



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

FILED

09/28/22

04:59 PM

A2209018

Application of Pacific Gas and Electric Company (U 39 E) and Pacific Generation LLC for Approval to Transfer Certain Generation Assets, for a Certificate of Public Convenience and Necessity, for Authorization to File Tariffs and to Issue Debt, and for Related Determinations.

Application No. 22-09-_____
(Filed September ____, 2022)

**APPLICATION OF PACIFIC GAS AND ELECTRIC
COMPANY (U 39 E) AND PACIFIC GENERATION LLC
FOR APPROVAL TO TRANSFER CERTAIN
GENERATION ASSETS, FOR A CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY, FOR
AUTHORIZATION TO FILE TARIFFS AND TO ISSUE
DEBT, AND FOR RELATED DETERMINATIONS**

REQUEST FOR EXPEDITED SCHEDULE

**PUBLIC VERSION
(SCHEDULES I, II, III AND IX-B CONFIDENTIAL)**

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Dated: September 28, 2022

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I. INTRODUCTION

Pursuant to Public Utilities Code (“PUC”) sections 851, 816-830, 454, 492, and 701, and Articles 2, 3, and 7 of the Commission’s Rules of Practice and Procedure, Pacific Gas and Electric Company (“PG&E”) and Pacific Generation LLC (“Pacific Generation”) file this Application to request authorizations and determinations by the California Public Utilities Commission (the “Commission”) to allow PG&E to transfer substantially all of its non-nuclear generation assets to Pacific Generation, a new PG&E subsidiary, which will facilitate a sale of up to 49.9% of the equity interests in Pacific Generation (the “Minority Equity Interests”) to one or more third party investors (“Minority Investor(s)”) (collectively, the “Proposed Transaction”), and for appropriate related authorizations, determinations, and ratemaking treatment.

The Proposed Transaction represents the best path for PG&E to raise equity capital while balancing a variety of objectives, including (1) meeting PG&E’s near term capital needs to

improve the safety and reliability of its system and to help achieve California's decarbonization and electrification goals, (2) supporting the overall deleveraging plans of PG&E and PG&E Corporation consistent with the decision approving PG&E's Plan of Reorganization, Decision 20-05-053, (3) avoiding the dilutive effect of an issuance of PG&E Corporation common stock and its associated negative impact on the Fire Victim Trust, and (4) retaining the economic and operational benefits of PG&E's generation assets for customers while continuing to provide safe, reliable, and affordable service.

Subject to the Commission's approval, Pacific Generation will become a Commission-regulated cost-of-service public utility. PG&E anticipates selling the Minority Equity Interests to Minority Investor(s), and Pacific Generation will issue debt in compliance with its authorized capital structure, which is requested to be 52% equity and 48% long-term debt. PG&E personnel will continue to operate and maintain Pacific Generation's assets, and PG&E will continue to schedule and dispatch output from generation facilities owned by Pacific Generation as part of an integrated resource portfolio using the same least-cost dispatch approach as at present.

As explained in more detail below and in the accompanying prepared testimony, PG&E and Pacific Generation request the following principal approvals, authorizations and findings from the Commission:

- Approval under PUC section 851 to transfer substantially all of PG&E's non-nuclear generation assets to Pacific Generation. Consistent with section 851, the proposed asset transfer should be approved because it is not adverse to the public interest. In fact, the Proposed Transaction will promote the public interest. The asset transfer and related relief will facilitate the sale of the Minority Equity Interests, which will enable PG&E to most efficiently meet its need for equity capital while balancing a number of other

important objectives. Moreover, the sale of the Minority Equity Interests would generate taxable income to PG&E that PG&E anticipates would accelerate payment of the Additional Shareholder Contributions to the Customer Credit Trust, which ultimately redounds to the benefit of the Customer Credit Trust and PG&E's customers.

- Issuance of a Certificate of Public Convenience and Necessity ("CPCN") for Pacific Generation to operate as a utility subject to the Commission's jurisdiction. Specifically, Pacific Generation would be certificated as an "electrical corporation" owning "electric plant," i.e., property owned to facilitate generation of electricity.
- Findings that the Proposed Transaction will not affect system reliability and is consistent with PUC section 362, as the assets will continue to be dedicated to the public and operated by PG&E in the same manner as today.
- Approval under Chapter 4, Articles 5 and 6 of the PUC (sections 816-830 and 851) for Pacific Generation to issue long-term and short-term debt secured by utility property.
- Approval for Pacific Generation to file tariffs, including joint tariffs and rate schedules with PG&E, other tariffs that would establish certain memorandum and balancing accounts for Pacific Generation similar to those maintained by PG&E today, and any electric rules, electric forms, and other tariffs in order to operate as a public utility, as outlined in the accompanying testimony Chapter 10.
- Confirmation that the contemplated forms of agreement pursuant to which the Minority Investor(s) will acquire Minority Equity Interests would not involve a change in control under PUC section 854 because at all times PG&E will own a majority of the Pacific Generation equity interests and maintain day-to-day operational and managerial control of Pacific Generation.

- Confirmation that the Proposed Transaction does not trigger application of PUC section 854.2 because it does not involve a successor employer and does not implicate any of the employee protection-related remedies or policy concerns addressed by that section.
- Confirmation that Pacific Generation will be treated as a regulated subsidiary of PG&E for purposes of the Commission’s Affiliate Transaction Rules approved in D.06-12-029 and that the Minority Investor(s) will not be considered “affiliates” of PG&E or Pacific Generation under those rules.
- Confirmation that the Proposed Transaction does not trigger the Commission’s gain on sale rules because it involves the transfer of assets at book value and the assets will remain dedicated to public service and subject to cost-of-service regulation by the Commission.
- Confirmation that the Proposed Transaction does not trigger review under the California Environmental Quality Act (“CEQA”). The Proposed Transaction is not a “project” under CEQA because there will be no change in the operations of the assets in question as a result of the Proposed Transaction. Any future change with respect to operations of the assets would remain subject to all relevant statutory and regulatory requirements.
- Confirmation that the Proposed Transaction is not subject to the Commission’s Tribal Land Transfer Policy, or an alternative determination that it is exempted from that policy, because Pacific Generation will be an Investor-Owned Utility subject to the Commission’s jurisdiction and any future disposition of real property by Pacific Generation would be subject to the Tribal Land Transfer Policy.

II. DESCRIPTION OF THE TRANSACTION

A. Formation of Pacific Generation

Pacific Generation was formed on September 26, 2022, as a Delaware limited liability company. Pacific Generation is currently a member-managed limited liability company managed by PG&E. PG&E currently owns, and has owned since Pacific Generation's formation, 100% of the equity interests of Pacific Generation (the "Pacific Generation Interests"). As described further below, prior to the contemplated sale of the Minority Equity Interests to the Minority Investor(s), PG&E will transfer 1% of the Pacific Generation Interests to a new Delaware limited liability company to be formed by PG&E as its wholly owned subsidiary ("New Holdco") with no assets or liabilities other than the 1% equity interest in Pacific Generation.

B. Transfer of Non-Nuclear Generation Assets and Pacific Generation's Assumption of Related Liabilities

With the Commission's approval, PG&E will transfer to Pacific Generation all of its right, title, and interest in and to substantially all of its non-nuclear generation assets, including assets that are currently in PG&E's generation rate base and those that are recorded as construction work in progress. This includes PG&E's hydroelectric, natural gas, and solar generation assets, and the Elkhorn battery energy storage system ("Elkhorn").¹ The combined generation capacity of these assets is approximately 5.6 GW: approximately 3,848 MW of hydroelectric, 1,400 MW of natural gas, 152 MW of solar, and 182 MW of battery energy storage. The 2023 weighted average forecasted rate base of the generation assets to be transferred is approximately \$3.5 billion, equal to about 7 percent of PG&E's total rate base.

¹ Two small hydroelectric facilities that PG&E has previously agreed to sell will be excluded, as will two small roof-mounted solar facilities located near PG&E's San Francisco service center.

The transfer of assets to Pacific Generation, and the assumption by Pacific Generation of liabilities and certain contracts, will be accomplished primarily through a Separation Agreement and the conveyance and other documents and agreements contemplated therein. The proposed form of Separation Agreement between PG&E and Pacific Generation is attached hereto as Attachment A, and described further in Chapter 2 of the accompanying testimony.

Key elements of the Separation Agreement include a description of the assets to be transferred to and liabilities to be assumed by Pacific Generation, post-closing covenants for both PG&E and Pacific Generation, representations and warranties made by PG&E to Pacific Generation, indemnification provisions, and other necessary actions by the parties to enable transfer of the assets. Under the Separation Agreement, Pacific Generation also would assume certain liabilities associated with the transferred assets, such as environmental liabilities that are unknown at the time of the Proposed Transaction's closing, and would assume certain contractual obligations related to the generation assets.

The assets and real property to be transferred are described further in Chapter 2 of the accompanying testimony and the associated attachments.

With this asset transfer and the intercompany agreements to be executed concurrently with such transfer (as discussed in Chapter 4 of the accompanying testimony) (the "Intercompany Agreements"), and the Commission's issuance of a CPCN and authority to file tariffs, Pacific Generation would be able to operate as a public utility regulated by the Commission, providing the same generation benefits currently provided by PG&E but with the added benefits of the Proposed Transaction, as described above and further in Chapter 1 of the accompanying testimony.

C. Issuance of Long-Term and Short-Term Debt by Pacific Generation

As part of the Proposed Transaction, Pacific Generation requests authority to issue up to \$2.1 billion in long-term debt. This will enable Pacific Generation to maintain a balanced capital structure of 52% equity and 48% debt financing rate base. Pacific Generation anticipates using the proceeds from this issuance for its capitalization as part of the Proposed Transaction and reorganization of PG&E (as described in Section C.1. below), consistent with PUC section 817(f) and other statutorily authorized purposes. The amount of this authorization reflects an anticipated long-term debt need of approximately \$1.9 billion for Pacific Generation's initial capitalization based on its projected end of year 2023 rate base and Construction Work in Progress, accounting for the proposed regulatory capital structure. To accommodate the possibility that the rate base at closing may be higher, Pacific Generation requests a total authorization of \$2.1 billion for its initial capitalization.² Pacific Generation would issue a total quantum of debt for its initial capitalization in compliance with its authorized capital structure at the time of the closing of the Proposed Transaction.

In addition, Pacific Generation also seeks authority to issue up to \$350 million in long-term debt to fund its anticipated capital expenditures over the 2024-2026 period and to allow it to finance its ongoing capital spending requirements and to replace maturing debt. The amount of this request also includes a contingency amount intended to give Pacific Generation flexibility to address capital needs that exceed current expectations, particularly in light of uncertainty regarding inflation, or to take advantage of liability management opportunities.

² To the extent there is greater variation than what Pacific Generation has accounted for in the amount of this requested authorization, and in the event Pacific Generation intends to issue a total quantum of debt for its initial capitalization in excess of \$2.1 billion, Pacific Generation proposes to use a portion of the \$350 million requested long term debt authorization, which is intended to account for potential contingencies.

Consistent with PG&E’s prior long-term debt authorizations (D. 20-12-025, D. 20-05-053), and as described in greater detail in Chapter 6, Pacific Generation seeks authorization to issue, sell and deliver, or otherwise incur various types of long-term debt securities and instruments. (Collectively, the long-term and short-term debt securities and instruments described below and in Chapter 6 are referred to as “Debt Securities.”) These include first and refunding mortgage bonds, debentures, notes, trust preferred securities, overseas indebtedness, foreign currency denominated securities, medium-term notes, direct loans, accounts receivable financing, other floating or variable rate debt, and hybrid securities, all of which are forms of long-term Debt Securities authorized for use by PG&E today. Specifically in connection with the request for long-term debt to fund anticipated capital expenditures over the 2024-2026 period, Pacific Generation also seeks authorization to enter into interest rate hedges.

Pacific Generation also requests authority to issue, sell and deliver or otherwise incur up to \$1.2 billion in short-term debt for its working capital and other short-term liquidity needs as part of and following consummation of the Proposed Transaction. The amount of this authorization aligns with benchmarking against the credit facilities in place at utilities comparable to Pacific Generation based on standard measures such as rate base and is a conservative approach intended to give Pacific Generation flexibility to manage liquidity needs and maintain a contingency for unforeseen needs. The amount of this authorization would be inclusive of the amount allowed pursuant to PUC section 823(c).

Consistent with PG&E’s prior short-term debt authorizations (see D.21-05-008; D.20-05-053), and as described in greater detail in Chapter 6, Pacific Generation requests authorization to issue various types of short-term Debt Securities, including direct loans, revolving credit facilities, term loan facilities and letter of credit facilities, accounts receivable financing,

commercial paper, and extendible commercial notes, all of which are forms of short-term Debt Securities authorized for use by PG&E today. Credit facilities for these purposes may be established through several types of structures, the most typical being bank revolving loan (including Letters of Credit (“LOC”)) and term loan facilities, and customer accounts receivable financing. Credit facilities typically involve multi-year agreements. Since borrowings under these facilities are intended to manage variations in short-term cash flow, and not as a permanent source of financing for long-term assets such as rate base, consistent with PG&E’s past practice³ Pacific Generation proposes to treat all such borrowings as short-term debt for ratemaking purposes, which will be excluded from Pacific Generation’s ratemaking capital structure. Any such short-term Debt Securities could be secured or unsecured.

Pacific Generation also seeks authorization, in connection with the issuance of short- and long-term Debt Securities, to (a) guarantee the securities and other debt instruments of regulated direct or indirect subsidiaries or affiliates of Pacific Generation or of governmental entities that issue securities on behalf of Pacific Generation; (b) execute and deliver one or more indentures or supplemental indentures and other instruments evidencing or governing the terms of Debt Securities; and (c) sell, lease, assign, mortgage, or otherwise dispose of or encumber utility property.

Pacific Generation requests authority under PUC section 851 to encumber utility property in connection with short- and long-term Debt Securities.⁴ Specifically, Pacific Generation requests authority to secure the aforementioned Debt Securities by (1) a mortgage on Pacific Generation’s property, including by issuing collateral mortgage bonds or first mortgage bonds;

³ *E.g.*, D.04-10-037 at 12.

⁴ The existing encumbrances on the subject generation assets under PG&E’s first mortgage indenture (which were authorized by D.20-05-053) will be released in advance of transfer of the assets to Pacific Generation.

(2) a pledge of Pacific Generation's accounts receivable, including related collateral pledged under accounts receivable facilities, such as (a) security interests securing payment of such accounts receivable, (b) guarantees, LOCs, LOC rights, supporting obligations, insurance and other agreements or arrangements supporting the payment of such accounts receivable, (c) service contracts and other agreements associated with such accounts receivable, (d) records related to such accounts receivable, and/or (e) proceeds of any of the foregoing; and/or (3) a lien on Pacific Generation's property or another credit enhancement arrangement. With respect to accounts receivable financing, Debt Securities are secured by a pledge, sale, or assignment of the utility's customer accounts receivable. Pacific Generation anticipates that, if it pursues any transaction comprising an accounts receivable financing, it would be structured to be a true sale for bankruptcy purposes and debt for financial reporting and tax purposes, although other structures may be developed using accounts receivable as security or collateral. In one potential structure of an accounts receivable financing, Pacific Generation may create a subsidiary that purchases accounts receivable from Pacific Generation and pledges them as collateral, and Pacific Generation may pledge the equity interests in this subsidiary. Should any such transaction be structured whereby Pacific Generation does not act as servicer (or does not appoint PG&E to act as sub-servicer) of the accounts receivable facility, Pacific Generation (or PG&E) may be required to enter a performance guaranty of the obligations of the servicer and hereby requests authorization to do so. Pacific Generation also seeks authorization to execute and deliver one or more indentures or supplemental indentures, mortgages, security agreements, pledge agreements and such other collateral documents or instruments to secure the Debt Securities authorized by the Commission in this proceeding.

In order to improve the terms and conditions of the Debt Securities and to lower Pacific Generation's overall cost of financing for the benefit of customers, Pacific Generation further requests authorization to include at its discretion one or a combination of the following additional features in Pacific Generation or affiliate Debt Securities: credit enhancements such as letters of credit, standby bond purchase agreements, surety bonds or insurance policies, or other credit support arrangements; early redemption provisions; put options; sinking funds; tax-exempt financings; and warrants.

1. Use of Proceeds

Pacific Generation requests authority to use the proceeds from the issuance of long-term Debt Securities requested in this Application, for the purposes permitted by PUC section 817, in addition to the payment of accrued interest, if any, and payment or discharge of obligations incurred for expenses incident to their issuance and sale. These purposes include: (1) for the acquisition of property; (2) for the construction, completion, extension or improvement of facilities; (3) for the improvement or maintenance of its service; (4) for the discharge or lawful refunding of its obligations; (5) for the reorganization or readjustment of its indebtedness or capitalization upon a merger, consolidation, or other reorganization (including the repatriation of funds to PG&E contemplated here, as noted below); (6) for the retirement of or in exchange for one or more outstanding stocks or stock certificates or other evidence of interest or ownership of such public utility, or bonds, notes, or other evidence of indebtedness of such public utility, with or without the payment of cash; and (7) for the reimbursement of moneys actually expended from income or from any other money in the treasury of the public utility not secured by or obtained from the issue of stocks or stock certificates or other evidence of interest or ownership, or bonds, notes, or other evidences of indebtedness of the public utility, for any of the aforesaid

purposes except maintenance of service and replacements. The amounts so reimbursed will become a part of Pacific Generation's general treasury funds (see D.05-04-023).

Pacific Generation anticipates that the use of the proceeds from the initial issuance of long-term Debt Securities will be for its capitalization as part of the Proposed Transaction and reorganization of PG&E, consistent with PUC section 817(f) and other statutorily authorized purposes. In connection with the reorganization, these debt proceeds would be repatriated to PG&E to support PG&E's capital expenditure program in 2024 and beyond and enable PG&E to retire existing debt that is funding rate base and is scheduled to mature⁵ and/or to forbear from issuing new incremental long-term debt to finance PG&E's near-term rate base investments. Depending on the timing of the closing of the Proposed Transaction in relation to the maturity schedule for PG&E's existing long-term debt, PG&E may temporarily use short-term debt to retire maturing long-term debt. PG&E may then retire such short-term debt with the long-term debt proceeds repatriated to PG&E in connection with the reorganization of PG&E. PG&E therefore requests authority pursuant to PUC section 823(d) for such a scenario.

Pacific Generation anticipates using proceeds from the financing request for up to \$350 million in long-term debt to fund Pacific Generation's anticipated capital expenditures over the 2024-2026 period, to reimburse Pacific Generation for money it has expended for those purposes, or in connection with the retirement of existing long-term debt of Pacific Generation, consistent with PUC sections 817(a)–(d), (g), (h).

D. Contemplated Sale of Minority Equity Interests

1. Structure and Terms

Following PG&E's contribution of the generation assets to Pacific Generation, PG&E

⁵ Alternatively (or in addition), PG&E might retire this or other long-term debt before it matures through a tender offer, repurchase or redemption, or an exchange offer for new Pacific Generation long-term debt.

contemplates (i) contributing 1% of the Pacific Generation Interests to New Holdco,⁶ followed by (ii) a sale by PG&E of the Minority Equity Interests to Minority Investor(s) pursuant to a Minority Sale Agreement (the “MSA”). If there are multiple Minority Investors, the sale to each Minority Investor would be made pursuant to a separate MSA, with each MSA having substantially similar terms and potentially coordinated closings. The governance of Pacific Generation, among other things, will be as set forth in an Amended and Restated Limited Liability Company Agreement of Pacific Generation (the “LLC Agreement,” and collectively with the MSA, “Investment Agreements”). The proposed forms of these Investment Agreements are attached to Chapter 5 of the accompanying testimony as Attachment A (LLC Agreement) and Attachment B (MSA). In the proposed post-signing Advice Letter (described in Section II.E. below), PG&E will identify modifications to the contemplated forms of the Investment Agreements made in the course of negotiations with the Minority Investor(s) during the sale process.

