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

Pacific Gas & Electric Company
GAS (Corp ID 39)
Status of Advice Letter 4710G/6855E
As of April 14, 2023

Subject: Implement Tariff Changes in Compliance with the 2023 General Rate Case (GRC) Decision (D.) 23-01-005 to Support Administration of the Settlement Regarding Wildfire Liability Insurance Coverage

Division Assigned: Energy

Date Filed: 02-03-2023

Date to Calendar: 02-13-2023

Authorizing Documents: D2301005

Disposition:	**Accepted**
Effective Date:	**01-01-2023**

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

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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Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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
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San Francisco, CA 94177

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February 3, 2023

Advice 4710-G/6855-E
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: **Implement Tariff Changes in Compliance with the 2023 General Rate Case (GRC) Decision (D.) 23-01-005 to Support Administration of the Settlement Regarding Wildfire Liability Insurance Coverage**

Purpose

In accordance with Ordering Paragraph (OP) 2 of Decision (D.) 23-01-005 in PG&E's 2023 General Rate Case[1] (the Decision), Pacific Gas and Electric Company (PG&E) submits this Tier 2 advice letter to update the following preliminary statements for its Risk Transfer Balancing Accounts (RTBAs) to implement the Settlement Agreement Between Pacific Gas and Electric Company, The Utility Reform Network (TURN) and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) on Wildfire Liability Insurance Issues[2] (Settlement) adopted in the Decision:

- Risk Transfer Balancing Account – Electric (RTBA-E), Electric Preliminary Statement Part IN, and
- Risk Transfer Balancing Account – Gas (RTBA-G), Gas Preliminary Statement Part FK.

The affected tariff sheets are provided in Attachment 1.

Background

On June 30, 2021, PG&E filed its 2023 GRC application requesting the Commission authorize its 2023 GRC revenue requirements for the period 2023-2026 (the 2023 GRC Period). PG&E's application requested the test year (TY) 2023 revenue requirement go into effect on January 1, 2023. On July 16, 2021, PG&E filed a motion requesting the Commission provide authorization for PG&E's TY 2023 GRC revenue requirement to be effective January 1, 2023, in the event a final decision is issued after this date. On June

[1] Application (A.) 21-06-021.
[2] D.23-01-005, Appendix 1.

24, 2022, the Commission approved D.22-06-033 authorizing PG&E's TY 2023 GRC revenue requirements to be effective January 1, 2023.[3]

On October 7, 2022, PG&E, TURN and Cal Advocates jointly moved for approval of the Settlement regarding the structure and funding of liability insurance for third-party wildfire claims. The Settlement provides for PG&E to move to a 100 percent self-insurance framework for wildfire liability insurance coverage for the 2023 GRC Period.[4] On January 17, 2023, the CPUC issued D.23-01-005 approving the Settlement.

Ordering Paragraph (OP) 2, part e of the Decision states:

> PG&E shall file a Tier 2 advice letter to modify the terms of the RTBA consistent with the terms of the Settlement and to ensure funds deposited in the RTBA Wildfire Liability Self-Insurance Subaccount are only used to support the self-insurance mechanism approved in this decision within 30 days of the effective date of this decision.

Wildfire Self-Insurance Subaccount

PG&E is shifting to a 100% self-insurance framework for wildfire liability insurance for the 2023 GRC Period. The self-insurance framework applies to Wildfire Events, which include wildfire ignitions between January 1, 2023, and December 31, 2026. Wildfire Events also include wildfire ignitions in 2027 to the extent the self-insurance framework is extended into 2027 as provided for in the Settlement.[5] This subaccount will track adopted self-insurance funding plus investment income, net of administrative expenses, compared to accrued wildfire liability expenses covered by self-insurance and any other applicable self-insurance costs.

Wildfire Liability Insurance Costs from Commercial Policies Purchased Prior to 2023

The shift to a 100% self-insurance framework for wildfire liability insurance for the 2023 GRC Period does not affect PG&E's authority to collect the remaining, outstanding costs of commercial insurance policies already purchased that extend into and expire in 2023.[6] PG&E will continue recording insurance premiums, taxes, and related expenses for those policies as currently approved in its electric and gas RTBAs during 2023.[7]

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[3] PG&E will implement the adopted $400 million 2023 self-insurance revenue requirement in rates through a separate advice letter.

[4] Settlement, Article 2.9, states that "2023 GRC Period" means the period between January 1, 2023 and December 31, 2026 for which rates will be in effect in accordance with the Commission's final decision in this proceeding.

[5] Settlement, Article 2.10.

[6] Settlement, Article 3.8.

[7] PG&E continued in rates effective January 1, 2023, its adopted 2022 GRC and GT&S revenue requirements as approved in PG&E's Annual Electric True-Up (AET) and Annual Gas True-Up (AGT) advice letters, Advice 6761-E and Advice 4676-G, respectively. These placeholder revenue requirements will be trued up following a final decision in PG&E's 2023 GRC.

Federal Energy Regulatory Commission (FERC) Transmission Owner (TO)

In accordance with OP 3 of the Decision, PG&E will seek recovery of the portion of wildfire liability self-insurance that would be allocated to transmission customers through FERC TO rates in effect starting on January 1, 2024.[8] To the extent recovery is authorized by FERC, the amounts recovered through TO rates would be applied towards achieving a total, available self-insurance accrual amount of $1 billion, which would reduce the total amount collected from CPUC jurisdictional customers for that purpose. The wildfire liability insurance amounts allocated to TO customers will be based on FERC-adopted allocations.[9]

If approved by the FERC, PG&E will file an advice letter proposing updates to the RTBA, as applicable.

Tariff Revisions

Electric Preliminary Statement Part IN, Risk Transfer Balancing Account – Electric (RTBA-E): PG&E proposes updates to the following sections in the account:

- Purpose section is updated to add:
  - PG&E is authorized to recover costs associated with the purchase of up to $1.4 billion of financial risk transfer coverage '*for commercial policies purchased prior to 2023…'*.[10]
  - The purpose of this account is to also track and record expenses compared to adopted funding for PG&E's self-insurance program as described in the Wildfire Self-Insurance Subaccount.[11]
  - Effective January 1, 2023, PG&E is shifting to a 100% self-insurance framework for wildfire liability insurance for the 2023 GRC Period (2023-2026)[12] that applies to Wildfire Events, which include wildfire ignitions between January 1, 2023, and December 31, 2026. Wildfire Events also include wildfire ignitions in 2027 to the

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[8] PG&E will make a proposal in its TO 21 filing, expected to file in October 2023, to pursue this requirement.

