie & Associates

Modesto Irrigation District
NLine Energy, Inc.
NRG Solar

OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

Redwood Coast Energy Authority
Regulatory & Cogeneration Service, Inc.

Resource Innovations

SCD Energy Solutions
San Diego Gas & Electric Company

SPURR
San Francisco Water Power and Sewer
Sempra Utilities

Sierra Telephone Company, Inc.
Southern California Edison Company
Southern California Gas Company
Spark Energy
Sun Light & Power
Sunshine Design
Stoel Rives LLP

Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.

TransCanada
Utility Cost Management
Utility Power Solutions
Water and Energy Consulting Wellhead Electric Company
Western Manufactured Housing Communities Association (WMA)
Yep Energy