The LLC Agreement will provide that Pacific Generation will be managed by a board of managers (each a “Manager,” and collectively the “Board”) and that PG&E will, at all times, have the authority to control the Board. The President of Pacific Generation will be a Manager. Each Minority Investor owning 10% or more of the Pacific Generation Interests will be entitled to appoint one Manager (or two Managers, in the case of a Minority Investor owning 40% or more of the Pacific Generation Interests).⁷ The Board chairperson will be appointed by PG&E from among its appointed Managers and the President of Pacific Generation.

⁶ This structure enables the sale of the Pacific Generation Minority Equity Interests to be treated as the sale of a partnership interest for tax purposes, which has certain tax consequences as discussed further in Chapter 8 of the accompanying testimony.

⁷ Thus, for illustrative purposes only: If two Minority Investor(s) each acquire 24.9% of the Pacific Generation Interests, the Board will initially consist of 7 managers: four appointed by PG&E, the Pacific Generation President,

Subject to consultation rights of Minority Investor(s) holding certain percentages of the Pacific Generation Interests, as discussed in Chapters 3 and 5, the affirmative vote of a majority of the total number of votes entitled to be voted by the Managers will control all appointments of Pacific Generation officers, including the President, General Counsel, and Chief Financial Officer. Subject to certain consent rights of the members of Pacific Generation, as described below, the affirmative vote of a majority of the total number of votes entitled to be voted by the Managers will be required for decisions of Pacific Generation. PG&E will also appoint a majority of the members of any committees of the Board, and each Minority Investor holding at least 20% of the outstanding Pacific Generation Interests will have the right to appoint one member to any Board committee.

The LLC Agreement contains minority consent, review, and consultation rights that are customary and reasonable for minority sale transactions in the utility sector. These minority governance rights are designed to provide the Minority Investor(s) reasonable rights to protect their capital investment in Pacific Generation, but would not provide the investors, individually or collectively, with “control” over Pacific Generation. As an example of the rights to be afforded to the Minority Investor(s), any Minority Investor with at least a 5% interest in Pacific Generation will have a consent right regarding whether Pacific Generation enters voluntary bankruptcy proceedings and regarding any amendments to the LLC Agreement of Pacific Generation and other organizational documents of any material subsidiaries of Pacific Generation (unless such amendments are ministerial or would not have a material and disproportionate adverse impact on the Minority Investor(s)).

and one appointed by each of the two Minority Investor(s). If four Minority Investor(s) each acquire 12.475% of the Pacific Generation Interests, the Board will initially consist of 11 managers: six appointed by PG&E, the Pacific Generation President, and one appointed by each of the four Minority Investor(s).

Because distributions are an important component of the return expected by the type of infrastructure investors who seek out minority investment positions in utilities, Pacific Generation will adopt a distribution policy outlined in the LLC Agreement. Pacific Generation's distribution policy will be maintained as though Pacific Generation were a standalone utility company, in keeping with the conditions established in connection with PG&E's reorganization under a holding company structure.⁸ The distribution policy contemplated by the LLC Agreement provides that Pacific Generation intends to make a quarterly operating distribution based on a target range of Pacific Generation's earnings, subject to the Board's discretion with respect to the target range or to not declare an operating distribution in any quarter based on any factors it deems relevant, including those related to the availability of capital to fund Pacific Generation's operations or the ability of Pacific Generation to comply with legal and regulatory requirements. Pacific Generation's distribution policy will further provide that Pacific Generation intends to declare a quarterly tax distribution. All distributions will be made to members pro rata in proportion to their respective percentage interests in Pacific Generation. Subject to the consent right of any Minority Investor with at least a 20% interest in Pacific Generation, the Board may change the distribution policy at any time.

2. Proposed Transaction & Sale Process

PG&E will market the Minority Equity Interests with the assistance of Barclays Capital Inc. ("Barclays"), its financial advisor for the Proposed Transaction, which will disseminate detailed information about the Proposed Transaction to and solicit interest from qualified potential investors. Barclays anticipates that the investment is likely to be attractive to entities that seek a regulated revenue stream, such as pension funds, infrastructure funds, or sovereign

⁸ See *In Matter of Pacific Gas and Electric Co.*, 69 C.P.U.C. 2d 167 (1996).

wealth funds. These types of investors would not be interested in operating Pacific Generation's assets or participating in its day-to-day management or operations.

PG&E and Barclays propose a competitive two-phase auction process for the sale of the Minority Equity Interests. During Phase I, investors will perform initial due diligence and provide indicative bids and any proposed changes to transaction terms. PG&E anticipates that these initial bids will be submitted in February or March of 2023. During Phase II, PG&E will select a narrowed field of bidders to participate in a second round, which will involve more detailed due diligence and negotiation of the final terms of the contracts submitted herewith. PG&E's goal is to execute the Investment Agreements with the winning bidder(s) in or around July 2023. This two-phase marketing and auction process is designed to maximize value by creating and then increasing competitive tension among a group of highly qualified potential investors. Following the Commission's review of a post-signing advice letter and other regulatory approvals, PG&E plans to close the Proposed Transaction by the end of 2023.

3. Contemplated Use of Proceeds

PG&E will use the proceeds of the sale of the Minority Equity Interests as a source of equity funding for PG&E's utility capital expenditure program, including investments in system safety and reliability upgrades, risk mitigation, and investments in electrification and related state-sponsored efforts to combat climate change.

E. Relationship Between Proposed Transaction and Contemplated Regulatory Process

PG&E's goal is to close the Proposed Transaction with the Minority Investor(s) by the end of 2023 in order to generate equity proceeds to meet capital requirements in late 2023 and 2024. A later closing date would compel PG&E to take other actions with potentially negative

consequences (or far less support) for PG&E’s overall financial health and the interests of customers and other stakeholders.

In addition, PG&E’s ability to maximize equity proceeds depends upon potential investors being willing to devote substantial resources to due diligence and transaction negotiations. This willingness depends on the confidence of the potential investor(s) that the Commission is likely to approve the Proposed Transaction, and particularly that the Commission is likely to approve the formation of Pacific Generation as a rate-regulated utility subject to the Commission’s jurisdiction.

In light of these considerations, PG&E and Pacific Generation propose a multi-stage regulatory approval process, similar to that used by the Commission to facilitate PG&E’s late-1990s divestiture of natural gas-fired power plants and the recent sale of its headquarters building.⁹ The first stage, initiated by this Application, would be a formal proceeding leading up to a Commission decision in July 2023 approving the transfer of assets to Pacific Generation under section 851, issuing a CPCN (effective at closing of the Separation Agreement), authorizing Pacific Generation’s filing of tariffs, granting financing authority for the issuance of debt, determining that the Proposed Transaction would not constitute a change of control, and granting the related relief described above. As part of this first stage, PG&E and Barclays would begin soliciting initial, Phase I bids for the Minority Equity Interests after the issuance of a scoping memo that lays out the issues to be decided in this proceeding. PG&E requests that the Assigned Commissioner issue a ruling (the “ACR”) in March 2023 identifying any

⁹ See D.97-09-046, 75 CPUC 2d 340 (interim decision authorizing PG&E’s auction for initial natural gas-fired power plant divestitures); D.98-07-092, 81 CPUC 2d 347 (interim decision authorizing PG&E’s auction for second round of divestitures); see also D.21-08-027 (decision authorizing sale of PG&E’s headquarters building; PG&E filed the application in September 2020, entered into a proposed settlement in April 2021, modified the settlement following ALJ comments, signed the contract to sell in May 2021, and Commission issued decision approving the sale in August 2021).

recommended changes to the Separation Agreement and related documents. While the ACR would not be a decision of the full Commission, it would nevertheless provide an important signal to potential investors and would enable PG&E and Pacific Generation to take steps to respond to any identified regulatory issues at the start of Phase II bidding.

The second stage of the regulatory approval process would commence following the Commission's final decision on this Application. Assuming the Commission grants the requested relief in July 2023, as proposed, PG&E expects to execute one or more MSAs with Minority Investor(s) that same month. As part of the second stage of the regulatory process, PG&E would then file one or more Tier 2 Advice Letters as early as August 2023.¹⁰ These advice letter(s) would identify the Minority Investor(s), submit definitive principal transaction documents (including the Separation Agreement and associated schedules and exhibits), submit proposed tariffs and tariff revisions, and provide Pacific Generation's initial revenue requirement and PG&E's updated revenue requirement. In light of the complexity of the Proposed Transaction, as well as the filing of new tariffs for Pacific Generation and the contemplated revisions to PG&E's existing tariffs (as described further in Sections VII.B.5.–6. below and Chapter 10 of the prepared testimony), PG&E and Pacific Generation also request that the Commission's decision grant authority to file additional advice letters, as needed, to fully implement the Proposed Transaction and the associated ratemaking and tariff changes.

The regulatory process will also encompass approvals from other regulators, including the Federal Energy Regulatory Commission ("FERC"), that will be required for closing of the Proposed Transaction. PG&E will pursue certain FERC approvals in parallel with the

¹⁰ As with any advice letter, the Commission has the discretion to upgrade the Tier 2 Advice Letter(s) to Tier 3, requiring a Commission resolution, should circumstances warrant.

Commission’s proceedings. One portion of FERC’s review, however, must await the identification of the Minority Investor(s), and that filing will occur at approximately the same time as the initial Tier 2 Advice Letter(s) described above. Applicants believe that both the Commission’s disposition of the initial Tier 2 Advice Letter(s) and FERC’s approval of the sale of the Minority Equity Interests to the Minority Investor(s) can be completed in time for a closing by the end of 2023.¹¹

Following the Commission’s review of the post-signing advice letter(s) and these other regulatory approvals, PG&E plans to close the Proposed Transaction by the end of 2023. A specific proposed schedule to accomplish this result is set forth in Section XI.A.5. below.

III. DESCRIPTION OF PACIFIC GENERATION

A. Overview of Pacific Generation’s Role

Applicants request that the Commission issue a CPCN authorizing Pacific Generation to operate as a public utility subject to the Commission’s jurisdiction. Specifically, Pacific Generation would be an “electrical corporation” under PUC section 218 because it owns “electric plant” as defined in PUC section 217.

By issuing a CPCN to Pacific Generation, the Commission can retain for customers the full benefits of the assets to be transferred to Pacific Generation, including the benefits of cost-of-service regulation. The Commission would continue to regulate Pacific Generation by setting its authorized revenue requirement based on cost, thereby ensuring that Pacific Generation’s customers will pay no more than the costs of these assets. To the extent that market revenues for Pacific Generation’s assets are greater or less than Pacific Generation’s authorized revenue requirement, departed load customers on whose behalf these assets were put into service will

¹¹ If one of the winning bidders is a foreign entity, a submission to the Committee on Foreign Investment in the United States (“CFIUS”) may also be required.

continue to receive a credit or charge, consistent with the existing Power Charge Indifference Adjustment (“PCIA”) methodology and processes, as further described in Chapter 9 of the accompanying testimony. This approach replicates the Commission’s current regulation of the generation assets that would be transferred to Pacific Generation.

In order to enable Pacific Generation to recover its full authorized revenue requirement, PG&E and Pacific Generation present a ratemaking proposal in Chapter 9. Through this ratemaking construct, costs associated with the assets to be transferred would continue to be collected based on cost-of-service regulation and recovered from the same customer sets as today in the same proportions as under today’s methodology.

Pacific Generation’s service territory will be coextensive with PG&E’s electric service territory. Pacific Generation will file tariffs reflecting the revenue requirement approved by the Commission, including certain joint tariffs and electric rate schedules with PG&E, and will thus have the legal authority to recover from retail customers consistent with its tariffs. PG&E will continue to bill customers as billing agent and servicer for Pacific Generation and include in such bills Pacific Generation’s charges computed in accordance with the relevant tariffs.

Pacific Generation will engage PG&E to continue to dispatch Pacific Generation’s generating units and schedule the output into the California Independent System Operator (“CAISO”). In its capacity as operator and servicer for Pacific Generation, PG&E will continue to integrate such functions with its overall energy supply portfolio and continue to adhere to a least-cost dispatch approach.

B. Operations and Management

PG&E will provide essential business services to Pacific Generation through the Intercompany Agreements. These Intercompany Agreements, which are summarized below and more fully discussed in Chapter 4 of the accompanying testimony, will enable the ongoing

operation and maintenance of Pacific Generation's facilities and ensure necessary support for its day-to-day management.

PG&E and Pacific Generation will enter into one or more operations and services agreements, pursuant to which PG&E personnel (including represented employees) and contractors will continue to construct, operate, maintain, repair, and support Pacific Generation's assets and operations in substantially the same manner as they do today. PG&E will also perform certain administrative and corporate support functions for Pacific Generation under corporate services agreements. In addition, PG&E and Pacific Generation will enter into various interconnection agreements that will govern the interconnection between Pacific Generation's generation assets and PG&E's electric transmission and distribution grid, a scheduling and dispatch agreement pursuant to which PG&E will schedule and dispatch the output from Pacific Generation's assets into the CAISO market and schedule maintenance outages, and a fuel procurement agreement pursuant to which PG&E will procure fuel, including natural gas, and other necessary resource inputs (such as electricity for battery storage facilities) for Pacific Generation's generation assets.

Under a billing services agreement, PG&E will act as the billing agent and servicer for Pacific Generation and will calculate Pacific Generation's charges consistent with the relevant tariffs, collect these charges from Pacific Generation's customers, and remit relevant collected payments to Pacific Generation. PG&E and Pacific Generation will also enter into a legal and regulatory matters agreement, pursuant to which PG&E will provide certain legal and government relations services to Pacific Generation, including acting on behalf of Pacific Generation in regulatory proceedings before the Commission, and a wildfire indemnification agreement, pursuant to which PG&E will indemnify Pacific Generation for losses arising from

wildfires determined to have been caused by PG&E or Pacific Generation facilities and equipment.

The Board will appoint Pacific Generation's officers, who will oversee the management of Pacific Generation, subject to direction by the Board. Applicants expect that, initially, the President of Pacific Generation will be employed solely by Pacific Generation. Apart from the President, Pacific Generation is not currently anticipated to have any employees. Other Pacific Generation officers may also serve as officers of PG&E and/or PG&E Corporation.¹² An officer services agreement will govern the relationship between Pacific Generation's officers and PG&E.

IV. THE TRANSACTION SHOULD BE AUTHORIZED (SECTION 851)

The asset transfer to Pacific Generation should be approved under PUC section 851. The transfer enables a transaction that advances the public interest by increasing the financial health of PG&E and the Customer Credit Trust, and has no negative impact on reliability or rates.

A. Promotes PG&E's Financial Health

PG&E needs to raise equity to meet its capital expenditure program. PG&E and its financial advisor, Barclays, have determined that the Proposed Transaction would be a less costly, more efficient way to raise equity capital than the sale of PG&E Corporation common stock. In addition to failing to capitalize upon what is expected to be an attractive valuation of Pacific Generation's equity, issuance of PG&E Corporation common stock would dilute existing shareholders, including the Fire Victim Trust.

The Proposed Transaction is consistent with PG&E's deleveraging goals and its path for returning to an investment-grade credit rating. As described in Chapters 6 and 7 of the

¹² See Section VII.C.2. regarding application of the Affiliate Transaction rules and sharing of officers between Pacific Generation and PG&E.

accompanying testimony, Pacific Generation should be able to issue investment grade debt, at rates no greater, and potentially lower, than the rates applicable to PG&E incremental debt issuances. The proceeds of the Pacific Generation initial long-term debt issuance and the sale of equity in Pacific Generation would be important sources of capital to meet PG&E's upcoming capital investment needs. At the same time, the Proposed Transaction would maintain PG&E's continued operation of the generation assets and ensure their continued use for the benefit of customers.

B. Accelerated Contributions to Customer Credit Trust

PG&E's sale of ownership interests in Pacific Generation would generate taxable income to PG&E, which would accelerate payment of the Additional Shareholder Contributions to the Customer Credit Trust that was created as part of the \$7.5 billion securitization approved by the Commission in D.21-04-030, as further described in the Chapter 8 of the accompanying testimony. Such accelerated contributions would increase the net value of the contributions to the Customer Credit Trust on a present value basis, to the benefit of the Trust and ultimately to the benefit of PG&E's customers, allowing greater opportunity for Trust investment returns and increasing the prospect for a surplus at the conclusion of the Trust for distribution to customers.

C. Reliability Is Not Jeopardized By the Transaction (Section 362)

Because PG&E will operate and maintain the generation assets, using the same processes and personnel as today, and with the same safety and risk programs and oversight, the Proposed Transaction will have no impact on safety and system reliability.

D. No Harm to Customers

The Proposed Transaction would have no adverse effect on customers or overall rates. As noted above, Pacific Generation's cost of debt would be no greater than, and potentially lower than, the incremental costs of debt that likely would alternatively be issued by PG&E. The

costs of generation operations would be the same as when held in PG&E, and would be subject to cost-of-service ratemaking as they are at PG&E. Although there would be adjustments in the mechanics of determining rates in light of the presence of two rate-regulated utilities (as discussed in Section VII.B. below and Chapters 9 and 10 of the accompanying testimony), there would be no net increase in total rates charged to customers as a result of the assets being held at Pacific Generation rather than PG&E. Although PG&E will provide operational and administrative services to Pacific Generation pursuant to the Intercompany Agreements, the methodology for charging and allocating costs to Pacific Generation by PG&E will be substantially identical to its current method of charging and allocating such amounts to its Power Generation line of business and consistent with the approach reflected in PG&E's General Rate Case.¹³

The Proposed Transaction increases PG&E's financial flexibility consistent with its deleveraging strategy and its path to an investment-grade issuer credit rating. Absent the Proposed Transaction, PG&E would need to pursue other means of raising equity, which could weaken PG&E's financial position and be less supportive of the interests of the Fire Victim Trust and other stakeholders.

V. NO CHANGE OF CONTROL (SECTION 854)

Neither the transfer of generation assets to Pacific Generation nor the subsequent sale of the Minority Equity Interests to third party investors constitutes a change in control under PUC section 854, and accordingly the various review criteria under section 854 are not triggered.

¹³ PG&E and Pacific Generation commit not to recover in customer rates third-party advisor and legal costs associated with undertaking the transactions under the Separation Agreement and MSA.

The Commission’s decisions applying section 854 “do not establish a ‘bright line’ test for determining when a transfer of control subject to [its] review under Section 854 has occurred.”¹⁴

Rather, the Commission has identified the following factors that it typically considers in the case-by-case factual analysis of whether a jurisdictional change in control has occurred:

1. whether the acquiring entity’s equity interest in the utility or its parent will be at least 50%;
2. whether the acquiring entity has the power to appoint a majority of the utility’s board of directors;
3. whether the acquiring entity has actual or working control of the day-to-day business operations of the utility;
4. whether the acquiring entity has the power to direct or cause the direction of the utility’s management and policies; and
5. the impact of the transaction on the public interest.¹⁵

With respect to the first factor, following the creation of Pacific Generation and the transfer of PG&E’s non-nuclear generation assets to Pacific Generation, PG&E will continue to hold, directly or indirectly, 100% of Pacific Generation’s equity.¹⁶ A subsequent sale of the Minority Equity Interests to Minority Investor(s) also would not transfer control under section 854, because PG&E will retain ownership of at least 50.1% of Pacific Generation’s equity, representing a majority equity interest.¹⁷

¹⁴ D.08-12-021 (*Warburg Pincus*), 2008 WL 5201983 (Cal.P.U.C.), at *5.

¹⁵ D.08-12-021 (*Warburg Pincus*), 2008 WL 5201983 (Cal.P.U.C.), at *3; D.10-11-012 (*Lodi Gas Storage, L.L.C.*), 2010 WL 4912451 (Cal.P.U.C.), at *2-3.

¹⁶ See D.95-05-021 (*In re San Diego Gas & Elec. Co.*), 59 CPUC 2d 697, 1995 WL 335084 (Cal.P.U.C.) (finding that the conversion of a utility to a subsidiary of a newly-formed holding company does not involve a change in control); D.96-11-017 (*In Matter of Pacific Gas & Elec. Co.*), 69 CPUC 2d 167, 1996 WL 752962 (Cal.P.U.C.) (same); D.12-04-035 (*ConocoPhillips*), 2012 WL 1551246 (Cal.P.U.C.).