[9] Joint Motion of Pacific Gas and Electric Company, the Utility Reform Network and the Public Advocates Office at the California Public Utilities Commission for Expedited Approval and Adoption of the Attached Settlement Agreement on Insurance Related Issues, 3.1 Summary of Settlement Terms and Conditions; and Settlement, Article 3.5.

[10] Upon conclusion of the wildfire commercial policies purchased prior to 2023, only risk transfer costs for continuing and new non-wildfire liability commercial policies will continue to be recorded to the RTBAs, pending the outcome of a final decision on PG&E's non-wildfire liability insurance program in its 2023 GRC. As part of implementing PG&E's non-wildfire liability insurance program, PG&E will file an advice letter to further update the RTBAs consistent with the 2023 GRC final decision.

[11] Public Utility Code § 3280 (f) requires that Investor-Owned Utilities be responsible for the first $1 billion in claim costs before the State of California's Wildfire Fund may be accessed.

[12] Pursuant to the Settlement, Article 3.9., upon mutual agreement of the Settling Parties, the Settling Parties may seek Commission authorization to extend the term of this Settlement for one or more years via Tier 2 Advice Letter.

extent the self-insurance framework is extended into 2027.[13] This shift does not affect PG&E's authority to collect the remaining, outstanding costs of commercial insurance policies that extend into and expire in 2023.[14]

- To the extent PG&E has wildfire liability insurance coverage through existing commercial market policies for a Wildfire Event, PG&E would exhaust that coverage before using self-insurance but may pay any costs incurred within the self-insured retention in its commercial policies using available self-insurance funding,[15] which include deductibles associated with third-party wildfire commercial policies.
- This account is comprised of four subaccounts: *'Third-Party Electric Distribution Subaccount, Third-Party Generation Subaccount, Additional Coverage Subaccount, and Wildfire Self-Insurance Subaccount.'*

- Third-Party Electric Distribution Subaccount, Third-Party Generation Subaccount, and Additional Coverage Subaccount sections are updated to add, 'purchased through commercial policies prior to 2023…'.
- Third-Party Electric Distribution Subaccount and Third-Party Generation Subaccount sections are updated to state 1) financial risk transfer expenses related to commercial wildfire insurance policies that extend into and expire in 2023 will continue to be recorded to this subaccount, including true-ups to previously recorded expenses,[16] and 3) disposition of the balances will be annually through the Annual Electric True-Up advice letter process.[17]
- The Self-Insurance Subaccount is renamed Wildfire Self-Insurance Subaccount. The description is updated to state:
  - Tracks adopted self-insurance funding plus investment income (net of incremental administrative expenses) less accrued wildfire liability expenses covered by self-insurance and any other applicable self-insurance costs, which mean the same costs that have typically been covered by third-party, commercial insurance coverage including the cost of wildfire liability claims, judgments, settlements, court costs and associated legal fees (excluding the costs of PG&E's in-house counsel) for Wildfire Events that are paid through self-insurance.[18] Costs incurred

[13] Settlement, Article 2.10.
[14] Settlement, Article 3.8. and Article 3.10.
[15] Settlement, Article 3.1.
[16] For example, wildfire premium and associated risk transfer expenses will continue to be trued-up over time to reflect PG&E's adopted FERC allocation factors as they become final.
[17] PG&E proposes that the annual overcollected balances in these subaccounts no longer be transferred to the Wildfire Self-Insurance Subaccount since the Settlement does not address that treatment and funding of the program is through electric distribution rates. The accounting procedure that would transfer an overcollected balance to the Wildfire Self-Insurance Subaccount is removed.
[18] Settlement, Article 2.11.

within the self-insured retention in PG&E's commercial policies may be recovered using available self-insurance funding.[19]

- Funding of amounts in this subaccount is through CPUC jurisdictional retail distribution rates.[20]
- The self-insurance amount to be collected in rates may not be greater than the amount that would achieve a total, available self-insurance accrual amount of $1 billion as of the end of the year, assuming no wildfire liability self-insurance costs are incurred that year. 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 Wildfire Event.[21] The revenue requirement will be reduced when collecting it would place the balance of the available self-insurance above $1 billion.[22]
- Wildfire expenses are subject to a deductible equal to 5 percent of up to $1 billion of self-insurance costs for wildfire events that occur each calendar year. The total amount of the deductible will not exceed $50 million annually.[23]

- Disposition of the balance in this subaccount is at the end of the 2023 GRC Period.[24] Determining the balance 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 Wildfire Event and payment of expenses from that event, this true up may extend beyond the end of year 2026. True-up of the balance will be determined through a Tier 2 advice letter process.[25]
  - Treatment of Undercollection: Subject to a cap of $300 million per year, the undercollection, plus interest, shall be recovered 40% in 2027; 30% in 2028; and 30% in 2029. To the extent the $300 million 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.[26]
  - Treatment of Overcollection: 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 GRC Case.[27]

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[19] Settlement, Article 3.1.
[20] Settlement, Article 3.5.
[21] Settlement, Article 3.2.2.2
[22] Settlement, Appendix A, Section B.
[23] Settlement, Article 3.2.3 and 3.7.2.
[24] Settlement, Article 3.3.
[25] Settlement, Article 3.3.1.
[26] Settlement, Article 3.3.2. Pursuant to this article, if the self-insurance framework is extended into 2027 and an undercollection results at the end of that year, PG&E may 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.
[27] Settlement, Article 3.3.3.

- This subaccount will remain effective beyond the 2023 GRC Period at least until: (1) the final amounts of expenses paid for Wildfire Events are known; (2) the final amounts of any overcollection or undercollection are known; and (3) PG&E has collected the balance of any undercollection in customer rates through the RTBA or otherwise credited back any overcollection to customers.[28]

- The accounting procedures are updated to record:[29]

    - A debit entry equal to recorded accruals for self-insurance costs. The accrual will be revised to reflect actual expenses, once known.