¹⁷ The Commission has held that “the acquisition of a 50-percent interest in a public utility constitutes ‘control either directly or indirectly’ for purposes of Section 854.” *Gale v. Teel*, 81 CPUC 817, 1977 WL 42838 (Cal.P.U.C.), at *4. See also D.13-03-007, 2013 WL 1345488 (Cal.P.U.C.), at *4 (“[T]he Commission has asserted jurisdiction to review the transaction under Pub. Util. Code § 854 in cases where a 50% interest has been transferred.”)

With respect to the second factor, PG&E will appoint and retain the power to appoint the Board majority and will maintain control of the Board.

With respect to the third and fourth factors, PG&E will at all times retain the authority to direct Pacific Generation's management and policies. PG&E will select Pacific Generation's initial slate of officers, and its ownership of a majority of the Pacific Generation Interests also gives PG&E the authority through its designated Board Members to select and replace Pacific Generation's officers on a going-forward basis, subject to any applicable minority investor consultation rights, ensuring that there will be no transfer of control over day-to-day business operations or the ability to direct utility management. Moreover, the Intercompany Agreements will provide that PG&E personnel will continue to perform the day-to-day operational functions for Pacific Generation's generation assets and their scheduling and dispatch. With respect to direction of utility policies, the LLC Agreement grants Minority Investor(s) only limited consent rights designed to provide reasonable protections for their economic interest—for example, the right to limit specified non-ordinary-course transactions, such as a merger or a dissolution—which are customary for these types of transactions, as further discussed in Chapter 5. The contemplated minority consent rights do not effectuate a transfer of control within the meaning of section 854.¹⁸

Finally, the public interest is not negatively impacted by the Proposed Transaction, as system operations, safety, and reliability will remain unchanged and rates will not be increased. Indeed, the Proposed Transaction is *in* the public interest for the reasons discussed above,

¹⁸ See e.g., D.08-12-021 (*Warburg Pincus*), 2008 WL 5201983 (Cal.P.U.C.), at *5 (finding there was no change in control within the meaning of section 854 where specified supermajority vote requirements in practical terms granted acquirer an ability to block various types of changes, including a sale or merger; the sale, lease or transfer of assets; the payment of dividends; the issuance of equity securities; material changes in the business; the replacement of certain senior executives; and amendment of the shareholder's agreement).

including support for the financial health of PG&E, accelerated funding of the Customer Credit Trust, and the avoidance of a stock issuance that would dilute the value of the stock held by the Fire Victim Trust.

VI. NO SECTION 854.2 CONCERNS ARE IMPLICATED

Section 854.2 is designed to address potential concerns that a transaction might result in “[m]ass displacement of electrical corporation or gas corporation workers” or otherwise result in a new employer failing to “maintain[] a qualified and knowledgeable workforce with the ability to ensure safe, efficient, reliable, and continuous service.”¹⁹ The various requirements under section 854.2 are triggered by, *inter alia*, “[a]n event that triggers the application of Section 851.”²⁰ Because of the nature of the Proposed Transaction, however, none of those provisions of section 854.2 are applicable, nor are any of the concerns that motivate section 854.2 implicated.

The operative provisions of section 854.2 all address steps related to employee protection in connection with certain transactions—specifically, the conduct of a “predecessor employer” or a “successor employer” as it relates to “covered employees.”²¹ Here, however, the Proposed Transaction will not create any “successor employer” or “covered employees,” because Pacific Generation will not become an employer. Rather, the employees that currently operate, maintain, and otherwise service the generation facilities being transferred will remain employed in their current roles by PG&E. As such, the Proposed Transaction does not give rise to any concern as to whether a successor employer will treat employees differently following a change of control that affects places of employment. Because PG&E will continue to operate Pacific Generation’s generation assets following the Proposed Transaction in the same manner as today,

¹⁹ PUC § 854.2(a)(4) & (5).

²⁰ PUC § 854.2(b)(1)(A).

²¹ See PUC §§ 854.2(b)(2), (4), (6) (defining these terms).

by maintaining the same qualified and knowledgeable workforce, there is also no potential for the Proposed Transaction to create uncertainty regarding the efficient provision of safe and reliable electrical service, or to cause the “mass displacement” of workers or a “significant burden” on unemployment.²² Moreover, the collective bargaining agreements with PG&E’s employees will remain unaffected by the Proposed Transaction, leaving in place those protections for represented employees. The Commission should therefore determine that section 854.2 is inapplicable.

Alternatively, Applicants request that the Commission waive application of section 854.2 to the Proposed Transaction, given that the concerns motivating that statute are inapplicable here.

VII. THE COMMISSION SHOULD REGULATE PACIFIC GENERATION AS A PUBLIC UTILITY

A. Issuance of CPCN to Pacific Generation

Under PUC section 1001, no electrical corporation “shall begin the construction of ... a plant, or system, or extension thereof, without having first obtained from the commission a certificate that the present or future public convenience and necessity require or will require such construction.” The section exempts such corporations from needing further certification for extensions within or to a territory already served by it, in the ordinary course of business. *Id.* In granting a certificate the Commission shall consider (1) community values, (2) recreation and park areas, (3) historical and aesthetic values, and (4) influence on the environment.²³ In addition, Commission General Order 131-D requires that prior to any covered construction, the

²² See PUC § 854.2(a)(4).

²³ PUC § 1002.

Commission find that the facilities “are necessary to promote the safety, health, comfort, and convenience of the public, and that they are required by the public convenience and necessity.”²⁴

As explained above, Pacific Generation will acquire substantially all of the non-nuclear generation facilities currently owned by PG&E, which are covered by PG&E’s CPCN. Those facilities will continue to be operated and maintained by PG&E, on Pacific Generation’s behalf, in the same manner as they are currently operated and maintained. Accordingly, there is no negative impact on any of the enumerated criteria. And use of those assets under Pacific Generation’s ownership, as a public utility, will be required by the public convenience and necessity just as it is today under their ownership by PG&E.

Pacific Generation requests that the Commission grant it a CPCN to operate as a cost-of-service-regulated retail public utility, with respect to non-nuclear generation assets providing electricity directly or indirectly together with PG&E to customers within their electric service territory (including but not limited to all such facilities being transferred from PG&E to Pacific Generation under the Separation Agreement).

B. Proposed Ratemaking, Rates, and Tariffs

PG&E and Pacific Generation request a number of ratemaking determinations in connection with this Application and the Proposed Transaction, as described further in Chapters 9 and 10 of the prepared testimony. These include a proposal for certain joint PG&E/Pacific Generation regulatory filings and a methodology for setting Pacific Generation’s initial revenue requirement based on PG&E’s 2023 General Rate Case (“GRC”) request (and the resulting decision by the Commission) and for making corresponding changes to reduce PG&E’s authorized revenue requirement. PG&E and Pacific Generation also seek authorization to file

²⁴ General Order 131-D, Section III.A.

certain joint tariffs and rate schedules (see PUC § 492) and for Pacific Generation to file other tariffs, including to establish certain memorandum and balancing accounts for Pacific Generation similar to those maintained by PG&E today.

1. Joint General Rate Case and Other Regulatory Proceedings

PG&E and Pacific Generation propose to submit joint applications on behalf of both utilities for their GRC Phase 1 and 2, Energy Resource Recovery Account (“ERRA”) Forecast, ERRA Compliance, and cost of capital, among others, as well as Annual Electric True-Up (“AET”) and other advice letter filings. PG&E and Pacific Generation propose to each sponsor entity-specific chapters of testimony supporting the respective joint applications, as relevant, and PG&E and Pacific Generation may also jointly sponsor certain chapters of testimony supporting such applications. This proposal is both practical and administrable and will most closely resemble current practice. Particularly in light of the relationship between the two utilities and PG&E’s continued role in operating Pacific Generation’s assets and in managing Pacific Generation, joint applications by both utilities will facilitate simultaneous and coordinated review by the Commission and interested parties of PG&E’s and Pacific Generation’s regulatory filings. It also will minimize any associated administrative burden and make efficient use of the Commission’s and interested parties’ resources.

2. Pacific Generation’s Initial Revenue Requirement Request

Pacific Generation’s assets will be regulated by the Commission based on cost of service, just as they are today. In light of PG&E’s existing authorized revenue requirement for these assets as well as PG&E’s request in its 2023 GRC,²⁵ which includes PG&E’s utility-owned generation, PG&E and Pacific Generation propose that Pacific Generation’s starting revenue

²⁵ A.21-06-021.

requirement upon consummation of the Proposed Transaction will be consistent with the amount ultimately authorized by the Commission in a final decision on PG&E's 2023 GRC. As explained further in Chapter 9 of the prepared testimony, setting Pacific Generation's initial revenue requirement essentially will involve segregating the relevant portion of PG&E's 2023 GRC request, updated to account for the Commission's final decision in that proceeding. This necessarily will result in a corresponding reduction in PG&E's authorized revenue requirement and customer rates, simultaneous with Pacific Generation's initial revenue requirement going into effect.

In connection with this Application, PG&E and Pacific Generation describe the methodology that will be used for determining the portion of PG&E's GRC request that will move to Pacific Generation. Because PG&E's 2023 GRC remains ongoing and the Commission has not yet issued a final decision in that proceeding, the revenue requirement calculations presented here are based on PG&E's request. In so doing, PG&E and Pacific Generation do not intend to place the substance of PG&E's GRC request at issue in this proceeding. Rather, PG&E's GRC request—including the portion that would ultimately move to Pacific Generation—will continue to be litigated in A.21-06-021 and considered by the Commission in its final decision in that proceeding. The purpose of this testimony is to describe the process PG&E and Pacific Generation propose to use to set Pacific Generation's initial revenue requirement, based on the Commission's final decision in PG&E's 2023 GRC. In its decision on this Application, the Commission would approve the methodology to be used for setting Pacific Generation's initial revenue requirement and making corresponding changes to PG&E's revenue requirement. This methodology would be implemented via the Tier 2 Advice Letter process following the Commission's decision described above. In light of the timing of a final decision

disposing of this Application and a final decision on PG&E's 2023 GRC, it may be that PG&E and Pacific Generation would apply this methodology to PG&E's then-current authorized revenue requirement at the time Pacific Generation's rates go into effect, with a memorandum account tracking mechanism to true-up Pacific Generation's revenue requirement once a final decision on PG&E's 2023 GRC is issued.

Pacific Generation's initial base revenue requirement will be based on PG&E's GRC, using the existing process and expertise of PG&E's Power Generation organization employees for non-nuclear utility-owned generation assets. In addition, Pacific Generation's ongoing revenue requirement related to fuel and other variable costs will be set in joint PG&E-Pacific Generation annual ERRA forecast proceedings and reviewed for reasonableness, as well as with respect to any forced outages, in joint PG&E-Pacific Generation annual ERRA compliance proceedings. Upon closing of the Proposed Transaction and implementation of Pacific Generation's rates, Pacific Generation's total revenue requirement would consist of both Pacific Generation's initial base revenue requirement (consistent with PG&E's 2023 GRC) and an ongoing ERRA revenue requirement (consistent with the 2024 ERRA forecast proceeding).

The summary table below shows PG&E's GRC electric generation RRQ request as well as an approximation of PG&E and Pacific Generation's proposed division to implement the Proposed Transaction. Pacific Generation would receive the electric generation RRQ associated with non-nuclear generation, excluding procurement and any excluded assets, and PG&E would keep the electric generation RRQ associated with nuclear generation and procurement.

PG&E 2023 GRC Application²⁶
Electric Generation – Separation of PG&E and Pacific Generation
(Thousands of Dollars)

	Total GRC (Current PG&E Electric Generation)	Pacific Generation (Non-Nuclear Generation Without Procurement)	Remaining PG&E (Nuclear Generation And Procurement)
	2023	2023	2023
Operating Expenses	979,663	365,099	614,564
Revenue Fees and Uncollectibles less Other Operating Revenue	12,219	2,563	9,656
Depreciation and Amortization	722,404	270,108	452,296
Fossil and Hydro Decommissioning	77,195	77,195	-
Taxes (including Income and Property)	195,172	90,386	104,786
Return on Ratebase	417,861	254,969	162,892
Ratebase	5,692,927	3,473,687	2,219,239
Rate of Return	7.34%	7.34%	7.34%
Total Revenue Requirement in Rates	2,404,514	1,060,320	1,344,194

3. Method of Recovering Pacific Generation’s Revenue Requirement

In order to enable Pacific Generation to recover its full authorized revenue requirement, PG&E and Pacific Generation present a ratemaking proposal in Chapter 9. Through this ratemaking construct, costs associated with the assets to be transferred would continue to be collected based on cost-of-service regulation and recovered from the same customer sets as today in the same proportions as under today’s methodology.

Under the proposed ratemaking, Pacific Generation’s total revenue requirement would be recovered in full through a combination of (1) market revenues, both from the sale of output from Pacific Generation’s generation facilities into the CAISO marketplace and from sales of resource adequacy (“RA”) and renewable portfolio standard attributes (“RECs”) to third parties; (2) a Pacific Generation ERRR generation rate designed to charge PG&E and Pacific Generation’s bundled service customers for the imputed value of retained RA and REC attributes

²⁶ Note: This table reflects the February 28, 2022 update in PG&E’s 2023 GRC (A.21 06 021).

of Pacific Generation’s assets; (3) a Pacific Generation New System Generation Charge (“NSGC”) designed to recover the revenue requirement associated with Elkhorn; and (4) a Pacific Generation PCIA rate, collected from (or paid to) both departed load and bundled service customers in a manner functionally identical to the method used today for PG&E’s PCIA-eligible assets. The foregoing elements essentially replicate the existing ratemaking mechanisms applicable to the assets that would be transferred to Pacific Generation. PG&E and Pacific Generation also contemplate an additional element—a contract for differences between PG&E and Pacific Generation—in order to help insulate Pacific Generation from market forecast risk associated with its market revenues, help insulate PG&E from market forecast risk associated with its market purchases, and further support Pacific Generation’s valuation by decreasing Pacific Generation’s year-over-year revenue variability.

The details of the ratemaking construct are described further in Chapter 9 of the accompanying testimony.

4. Administration of the PCIA

The proposed ratemaking construct preserves existing PCIA methodologies for the PCIA-eligible resources that would be transferred to Pacific Generation. Pacific Generation would administer the PCIA for its PCIA-eligible assets in the same manner as PG&E does today, and PG&E would continue to administer the PCIA for the remaining PCIA-eligible resources in its portfolio. PG&E’s and Pacific Generation’s PCIA charges would be combined for presentation on customer bills such that the total PCIA charge would be no different as a result of the Proposed Transaction. PG&E and Pacific Generation believe that this construct is consistent with the Commission’s PCIA’s methodology. Ongoing application of the PCIA for these assets is necessary to preserve indifference between bundled service customers and departing load customers.

5. Pacific Generation's Rates and Tariffs

PG&E and Pacific Generation propose to bill customers for generation service in a similar manner as today, maintaining PG&E's existing rate design. To effectuate this and to ensure that each utility recovers its authorized revenue requirement, PG&E and Pacific Generation propose to have certain joint tariffs and joint rate schedules.²⁷ In other words, the generation, PCIA, and NSGC rate components currently charged by PG&E would transition to joint PG&E and Pacific Generation rate components. This joint-rate-schedule approach will facilitate the Proposed Transaction while avoiding changes to the rates shown on customer bills and ensure a seamless customer experience.

Following the Proposed Transaction, PG&E and Pacific Generation's applicable new revenue requirements will be added together in the process of designing rates such that the joint PG&E-Pacific Generation rate components can maintain PG&E's existing rate design, including allocations among customer classes, time of use, and season. Virtually all the various existing PG&E rate schedules that set forth rates for generation service, PCIA, and the NSGC (in light of the transfer of Elkhorn to Pacific Generation) will transition to joint PG&E-Pacific Generation rate schedules.

In addition, separate from the tariffs setting forth the joint PG&E-Pacific Generation rate schedules, PG&E and Pacific Generation also intend to file a joint tariff that governs the allocation of the revenue stream associated with the joint rates as between Pacific Generation and PG&E for legal and accounting purposes. This is similar to PG&E's current Electric Preliminary Statement Part I and will enable PG&E and Pacific Generation to separately identify each utility's share of billed revenues for the joint rate components. In other words, this new joint

²⁷ See PUC § 492.

tariff would set forth either dollars-per-kilowatt-hour rate factors or percentage rate factors that would apply to billed revenues associated with joint PG&E-Pacific Generation rates. Such rate factors would be set in proportion to PG&E and Pacific Generation’s respective revenue requirements and govern the legal and accounting disaggregation of the joint revenue stream.

6. Authorize Certain Memorandum and Balancing Accounts For Pacific Generation

As part of this Application, Pacific Generation requests authorization from the Commission to establish certain memorandum and balancing accounts associated with particular tariffs that PG&E has determined will be essential to ensure Pacific Generation’s operational success and longevity. These accounts—and the precise role each will play in ensuring Pacific Generation can operate as a separate utility—are outlined in detail in Chapter 10 of the testimony accompanying this Application and generally correspond to certain memorandum and balancing accounts currently maintained by PG&E.

C. Compliance

1. Overview and General Principles

As discussed in Chapter 11 of the accompanying testimony, Pacific Generation would be subject to applicable rules, orders, and decisions of the Commission. Today, PG&E personnel are responsible for ensuring that PG&E complies with Commission directives applicable to the non-nuclear generation assets that are the subject of this Application. The Proposed Transaction will not change these existing PG&E compliance processes and functions. For example, as operator and servicer for Pacific Generation, PG&E’s Ethics and Compliance and Regulatory Affairs organizations will support Pacific Generation, as they currently support Power Generation within PG&E, to ensure compliance with applicable Commission requirements.

2. Affiliate Rules and Holding Company Conditions

As explained more fully in Chapter 11 of the accompanying prepared testimony, Pacific Generation will be subject to the Commission's Affiliate Transaction Rules ("ATR") as a utility. Under those rules, in light of the fact that, upon consummation of the Proposed Transaction, Pacific Generation will be a subsidiary of PG&E whose revenues and expenses are subject to regulation by the Commission and included in PG&E's general rate case, Pacific Generation will qualify as a "regulated subsidiary" of PG&E and thus will not be considered an "affiliate." *See* D.06-12-029, Appendix A-3, at 2 (Rule I.A.).²⁸ While Pacific Generation and PG&E would not be affiliates of one another, ATR IX.A and IX.B, addressing utility financial health, would apply directly to Pacific Generation. For the same reason, where the ATR refer to the utility's "holding company" or "parent holding company," those rules should be construed to apply as between Pacific Generation and PG&E Corporation (the ultimate holding company), and not as between Pacific Generation and PG&E, including with respect to Rule V.E regarding sharing of services and key officers.

PG&E and Pacific Generation also expect that the Minority Investor(s) will not be considered "affiliates" under the Commission's three-part test outlined in ATR I.A. *See* D.06-12-029, Appendix A-3, at 1 (Rule I.A.). Although the identity of the Minority Investor(s) is not yet known, PG&E and Pacific Generation do not anticipate that (1) PG&E or Pacific Generation, or any of PG&E's affiliates, will have an ownership stake in the Minority Investor(s); (2) PG&E

²⁸ While the Applicants believe it is clear that Pacific Generation would not be an "affiliate," in the event the Commission concludes otherwise, Applicants request that the Commission exercise its discretion to exempt Pacific Generation from the definition of "affiliate" and to refrain from applying the affiliate transaction rules to the relationship between Pacific Generation (and any wholly-owned subsidiaries) and PG&E and PG&E Corporation. *See* ATR II.D (ATRs apply to transactions between a Commission-regulated utility and another affiliated utility, unless specifically modified by the Commission in addressing a separate application to merge or otherwise conduct joint ventures related to regulated service); D.98-03-073, 79 CPUC 2d 343, 1998 WL 211974 (Cal.P.U.C.), (SDG&E-SoCalGas decision).

or Pacific Generation, or any of PG&E's affiliates, will exert substantial control over the operation of the Minority Investor(s); or (3) PG&E or Pacific Generation, or any of PG&E's affiliates, will have a substantial financial interest in the Minority Investor(s).