    - A credit entry equal to one-twelfth of the adopted annual self-insurance funding.

    - A credit entry equal to investment income earned on self-insurance funds, net of applicable fees, as an offset to self-insurance costs.

    - A credit entry equal to 5% of the annual recorded self-insurance liability expenses up to $1 billion as a deductible. The total amount of the deductible will not exceed $50 million annually.

    - A debit entry equal to costs incurred within the self-insured retention in PG&E's commercial policies.[30]

    - A debit or credit entry equal to unanticipated costs or benefits associated with implementation and operation of the self-insurance program.[31]

    - A debit entry associated with interest on undercollected balances.

Gas Preliminary Statement Part FK, Risk Transfer Balancing Account – Gas (RTBA-G): PG&E proposes updates to the following sections in the account:

- Purpose section is updated to add:

    - PG&E is authorized to recover costs associated with the purchase of up to $1.4 billion of financial risk transfer coverage '*for commercial policies purchased prior to 2023…'*.[32]

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[28] Settlement, Article 3.8.
[29] Settlement, Article 3.8.
[30] Settlement, Article 3.1.
[31] Settlement, Article 3.8 acknowledges the self-insurance only framework is a novel one and there could be unanticipated costs or benefits associated with its implementation that should be included in the RTBA. 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.
[32] Upon conclusion of the wildfire commercial policies purchased prior to 2023, only risk transfer costs for continuing and new non-wildfire liability commercial policies will continue to be recorded to the RTBAs, pending the outcome of a final decision on PG&E's non-wildfire liability insurance program in its 2023 GRC. As part of implementing PG&E's non-wildfire liability insurance program, PG&E will file an advice letter to further update the RTBAs consistent with the 2023 GRC final decision.

- Effective January 1, 2023, PG&E is shifting to a 100% self-insurance framework for wildfire liability insurance for the 2023 GRC Period (2023-2026). This shift does not affect PG&E's authority to collect the remaining, outstanding costs of commercial wildfire insurance that extend into and expire in 2023.
- This account is comprised of two subaccounts: '*Third-Party Gas Distribution Subaccount and Additional Coverage Subaccount*.'

- Third-Party Gas Distribution Subaccount is updated to state 1) tracking costs paid to third parties associated with the purchase of up to $1.4 billion of risk transfer *'coverage purchased through commercial policies prior to 2023',* 2) financial risk transfer expenses related to commercial wildfire insurance policies that extend into and expire in 2023 will continue to be recorded to this subaccount, including true-ups to previously recorded expenses, and 3) disposition of the balance in this subaccount will be determined annually through the Annual Gas True-Up Advice Letter process.[33]
- Additional Coverage Subaccount is updated to track costs to purchase more than $1.4 billion in coverage *'purchased through commercial policies prior to 2023…'.*
- Self-Insurance Subaccount is removed effective January 1, 2023, since self-insurance is funded through electric distribution rates.

<u>Protests</u>

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than February 23, 2023, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be electronically sent to PG&E via E-mail at the address shown below on the same date it is electronically delivered to the Commission:

Sidney Bob Dietz II
Director, Regulatory Relations
c/o Megan Lawson
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following

[33] PG&E proposes that the annual overcollected balances in this subaccount no longer be transferred to the Wildfire Self-Insurance Subaccount since the Settlement does not address that treatment and funding of the program is through electric distribution rates. The accounting procedure that would transfer an overcollected balance to the Self-Insurance Subaccount is removed.

information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name and e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

Pursuant to General Order (GO) 96-B, Rule 5.1, and OP 3, this advice letter is submitted with a Tier 2 designation. PG&E requests that this Tier 2 advice letter become effective January 1, 2023, in accordance with D.22-06-033 and the Decision.

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.21-06-021. 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

cc: Service List A.21-06-021

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 (U 39 M)

Utility type:	Contact Person: Stuart Rubio
☑ ELC ☑ GAS ☐ WATER	Phone #: (951)965-8905
☐ PLC ☐ HEAT	E-mail: PGETariffs@pge.com
	E-mail Disposition Notice to: stuart.rubio@pge.com

EXPLANATION OF UTILITY TYPE			(Date Submitted / Received Stamp by CPUC)
ELC = Electric	GAS = Gas	WATER = Water	
PLC = Pipeline	HEAT = Heat		

Advice Letter (AL) #: 4710-G/6855-E

Tier Designation: 2

Subject of AL: Implement Tariff Changes in Compliance with the 2023 General Rate Case (GRC) Decision (D.) 23-01-005 to Support Administration of the Settlement Regarding Wildfire Liability Insurance Coverage

Keywords (choose from CPUC listing): Compliance, Tariffs, Preliminary Statement

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

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.23-01-005

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: N/A

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: 1/1/23

No. of tariff sheets: 11

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: See attachment 1

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: (415)973-2093 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

Cal P.U.C. Sheet No.	**Title of Sheet**	**Cancelling Cal P.U.C. Sheet No.**
38391-G	GAS PRELIMINARY STATEMENT PART FK RISK TRANSFER BALANCING ACCOUNT - GAS (RTBA-G) Sheet 1	36654-G
38392-G	GAS PRELIMINARY STATEMENT PART FK RISK TRANSFER BALANCING ACCOUNT - GAS (RTBA-G) Sheet 2	36655-G
38393-G	GAS TABLE OF CONTENTS Sheet 1	38387-G
38394-G	GAS TABLE OF CONTENTS Sheet 6	38343-G