The Commission imposed various conditions in its decisions approving the creation of PG&E Corporation and corresponding reorganization of PG&E under a holding company structure,²⁹ some of which should be extended to Pacific Generation. For example, as set forth in the LLC Agreement, Pacific Generation's distribution policy will be maintained as if Pacific Generation were a comparable stand-alone utility company.³⁰ We also recommend that the First Priority Condition applicable to PG&E's parent holding company, imposed by the Commission in Ordering Paragraph 17 of D.96-11-017, as modified by the Commission in Ordering Paragraph 8 of D.99-04-068, be further modified to state that "[t]he capital requirements of PG&E and Pacific Generation, as determined to be necessary and prudent to meet the obligation to serve or to operate the utility in a prudent and efficient manner, shall be given first priority by PG&E Corporation's Board of Directors."

Applicants also request that, in relation to Pacific Generation, the Commission exempt PG&E from the obligation imposed by the decision approving its Plan of Reorganization to provide quarterly reports of the sale or encumbrance of any assets of its affiliates or subsidiaries and to obtain approval under PUC 851 for certain such sales or encumbrances.³¹ These requirements are unnecessary and burdensome as applied to Pacific Generation, which would be a certificated utility subject to PUC section 851 in its own right.

²⁹ See D.96-11-017 (Phase One interim approval); D.99-04-068 (Phase Two final approval).

³⁰ See D.96-11-017, Ordering Paragraph 15 ("The dividend policy of PG&E shall continue to be established by PG&E's Board of Directors as though PG&E were a comparable stand-alone utility company.").

³¹ See D.20-05-053, at 37.

3. Examples of Key Joint Compliance Functions

Various compliance obligations applicable to PG&E will also apply to Pacific Generation following the Proposed Transaction. For example:

- Both PG&E and Pacific Generation will be load-serving entities. PG&E and Pacific Generation will jointly achieve compliance with the various obligations of load-serving entities, including resource adequacy, renewable portfolio standards, and integrated resource planning.
- PG&E and Pacific Generation expect that PG&E’s approved Wildfire Mitigation Plan also will apply to Pacific Generation, and that in the future, PG&E and Pacific Generation would prepare a joint submission of the Wildfire Mitigation Plan.

4. Pacific Generation-Specific Compliance Obligations

Compliance obligations arising from authorizations that are obtained solely for purposes of the Power Generation assets, and that are tied to the operations of those assets, should be transferred from PG&E to Pacific Generation as part of the Proposed Transaction. PG&E requests that the Commission confirm that such obligations will cease to apply to PG&E and will instead apply to Pacific Generation. The current compliance processes that support Power Generation will remain in place with PG&E as a service to Pacific Generation pursuant to the Intercompany Agreements.

5. Compliance with Land Conservation Commitment

The Proposed Transaction complies with PG&E’s Land Conservation Commitment, as approved in D.03-12-035 (“LCC”). Under the LCC, as more fully described in Chapter 11 of the prepared testimony, PG&E committed to conserve approximately 140,000 acres of PG&E-owned lands, including lands that contain hydropower projects, for “beneficial public values.” PG&E has been operating in accordance with the LCC for nearly two decades, including through

the granting of dozens of conservation easements over significant portions of the lands subject to the LCC (“LCC Lands”). All LCC Lands owned by PG&E at the time of the contribution of assets to Pacific Generation will be conveyed to Pacific Generation. Upon that transfer, Pacific Generation will assume all responsibility for compliance with the LCC and attendant conservation easements, and will also assume all surviving obligations associated with PG&E donations of lands to public agencies and non-profit organizations. Although the conservation easements run with title to the lands, PG&E intends to further confirm the commitment of all parties to continued compliance by entering into Conservation Easement Assignment and Assumption Agreements with Pacific Generation and all conservation easement holders as part of the Proposed Transaction. The Conservation Easement Assignment and Assumption Agreements will be included as an exhibit to the Separation Agreement (Attachment A to accompanying testimony Chapter 2).

If at the time of the proposed contribution to Pacific Generation there are LCC donation transactions that have been approved by the Stewardship Council Board of Directors (as described in testimony Chapter 11) but not yet completed, PG&E will amend or withdraw any applications or advice letters pending before the Commission or FERC (as appropriate), so as to allow Pacific Generation to modify the transaction agreements to reflect the change in ownership and resubmit the relevant advice letters or applications to effectuate the donation transactions. For contemplated donation transactions where no filings have yet been made, Pacific Generation will assume the responsibility to complete such transactions and submit the necessary advice letters or applications for their approval.

VIII. THE PROPOSED TRANSACTION IS EXEMPT FROM CEQA

CEQA requires any California government agency approving a discretionary project to consider the environmental impacts of its decisions. A “project” is an activity that “may cause

either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment” and either (a) is directly undertaken by any public agency, (b) is supported by contracts, grants, subsidies, loans, or other forms of assistance from a public agency, or (c) involves the issuance of a lease, permit, license, certificate, or other entitlement for use by one or more public agencies.³²

The Proposed Transaction does not constitute a “project” – and thus is exempt from CEQA review – because it does not involve any physical change in the environment. The generation assets being transferred will be managed, scheduled, and dispatched in the same manner as they would be in the absence of this transfer. The Commission has repeatedly held that transactions transferring ownership of water utility assets with no change in operations are not “projects” under CEQA,³³ and the Proposed Transaction falls squarely under this same logic.

In addition, the Commission has repeatedly recognized that issuance of a CPCN that does not entail the construction of new facilities is exempt from CEQA under California Code of Regulations section 15061(b)(3), which exempts projects from CEQA when there is “no possibility that the activity in question may have a significant effect on the environment.”³⁴

³² Cal. Pub. Res. Code § 21065.

³³ See e.g. D. 22-04-010, 2022 WL 1223937 (Cal.P.U.C.), at *19 (“Once sold and transferred, there will be no change in the operation of the assets. They will be used and operated in the same manner and for the same purposes for which they are currently being used. The Commission has consistently held such a transfer of control and operation of existing water system facilities does not result in any changes to the environment, and thus, an application seeking authorization for such a transaction is not subject to CEQA.”); R.W-5136, 2017 WL 1282083 (Cal.P.U.C.), at *3 (“Pursuant to our review, we have determined that CEQA does not apply as this advice letter filing involves only a transfer of ownership of the existing water facilities and no new construction or changes in the source of water supply are being proposed. There is no evidence of any other changes in the operation of DOWCWR. Accordingly, approval of this advice letter is not a CEQA project and there is no possibility that the transaction may have any significant effect on the environment.”).

³⁴ See D.15-12-009, 2015 WL 9257799 (Cal.P.U.C.), at *5 (approving CPCN for telecommunications) (“Since Dynalink states that it will not be constructing any facilities for the purpose of providing services under this CPCN, it can be said with certainty that there is little likelihood that granting this application will have an adverse impact upon the environment. CEQA review is not required for this type of non-facilities-based project.”); D.14-04-012, 2014 WL 1478363 (Cal.P.U.C.), at *2 (similar).

Here, the Pacific Generation CPCN would not entail the construction of new facilities, and any future Pacific Generation projects would be subject to CEQA to the same extent as they would be if pursued by PG&E. Accordingly, this Application (and the Proposed Transaction) is exempt from CEQA.

IX. THE TRIBAL LAND TRANSFER POLICY IS INAPPLICABLE

The Commission’s policy relating to “Investor-Owned Utility [IOU] Real Property – Land Disposition – First Right of Refusal for Disposition of Real Property Within the Ancestral Territories of California Native American Tribes,” issued December 5, 2019 (“Tribal Land Transfer Policy”), creates an expectation that investor-owned utilities (“IOUs”) selling land in the ancestral territory of Native American tribes will offer those tribes an opportunity to purchase that land “before putting the property on the market.”³⁵ That Tribal Land Transfer Policy is inapplicable to the Proposed Transaction, for several reasons.

Transfer of a fee interest is a precondition for triggering the Tribal Land Transfer Policy requirements.³⁶ Here, the only transfer of fee interests is to PG&E’s own newly formed subsidiary, and thus is in the nature of an internal corporate reorganization rather than a sale to a third party. The second stage of the Proposed Transaction, the subsequent sale of Minority Equity Interests to Minority Investor(s), does not involve the transfer of any “fee interest” whatsoever. Rather, it is merely a transfer of a minority of the equity in Pacific Generation, which continues to own the fee interests. PG&E will control the decisions of the Pacific Generation Board, subject to the specific minority protective rights discussed above, and will

³⁵ Tribal Lands Policy at 1.

³⁶ “Disposition’ means the transfer, sale, donation, or disposition by other means of a fee interest in real property.” “Real Property” subject to this policy is defined as any IOU property whose disposition is subject to approval in accordance with PUC section 851.

continue to maintain financial and operational control of Pacific Generation (and thus of the fee interests). As a result, the Tribal Land Transfer Policy is inapplicable to the Proposed Transaction.

In the alternative to a Commission determination that the Tribal Land Transfer Policy is inapplicable to the Proposed Transaction, PG&E and Pacific Generation request a waiver of that policy with respect to this Application, on the grounds that application of the policy (a) would not be consistent with the intent of that policy under the circumstances, and (b) would be impractical and overly burdensome to implement at this scale. Critically, the Proposed Transaction would not take any land out of the purview of the Tribal Land Transfer Policy with respect to future transfers. Pacific Generation will be an IOU subject to the Tribal Land Transfer Policy,³⁷ such that any future transfers of fee interests by Pacific Generation to third parties would be subject to the policy to the same extent as a current transfer by PG&E to any unaffiliated entity.

X. RELATED PROCEEDINGS

PG&E has filed two section 851 applications with the Commission to transfer two small hydroelectric facilities and those transactions have not yet closed.³⁸ Those facilities would not be transferred to Pacific Generation, and those transactions should not be affected by this Application.

PG&E's TY 2023 GRC (A.21-06-021) is also pending before the Commission. It is anticipated that Pacific Generation's initial revenue requirements will be established based on the results of that rate case, as described above and further in Chapter 9 of the prepared testimony.

³⁷ Tribal Lands Policy Guidelines, § 1.3(f) & (g) (definitions of IOU and of property subject to the policy).

³⁸ See A.22-02-010 (Proposed Decision issued September 16, 2022); D.20-11-024 (in A.20-03-015).

XI. COMPLIANCE WITH THE COMMISSION’S RULES OF PRACTICE AND PROCEDURE

A. Categorization, Hearings, and Issues to be Considered (Rules 2.1(c) and 7.1)

1. Proposed Category

PG&E proposes that this Application be categorized as a “ratesetting” proceeding.

2. Evidentiary Hearing

PG&E believes that hearings are likely to be desirable to further develop a sufficient record for the Commission to rule on this Application. PG&E proposes a procedural schedule in Section XI.A.5. below.

3. Issues to be Considered

PG&E proposes that this proceeding consider all of the issues that are encompassed within the determinations and authorizations requested in Section XIV below.

4. Relevant Safety Considerations

In D.16-01-017, the Commission adopted an amendment to Rule 2.1(c) requiring utilities’ applications to clearly state the relevant safety considerations. The Commission has previously explained that the “[s]afe and reliable provision of [utility services] at predictable rates promotes public safety.”³⁹ Safety is PG&E’s priority, and PG&E has considered safety considerations in connection with this Application. The Proposed Transaction does not have implications for safety, as the generation assets in question will continue to be maintained and operated by PG&E in the same manner as they would be in the absence of the Proposed Transaction.

³⁹ D.14-12-053, at 12–13.

5. Proposed Schedule

In light of the important timing and value maximization considerations outlined in Sections II.E. and IV above, PG&E and Pacific Generation propose the following Commission schedule (with certain transaction-related activities, outside this proceeding, also included for context):

September 28, 2022	File application
October 31, 2022	Responses/Protests (assumes notice appears in Daily Calendar by September 30, 2022)
November 14, 2022	Reply to Responses/Protests
Late November 2022	Prehearing Conference
December 2022	Scoping Memo
January 27, 2023	Intervenor testimony
February 10, 2023	Rebuttal testimony
February-March, 2023	<i>[PG&E obtains first round indicative bids from potential Minority Investors]</i>
March 1, 2023	Assigned Commissioner Ruling
March 8, 2023	Parties to serve lists of factual issues raised by ACR that they intend to address in witness testimony at the evidentiary hearing, if any
March-May, 2023	<i>[Potential Minority Investors' diligence]</i>
May-July, 2023	<i>[Minority Investor(s) final bids & negotiations of agreements]</i>
March 20-24, 2023	Evidentiary Hearings
April 14, 2023	Opening Briefs
May 1, 2023	Reply Briefs
Early June 2023	Proposed Decision
Early July 2023	Final Decision
July 2023	<i>[Applicants sign Minority Sale Agreement(s) with Minority Investor(s)]</i>
September 1, 2023	Initial Tier 2 Advice Letter with definitive principal transaction documents
September 21, 2023	Protests and Responses to Advice Letter filing
September 28, 2023	Reply to any Protests or Responses
October 2023	Approval of Initial Tier 2 Advice Letter
October/November 2023	[Commission Resolution approving Advice Letter, if elevated to Tier 3]

B. Legal Names and Locations of Applicants (Rules 2.1(a), 2.1(b) and 3.6(a))

Since October 10, 1905, PG&E has been an operating public utility corporation, organized under the laws of the State of California. PG&E is engaged principally in the business of furnishing gas and electric service in California. PG&E's principal place of business is in transition from 77 Beale Street, San Francisco, California 94105 to 300 Lakeside Drive, Oakland, California 94612.

Pacific Generation is a limited liability company formed under the laws of the State of Delaware on September 26, 2022. Through this Application it seeks a CPCN to operate as a public utility engaged principally in the generation of electricity in California. Pacific Generation's principal place of business is in transition from 77 Beale Street, San Francisco, California 94105 to 300 Lakeside Drive, Oakland, California 94612.

Correspondence and service to PG&E for this Application should be addressed to:

Kimberly Ognisty
Pacific Gas and Electric Company
300 Lakeside Drive
Oakland, CA 94612
Email: kimberly.ognisty@pge.com
Telephone: (510) 227-7060

Correspondence and service to Pacific Generation for this Application should be addressed to:

Kimberly Ognisty
Pacific Gas and Electric Company
300 Lakeside Drive
Oakland, CA 94612
Email: kimberly.ognisty@pge.com
Telephone: (510) 227-7060

C. Articles of Incorporation (PG&E) and Certificate of Formation and Limited Liability Company Operating Agreement (Pacific Generation) (Rule 2.2)

A certified copy of PG&E's Amended and Restated Articles of Incorporation, effective June 22, 2020, was filed with the Commission on July 1, 2020, with PG&E's Application 20-07-002. These articles are incorporated herein by reference.

A copy of Pacific Generation's Limited Liability Company Agreement currently in effect and a certified copy of Pacific Generation's Certificate of Formation are Attachment B and Attachment C herewith. A Certificate of Status for Pacific Generation is Attachment D herewith, evidencing Pacific Generation's qualification to transact business in the State of California.

D. Authority to Increase Rates (Rule 3.2)

Rule 3.2(a) governs applications "for authority to increase rates, or to implement changes that would result in increased rates." This Application is not subject to Rule 3.2(a) because it does not seek authority to increase rates or to implement changes that would result in increased rates. Following the closing of the Proposed Transaction, each of PG&E and Pacific Generation will file Tier 2 advice letters that divide PG&E's rates, without increasing overall rates charged by PG&E and Pacific Generation combined as compared to the rates PG&E was then charging on a standalone basis. This Application also is not a general rate increase application as issues related to PG&E's GRC forecast and request, including as they relate to the assets proposed to be transferred to Pacific Generation, will continue to be litigated in A.21-06-021.

While Rule 3.2 does not apply to this Application, PG&E and Pacific Generation nevertheless are providing notice consistent with Rules 3.2(b), (c) and (d) and PUC section 454(a).

E. Debt Issuance (Rule 3.5)

In support of the requested financing authorizations, Applicants attach the typical schedules and exhibits included with PG&E's previous such applications. Pacific Generation is a newly formed legal entity with no utility assets or operations so some of the information required by Rule 3.5 and typically included by PG&E is not available or would not be meaningful as to Pacific Generation. Thus, to the extent it would aid the Commission's consideration of the requested financing authorizations, PG&E and Pacific Generation are willing to supplement the record in this proceeding once they develop financial statements for the non-nuclear generation business that is anticipated to be transferred to Pacific Generation under the Proposed Transaction.⁴⁰ PG&E's most recent proxy statement, dated April 7, 2022, was filed with the Commission on April 20, 2022, in Application 22-04-008 and is incorporated herein by reference. The remaining Rule 3.5 exhibits and schedules are listed in Section XIII below.

F. Fees and Relationship to PG&E's Financing Authorization

PUC section 1904(b) sets forth the fees required when the Commission authorizes the issuance of bonds, notes, or other evidence of indebtedness. Based on the calculation in the table below, Pacific Generation will remit a fee estimated to be \$1,831,000 in connection with its requests for the authority to issue long-term and short-term debt. Because the precise amount of long-term debt to be issued by Pacific Generation in connection with the Proposed Transaction is uncertain, Pacific Generation proposes to provide the Commission with a final calculation of the fees owed under section 1904(b) as part of the advice letter to implement the Proposed Transaction following a final decision by the Commission. In light of the current public health

⁴⁰ In the alternative and to the extent required, Applicants request a waiver from complying with Rule 3.5.

situation, as well as modern banking practices, Pacific Generation requests that it be permitted to pay this amount by wire transfer. To the extent Commission Rule of Practice 1.16 requires payment by check, money order or credit card, Pacific Generation requests that the Commission waive compliance with that rule consistent with its granting of similar such relief in the past. *See* D.21-05-008 at 17; D.20-12-025 at 45.

Computation of § 1904(b) Fee for \$2.45 billion of Long-Term Debt and \$1.2 billion of Short-Term Debt	
Fee on First \$1 Million (\$2 for every \$1k)	\$2,000
Fee on \$1 Million - \$10 Million (\$1 for every \$1k)	\$9,000
Fee on \$10 Million and above (\$0.50 for every \$1k)	\$1,820,000
Total Fee	\$1,831,000

As discussed in Section II.C.1, in connection with the reorganization, the Pacific Generation proceeds from the initial issuance by Pacific Generation of long-term Debt Securities would be repatriated to PG&E to support PG&E’s capital expenditure program and enable PG&E to retire existing debt that is funding rate base and is scheduled to mature⁴¹ and/or to forbear from issuing new incremental long-term debt to finance PG&E’s near-term rate base investments. PG&E accordingly requests authorization from the Commission to recoup the long-term debt authorizations PG&E previously used to issue the associated debt retired in connection with the Proposed Transaction. Indeed, under certain capitalization scenarios existing PG&E long-term debt would be retired before it is scheduled to mature, so it is important for PG&E to maintain the ability to use the associated authorizations in the future. Moreover, PG&E has already paid section 1904(b) fees for debt that it retires, and Pacific

⁴¹ Alternatively (or in addition), PG&E might retire this or other long-term debt before it matures through a tender offer, repurchase or redemption, or an exchange offer for new Pacific Generation long-term debt.

Generation will pay such fees on the total amount of long-term debt authorized by the Commission without accounting for any prior payment of fees by PG&E, so PG&E recouping the relevant amount of its long-term debt authorization also would preserve these fees for PG&E.⁴² In the alternative, PG&E requests that the Commission allow it to account for the fees paid on its long-term debt that is retired in connection with the Proposed Transaction in its next long-term debt application.

G. Description of the Properties Involved, Including Book Cost and Original Cost (Rule 3.6(b))

The properties to be transferred are described above in Section II.B. and more fully in Chapter 2 of the accompanying testimony. The original cost of the properties to be transferred is \$7.3 billion, and their net book value is \$3.6 billion.⁴³

H. Reasons of Each Applicant for Entering Into the Proposed Transaction, and the Facts Warranting Same (Rule 3.6(c))

The applicants' reasons for entering into the Proposed Transaction are described in Section IV above, and more fully in Chapter 1 of the accompanying testimony.