Attachment 1
Advice 6855-E

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
55516-E	ELECTRIC PRELIMINARY STATEMENT PART IN RISK TRANSFER BALANCING ACCOUNT - ELECTRIC (RTBA-E) Sheet 1	48056-E
55517-E	ELECTRIC PRELIMINARY STATEMENT PART IN RISK TRANSFER BALANCING ACCOUNT - ELECTRIC (RTBA-E) Sheet 2	
55518-E	ELECTRIC PRELIMINARY STATEMENT PART IN RISK TRANSFER BALANCING ACCOUNT - ELECTRIC (RTBA-E) Sheet 3	
55519-E	ELECTRIC PRELIMINARY STATEMENT PART IN RISK TRANSFER BALANCING ACCOUNT - ELECTRIC (RTBA-E) Sheet 4	48057-E
55520-E	ELECTRIC PRELIMINARY STATEMENT PART IN RISK TRANSFER BALANCING ACCOUNT - ELECTRIC (RTBA-E) Sheet 5	48058-E
55521-E	ELECTRIC TABLE OF CONTENTS Sheet 1	54809-E
55522-E	ELECTRIC TABLE OF CONTENTS Sheet 18	55105-E

GAS PRELIMINARY STATEMENT PART FK Sheet 1
RISK TRANSFER BALANCING ACCOUNT - GAS (RTBA-G)

FK. Risk Transfer Balancing Account – Gas (*RTBA-G*)

1. PURPOSE: The Risk Transfer Balancing Account is a two-way balancing account and is applicable to electric and gas customers. The purpose of the Risk Transfer Balancing Account – Gas (RTBA-G) is to track and record actual expenses compared to the adopted expenses for PG&E's financial risk transfer costs (inclusive of all financial risk transfer mechanisms: insurance, reinsurance, catastrophe (CAT) bonds, captives and related costs such as broker fees and excise taxes) allocated to the gas distribution function. Under the RTBA-G, PG&E would be authorized to recover costs associated with the purchase of up to $1.4 billion of financial risk transfer coverage for commercial policies purchased prior to 2023 (T) in total ("reasonableness threshold"). Amounts in excess of this limit are tracked separately in the Additional Coverage Subaccount for subsequent review and approval by the Commission.

   Effective January 1, 2023, PG&E is shifting to a 100% self-insurance framework for wildfire liability insurance for the 2023 GRC Period (2023-2026). This shift does not affect PG&E's authority to collect the remaining, outstanding costs of commercial wildfire insurance that extend into and expire in 2023. (N)

   This account is comprised of two subaccounts: Third-Party Gas Distribution Subaccount and Additional Coverage Subaccount. (T)

   The Third-Party Gas Distribution Subaccount tracks financial risk transfer costs paid to third parties associated with the purchase of up to $1.4 billion of risk transfer coverage purchased through commercial policies prior to 2023 in total compared to adopted amounts that are allocated to the gas distribution function. Financial risk transfer expenses related to commercial wildfire insurance policies that extend into and expire in 2023 will continue to be recorded to this subaccount, including true-ups to previously recorded expenses. Disposition of the balance in this subaccount will be determined annually through the Core Fixed Cost Account (CFCA) and the Noncore Customer Class Charge Account (NCA) in the Annual Gas True-Up (AGT), or through a separate advice letter as authorized by the Commission. (T)

   The Additional Coverage Subaccount tracks the cost to purchase more than $1.4 billion in coverage purchased through commercial policies prior to 2023 in total, allocated to the gas (T) distribution function. PG&E will file a Tier 2 advice letter to request approval of any costs for coverage over $1.4 billion recorded in total. Upon approval, financial risk transfer coverage costs recorded to this subaccount for the gas distribution function will be transferred to the CFCA and NCA.

   (D)

2. APPLICABILITY: The RTBA-G applies to all customer classes, except for those schedules or contracts specifically excluded by the Commission.

3. REVISION DATE: Disposition of balances in the subaccounts are included in the above descriptions of the subaccounts.

4. RATES: The RTBA does not have a rate component.

5. ACCOUNTING PROCEDURE: The following entries will be made at the end of each month, or as applicable, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense:

(Continued)

GAS PRELIMINARY STATEMENT PART FK Sheet 2

RISK TRANSFER BALANCING ACCOUNT - GAS (RTBA-G)

FK. Risk Transfer Balancing Account – Gas (*RTBA-G*) (Cont'd)

5. ACCOUNTING PROCEDURE (Cont'd):

THIRD-PARTY GAS DISTRIBUTION SUBACCOUNT:

a) A credit entry equal to one-twelfth of the adopted annual expense;

b) A debit entry equal to the actual expenses incurred and as allocated to this subaccount up to the reasonableness threshold;

(D)

c) An entry to record the transfer of amounts to or from other accounts as approved by the Commission; and (T)

d) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (T)

ADDITIONAL COVERAGE SUBACCOUNT:

a) A debit entry equal to the gas distribution portion of actual expenses incurred to purchase coverage in excess of authorized amounts (i.e. $1.4 billion of coverage);

b) An entry to record the transfer of amounts to or from other accounts as approved by the Commission; and

c) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(D)

GAS TABLE OF CONTENTS

Sheet 1

(Continued)

GAS TABLE OF CONTENTS

(Continued)

ELECTRIC PRELIMINARY STATEMENT PART IN Sheet 1
RISK TRANSFER BALANCING ACCOUNT - ELECTRIC (RTBA-E)

IN. Risk Transfer Balancing Account – Electric (*RTBA-E*)

1. PURPOSE: The Risk Transfer Balancing Account is a two-way balancing account and is applicable to electric and gas customers. The purpose of the Risk Transfer Balancing Account – Electric (RTBA-E) is to track and record actual expenses compared to the adopted expenses for financial risk transfer costs (inclusive of all financial risk transfer mechanisms: insurance, reinsurance, Catastrophe (CAT) bonds, captives and related costs such as broker fees and excise taxes) allocated to the electric distribution and generation functions. PG&E is authorized to recover costs associated with the purchase of up to $1.4 billion of financial risk transfer coverage for commercial policies purchased prior to 2023 in total (“reasonableness threshold”). (T) Amounts in excess of this limit are tracked separately in the Additional Coverage Subaccount for subsequent review and approval by the Commission. The purpose of this account is to also (T) track and record expenses compared to adopted funding for PG&E’s self-insurance program | as described in the Wildfire Self-Insurance Subaccount. (T)

   Effective January 1, 2023, PG&E is shifting to a 100% self-insurance framework for wildfire (N) liability insurance for the 2023 GRC Period (2023-2026)[1] that applies to Wildfire Events, which | include wildfire ignitions between January 1, 2023, and December 31, 2026. Wildfire Events | also include wildfire ignitions in 2027 to the extent the self-insurance framework is extended | into 2027. This shift does not affect PG&E’s authority to collect the remaining, outstanding | costs of commercial insurance policies that extend into and expire in 2023. (N)

   To the extent PG&E has wildfire liability insurance coverage through existing commercial (N) market policies for a Wildfire Event, PG&E would exhaust that coverage before using self- | insurance but may pay any costs incurred within the self-insured retention in its commercial | policies using available self-insurance funding, which include deductibles associated with third- | party wildfire commercial policies. (N)

   This account is comprised of four subaccounts: Third-Party Electric Distribution Subaccount, (T) Third-Party Generation Subaccount, Additional Coverage Subaccount, and Wildfire Self- | Insurance Subaccount. (T)

   The Third-Party Electric Distribution Subaccount tracks financial risk transfer costs paid to third parties associated with the purchase of up to $1.4 billion of risk transfer coverage purchased (T) through commercial policies prior to 2023 in total compared to adopted amounts that are | allocated to the electric distribution function. Financial risk transfer expenses related to | commercial wildfire insurance policies that extend into and expire in 2023 will continue to be | recorded to this subaccount, including true-ups to previously recorded expenses. Disposition | of the balance in this subaccount will be determined annually through the Distribution Revenue | Adjustment Mechanism (DRAM) in the Annual Electric True-Up (AET), or through a separate | advice letter as authorized by the Commission. (T)

(L)
(L)

[1] Upon mutual agreement, the Settling Parties may seek Commission authorization to extend the term of this Settlement for one or more years via Tier 2 Advice Letter.

(Continued)

ELECTRIC PRELIMINARY STATEMENT PART IN Sheet 2
RISK TRANSFER BALANCING ACCOUNT - ELECTRIC (RTBA-E)

IN. Risk Transfer Balancing Account – Electric (*RTBA-E*) (Cont'd)

1. Purpose (Cont'd)

The Third-Party Generation Subaccount tracks financial risk transfer costs paid to third parties associated with the purchase of up to $1.4 billion of risk transfer coverage purchased through commercial policies prior to 2023 in total compared to adopted amounts that are allocated to the generation function. Financial risk transfer expenses related to commercial wildfire insurance policies that extend into and expire in 2023 will continue to be recorded to this subaccount, including true-ups to previously recorded expenses. Disposition of the balance in this subaccount will be determined annually through the Portfolio Allocation Balancing Account (PABA) in the AET or through a separate advice letter as authorized by the Commission. (L)/(T)

The Additional Coverage Subaccount tracks the cost to purchase more than $1.4 billion in coverage purchased through commercial policies prior to 2023 in total, allocated to the electric distribution and generation functions. PG&E will file a Tier 2 advice letter to seek approval of any costs for financial risk transfer coverage over $1.4 billion in total. Upon approval, the financial risk transfer coverage costs recorded to this subaccount for the electric distribution and generation functions will be transferred to the DRAM and PABA, respectively. (L)/(T)

The Wildfire Self-Insurance Subaccount tracks adopted self-insurance funding plus investment income (net of incremental administrative expenses) less accrued wildfire liability expenses covered by self-insurance and any other applicable self-insurance costs, which mean the same costs that have typically been covered by third-party, commercial insurance coverage including the cost of wildfire liability claims, judgments, settlements, court costs and associated legal fees (excluding the costs of PG&E's in-house counsel) for Wildfire Events that are paid through self-insurance. Costs incurred within the self-insured retention in PG&E's commercial policies may be recovered using available self-insurance funding. (L)/(T)

Funding of amounts in this subaccount is through CPUC jurisdictional retail distribution rates. (N)

The self-insurance amount to be collected in rates may not be greater than the amount that would achieve a total, available self-insurance accrual amount of $1 billion as of the end of the year, assuming no wildfire liability self-insurance costs are incurred that year. 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 Wildfire Event. The revenue requirement will be reduced when collecting it would place the balance of the available self-insurance above $1 billion. (N)

Additionally, wildfire expenses are subject to a deductible equal to 5 percent of up to $1 billion of self-insurance costs for wildfire events that occur each calendar year. The total amount of the deductible will not exceed $50 million annually. (N)

Disposition of the balance in this subaccount is at the end of the 2023 GRC Period. Determining the balance 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 Wildfire Event and payment of expenses from that event, this true up may extend beyond the end of year 2026. True-up of the balance will be determined through a Tier 2 advice letter process. (L)/(T)

(L)
(L)

(Continued)

ELECTRIC PRELIMINARY STATEMENT PART IN Sheet 3
RISK TRANSFER BALANCING ACCOUNT - ELECTRIC (RTBA-E)

IN. Risk Transfer Balancing Account – Electric (*RTBA-E*) (Cont'd)

1. Purpose (Cont'd)

Treatment of Undercollection: Subject to a cap of $300 million per year, the undercollection, plus interest, shall be recovered 40% in 2027; 30% in 2028; and 30% in 2029. To the extent the $300 million 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. (N)

Treatment of Overcollection: 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 GRC Case. (N)

This subacount will remain effective beyond the 2023 GRC Period at least until: (1) the final amounts of expenses paid for Wildfire Events are known; (2) the final amounts of any overcollection or undercollection are known; and (3) PG&E has collected the balance of any undercollection in customer rates through the RTBA or otherwise credited back any overcollection to customers. (N)

2. APPLICABILITY: The RTBA-E applies to all customer classes, except for those schedules or contracts specifically excluded by the Commission. (L)

3. REVISION DATE: Disposition of balances in the subaccounts are included in the above descriptions of the subaccounts. (L)

4. RATES: The RTBA-E does not have a rate component. (L)

5. ACCOUNTING PROCEDURE: The following entries will be made at the end of each month, or as applicable, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense: (L)

THIRD PARTY ELECTRIC DISTRIBUTION SUBACCOUNT: (L)

a) A credit entry equal to one-twelfth of the adopted annual expenses;

b) A debit entry equal to the actual expenses incurred and as allocated to this subaccount up to the reasonableness threshold; (L)