I. Purchase Price and the Terms for Payment (Rule 3.6(d))

The full proposed terms and conditions of the transfer of assets from PG&E to Pacific Generation are set forth in the contemplated form of Separation Agreement. Because the Proposed Transaction involves a corporate reorganization—namely, the transfer of assets to a new generation utility subsidiary of PG&E—rather than a sale of assets, there is no purchase price or terms of payment. The contemplated form of the Separation Agreement is attached

⁴² See PUC § 1904(b) (“No fee need be paid on such portion of any such issue as may be used to guarantee, take over, refund, discharge, or retire any stock, bond, note, or other evidence of indebtedness on which a fee has theretofore been paid to the commission.”).

⁴³ Total recorded gross plant (original cost) and net book value, respectively, as of EOY 2021. Both figures exclude the Elkhorn battery energy storage system, which did not become operational until 2022.

hereto as Attachment A, and is further described in Chapter 2 of the accompanying testimony. The final Separation Agreement would be submitted to the Commission pursuant to the proposed advice letter process following a Commission decision on this Application.

J. Separation Agreement (Rule 3.6(f))

The final agreement is not yet available for the reasons described in Section II.E. above, and more fully in Chapters 1 and 5 of the accompanying testimony. The contemplated form of Separation Agreement is attached hereto as Attachment A, and the final Separation Agreement will be submitted to the Commission by advice letter on the schedule to be specified by the Commission. The Separation Agreement and the related conveyance and other documents and agreements contemplated thereby are discussed more fully in Chapter 2 of the accompanying testimony.

XII. SERVICE

This is a new application. No service list has been established. Accordingly, PG&E will electronically serve this Application, testimony, and related exhibits on parties to the service list for its 2023 GRC (A.21-06-021) and its ERRA Forecast proceeding (A.22-05-029). Electronic copies and paper will also be served on Chief ALJ Anne Simon.

XIII. EXHIBITS, SCHEDULES AND ATTACHMENTS

In addition to the testimony supporting this Application, PG&E includes the following exhibits, schedules, and attachments.

A. Exhibits

- Exhibit A: List of governmental entities proposed to be served by PG&E and Pacific Generation
- Exhibit B: PG&E's Total Operative Plant and Depreciation Reserve
- Exhibit C: PG&E's End of 2021 Balance Sheet

- Exhibit D: PG&E's End of 2021 Income Statement
- Exhibit E: PG&E's Q2 2022 Balance Sheet
- Exhibit F: PG&E's Q2 2022 Income Statement
- Exhibit G: Current PG&E Rule 2.3 Financial Statement

B. Schedules

- Schedule I: PG&E's Construction Expenditures (2022-2025) and Pacific Generation's Capital Expenditures (2024-2026) and Long-Term Debt Request (CONFIDENTIAL)
- Schedule II: PG&E's Cash Flow Statement (2022-2025) (CONFIDENTIAL)
- Schedule III: PG&E's Statement of Cash Requirements (2022-2026) (CONFIDENTIAL)
- Schedule IV: PG&E's Statement of Property
- Schedule V: PG&E's Operating Revenues
- Schedule VI: PG&E's Historical Financing
- Schedule VII: Any additional PG&E and Pacific Generation Financing Applications in 2022
- Schedule VIII: PG&E's Short-Term Debt in Excess of PU Code Section 823(c)
- Schedule IX-A: PG&E's Pro Forma Capitalization Ratios
- Schedule IX-B: PG&E's Projected Capitalization Ratios (2022-2025) (CONFIDENTIAL)
- Schedule X: Computation of Fee

C. Attachments

1. Proposed Form of Separation Agreement

The proposed form of Separation Agreement is Attachment A herewith. In addition, the Separation Agreement will have various schedules and exhibits, not attached hereto but described in the accompanying Chapter 2 of testimony, which will be part of the documentation submitted with PG&E's advice letter following the Commission's Decision.

2. Pacific Generation LLC Agreements

A copy of the Limited Liability Company Agreement of Pacific Generation that is currently in effect (with PG&E as sole member) is Attachment B herewith.

The contemplated form of the Amended and Restated Limited Liability Company Operating Agreement of Pacific Generation (which would be entered into by PG&E, New Holdco, and the Minority Investor(s)) is Attachment A to Chapter 5 of the accompanying testimony.

3. Pacific Generation Certificate of Formation and California Qualification

A copy of Pacific Generation's Limited Liability Company Agreement currently in effect and a certified copy of Pacific Generation's Certificate of Formation are Attachment B and Attachment C herewith. A Certificate of Status for Pacific Generation is Attachment D herewith, evidencing Pacific Generation's qualification to transact business in the State of California.

XIV. CONCLUSION/REQUEST FOR COMMISSION DETERMINATIONS AND AUTHORIZATIONS

Applicants respectfully request that the Commission issue an order authorizing PG&E to transfer the subject assets to Pacific Generation, granting Pacific Generation a CPCN, authorizing Pacific Generation to issue debt as requested, and making the other determinations and rulings described above.

Applicants request that the Commission's decision:

1. Approve the transfer to Pacific Generation of PG&E's right, title, and interest in all of PG&E's non-nuclear generation assets—including its hydroelectric facilities (except facilities that are the subject of previously-filed applications under section 851), natural gas-fired facilities, solar facilities (except two small solar facilities near PG&E's San Francisco service center), and the Elkhorn battery energy storage system. The transfer

will be accomplished pursuant to the Separation Agreement, the final form of which will be submitted through one or more Tier 2 advice letters. The transfer may involve fee interests, leases, licenses, easements, and certain contractual obligations to third parties.

2. Authorize the transfer from PG&E to Pacific Generation and, in some cases, from Pacific Generation to PG&E of such leases or easements as are necessary to effectuate this Proposed Transaction, including a lease or easement in the PG&E-owned land that underlies and accesses the Humboldt Bay Generating Station. In the event PG&E effectuates a separation of the Humboldt Bay land into separate parcels containing nuclear and non-nuclear generating assets, respectively, authorize the post-closing transfer from PG&E to Pacific Generation of a fee interest in the resulting non-nuclear generation Humboldt Bay land parcel(s).
3. Authorize PG&E to transfer to Pacific Generation such rights as are consistent with Pacific Generation obtaining the benefits of PG&E common plant assets in connection with PG&E's operation, maintenance, and scheduling and dispatch of Pacific Generation's assets.
4. Issue a Certificate of Public Convenience and Necessity to Pacific Generation as an "electrical corporation" owning "electric plant" and as a "public utility" that is subject to cost-of-service regulation by the Commission. PUC §§ 216, 217, 218, 1001.
5. Confirm that the proceeds of PG&E's sale of the Pacific Generation Minority Interests can be utilized by PG&E as equity.
6. Confirm that Pacific Generation will be subject to the Commission's affiliate transaction rules ("ATR") as a utility and that ATR IX.A and IX.B apply to Pacific Generation. Further confirm that Pacific Generation and PG&E will not be "affiliates" of one another

under the ATR, or, alternatively, exempt Pacific Generation from the definition of “affiliate” and refrain from applying the ATR to the relationship between Pacific Generation (or any wholly owned subsidiaries) and PG&E.

7. Confirm that the Minority Investor(s) will not qualify as “affiliates” under the ATR.
8. Confirm that Ordering Paragraphs 15-16 of D.96-11-018 apply to Pacific Generation.
9. Modify Ordering Paragraph 8 of D.99-04-068 to read: “[t]he capital requirements of PG&E and Pacific Generation, as determined to be necessary and prudent to meet the obligation to serve or to operate the utility in a prudent and efficient manner, shall be given first priority by PG&E Corporation's Board of Directors.”
10. Exempt Pacific Generation from the requirements imposed on PG&E by D.20-05-053 to report on the sale or encumbrance of assets by PG&E’s subsidiaries and to obtain Commission approval for such subsidiaries’ sale or encumbrance of assets valued over \$5 million.
11. Confirm that the contemplated forms of agreement pursuant to which the Minority Investor(s) will acquire Pacific Generation Minority Interests would not involve a change in control under PUC section 854.
12. Confirm that the Proposed Transaction does not trigger application of PUC section 854.2 because it does not involve a successor employer and does not implicate any of the employee protection-related remedies or policy concerns addressed by that section.
13. Confirm that the Proposed Transaction does not trigger the Commission’s gain on sale rules because it involves the transfer of rate base assets at book value and the assets will remain dedicated to public service and subject to cost-of-service regulation by the Commission.

14. Confirm that the Proposed Transaction is not a “project” within the meaning of the California Environmental Quality Act (“CEQA”), and thus is not subject to CEQA review. *See* Cal. Pub. Res. Code § 21065.
15. Determine that the Tribal Land Transfer Policy is inapplicable or conclude that the Proposed Transaction is subject to an exemption from said policy. *See* Tribal Land Transfer Policy Implementation Guidelines, January 14, 2021, § 1.3(d).
16. Confirm that the Proposed Transaction is consistent with PG&E’s Land Conservation Commitment (“LCC”), in light of Pacific Generation’s pledge to assume responsibility for those obligations when it takes title to lands subject to the LCC. *See* D.03-12-035.
17. Find that the Proposed Transaction will not affect system reliability and that Pacific Generation’s assets will continue to be dedicated to the public and operated by PG&E in the same manner as today, consistent with PUC § 362.
18. Set Pacific Generation’s authorized capital structure at 52% equity and 48% long-term debt and extend the Commission’s decision in PG&E’s Test Year (TY) 2023 COC application (A.22-04-008), including with respect to the Commission’s determination regarding PG&E’s cost of long-term debt, rate of return on equity, weighted and consolidated rate of return, and request for a Yield Spread Adjustment, to apply to Pacific Generation.
19. Authorize Pacific Generation pursuant to PUC sections 817, 818, and 851 to issue, sell and deliver or otherwise incur at any time or times and from time to time and in one or more series, as applicable, long-term Debt Securities, such as first and refunding mortgage bonds and other secured long-term Debt Securities, debentures, notes, overseas indebtedness, foreign currency denominated securities, medium-term notes, trust

preferred securities, direct loans, accounts receivable facilities, other floating or variable rate debt, hybrid securities, and other evidences of indebtedness (collectively, “Long-Term Debt Securities”) in an aggregate principal amount not to exceed \$2.1 billion, in order to capitalize Pacific Generation as part of the Proposed Transaction and reorganization of PG&E and to finance Pacific Generation’s rate base in line with its authorized capital structure, as well as for other statutorily authorized purposes.

20. Authorize Pacific Generation pursuant to PUC sections 817, 818 and 851 to issue, sell and deliver or otherwise incur at any time or times and from time to time and in one or more series, as applicable, Long-Term Debt Securities in an aggregate principal amount not to exceed \$350 million to fund Pacific Generation’s anticipated capital expenditures over the 2024-2026 period and to allow it to finance its ongoing capital spending requirements and to replace maturing debt.
21. Authorize Pacific Generation pursuant to PUC sections 823 and 851 to issue, sell and deliver or otherwise incur various types of short-term Debt Securities, such as direct loans, revolving credit facilities, term loan facilities, letter of credit facilities, accounts receivable financing, commercial paper, and extendible commercial notes (collectively, “Short-Term Debt Securities”) in an aggregate principal amount not to exceed \$1.2 billion including the amount authorized by PUC section 823(c).
22. Authorize Pacific Generation to arrange credit agreements or other credit facilities as may be necessary for the purpose of issuing the Debt Securities as set forth in or contemplated by the testimony and other documents filed with the Commission in support of this Application and to modify such credit facilities in the manner set forth without further authorization from the Commission.

23. Authorize Pacific Generation to guarantee the securities or other debt instruments of regulated direct or indirect subsidiaries or affiliates of Pacific Generation, or of governmental entities that issue securities on behalf of Pacific Generation and to enter a performance guaranty (or PG&E to enter into a performance guaranty) in connection with transactions involving accounts receivable facilities in which Pacific Generation does not act as servicer (or does not appoint PG&E to act as sub-servicer).
24. Authorize Pacific Generation pursuant to PUC section 851 to pledge or otherwise dispose of or encumber utility property in order to secure the Debt Securities by (i) a mortgage on Pacific Generation's property, including by issuing collateral mortgage bonds or first mortgage bonds, (ii) a pledge or sale of Pacific Generation's accounts receivable, including related collateral pledged under accounts receivable facilities, and/or (iii) a lien on Pacific Generation's property or another credit enhancement arrangement.
25. Authorize Pacific Generation to execute and deliver one or more indentures or supplemental indentures and other instruments evidencing or governing the terms of the Debt Securities and mortgages, security agreements, pledge agreements, and such other collateral documents or instruments to secure the Debt Securities authorized by the Commission in this proceeding, and to sell, lease, assign, mortgage, or otherwise dispose of or encumber utility property in connection with the issuance of the Debt Securities; provided that any such encumbrance of utility property, to the extent undertaken as credit enhancement for the primary obligation, shall not be counted against the amounts authorized.
26. Authorize Pacific Generation to issue, sell, and deliver Debt Securities by public offering or private placement.

27. Provide that Pacific Generation may utilize at its discretion the features to enhance Debt Securities as described in PG&E's testimony, including but not limited to, credit enhancement features (such as letters of credit, standby bond purchase agreements, surety bonds or insurance policies, other credit support arrangements, mortgage security and debt used as credit enhancement), redemption provisions, put options, sinking funds, and tax-exempt financing structures and warrants, and may enter into interest rate hedges.
28. Specifically find, as required by PUC section 818, that in the opinion of the Commission, the money, property, or labor to be procured or paid for by such issues is reasonably required for the purposes so specified, and that, except as otherwise permitted in the order in the case of bonds, notes, or other evidences of indebtedness, such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.
29. Authorize PG&E pursuant to PUC section 823(d) to retire any short-term debt issued in connection with facilitating the Proposed Transaction with the long-term debt proceeds repatriated to PG&E in connection with the reorganization of PG&E.
30. Authorize PG&E to recoup the long-term debt authorizations PG&E previously used to issue the associated long-term debt retired in connection with the Proposed Transaction and upon which PG&E has already paid section 1904(b) fees⁴⁴ or, in the alternative, authorize PG&E to account for the fees paid on its long-term debt that is retired in connection with the Proposed Transaction in its next long-term debt application.
31. Approve the related ratemaking requested by PG&E and Pacific Generation.

⁴⁴ See PUC § 1904(b) ("No fee need be paid on such portion of any such issue as may be used to guarantee, take over, refund, discharge, or retire any stock, bond, note, or other evidence of indebtedness on which a fee has theretofore been paid to the commission.").

32. Authorize Pacific Generation to file tariffs, including joint tariffs with PG&E, to establish rates sufficient to recovery Pacific Generation's authorized revenue requirement, as well as tariffs that would establish memorandum and balancing accounts similar to those maintained by PG&E today, and to update its rates via an Annual Electric True-Up ("AET") and other joint advice letter filings with PG&E.
33. Authorize Pacific Generation to adopt the electric rules, electric forms, and other tariffs, in a manner substantially similar to PG&E's, necessary to operate as a public utility.
34. Authorize PG&E to revise its electric rate schedules, preliminary statements, electric rules, electric forms, and other tariffs as necessary to accommodate the formation of Pacific Generation and implement the Proposed Transaction.
35. Authorize PG&E, concurrent with the transfer of assets to Pacific Generation, to transfer balances from certain memorandum and balancing accounts to newly-created equivalent accounts at Pacific Generation, on an as-needed basis.
36. Authorize PG&E to continue to maintain its existing tariffs and memorandum and balancing accounts, notwithstanding the establishment of certain parallel tariffs and accounts through Pacific Generation, in order to ensure operational continuity, facilitate certain ongoing support and indemnification obligations, and promote a smooth transition.
37. Grant authority for PG&E and Pacific Generation to file additional advice letters, as needed, to fully implement the Proposed Transaction and the associated ratemaking and tariff changes contemplated thereby.

38. Approve Applicants' proposals regarding safety governance, the Independent Safety Monitor, and the Enhanced Oversight and Enforcement Process, and confirm that other governance requirements adopted in D.20-05-053 do not apply to Pacific Generation.
39. Authorize PG&E and Pacific Generation to jointly comply with obligations applicable to load-serving entities, including reporting and forecasting obligations under the resource adequacy program, integrated resource planning requirements, and compliance with renewable portfolio standards. *See* PUC § 380; *id.* §§ 399.11 *et seq.*; *id.* §§ 454.51, 454.52.
40. Authorize PG&E and Pacific Generation to jointly submit and obtain approval of a Wildfire Mitigation Plan.
41. Confirm that PG&E, not Pacific Generation, will retain its designation as provider of last resort and as the central procurement entity for its electric distribution service area. PUC §§ 216(a)(2), 387; R.21-03-011; D.20-06-002.
42. Grant such additional authorizations or further relief to PG&E and Pacific Generation with respect to the authorizations sought herein as the Commission may deem appropriate.⁴⁵

⁴⁵ This approval is in parallel to certain approvals from FERC that are required for the Proposed Transaction, including the transfer of relevant hydropower licenses (to be effectuated in coordination with the transfer of the physical assets subject to those licenses) to Pacific Generation, which PG&E will seek through separate proceedings before that agency.

Respectfully Submitted,

By: /s/ William Manheim
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PACIFIC GAS AND ELECTRIC COMPANY
and PACIFIC GENERATION LLC

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Dated: September 28, 2022

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY
and PACIFIC GENERATION LLC

VERIFICATION

I, the undersigned, say:

I am an officer of PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, and of PACIFIC GENERATION LLC, a Delaware limited liability company, and am authorized, pursuant to Code of Civil Procedure Section 466, paragraph 3, to make this verification for that reason; I have read the foregoing Application and I am informed and believe the matters therein are true and, on that ground, I allege that the matters stated therein are true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed at Lafayette, California, on September 27, 2022.

/s/ David S. Thomason

David S. Thomason
PACIFIC GAS AND ELECTRIC COMPANY
and PACIFIC GENERATION LLC

REQUEST FOR EXPEDITED SCHEDULE

Pursuant to Commission Rules of Practice, Rule 2.9, Pacific Gas and Electric Company (PG&E) requests that this Application be resolved on an expedited schedule, in order to avoid ratepayer harm. Rule 2.9 provides for expedited schedules where there is a “need to resolve a financial matter expeditiously to avoid ratepayer harm.” This is such a matter.

PG&E faces very substantial capital needs in the coming years, including a need to pay off the balances on debt that will mature in 2023 and 2024. This application proposes a set of transactions (the “Proposed Transaction”) that PG&E has determined to be the most efficient way to raise equity, which can be used to pay off that debt and to fund other critical infrastructure needs. The Proposed Transaction allows PG&E to raise equity on what it anticipates will be more favorable terms than the available alternatives, and that will not entail dilution of existing shareholders.

If the Proposed Transaction contemplated by this application does not close by the end of 2023, then PG&E will be forced to raise capital in more expensive and detrimental ways. In particular, it is anticipated that sale of additional PG&E Corporation common stock under current market conditions would be at prices that implicitly place less value on PG&E’s assets than what would be obtained under the Proposed Transaction, and would dilute existing shareholders—including the Fire Victim Trust (most of whose beneficiaries likely are PG&E ratepayers). In addition, the Proposed Transaction will result in taxable income that will accelerate use of existing net operating losses (“NOLs”), which in turn will accelerate contributions to the Customer Credit Trust (“CCT”), to the benefit of customers (on a present value basis). Ratepayers will share in any CCT surplus, and accordingly expediting this proceeding avoids potential harm to ratepayers through the CCT results (as compared to the alternative of the Proposed Transaction).

In addition, as the Commission has recognized, ratepayers have a general interest in PG&E's return to financial health and an investment-grade issuer credit rating. By enabling PG&E to raise capital in a more efficient way, the Proposed Transaction promotes PG&E's financial health, to the benefit of customers.

PG&E respectfully requests that the Assigned Commissioner determine that this application merits an expedited schedule and designate it as expedited, and accordingly that, pursuant to Rule 2.9, the Assigned Commissioner or Administrative Law Judge "notice a prehearing conference no later than 20 days from the date of preliminary categorization of the proceeding under Rule 7.1(a), and hold a prehearing conference no later than 30 days from the date of preliminary categorization."

EXHIBIT A

SERVICE OF NOTICE OF APPLICATION

In accordance with Rule 3.2(b), Applicant will mail a notice to the following, stating in general terms its proposed change in rates.

State of California

To the Attorney General and the Department of General Services.