(D)

c) An entry to record the transfer of amounts to or from other accounts as approved by the Commission; and (T)/(L)

d) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (T)/(L)

(L)
(L)

(Continued)

IN. Risk Transfer Balancing Account – Electric (*RTBA-E*) (Cont'd)

5. ACCOUNTING PROCEDURE: (Cont'd)

THIRD PARTY GENERATION SUBACCOUNT: (L)

a) A credit entry equal to one-twelfth of the adopted annual expenses; |

b) A debit entry equal to the actual expenses incurred and as allocated to this subaccount up to the reasonableness threshold; (L)

(D)

c) An entry to record the transfer of amounts to or from other accounts as approved by the Commission; and (T)/(L) (L)

d) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (T)/(L) (L)

ADDITIONAL COVERAGE SUBACCOUNT: (L)

a) A debit entry equal to the electric distribution and generation portion of actual expenses incurred to purchase coverage in excess of authorized amounts (i.e. $1.4 billion in coverage). |

b) An entry to record the transfer of amounts to or from other accounts as approved by the Commission, and |

c) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (L)

WILDFIRE SELF-INSURANCE SUBACCOUNT: (T)/(L)

a) A debit entry equal to the recorded accruals for self-insurance costs. The accrual will be revised to reflect actual expenses, once known; (T)/(L) (T)/(L)

b) A credit entry equal to one-twelfth of the adopted annual self-insurance funding; (T)/(L)

c) A credit entry equal to investment income earned on self-insurance funds, net of applicable fees, as an offset to self-insurance costs; (N) (N)

d) A credit entry equal to 5% of the annual recorded self-insurance liability expenses up to $1 billion as a deductible. The total amount of the deductible will not exceed $50 million annually; (N) | (N)

e) A debit entry equal to costs incurred within the self-insured retention in PG&E's commercial policies; (N) (N)

(Continued)

IN. Risk Transfer Balancing Account – Electric (*RTBA-E*) (Cont'd)

5. ACCOUNTING PROCEDURE: (Cont'd)

WILDFIRE SELF-INSURANCE SUBACCOUNT: (Cont'd)

f) A debit or credit entry equal to unanticipated costs or benefits associated with implementation and operation of the self-insurance program;[2] (N)

g) An entry to record the transfer of amounts to or from other accounts as approved by the Commission; and (L)/(T)

h) A debit entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries if the balance is an undercollection at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (L)/(T)

[2] Any amounts recorded the account pursuant this entry will be identified and discussed in Tier 2 advice letter filings, where applicable.

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<u>Attachment 2</u>

Redline Tariff Revisions

GAS PRELIMINARY STATEMENT PART FK Sheet 1
RISK TRANSFER BALANCING ACCOUNT - GAS (RTBA-G)

FK. Risk Transfer Balancing Account – Gas (*RTBA-G*)

1. PURPOSE: The Risk Transfer Balancing Account is a two-way balancing account and is applicable to electric and gas customers. The purpose of the Risk Transfer Balancing Account – Gas (RTBA-G) is to track and record actual expenses compared to the adopted expenses for PG&E's financial risk transfer costs (inclusive of all financial risk transfer mechanisms: insurance, reinsurance, catastrophe (CAT) bonds, captives and related costs such as broker fees and excise taxes) allocated to the gas distribution function. Under the RTBA-G, PG&E would be authorized to recover costs associated with the purchase of up to $1.4 billion of financial risk transfer coverage for commercial policies purchased prior to 2023 in total ("reasonableness threshold"). Amounts in excess of this limit are tracked separately in the Additional Coverage Subaccount for subsequent review and approval by the Commission.

   Effective January 1, 2023, PG&E is shifting to a 100% self-insurance framework for wildfire liability insurance for the 2023 GRC Period (2023-2026). This shift does not affect PG&E's authority to collect the remaining, outstanding costs of commercial wildfire insurance that extend into and expire in 2023.

   This account is comprised of two~~three~~ subaccounts: Third-Party Gas Distribution Subaccount and Additional Coverage Subaccount.

   The Third-Party Gas Distribution Subaccount tracks financial risk transfer costs paid to third parties associated with the purchase of up to $1.4 billion of risk transfer coverage purchased through commercial policies prior to 2023 in total compared to adopted amounts that are allocated to the gas distribution function. Financial risk transfer expenses related to commercial wildfire insurance policies that extend into and expire in 2023 will continue to be recorded to this subaccount, including true-ups to previously recorded expenses. Disposition of the balance~~.~~ ~~Undercollections~~ in this subaccount will be determined annually through the Core Fixed Cost Account (CFCA) and the Noncore Customer Class Charge Account (NCA) in the Annual Gas True-Up (AGT), or through a separate advice letter as authorized by the Commission. ~~Overcollections at the end of the year will be transferred to the Self-Insurance Subaccount.~~

   The Additional Coverage Subaccount tracks the cost to purchase more than $1.4 billion in coverage purchased through commercial policies prior to 2023 in total, allocated to the gas distribution function. PG&E will file a Tier 2 advice letter to request approval of any costs for coverage over $1.4 billion recorded in total. Upon approval, financial risk transfer coverage costs recorded to this subaccount for the gas distribution function will be transferred to the CFCA and NCA.

   ~~The Self-Insurance Subaccount: To the extent that PG&E has not spent the total adopted amount on risk transfer products, PG&E shall purchase and record in the RTBA self-insurance costs not to exceed $1 billion over the 2020-2022 GRC rate case cycle. The gas distribution portion will be recorded in this Self-Insurance Subaccount. In the next GRC, PG&E will report on the status of the self-insurance fund and make a proposal addressing if the fund should continue and if there are any unused funds that should be returned to customers with interest. Disposition of the balance in this subaccount will be determined in the next GRC or as otherwise authorized by the Commission~~

(Continued)

GAS PRELIMINARY STATEMENT PART FK Sheet 1

RISK TRANSFER BALANCING ACCOUNT - GAS (RTBA-G)

2. APPLICABILITY: The RTBA-G applies to all customer classes, except for those schedules or contracts specifically excluded by the Commission.

3. REVISION DATE: Disposition of balances in the subaccounts are included in the above descriptions of the subaccounts.

4. RATES: The RTBA does not have a rate component.

5. ACCOUNTING PROCEDURE: The following entries will be made at the end of each month, or as applicable, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense:

(Continued)

GAS PRELIMINARY STATEMENT PART FK Sheet 2
RISK TRANSFER BALANCING ACCOUNT - GAS (RTBA-G)

FK. Risk Transfer Balancing Account – Gas (*RTBA-G*) (Con'td)

5. ACCOUNTING PROCEDURE (Cont'd):

THIRD-PARTY GAS DISTRIBUTION SUBACCOUNT:

a) A credit entry equal to one-twelfth of the adopted annual expense;

b) A debit entry equal to the actual expenses incurred and as allocated to this subaccount up to the reasonableness threshold;

~~c) If the balance is overcollected, an annual debit entry to transfer the balance to the Self-Insurance Subaccount;~~

c~~d~~) An entry to record the transfer of amounts to or from other accounts as approved by the Commission, and

d~~e~~) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

ADDITIONAL COVERAGE SUBACCOUNT:

a) A debit entry equal to the gas distribution portion of actual expenses incurred to purchase coverage in excess of authorized amounts (i.e. $1.4 billion of coverage);

b) An entry to record the transfer of amounts to or from other accounts as approved by the Commission; and

c) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

~~SELF-INSURANCE SUBACCOUNT:~~

~~a) A debit entry equal to the actual self-insurance expenses incurred;~~

~~b) A credit entry to record the transfer of any overcollected balance in the Third Party Gas Distribution Subaccount to the Self-Insurance Subaccount;~~

~~c) An entry to record the transfer of amounts to or from other accounts as approved by the Commission, and~~

~~d) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.~~

ELECTRIC PRELIMINARY STATEMENT PART IN Sheet 1
RISK TRANSFER BALANCING ACCOUNT - ELECTRIC (RTBA-E)

IN. Risk Transfer Balancing Account – Electric (*RTBA-E*)

1. PURPOSE: The Risk Transfer Balancing Account is a two-way balancing account and is applicable to electric and gas customers. The purpose of the Risk Transfer Balancing Account – Electric (RTBA-E) is to track and record actual expenses compared to the adopted expenses for financial risk transfer costs (inclusive of all financial risk transfer mechanisms: insurance, reinsurance, Catastrophe (CAT) bonds, captives and related costs such as broker fees and excise taxes) allocated to the electric distribution and generation functions. PG&E is authorized to recover costs associated with the purchase of up to $1.4 billion of financial risk transfer coverage for commercial policies purchased prior to 2023 in total (“reasonableness threshold”). Amounts in excess of this limit are tracked separately in the Additional Coverage Subaccount for subsequent review and approval by the Commission. The purpose of this account is to also track and record expenses compared to adopted funding for PG&E’s self-insurance program as described in the Wildfire Self-Insurance Subaccount.

   Effective January 1, 2023, PG&E is shifting to a 100% self-insurance framework for wildfire liability insurance for the 2023 GRC Period (2023-2026)[1] that applies to Wildfire Events, which include wildfire ignitions between January 1, 2023, and December 31, 2026. Wildfire Events also include wildfire ignitions in 2027 to the extent the self-insurance framework is extended into 2027. This shift does not affect PG&E’s authority to collect the remaining, outstanding costs of commercial insurance policies that extend into and expire in 2023.

   To the extent PG&E has wildfire liability insurance coverage through existing commercial market policies for a Wildfire Event, PG&E would exhaust that coverage before using self-insurance but may pay any costs incurred within the self-insured retention in its commercial policies using available self-insurance funding, which include deductibles associated with third-party wildfire commercial policies.

   This account is comprised of four subaccounts: Third-Party Electric Distribution Subaccount, Third-Party Generation Subaccount, Additional Coverage Subaccount, and Wildfire Self-Insurance Subaccount.

   The Third-Party Electric Distribution Subaccount tracks financial risk transfer costs paid to third parties associated with the purchase of up to $1.4 billion of risk transfer coverage purchased through commercial policies prior to 2023 in total compared to adopted amounts that are allocated to the electric distribution function. Financial risk transfer expenses related to commercial wildfire insurance policies that extend into and expire in 2023 will continue to be recorded to this subaccount, including true-ups to previously recorded expenses. Disposition of the balance~~Undercollections~~ in this subaccount will be determined annually through the Distribution Revenue Adjustment Mechanism (DRAM) in the Annual Electric True-Up (AET), or through a separate advice letter as authorized by the Commission. ~~Overcollections at the end of the year will be transferred to the Self-Insurance Subaccount.~~

[1] Upon mutual agreement, the Settling Parties may seek Commission authorization to extend the term of this Settlement for one or more years via Tier 2 Advice Letter.

(Continued)

ELECTRIC PRELIMINARY STATEMENT PART IN Sheet 1
RISK TRANSFER BALANCING ACCOUNT - ELECTRIC (RTBA-E)

The Third-Party Generation Subaccount tracks financial risk transfer costs paid to third parties associated with the purchase of up to $1.4 billion of risk transfer coverage purchased through commercial policies prior to 2023 in total compared to adopted amounts that are allocated to the generation function. Financial risk transfer expenses related to commercial wildfire insurance policies that extend into and expire in 2023 will continue to be recorded to this subaccount, including true-ups to previously recorded expenses. Disposition of the balance~~Undercollections~~ in this subaccount will be determined annually through the Portfolio Allocation Balancing Account (PABA) in the AET or through a separate advice letter as authorized by the Commission. ~~Overcollections at the end of the year will be transferred to the Self-Insurance Subaccount.~~

The Additional Coverage Subaccount tracks the cost to purchase more than $1.4 billion in coverage purchased through commercial policies prior to 2023 in total, allocated to the electric distribution and generation functions. PG&E will file a Tier 2 advice letter to seek approval of any costs for financial risk transfer coverage over $1.4 billion in total. Upon approval, the financial risk transfer coverage costs recorded to this subaccount for the electric distribution and generation functions will be transferred to the DRAM and PABA, respectively.