State of California
Office of Attorney General
1300 I St Ste 1101
Sacramento, CA 95814

and

Department of General Services
Office of Buildings & Grounds
505 Van Ness Avenue, Room 2012
San Francisco, CA 94102

Counties

To the County Counsel or District Attorney and the County Clerk in the following counties:

Alameda	Mariposa	Santa Clara
Alpine	Mendocino	Santa Cruz
Amador	Merced	Shasta
Butte	Modoc	Sierra
Calaveras	Monterey	Siskiyou
Colusa	Napa	Solano
Contra Costa	Nevada	Sonoma
El Dorado	Placer	Stanislaus
Fresno	Plumas	Sutter
Glenn	Sacramento	Tehama
Humboldt	San Benito	Trinity
Kern	San Bernardino	Tulare
Kings	San Francisco	Tuolumne
Lake	San Joaquin	Yolo
Lassen	San Luis Obispo	Yuba
Madera	San Mateo	
Marin	Santa Barbara	

Municipal Corporations

To the City Attorney and the City Clerk of the following municipal corporations:

Alameda	Colusa	Hanford
Albany	Concord	Hayward
Amador City	Corcoran	Healdsburg
American Canyon	Corning	Hercules
Anderson	Corte Madera	Hillsborough
Angels Camp	Cotati	Hollister
Antioch	Cupertino	Hughson
Arcata	Daly City	Huron
Arroyo Grande	Danville	Ione
Arvin	Davis	Isleton
Atascadero	Del Rey Oakes	Jackson
Atherton	Dinuba	Kerman
Atwater	Dixon	King City
Auburn	Dos Palos	Kingsburg
Avenal	Dublin	Lafayette
Bakersfield	East Palo Alto	Lakeport
Barstow	El Cerrito	Larkspur
Belmont	Elk Grove	Lathrop
Belvedere	Emeryville	Lemoore
Benicia	Escalon	Lincoln
Berkeley	Eureka	Live Oak
Biggs	Fairfax	Livermore
Blue Lake	Fairfield	Livingston
Brentwood	Ferndale	Lodi
Brisbane	Firebaugh	Lompoc
Buellton	Folsom	Loomis
Burlingame	Fort Bragg	Los Altos
Calistoga	Fortuna	Los Altos Hills
Campbell	Foster City	Los Banos
Capitola	Fowler	Los Gatos
Carmel	Fremont	Madera
Ceres	Fresno	Manteca
Chico	Galt	Maricopa
Chowchilla	Gilroy	Marina
Citrus Heights	Gonzales	Mariposa
Clayton	Grass Valley	Martinez
Clearlake	Greenfield	Marysville
Cloverdale	Gridley	McFarland
Clovis	Grover Beach	Mendota
Coalinga	Guadalupe	Menlo Park
Colfax	Gustine	Merced
Colma	Half Moon Bay	Mill Valley

Millbrae
Milpitas
Modesto
Monte Sereno
Monterey
Moraga
Morgan Hill
Morro Bay
Mountain View
Napa
Newark
Nevada City
Newman
Novato
Oakdale
Oakland
Oakley
Orange Cove
Orinda
Orland
Oroville
Pacific Grove
Pacifica
Palo Alto
Paradise
Parlier
Paso Robles
Patterson
Petaluma
Piedmont
Pinole
Pismo Beach
Pittsburg
Placerville
Pleasant Hill
Pleasanton
Plymouth
Point Arena
Portola
Portola Valley
Rancho Cordova
Red Bluff
Redding
Redwood City
Reedley
Richmond

Ridgecrest
Rio Dell
Rio Vista
Ripon
Riverbank
Rocklin
Rohnert Park
Roseville
Ross
Sacramento
Saint Helena
Salinas
San Anselmo
San Bruno
San Carlos
San Francisco
San Joaquin
San Jose
San Juan Bautista
San Leandro
San Luis Obispo
San Mateo
San Pablo
San Rafael
San Ramon
Sand City
Sanger
Santa Clara
Santa Cruz
Santa Maria
Santa Rosa
Saratoga
Sausalito
Scotts Valley
Seaside
Sebastopol
Selma
Shafter
Shasta Lake
Soledad
Solvang
Sonoma
Sonora
South San Francisco
Stockton
Suisun City

Sunnyvale
Sutter Creek
Taft
Tehama
Tiburon
Tracy
Trinidad
Turlock
Ukiah
Union City
Vacaville
Vallejo
Victorville
Walnut Creek
Wasco
Waterford
Watsonville
West Sacramento
Wheatland
Williams
Willits
Willows
Windsor
Winters
Woodland
Woodside
Yountville
Yuba City

EXHIBIT B

Detail of Utility Plant and Accumulated Depreciation
December 31, 2021
(in millions)

	<u>Plant</u>	<u>Accumulated Depreciation</u>
Electricity Generating Facilities	16,789	10,875
Electricity Distribution Facilities	37,714	16,056
Electricity Transmission Facilities	15,609	3,830
Natural Gas Distribution Facilities	14,079	6,149
Natural Gas Transmission and Storage Facilities	8,906	2,691
General plant	1,960	804
Intangible plant	1,543	78
Common plant	5,323	2,640
Total	101,923	43,123

EXHIBIT C

PACIFIC GAS AND ELECTRIC COMPANY
BALANCE SHEET
End of 2021/Q4
ASSETS AND OTHER DEBITS
(\$ Thousands)

Line No.			Line No.
	UTILITY PLANT		
1	Utility Plant	103,173,292	1
2	Construction Work in Progress	3,547,642	2
3	Total Utility Plant	<u>106,720,934</u>	3
4	(Less) Accum. Prov. for Depr. Amort. Depl.	<u>(43,122,819)</u>	4
5	Net Utility Plant	<u>63,598,114</u>	5
6	Nuclear Fuel in Process	3,302,563	6
7	(Less) Accum. Prov. For Amort. of Nuclear Fuel	(2,973,965)	7
8	Net Nuclear Fuel	328,598	8
9	Net Utility Plant	63,926,713	9
10	Gas Stored Underground - Noncurrent	119,592	10
11	OTHER PROPERTY AND INVESTMENTS		
12	Nonutility Property	23,291	11
13	Investment in Subsidiary Companies	522,176	12
14	Noncurrent Portion of Allowances	342,527	13
15	Other Investments	-	14
16	Other Special Funds	3,837,928	15
17	Special Funds-Nonmajor Only	1,340,506	16
18	Long-Term Portion of Derivatives Assets	169,204	17
19	Total Other Property and Investments	<u>6,235,631</u>	18
	CURRENT AND ACCRUED ASSETS		
1	Cash	48,120	2
3	Special Deposits	11,167	3
4	Working Funds	-	4
5	Temporary Cash Investments	112,750	5
6	Notes Receivable	-	6
7	Customer Accounts Receivable	414,302	7
8	Other Accounts Receivable	2,319,072	8
9	(Less) Accum. Prov. for Uncollectible Acct.-Credit	(23,528)	9
10	Notes Receivable from Associated Companies	1,901,423	10
11	Accounts Receivable from Associated Companies	180,329	11
12	Fuel Stock	1,459	12
13	Plant Materials and Operating Supplies	552,298	13
14	Allowances	425,536	14
15	(Less) Noncurrent Portion of Allowances	(342,527)	15
16	Gas Stored Underground - Current	43,030	16
17	Prepayments	520,256	17
18	Accrued Utility Revenues	119,874	18
19	Miscellaneous Current and Accrued Assets	650,893	19
20	Derivative Instrument Assets	218,390	20
21	(Less) Long-Term Portion of Derivative Instrument	<u>(169,204)</u>	21
22	Total Current and Accrued Assets	<u>6,983,640</u>	22
	DEFERRED DEBITS		
23	Unamortized Debt Expenses	197,065	23
24	Unrecovered Plant and Regulatory Study Costs	39,584	24
25	Other Regulatory Assets	17,165,968	25
26	Preliminary Survey and Investigation Charges	(1)	26
27	Clearing Accounts	2,933	27
28	Temporary Facilities	-	28
29	Miscellaneous Deferred Debits	5,304,230	29
30	Unamortized Loss on Reacquired Debt	49,490	30
31	Accumulated Deferred Income Taxes	<u>8,700,298</u>	31
32	Total Deferred Debits	<u>31,459,566</u>	32
33	Total Assets and Other Debits	<u>108,725,142</u>	33

PACIFIC GAS AND ELECTRIC COMPANY
BALANCE SHEET
End of 2021/Q4
LIABILITIES AND OTHER CREDITS
(\$ Thousands)

Line No.	PROPRIETARY CAPITAL		Line No.
1	Common Stock Issued	1,321,874	1
2	Preferred Stock Issued	257,995	2
3	Premium on Capital Stock	1,805,194	3
4	Other Paid-In Capital	26,516,580	4
5	Installments Received on Capital Stock	-	5
6	(Less) Discount on Capital Stock	(6,917)	6
7	(Less) Capital Stock Expense	(28,952)	7
8	Retained Earnings	(4,591,910)	8
9	Unappropriated Undistributed Subsidiary Earnings	344,833	9
10	Accumulated Other Comprehensive Income	<u>(7,527)</u>	10
11	Total Proprietary Capital	<u>25,611,170</u>	11
	LONG-TERM DEBT		
12	Bonds	36,443,676	12
13	(Less) Reaquired Bonds	-	13
14	Advances from Associated Companies	806,847	14
15	Other Long-Term Debt	-	15
16	Unamortized Premium on Long-Term Debt	5,486	16
17	(Less) Unamortized Discount on Long-Term Debt - Debit	<u>(26,193)</u>	17
18	Total Long-Term Debt	<u>37,229,816</u>	18
	OTHER NONCURRENT LIABILITIES		
19	Obligations Under Capital Leases - Noncurrent	813,002	19
20	Accumulated Provision for Injuries and Damages	3,179,507	20
21	Accumulated Provision for Pensions and Benefits	780,037	21
22	Accumulated Miscellaneous Operating Provisions	1,481,284	22
23	Long-Term Portion of Derivative Instrument Liabilities	215,988	23
24	Asset Retirement Obligations	<u>5,297,821</u>	24
25	Total Other Noncurrent Liabilities	<u>11,767,640</u>	25
	CURRENT AND ACCRUED LIABILITIES		
26	Notes Payable	2,185,000	26
27	Accounts Payable	3,482,574	27
28	Notes Payable to Associated Companies	-	28
29	Accounts Payables to Associated Companies	76,772	29
30	Customer Deposits	85,699	30
31	Taxes Accrued	508,618	31
32	Interest Accrued	432,788	32
33	Dividends Declared	-	33
34	Matured Long-Term Debt	-	34
35	Matured Interest	-	35
36	Tax Collections Payable	38,056	36
37	Miscellaneous Current and Accrued Liabilities	1,330,741	37
38	Obligations Under Capital Leases-Current	469,015	38
39	Derivative Instrument Liabilities	242,245	39
40	(Less) Long-Term Portion of Derivative Instrument Liab.	<u>(215,988)</u>	40
41	Total Current and Accrued Liabilities	<u>8,635,521</u>	41
	DEFERRED CREDITS		
42	Customer Advances for Construction	255,874	42
43	Accumulated Deferred Investment Tax Credits	96,542	43
44	Other Deferred Credits	1,840,485	44
45	Other Regulatory Liabilities	11,064,558	45
46	Unamortized Gain on Reacquired Debt	290	46
47	Accum. Deferred Income Taxes-Accel. Amort.	-	47
48	Accum. Deferred Income Taxes-Other Property	9,813,115	48
49	Accum. Deferred Income Taxes-Other	<u>2,410,130</u>	49
50	Total Deferred Credits	<u>25,480,995</u>	50
51	TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	<u>108,725,142</u>	51

EXHIBIT D

PACIFIC GAS AND ELECTRIC COMPANY
INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2022
(\$ Thousands)

UTILITY OPERATING INCOME			
Line No.	OPERATING REVENUES		Line No.
1	Electric Department	17,897,674	1
2	Gas Department	5,744,838	2
3	Total Operating Revenues	<u>23,642,512</u>	3
OPERATING EXPENSES			
4	Operation Expenses	14,695,627	4
5	Maintenance Expenses	3,546,958	5
6	Depreciation Expense	3,146,070	6
7	Depreciation Exp. for Asset Retirement Costs	-	7
8	Amortization and Depletion of Utility Plant, and Other amortizations	254,790	8
9	Regulatory Debit	(1,217,133)	9
10	Taxes Other Than Income Taxes	758,469	10
11	Income Taxes - Federal	-	11
12	Income Taxes -Other	1,368	12
13	Provision for Deferred Inc. Taxes	18,591,272	13
14	(Less) Provision for Deferred Inc. Taxes-Cr.	(17,544,481)	14
15	(Less) Gains from Disp. of Utility Plant	(2,735)	15
16	Losses from Utility Plant	20	16
17	(Less) Gains from Disposition of Allowance	-	17
18	Losses from Disposition of Allowances	-	18
19	Accretion Expense	-	19
20	TOTAL OPERATING EXPENSES	<u>22,230,225</u>	20
21	NET UTILITY OPERATING INCOME	<u>1,412,287</u>	21
OTHER INCOME			
22	Equity in Earnings of Subs.	379,208	22
23	Interest and Dividend Income	48,753	23
24	AFUDC-Other	132,829	24
25	Miscellaneous Nonoperating Income	45,179	25
26	Gain on Disposition of Property	4,104	26
27	TOTAL OTHER INCOME	<u>610,073</u>	27
OTHER INCOME DEDUCTIONS			
28	Miscellaneous Amortization	0	28
29	Miscellaneous Income Deductions	674,199	29
30	TOTAL OTHER INC. DED.	<u>674,199</u>	30
TAXES APPLICABLE TO OTHER INC. & DED.			
31	Taxes Other Than Income Taxes	0	31
32	Income Taxes-Federal	0	32
33	Income Taxes-Other	0	33
34	Provision for Deferred Income Taxes	134,205	34
35	(Less) Prov .for Deferred Inc. Taxes-Cr.	(277,858)	35
36	Investment Tax Credit Adj.- Net	(3,917)	36
37	TOTAL TAXES ON OTHER INC/DED.	<u>147,571</u>	37
38	NET OTHER INC/DED.	<u>83,446</u>	38
INTEREST CHARGES			
39	Interest on Long Term Debt	1,200,007	39
40	Amortization of Debt Disc. and Expense	68,983	40
41	Amort. of Loss on Reacquired Debt	13,508	41
42	(Less) Amort. of Premium on Debt-Cr	(818)	42
43	(Less) Amort. of Gain on Reacquired Debt-Cr	(140)	43
44	Interest on Debt to Assoc. Cos	3,724	44
45	Other Interest Expense	129,144	45
46	(Less) AFUDC-Borrowed Funds-Cr	(55,984)	46
47	NET INTEREST CHARGES	<u>1,358,425</u>	47
48	INCOME BEFORE EXTRAORDINARY ITEMS	137,307	48
49	Extraordinary Items After Taxes	0	49
50	NET INCOME	<u>137,307</u>	50

EXHIBIT E

PACIFIC GAS AND ELECTRIC COMPANY
BALANCE SHEET
End of 2022/Q2
ASSETS AND OTHER DEBITS
(\$ Thousands)

Line No.			Line No.
	UTILITY PLANT		
1	Utility Plant	107,706,256	1
2	Construction Work in Progress	3,935,538	2
3	Total Utility Plant	<u>111,641,795</u>	3
4	(Less) Accum. Prov. for Depr. Amort. Depl.	<u>(44,481,047)</u>	4
5	Net Utility Plant	<u>67,160,748</u>	5
6	Nuclear Fuel in Process	3,322,405	6
7	(Less) Accum. Prov. For Amort. of Nuclear Fuel	(3,026,231)	7
8	Net Nuclear Fuel	296,175	8
9	Net Utility Plant	67,456,922	9
10	Gas Stored Underground - Noncurrent	119,592	10
11	OTHER PROPERTY AND INVESTMENTS		
12	Nonutility Property	23,334	11
13	Investment in Subsidiary Companies	1,990,689	12
14	Noncurrent Portion of Allowances	557,185	13
15	Other Investments	-	14
16	Other Special Funds	3,808,536	15
17	Special Funds-Nonmajor Only	1,365,799	16
18	Long-Term Portion of Derivatives Assets	162,215	17
19	Total Other Property and Investments	<u>7,907,757</u>	18
	CURRENT AND ACCRUED ASSETS		
1	Cash	38,641	1
2	Special Deposits	21,448	2
3	Working Funds	-	3
4	Temporary Cash Investments	80,500	4
5	Notes Receivable	-	5
6	Customer Accounts Receivable	450,873	6
7	Other Accounts Receivable	2,201,427	7
8	(Less) Accum. Prov. for Uncollectible Acct.-Credit	(26,981)	8
9	Notes Receivable from Associated Companies	1,146,713	9
10	Accounts Receivable from Associated Companies	112,189	10
11	Fuel Stock	1,426	11
12	Plant Materials and Operating Supplies	614,744	12
13	Allowances	652,290	13
14	(Less) Noncurrent Portion of Allowances	(557,185)	14
15	Gas Stored Underground - Current	73,071	15
16	Prepayments	559,367	16
17	Accrued Utility Revenues	116,152	17
18	Miscellaneous Current and Accrued Assets	513,054	18
19	Derivative Instrument Assets	225,561	19
20	(Less) Long-Term Portion of Derivative Instrument	(162,215)	20
21	Total Current and Accrued Assets	<u>6,061,077</u>	21
	DEFERRED DEBITS		
23	Unamortized Debt Expenses	207,031	23
24	Unrecovered Plant and Regulatory Study Costs	33,479	24
25	Other Regulatory Assets	23,482,240	25
26	Preliminary Survey and Investigation Charges	(1)	26
27	Clearing Accounts	4,832	27
28	Temporary Facilities	-	28
29	Miscellaneous Deferred Debits	5,066,489	29
30	Unamortized Loss on Reacquired Debt	42,982	30
31	Accumulated Deferred Income Taxes	9,447,678	31
32	Total Deferred Debits	<u>38,284,730</u>	32
33	Total Assets and Other Debits	<u>119,830,078</u>	33

EXHIBIT F

PACIFIC GAS AND ELECTRIC COMPANY
INCOME STATEMENT
SIX MONTHS ENDED JUNE 30, 2022
(\$ Thousands)

UTILITY OPERATING INCOME		
Line No.	OPERATING REVENUES	Line No.
1	Electric Department	9,186,933 1
2	Gas Department	3,187,487 2
3	Total Operating Revenues	<u>12,374,420</u> 3
OPERATING EXPENSES		
4	Operation Expenses	7,048,217 4
5	Maintenance Expenses	1,831,629 5
6	Depreciation Expense	1,781,789 6
7	Depreciation Exp. for Asset Retirement Costs	- 7
8	Amortization and Depletion of Utility Plant, and Other amortizations	132,216 8
9	Regulatory Debit	(293,816) 9
10	Taxes Other Than Income Taxes	410,609 10
11	Income Taxes - Federal	- 11
12	Income Taxes -Other	- 12
13	Provision for Deferred Inc. Taxes	13,035,814 13
14	(Less) Provision for Deferred Inc. Taxes-Cr.	(13,467,640) 14
15	(Less) Gains from Disp. of Utility Plant	(40,999) 15
16	Losses from Utility Plant	3 16
17	(Less) Gains from Disposition of Allowance	- 17
18	Losses from Disposition of Allowances	- 18
19	Accretion Expense	- 19
20	TOTAL OPERATING EXPENSES	<u>10,437,824</u> 20
21	NET UTILITY OPERATING INCOME	<u>1,936,597</u> 21
OTHER INCOME		
22	Equity in Earnings of Subs.	201,393 22
23	Interest and Dividend Income	39,631 23
24	AFUDC-Other	82,264 24
25	Miscellaneous Nonoperating Income	19,640 25
26	Gain on Disposition of Property	1,003 26
27	TOTAL OTHER INCOME	<u>343,931</u> 27
OTHER INCOME DEDUCTIONS		
28	Miscellaneous Amortization	0 28
29	Miscellaneous Income Deductions	469,812 29
30	TOTAL OTHER INC. DED.	<u>469,812</u> 30
TAXES APPLICABLE TO OTHER INC. & DED.		
31	Taxes Other Than Income Taxes	0 31
32	Income Taxes-Federal	0 32
33	Income Taxes-Other	0 33
34	Provision for Deferred Income Taxes	80,799 34
35	(Less) Prov .for Deferred Inc. Taxes-Cr.	(111,684) 35
36	Investment Tax Credit Adj.- Net	(2,596) 36
37	TOTAL TAXES ON OTHER INC/DED.	<u>(33,482)</u> 37
38	NET OTHER INC/DED.	<u>(92,399)</u> 38
INTEREST CHARGES		
39	Interest on Long Term Debt	649,134 39
40	Amortization of Debt Disc. and Expense	29,907 40
41	Amort. of Loss on Reacquired Debt	7,343 41
42	(Less) Amort. of Premium on Debt-Cr	(663) 42
43	(Less) Amort. of Gain on Reacquired Debt-Cr	(70) 43
44	Interest on Debt to Assoc. Cos	38,175 44
45	Other Interest Expense	24,288 45
46	(Less) AFUDC-Borrowed Funds-Cr	(33,549) 46
47	NET INTEREST CHARGES	<u>714,564</u> 47
48	INCOME BEFORE EXTRAORDINARY ITEMS	1,129,634 48
49	Extraordinary Items After Taxes	0 49
50	NET INCOME	<u>1,129,634</u> 50

EXHIBIT G

FINANCIAL STATEMENT IN FORM AS DEFINED IN RULE 2.3 OF ARTICLE 2 OF THE RULES
OF PRACTICE AND PROCEDURE OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION
EFFECTIVE SEPTEMBER 2006
PACIFIC GAS AND ELECTRIC COMPANY
June 30, 2022

(a) Stock authorized by articles of incorporation and amount outstanding:

i) Stock authorized:

\$100 First Preferred Stock	10,000,000	Shares
First Preferred Stock (\$25 Par Value)	75,000,000	Shares
Common Stock (\$5 Par Value)	800,000,000	Shares

ii) Stock Outstanding:

6% Non-redeemable First Preferred Stock	4,211,662	Shares
5.5% Non-redeemable First Preferred Stock	1,173,163	Shares
5% Non-redeemable First Preferred Stock	400,000	Shares
5% Redeemable First Preferred Stock	1,778,172	Shares
5% Redeemable First Preferred Stock, Series A	934,322	Shares
4.8% Redeemable First Preferred Stock	793,031	Shares
4.5% Redeemable First Preferred Stock	611,142	Shares
4.36% Redeemable First Preferred Stock	418,291	Shares
 Total Preferred Stock	 10,319,783	 Shares
 Common Stock	 264,374,809	 Shares

(b) Terms of preferred stock, whether cumulative or participating, or on dividends or assets, or otherwise:

First preferred stock is entitled to receive cumulative preferential dividends when and as declared by the Board of Directors, out of funds legally available therefore at the annual dividend rates indicated in the title of each series and computed on the par value of each share. After payment or setting aside for payment of the dividends and sinking fund payments, if any, on first preferred stock, holders of common stock are entitled to dividends when and as declared out of funds legally available therefore.

Upon liquidation or dissolution of Pacific Gas and Electric Company ("the Utility"), holders of first preferred stock are entitled to receive an amount equal to the par value of such shares plus an amount equal to all accumulated and unpaid dividends thereon. Holders of common stock are entitled to the remaining assets of the Utility in proportion to their shareholdings.

All shares of the first preferred stock rank equally with regard to preference in dividend and liquidation rights, except that shares of different classes or different series thereof may differ as to the amounts of dividends or liquidation payments to which they are entitled.

The redeemable first preferred stock outstanding, with no mandatory redemption provision, is subject to redemption, in whole or in part, solely at the option of the Utility upon payment of the applicable redemption price plus accumulated and unpaid dividends to the date fixed for redemption. The redemption premium per share declines in accordance with terms of the specific issue.

No optional redemption of first preferred stock or any junior stock thereto shall be made if there is an arrearage in the payment of dividends or sinking fund payments, if any, on first preferred stock.

- (c) Brief description of each security agreement, mortgage and deed of trust upon applicant's property, showing date of execution, debtor and secured creditor, mortgagor and mortgagee and trustor and beneficiary, amount of indebtedness authorized to be secured thereby, and amount of indebtedness actually secured, together with any sinking fund provisions.

NEW UTILITY DEBT

On June 19, 2020, the Utility completed the sale of (i) \$500,000,000 aggregate principal amount of Floating Rate First Mortgage Bonds due June 16, 2022, (ii) \$2,500,000,000 aggregate principal amount of 1.75% First Mortgage Bonds due June 16, 2022, (iii) \$1,000,000,000 aggregate principal amount of 2.10% First Mortgage Bonds due August 1, 2027, (iv) \$2,000,000,000 aggregate principal amount of 2.50% First Mortgage Bonds due February 1, 2031, (v) \$1,000,000,000 aggregate principal amount of 3.30% First Mortgage Bonds due August 1, 2040, and (vi) \$1,925,000,000 aggregate principal amount of 3.50% First Mortgage Bonds due August 1, 2050, (collectively, the "Mortgage Bonds").

Upon emergence from Chapter 11 bankruptcy on July 1, 2020, the Utility issued \$11.848 billion of its first mortgage bonds in order to refinance certain of its pre-petition senior unsecured debt, as described below.

The Utility issued \$875 million aggregate principal amount of 3.45% first mortgage bonds due 2025 and \$875 million aggregate principal amount of 3.75% first mortgage bonds due 2028 (together, the "New Short-Term Bonds"), in satisfaction of all claims arising out of the following series of the Utility's pre-petition senior notes (the "Short-Term Senior Notes"):

- \$400 million aggregate principal amount of 2.45% Senior Notes due 2022;
- \$300 million aggregate principal amount of 4.25% Senior Notes due 2021;
- \$250 million aggregate principal amount of 3.25% Senior Notes due 2021; and
- \$800 million aggregate principal amount of 3.50% Senior Notes due 2020.

The Utility issued \$3.1 billion aggregate principal amount of 4.55% first mortgage bonds due 2030 and \$3.1 billion aggregate principal amount of 4.95% first mortgage bonds due 2050 (together, the "New Long-Term Bonds"), in satisfaction of all claims arising out of the following series of the Utility's pre-petition senior notes (the "Long-Term Senior Notes"):

- \$500 million aggregate principal amount of 5.125% Senior Notes due 2043;
- \$800 million aggregate principal amount of 5.40% Senior Notes due 2040;
- \$550 million aggregate principal amount of 6.25% Senior Notes due 2039;
- \$950 million aggregate principal amount of 5.80% Senior Notes due 2037;
- \$3.0 billion aggregate principal amount of 6.05% Senior Notes due 2034; and
- \$400 million aggregate principal amount of 6.35% Senior Notes due 2038.

The Utility issued \$1.949 billion aggregate principal amount of 3.15% first mortgage bonds due 2026 and \$1.949 billion aggregate principal amount of 4.50% first mortgage bonds due 2040 (together, the "Funded Debt Exchange Bonds"), in satisfaction of all claims arising out of the following (the "Funded Debt"):

- \$2.888 billion of borrowings, plus interest, fees and other expenses arising under or in connection with the Second Amended and Restated Credit Agreement dated as of April 27, 2015, among the Utility, as borrower, the several lenders party thereto and Citibank N.A., as administrative agent;
 - \$250 million of borrowings, plus interest, fees and other expenses arising under or in connection with the Term Loan Agreement dated as of February 23, 2018, among the Utility, as borrower, The Bank of Tokyo-Mitsubishi UFJ, Ltd., as administrative agent and a lender, and U.S. Bank National Association, as a lender; and
- Obligations pursuant to certain reimbursement agreements in respect of letters of credit provided by commercial banks in support of certain of the Utility's pollution control bonds.

The New Short-Term Bonds, the New Long-Term Bonds and the Funded Debt Exchange Bonds (collectively, the "New Mortgage Bonds") were issued under the Indenture of Mortgage, dated as of June 19, 2020 (the "Base Mortgage Indenture"), between the Utility and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Mortgage Trustee"), as previously amended and supplemented, and as amended and supplemented by the Second Supplemental Indenture, dated as of July 1, 2020 (the "Second Supplemental Indenture"), relating to the Senior Notes Collateral Bonds (as defined below), the Third Supplemental Indenture, dated as of July 1, 2020 (the "Third Supplemental Indenture"), relating to the New Short-Term Bonds and the New Long-Term Bonds, the Fourth Supplemental Indenture, dated as of July 1, 2020 (the "Fourth Supplemental Indenture"), relating to the Funded Debt Exchange Bonds, and the Fifth Supplemental Indenture, dated as of July 1, 2020 (the "Fifth Supplemental Indenture"), relating to the Credit Agreement Collateral Bonds (as defined below) (the Base Mortgage Indenture, as so amended and supplemented, the "Mortgage Indenture").

The New Mortgage Bonds are secured by a first lien, subject to permitted liens, on substantially all of the Utility's real property and certain tangible property related to its facilities. The New Mortgage Bonds are the Utility's senior obligations and rank equally in right of payment with the Utility's other existing or future first mortgage bonds issued under the Mortgage Indenture.

The Mortgage Indenture contains covenants that limit the Utility's ability to, among other things, create liens on mortgaged property, withdraw cash held by the Mortgage Trustee and merge with or consolidate with another person, or convey, otherwise transfer or lease all or substantially all of its mortgaged property.

The Utility may redeem each series of New Mortgage prior to maturity, in whole or in part, at a "make-whole" redemption price set forth in the applicable supplemental indenture, except that during a specified period prior to maturity specified in the applicable supplemental indenture, the Utility may redeem each series, in whole or in part, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the redemption date.

On November 16, 2020, PG&E issued \$1.45 billion principal amount of 364-day floating rate bond. The proceeds from this issuance were used to pay down borrowings outstanding on the revolving credit facility and the accounts receivable facility.

On March 11, 2021, PG&E issued \$450 million aggregate principal amount of 3.25% 10-year First Mortgage Bonds, \$450 million aggregate principal amount of 4.20% 20-year First Mortgage Bonds, and \$1.5 billion aggregate principal amount of 1.367% 2-year First Mortgage Bonds. The proceeds from the issuance were used to prepay the \$1.5 billion 364-day Term Loan facility and pay down borrowings outstanding on the revolving credit facility and the accounts receivable facility.

On August 11, 2021, PG&E signed a \$145 million 364-day inter-company loan pre-payable at par with PG&E Corporation. The interest rate is the market rate on the PG&E Corporation revolving credit facility.

On November 15, 2021, PG&E issued \$300 million Floating Rate First Mortgage Bonds due 2022, \$900 million aggregate principal amount 1.70% 2-year First Mortgage Bonds due 2023, and \$550 million aggregate principal amount 3.25% 10-year First Mortgage Bonds due 2031.

On February 16, 2022, PG&E issued \$1 billion 3.25% 2-Year First Mortgage Bonds due 2024, \$400 million aggregate principal amount 4.20% 7-year First Mortgage Bonds due 2029, \$450 million aggregate principal amount 4.40% 10-year First Mortgage Bonds due 2032, and \$550 million 5.25% 30-year First Mortgage Bonds due 2052

On April 20, 2022, PG&E closed 364-day and 2-year bi-lateral Term loans with Bank of America. The Term Loans have a spread of 135 bps and are pre-payable at par at any time.

On June 6, 2022, PG&E issued \$450 million 4.95% 2-Year First Mortgage Bonds due 2024, \$450 million aggregate principal amount 5.45% 5-year First Mortgage Bonds due 2027, and \$600 million 5.90% 7-year First Mortgage Bonds due 2032

REINSTATED SENIOR NOTES

Upon emergence from Chapter 11 bankruptcy on July 1, 2020, the Utility reinstated \$9.575 billion aggregate principal amount of the following series of its pre-petition senior unsecured notes on their contractual terms (the “Reinstated Senior Notes”):

- \$850 million aggregate principal amount of 3.95% Senior Notes due 2047;
- \$600 million aggregate principal amount of 4.00% Senior Notes due 2046;
- \$450 million aggregate principal amount of 4.25% Senior Notes due 2046;
- \$600 million aggregate principal amount of 4.30% Senior Notes due 2045;
- \$675 million aggregate principal amount of 4.75% Senior Notes due 2044;
- \$375 million aggregate principal amount of 4.60% Senior Notes due 2043;
- \$400 million aggregate principal amount of 4.45% Senior Notes due 2042;
- \$350 million aggregate principal amount of 3.75% Senior Notes due 2042;
- \$250 million aggregate principal amount of 4.50% Senior Notes due 2041;
- \$300 million aggregate principal amount of 4.65% Senior Notes due 2028;
- \$400 million aggregate principal amount of 3.30% Senior Notes due 2027;
- \$1.15 billion aggregate principal amount of 3.30% Senior Notes due 2027;
- \$600 million aggregate principal amount of 2.95% Senior Notes due 2026;
- \$600 million aggregate principal amount of 3.50% Senior Notes due 2025;
- \$450 million aggregate principal amount of 3.75% Senior Notes due 2024;
- \$350 million aggregate principal amount of 3.40% Senior Notes due 2024;
- \$300 million aggregate principal amount of 3.85% Senior Notes due 2023;
- \$500 million aggregate principal amount of 4.25% Senior Notes due 2023; and
- \$375 million aggregate principal amount of 3.25% Senior Notes due 2023.

On the July 1, 2020, each series of Reinstated Senior Notes was collateralized by the Utility’s delivery of a first mortgage bond in a corresponding principal amount (the “Senior Notes Collateral Bonds”) to the applicable trustee for the benefit of the holders of the

Reinstated Senior Notes. As a result, the Reinstated Senior Notes are the Utility's senior obligations and rank equally in right of payment with its other existing or future first mortgage bonds issued under the Mortgage Indenture.

In connection with the reinstatement and collateralization of the Reinstated Senior Notes, the Utility entered into (i) the Thirtieth Supplemental Indenture, dated as of July 1, 2020, to the Amended and Restated Indenture, dated as of April 22, 2005, between the Utility and BOKF, N.A., as trustee, (ii) the First Supplemental Indenture, dated as of July 1, 2020, to the Indenture, dated as of November 29, 2017, between the Utility and BOKF, N.A., as trustee, and (iii) the Second Supplemental Indenture, dated as of July 1, 2020, to the Indenture, dated as of August 6, 2018, between the Utility and BOKF, N.A., as trustee (together, the "Reinstated Notes Supplemental Indentures"). The Senior Notes Collateral Bonds were issued under the Second Supplemental Indenture to the Mortgage Indenture.

BOKF, N.A. resigned as trustee under those certain Indentures dated April 22, 2005, November 29, 2017 and August 6, 2018, each as amended and supplemented from time to time (the "Indentures"), between Pacific Gas and Electric Company and BOKF, N.A., as successor trustee thereunder. The Bank of New York Mellon Trust Company, N.A. has accepted the appointment as successor trustee under the Indentures. The resignation and appointment were effective on September 29, 2020.

UTILITY REVOLVING CREDIT AGREEMENT AND TERM LOAN CREDIT AGREEMENT

On July 1, 2020, the Utility entered into a \$3.5 billion revolving credit agreement (the "Utility Revolving Credit Agreement") with JPMorgan Chase Bank, N.A. and Citibank, N.A. as co-administrative agents and Citibank, N.A., as the designated agent. The Utility Revolving Credit Agreement has a maturity date three years after its effective date, subject to two one-year extensions at the option of the Utility.

Borrowings under the Utility Revolving Credit Agreement will bear interest based on the Utility's election of either (1) LIBOR plus an applicable margin of 1.125% to 2.00% based on the Utility's credit rating or (2) the base rate plus an applicable margin of 0.125% to 1.00% based on the Utility's credit rating. In addition to interest on outstanding principal under the Utility Revolving Credit Agreement, the Utility is required to pay a commitment fee to the lenders in respect of the unutilized commitments thereunder, ranging from 0.25% to 0.50% per annum depending on the Utility's credit rating. The Utility Revolving Credit Agreement has a letter of credit sublimit in an amount of approximately \$1.25 billion. The Utility may also pay customary letter of credit fees based on letters of credit issued under the Utility Revolving Credit Agreement.

The Utility's obligations under the Utility Revolving Credit Agreement are secured by the issuance of a first mortgage bond, issued pursuant to the Fifth Supplemental Indenture to the Mortgage Indenture, secured by a first lien on substantially all of the Utility's real property and certain tangible personal property related to its facilities, subject to certain exceptions, and which will rank pari passu with the Utility's other first mortgage bonds.

The Utility Revolving Credit Agreement includes usual and customary provisions for revolving credit agreements of this type, including covenants limiting, with certain exceptions, (1) liens, (2) indebtedness, (3) sale and leaseback transactions, and (4) other fundamental changes. In addition, the Utility Revolving Credit Agreement will require that the Utility maintain a ratio of total consolidated debt to consolidated capitalization of at most 65% as of the end of each fiscal quarter.

In the event of a default by the Utility under the Utility Revolving Credit Agreement, including cross-defaults relating to specified other debt of the Utility or any of its

significant subsidiaries in excess of \$200 million, the designated agent may, with the consent of the required lenders (or upon the request of the required lenders, shall), declare the amounts outstanding under the Utility Revolving Credit Agreement, including all accrued interest, payable immediately. For events of default relating to insolvency, bankruptcy or receivership, the amounts outstanding under the Utility Revolving Credit Agreement become payable immediately.

The Utility may voluntarily repay outstanding loans under the Utility Revolving Credit Agreement at any time without premium or penalty, other than customary “breakage” costs with respect to eurodollar rate loans. Any voluntary prepayments made by the Utility will not reduce the commitments under the Utility Revolving Credit Agreement.

In addition, on July 1, 2020, the Utility obtained a \$3.0 billion secured term loan under a term loan credit agreement (the “Utility Term Loan Credit Agreement”) with JPMorgan Chase Bank, N.A., as administrative agent, the other lenders from time to time party thereto. The facilities under the Utility Term Loan Credit Agreement consist of a \$1.5 billion 364-day term loan facility (the “Utility 364-Day Term Loan Facility”) and a \$1.5 billion 18-month term loan facility (the “Utility 18-Month Term Loan Facility”). The maturity date for the 364-Day Term Loan Facility is 364 days after the effective date of the Utility Term Loan Credit Agreement and the maturity date for the 18-Month Term Loan Facility is eighteen months after the effective date of the Utility Term Loan Credit Agreement.

Borrowings under the Utility Term Loan Credit Agreement will bear interest based on the Utility’s election of either (1) LIBOR plus an applicable margin of 2.00% with respect to the 364-Day Term Loan Facility and 2.25% with respect to the 18-Month Term Loan Facility, or (2) the base rate plus an applicable margin of 1.00% with respect to the 364-Day Term Loan Facility and 1.25% with respect to the Utility 18-Month Term Loan Facility.

The Utility’s obligations under the Utility Term Loan Credit Agreement are secured by the issuance of a first mortgage bond, issued pursuant to the Fifth Supplemental Indenture to the Mortgage Indenture, secured by a first lien on substantially all of the Utility’s real property and certain tangible personal property related to its facilities, subject to certain exceptions, and which will rank pari passu with the Utility’s other first mortgage bonds.

The Utility Term Loan Credit Agreement includes usual and customary provisions for term loan agreements of this type, including covenants limiting, with certain exceptions, (1) liens, (2) indebtedness, (3) sale and leaseback transactions, and (4) other fundamental changes. In addition, the Utility Term Loan Credit Agreement will require that the Utility maintain a ratio of total consolidated debt to consolidated capitalization of at most 65% as of the end of each fiscal quarter.

In the event of a default by the Utility under the Utility Term Loan Credit Agreement, including cross-defaults relating to specified other debt of the Utility or any of its significant subsidiaries in excess of \$200 million, the administrative agent may, with the consent of the required lenders (or upon the request of the required lenders, shall), declare the amounts outstanding under the Utility Term Loan Credit Agreement, including all accrued interest, payable immediately. For events of default relating to insolvency, bankruptcy or receivership, the amounts outstanding under the Utility Term Loan Credit Agreement become payable immediately.