The Wildfire Self-Insurance Subaccount~~:~~ ~~To the extent that PG&E has not spent the total adopted amount on financial risk transfer products, PG&E shall record in the RTBA self-insurance costs not to exceed $1 billion over the 2020-2022 GRC rate case cycle. The electric distribution and generation portion will be recorded in this Self-Insurance Subaccount. In the next GRC, PG&E will report on the status of the self-insurance fund and make a proposal addressing if the fund should continue and if there are any unused funds that should be returned to customers with interest.~~ tracks adopted self-insurance funding plus investment income (net of incremental administrative expenses) less accrued wildfire liability expenses covered by self-insurance and any other applicable self-insurance costs, which mean the same costs that have typically been covered by third-party, commercial insurance coverage including the cost of wildfire liability claims, judgments, settlements, court costs and associated legal fees (excluding the costs of PG&E's in-house counsel) for Wildfire Events that are paid through self-insurance. Costs incurred within the self-insured retention in PG&E's commercial policies may be recovered using available self-insurance funding.

Funding of amounts in this subaccount is through CPUC jurisdictional retail distribution rates.

The self-insurance amount to be collected in rates may not be greater than the amount that would achieve a total, available self-insurance accrual amount of $1 billion as of the end of the year, assuming no wildfire liability self-insurance costs are incurred that year. 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 Wildfire Event. The revenue requirement will be reduced when collecting it would place the balance of the available self-insurance above $1 billion.

Additionally, wildfire expenses are subject to a deductible equal to 5 percent of up to $1 billion of self-insurance costs for wildfire events that occur each calendar year. The total amount of the deductible will not exceed $50 million annually.

Disposition of the balance in this subaccount is at the end of the 2023 GRC Period. Determining the balance 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 Wildfire Event and payment of expenses from that event, this true up may extend beyond the end of year 2026. True-up of the balance will be determined ~~in the next GRC or as otherwise authorized by the Commission~~ through a Tier 2 advice letter process.

(Continued)

ELECTRIC PRELIMINARY STATEMENT PART IN Sheet 1
RISK TRANSFER BALANCING ACCOUNT - ELECTRIC (RTBA-E)

Treatment of Undercollection: Subject to a cap of $300 million per year, the undercollection, plus interest, shall be recovered 40% in 2027; 30% in 2028; and 30% in 2029. To the extent the $300 million 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.

Treatment of Overcollection: 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 GRC Case.

This subacount will remain effective beyond the 2023 GRC Period at least until: (1) the final amounts of expenses paid for Wildfire Events are known; (2) the final amounts of any overcollection or undercollection are known; and (3) PG&E has collected the balance of any undercollection in customer rates through the RTBA or otherwise credited back any overcollection to customers.

2. APPLICABILITY: The RTBA-E applies to all customer classes, except for those schedules or contracts specifically excluded by the Commission.

(Continued)

ELECTRIC PRELIMINARY STATEMENT PART IN Sheet 2
RISK TRANSFER BALANCING ACCOUNT - ELECTRIC (RTBA-E)

IN. Risk Transfer Balancing Account – Electric (*RTBA-E*) (Cont'd)

3. REVISION DATE: Disposition of balances in the subaccounts are included in the above descriptions of the subaccounts.

4. RATES: The RTBA-E does not have a rate component.

5. ACCOUNTING PROCEDURE: The following entries will be made at the end of each month, or as applicable, excluding an allowance for Revenue Fees and Uncollectible (RF&U) accounts expense:

THIRD PARTY ELECTRIC DISTRIBUTION SUBACCOUNT:

a) A credit entry equal to one-twelfth of the adopted annual expenses;

b) A debit entry equal to the actual expenses incurred and as allocated to this subaccount up to the reasonableness threshold;

~~c) If the balance is overcollected, an annual debit entry to transfer the balance to the Self-Insurance Subaccount;~~

~~d~~c) An entry to record the transfer of amounts to or from other accounts as approved by the Commission, and

d~~e~~) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

THIRD PARTY GENERATION SUBACCOUNT:

a) A credit entry equal to one-twelfth of the adopted annual expenses;

b) A debit entry equal to the actual expenses incurred and as allocated to this subaccount up to the reasonableness threshold;

~~c) If the balance is overcollected, an annual debit entry to transfer the balance to the Self-Insurance Subaccount;~~

c~~d~~) An entry to record the transfer of amounts to or from other accounts as approved by the Commission, and

d~~e~~) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

ADDITIONAL COVERAGE SUBACCOUNT:

a) A debit entry equal to the electric distribution and generation portion of actual expenses incurred to purchase coverage in excess of authorized amounts (i.e. $1.4 billion in coverage).

(Continued)

IN. Risk Transfer Balancing Account – Electric (*RTBA-E*) (Cont'd)

5. ACCOUNTING PROCEDURE (Cont'd):

ADDITIONAL COVERAGE SUBACCOUNT (Cont'd):

b) An entry to record the transfer of amounts to or from other accounts as approved by the Commission, and

c) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

WILDFIRE SELF-INSURANCE SUBACCOUNT:

a) A debit entry equal to the recorded accruals for~~actual~~ self-insurance costs.~~expenses~~ The accrual will be revised to reflect actual expenses, once known~~incurred~~;

b) A credit entry equal to one-twelfth of the adopted annual self-insurance funding~~to record the transfer of any overcollected balance in the Third-Party Electric Distribution or Third-Party Generation Subaccounts to the Self-Insurance Subaccount~~;

c) A credit entry equal to investment income earned on self-insurance funds, net of applicable fees, as an offset to self-insurance costs;

d) A credit entry equal to 5% of the annual recorded self-insurance liability expenses up to $1 billion as a deductible. The total amount of the deductible will not exceed $50 million annually;

e) A debit entry equal to costs incurred within the self-insured retention in PG&E's commercial policies;

f) A debit or credit entry equal to unanticipated costs or benefits associated with implementation and operation of the self-insurance program;[2]

g~~e~~) An entry to record the transfer of amounts to or from other accounts as approved by the Commission, and

h~~d~~) A~~n~~ debit entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries if the balance is an undercollection at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

[2] Any amounts recorded the account pursuant this entry will be identified and discussed in Tier 2 advice letter filings, where applicable.

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.

Johnston, Kevin
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