The Utility is required to prepay outstanding term loans under the Utility Term Loan Credit Agreement (with all outstanding term loans made under the Utility 364-Day Term Loan Facility being paid first), subject to certain exceptions, with 100% of the net cash proceeds of certain securitization transactions. The Utility may voluntarily repay

outstanding loans under the Utility Term Loan Credit Agreement at any time without premium or penalty, other than customary “breakage” costs with respect to eurodollar rate loans.

On October 5, 2020, PG&E entered into a receivable financing agreement to sell a portion of accounts receivables (AR) at the Utility. This facility is used to fund post-emergence short-term liquidity needs in place the commercial paper market. PG&E is the originator of the accounts receivables and will continue to service the accounts receivables throughout the agreement term. PG&E AR Facility, LLC will serve as the bankrupt remote special purpose entity that will sell the beneficial interest of the receivables in exchange for the loans from the bank group up to \$1 billion. On August 12, 2022, PG&E submitted a request to exercise the “accordion” upside feature of the AR Facility, increasing the maximum borrowing base to \$1.5 billion.

On March 11, 2021, PG&E repaid in full the outstanding \$1.5 billion, 364-day term loan using proceeds from the First Mortgage Bond transaction which settled on the same day. Further detail on the issuance can be found under the “New Utility Debt” section.

On June 22, 2021, PG&E finalized an amendment to increase the capacity of the Revolving Credit Facility to \$4 billion from \$3.5 billion as well as extending the maturity date to July 1, 2026 from July 1, 2023.

On October 29, 2021, PG&E amended the term loan credit agreement to extend the maturity date to October 1, 2022 from January 1, 2022.

On April 4, 2022, PG&E closed a \$500 million 364-day Term loan with MUFG (as admin agent), BMO, Sumitomo, and Wells Fargo. The Term Loan is pre-payable at par at any time. The Term Loan was repaid in full with proceeds from the Rate Neutral Securitization Transaction in July

On April 20, 2022, PG&E closed 364-day and 2-year bi-lateral Term loans with Bank of America. The Term Loans are pre-payable at par at any time.

On August 22, 2022, PG&E exercised an accordion option on the Accounts Receivable Facility to increase the size of the facility to \$1.5 billion from \$1 billion.

SECURITIZATION BONDS

On November 4, 2021, PG&E Recovery Funding LLC, a subsidiary of the Utility (the “Issuing Entity”), issued \$860,399,000 of Senior Secured Recovery Bonds, Series 2021-A (the “Recovery Bonds”). In connection with the issuance of the Recovery Bonds, the Utility and the Issuing Entity signed a Recovery Property Purchase and Sale Agreement under which the Utility sold recovery property to the Issuing Entity in exchange for the net proceeds from the sale of the recovery bonds.

On May 10, 2022, PG&E Wildfire Recovery Funding, a limited liability corporation owned by and consolidated with the Utility, issued \$3.6 billion of Senior Recovery Bonds, series 2022-A. The proceeds of the bonds will be used to reimburse PG&E for previously incurred recovery costs, including the retirement of a portion of the \$6.0 billion of related “Temporary Debt” currently outstanding and a portion of loans outstanding on the Utility Revolving Credit Facility. The assets of PG&E Wildfire Recovery Funding LLC are not available to creditors of PG&E Corporation or the Utility and the recovery property is not legally an asset of the Utility or PG&E Corporation.

On July 13, 2022, PG&E Wildfire Recovery Funding, a limited liability corporation owned by and consolidated with the Utility, issued \$3.9 billion of Senior Recovery Bonds, series 2022-B. The proceeds of the bonds will be used to reimburse PG&E for previously incurred recovery costs, including the retirement of a portion of the \$6.0 billion of related "Temporary Debt" currently outstanding and a portion of loans outstanding on the Utility Revolving Credit Facility. The assets of PG&E Wildfire Recovery Funding LLC are not available to creditors of PG&E Corporation or the Utility and the recovery property is not legally an asset of the Utility or PG&E Corporation.

(d) Outstanding First Mortgage Bonds and Term Loans at June 30, 2022

Series	Issue Date	Maturity Date	Coupon	Interest Paid in 2022	Amount Outstanding
First Mortgage Bonds					
4.50% First Mortgage Bond Due 2041	01-Dec-11	15-Dec-41	4.500%	\$5,625,000	\$250,000,000
4.45% First Mortgage Bond Due 2042	16-Apr-12	15-Apr-42	4.450%	\$8,900,000	\$400,000,000
3.75% First Mortgage Bond Due 2042	16-Aug-12	15-Aug-42	3.750%	\$6,562,500	\$350,000,000
3.25% First Mortgage Bond Due 2023	14-Jun-13	15-Jun-23	3.250%	\$6,093,750	\$375,000,000
4.60% First Mortgage Bond Due 2043	14-Jun-13	15-Jun-43	4.60%	\$8,625,000	\$375,000,000
3.85% First Mortgage Bond Due 2023	12-Nov-13	15-Nov-23	3.85%	\$5,775,000	\$300,000,000
3.75% First Mortgage Bond Due 2024	21-Feb-14	15-Feb-24	3.75%	\$8,437,500	\$450,000,000
4.75% First Mortgage Bond Due 2044	21-Feb-14	15-Feb-44	4.75%	\$10,687,500	\$450,000,000
3.40% First Mortgage Bond Due 2024	18-Aug-14	15-Aug-24	3.40%	\$5,950,000	\$350,000,000
4.75% First Mortgage Bond Due 2044	18-Aug-14	15-Feb-44	4.75%	\$5,343,750	\$225,000,000
4.30% First Mortgage Bond Due 2045	06-Nov-14	15-Mar-45	4.30%	\$10,750,000	\$500,000,000
3.50% First Mortgage Bond Due 2025	12-Jun-15	15-Jun-25	3.50%	\$7,000,000	\$400,000,000
4.30% First Mortgage Bond Due 2045	12-Jun-15	15-Mar-45	4.30%	\$2,150,000	\$100,000,000
3.50% First Mortgage Bond Due 2025	05-Nov-15	15-Jun-25	3.50%	\$3,500,000	\$200,000,000
4.25% First Mortgage Bond Due 2046	05-Nov-15	15-Mar-46	4.25%	\$9,562,500	\$450,000,000
2.95% First Mortgage Bond Due 2026	01-Mar-16	01-Mar-26	2.95%	\$8,850,000	\$600,000,000
4.00% First Mortgage Bond Due 2046	01-Dec-16	01-Dec-46	4.00%	\$8,000,000	\$400,000,000
3.30% First Mortgage Bond Due 2027	10-Mar-17	15-Mar-27	3.30%	\$6,600,000	\$400,000,000
4.00% First Mortgage Bond Due 2046	10-Mar-17	01-Dec-46	4.00%	\$4,000,000	\$200,000,000
3.30% First Mortgage Bond Due 2027	29-Nov-17	01-Dec-27	3.30%	\$18,975,000	\$1,150,000,000
3.95% First Mortgage Bond Due 2047	29-Nov-17	01-Dec-47	3.95%	\$16,787,500	\$850,000,000
4.25% First Mortgage Bond Due 2023	06-Aug-18	01-Aug-23	4.25%	\$10,625,000	\$500,000,000
4.65% First Mortgage Bond Due 2028	06-Aug-18	01-Aug-28	4.65%	\$6,975,000	\$300,000,000
2.10% First Mortgage Bond Due 2027	16-Jun-20	01-Aug-27	2.10%	\$10,500,000	\$1,000,000,000
2.50% First Mortgage Bond Due 2030	16-Jun-20	01-Feb-31	2.50%	\$25,000,000	\$2,000,000,000
3.30% First Mortgage Bond Due 2040	16-Jun-20	01-Aug-40	3.30%	\$16,500,000	\$1,000,000,000
3.50% First Mortgage Bond Due 2050	16-Jun-20	01-Aug-50	3.50%	\$33,687,500	\$1,925,000,000
3.45% First Mortgage Bond Due 2025	30-Jun-20	01-Jul-25	3.45%	\$15,093,750	\$875,000,000
3.75% First Mortgage Bond Due 2028	30-Jun-20	01-Jul-28	3.75%	\$16,406,250	\$875,000,000
4.55% First Mortgage Bond Due 2030	30-Jun-20	01-Jul-30	4.55%	\$70,525,000	\$3,100,000,000
4.95% First Mortgage Bond Due 2050	30-Jun-20	01-Jul-50	4.95%	\$76,725,000	\$3,100,000,000
3.15% First Mortgage Bond Due 2026	30-Jun-20	01-Jan-26	3.15%	\$30,735,651	\$1,951,469,927
4.50% First Mortgage Bond Due 2040	30-Jun-20	01-Jul-40	4.50%	\$43,908,073	\$1,951,469,927
3.25% First Mortgage Bond Due 2031	11-Mar-21	01-Jun-31	3.250%	\$7,312,500	\$450,000,000
4.20% First Mortgage Bond Due 2041	11-Mar-21	01-Jun-41	4.200%	\$9,450,000	\$450,000,000
3.00% First Mortgage Bond Due 2028	03-Jun-21	15-Jun-28	3.000%	\$12,000,000	\$800,000,000
1.70% First Mortgage Bonds Due 2023	15-Nov-21	15-Nov-23	1.700%	\$7,650,000	\$900,000,000
3.25% First Mortgage Bonds Due 2031	15-Nov-21	01-Jun-31	3.250%	\$8,937,500	\$550,000,000
4.20% First Mortgage Bonds Due 2029	18-Feb-22	01-Mar-29	4.200%	\$8,400,000	\$400,000,000
4.40% First Mortgage Bonds Due 2032	18-Feb-22	01-Mar-32	4.400%	\$9,900,000	\$450,000,000
5.25% First Mortgage Bonds Due 2052	18-Feb-22	01-Mar-52	5.250%	\$14,437,500	\$550,000,000
2-Year Term Loan	20-Apr-22	19-Apr-24	SOFR + Spread Adj (0.10%) + 1.25%	\$1,419,869	\$400,000,000
4.95% First Mortgage Bonds Due 2025	08-Jun-22	08-Jun-25	4.950%	\$0	\$450,000,000
5.45% First Mortgage Bonds Due 2027	08-Jun-22	15-Jun-27	5.450%	\$0	\$450,000,000
5.90% First Mortgage Bonds Due 2027	08-Jun-22	15-Jun-32	5.90%	\$0	\$600,000,000
			Total	\$604,363,594	\$33,802,939,854
Non-Temporary Short-Term Debt					
FRN First Mortgage Bonds Due 2022	15-Nov-21	14-Nov-22	SOFR + 1.15%	\$1,935,914	\$300,000,000
364-Day Term Loan	20-Apr-22	19-Apr-23	SOFR + Spread Adj (0.10%) + 1.25%	\$443,709	\$125,000,000
			Total	\$2,379,624	\$425,000,000
Temporary Debt					
3.25% First Mortgage Bond Due 2024	18-Feb-22	16-Feb-24	3.250%	\$16,250,000	\$1,000,000,000
			Total	\$16,250,000	\$1,000,000,000

- (e) Each note outstanding giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during last fiscal year.

The only PG&E notes outstanding are the senior secured notes and term loans disclosed in Exhibit F (d), which were publicly issued under the indenture described in Exhibit F (c).

(f) Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by any person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year

Description	Devolution or Assumption of any Portion	Amount Outstanding	Shares Outstanding	Interest Rate	Interest Paid Year Ended 12/31/20
Advances from Special Purpose Entity (PG&E Energy Recovery Funding LLC)	None	\$ -	N/A	Various	\$ -

(g) Rate and amount of dividends paid during the five previous fiscal years, and the amount of capital stock on which dividends were paid each year

	Stock Outstanding September 30th (in dollars)	Amount of Capital Stock on which Dividends were Paid (in dollars)	Amount of Dividends (in dollars)
6% NONREDEEMABLE FIRST PREFERRED STOCK			
2017 - 6% Cash	105,291,550	105,291,550	6,317,511
2018 - 6% Cash	105,291,550	-	-
2019 - 6% Cash	105,291,550	-	-
2020 - 6% Cash	105,291,550	-	-
2021 - 6% Cash	105,291,550	-	-
2022 - 6% Cash ⁽²⁾	105,291,550	105,291,550	28,428,712
5.50% NONREDEEMABLE FIRST PREFERRED STOCK			
2017 - 5.50% Cash	29,329,075	29,329,075	1,613,106
2018 - 5.50% Cash	29,329,075	-	-
2019 - 5.50% Cash	29,329,075	-	-
2020 - 5.50% Cash	29,329,075	-	-
2021 - 5.50% Cash	29,329,075	-	-
2022 - 5.50% Cash ⁽²⁾	29,329,075	29,329,075	7,258,946
5% NONREDEEMABLE FIRST PREFERRED STOCK			
2017 - 5% Cash	10,000,000	10,000,000	500,002
2018 - 5% Cash	10,000,000	-	-
2019 - 5% Cash	10,000,000	-	-
2020 - 5% Cash	10,000,000	-	-
2021 - 5% Cash	10,000,000	-	-
2022 - 5% Cash ⁽²⁾	10,000,000	10,000,000	2,250,000
5% REDEEMABLE FIRST PREFERRED STOCK			
2017 - 5% Cash	44,454,300	44,454,300	2,222,718
2018 - 5% Cash	44,454,300	-	-
2019 - 5% Cash	44,454,300	-	-
2020 - 5% Cash	44,454,300	-	-
2021 - 5% Cash	44,454,300	-	-
2022 - 5% Cash ⁽²⁾	44,454,300	44,454,300	10,002,218
5% REDEEMABLE FIRST PREFERRED STOCK, SERIES A			
2017 - 5% Cash	23,358,050	23,358,050	1,167,908
2018 - 5% Cash	23,358,050	-	-
2019 - 5% Cash	23,358,050	-	-
2020 - 5% Cash	23,358,050	-	-
2021 - 5% Cash	23,358,050	-	-
2022 - 5% Cash ⁽²⁾	23,358,050	23,358,050	5,255,561
4.80% REDEEMABLE FIRST PREFERRED STOCK			
2017 - 4.80% Cash	19,825,775	19,825,775	951,637
2018 - 4.80% Cash	19,825,775	-	-
2019 - 4.80% Cash	19,825,775	-	-
2020 - 4.80% Cash	19,825,775	-	-
2021 - 4.80% Cash	19,825,775	-	-
2022 - 4.80% Cash ⁽²⁾	19,825,775	19,825,775	4,282,367
4.50% REDEEMABLE FIRST PREFERRED STOCK			
2017 - 4.50% Cash	15,278,550	15,278,550	687,537
2018 - 4.50% Cash	15,278,550	-	-
2019 - 4.50% Cash	15,278,550	-	-
2020 - 4.50% Cash	15,278,550	-	-
2021 - 4.50% Cash	15,278,550	-	-
2022 - 4.50% Cash ⁽²⁾	15,278,550	15,278,550	3,093,906

(g) Rate and amount of dividends paid during the five previous fiscal years, and the amount of capital stock on which dividends were paid each year

	Stock Outstanding September 30th (in dollars)	Amount of Capital Stock on which Dividends were Paid (in dollars)	Amount of Dividends (in dollars)	
4.36% REDEEMABLE FIRST PREFERRED STOCK				
2017 - 4.36% Cash	10,457,275	10,457,275	455,938	
2018 - 4.36% Cash	10,457,275	-	-	
2019 - 4.36% Cash	10,457,275	-	-	
2020 - 4.36% Cash	10,457,275	-	-	
2021 - 4.36% Cash	10,457,275	-	-	
2022 - 4.36% Cash ⁽²⁾	10,457,275	10,457,275	2,051,717	
TOTAL PREFERRED STOCK				
2017	257,994,575	257,994,575	13,916,357	
2018	257,994,575	-	-	
2019	257,994,575	-	-	
2020	257,994,575	-	-	
2021	257,994,575	-	-	
2022 ⁽²⁾	257,994,575	257,994,575	62,623,428	
COMMON STOCK				
2017 (Dividend to PG&E Corp)	1,321,874,045	(1)	784,000,000	
2018 (Dividend to PG&E Corp)	1,321,874,045	(1)	-	
2019 (Dividend to PG&E Corp)	1,321,874,045	(1)	-	
2020 (Dividend to PG&E Corp)	1,321,874,045	(1)	-	
2021 (Dividend to PG&E Corp)	1,321,874,045	(1)	-	
2022 (Dividend to PG&E Corp) ⁽²⁾	1,321,874,045	(1)	425,000,000	
TOTAL COMMON & PREFERRED STOCK				
2017	1,579,868,620	NA	797,916,357	
2018	1,579,868,620	NA	-	
2019	1,579,868,620	NA	-	
2020	1,579,868,620	NA	-	
2021	1,579,868,620	NA	-	
2022 ⁽²⁾	1,579,868,620	NA	487,623,428	
AMOUNT OF COMMON STOCK ON WHICH DIVIDENDS WERE PAID				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2017	1,321,874,045	1,321,874,045	1,321,874,045	Dividend Suspended 12/20/2017
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022 ⁽²⁾	-	-	-	-

⁽¹⁾ Refer to "Amount of Common Stock on Which Dividends were Paid"

⁽²⁾ Data as of June 30, 2022; Includes Preferred Dividend Reinstatement and Preferred Dividends Paid in Arrears (May 2022)

SCHEDULE I

**(CONFIDENTIAL MATERIAL HAS BEEN
EXTRACTED FROM THE PUBLIC VERSION AND
WILL BE FILED UNDER SEAL WITH THE
COMMISSION'S DOCKET OFFICE)**

SCHEDULE II

**(CONFIDENTIAL MATERIAL HAS BEEN
EXTRACTED FROM THE PUBLIC VERSION AND
WILL BE FILED UNDER SEAL WITH THE
COMMISSION'S DOCKET OFFICE)**

SCHEDULE III

**(CONFIDENTIAL MATERIAL HAS BEEN
EXTRACTED FROM THE PUBLIC VERSION AND
WILL BE FILED UNDER SEAL WITH THE
COMMISSION'S DOCKET OFFICE)**

SCHEDULE IV

**SCHEDULE IV
PACIFIC GAS AND ELECTRIC COMPANY**

STATEMENT OF PROPERTY ACQUISITIONS, CONSTRUCTION, AND IMPROVEMENTS
UNREIMBURSED FROM THE SALE OF SECURITIES
AS OF June 30, 2022
(\$ Millions)

1	Total Utility Plant ^[1]	
2	Nuclear Fuel	\$3,322
3	Gas Stored Underground	120
4	Non-Utility Property	23
5	Property in Deferred Debits	0
6	Total Property Acquisitions, Construction, and Improvements	<u>113,762</u>
	less	
7	Reimbursements from Customer Advances for Construction	268
	less	
8	Common Stock Issued	1,322
9	<i>Preferred Stock Issued</i>	258
10	Additional Paid-in Capital	28,498
11	Long-term Debt (par, in hands of public)	36,303
12	Total Reimbursements	<u>66,381</u>
13	Total Property Acquisitions, Constructions, and Improvements Unreimbursed	<u>47,113</u>

[1] Total Utility Plant:

Total Utility Plant (Exhibit A to Application)	106361
Construction Work in Progress (CWIP)	3936
Total Utility Plant and CWIP	\$110,297
Property Under Capital Lease (QFs)	1,346
Plant Purchased or Sold & Acquisition Adjustments	0
Total Utility Plant at 6/30/22 (Exhibit E to Application - Balance Sheet)	111,643

SCHEDULE V

SCHEDULE V
PACIFIC GAS AND ELECTRIC COMPANY

OPERATING REVENUES AND NET INCOME
For the Quarterly Periods Ended March 31, 2022 and June 30, 2022
(\$ Millions)

	UTILITY	CONSOLIDATED
<i>March 31, 2022</i>		
Total Operating Revenues ^[1]	\$5,798	\$5,798
California Operating Revenue	\$5,798	\$5,798
Percent California to Company Revenues	100%	100%
Net Income (Utility Operations only)	\$530	\$530
 <i>June 30, 2022</i>		
Total Operating Revenues ^[1]	\$5,118	\$5,118
California Operating Revenue	\$5,118	\$5,118
Percent California to Company Revenues	100%	100%
Net Income (Utility Operations only)	\$600	\$600

[1] Excludes interdepartmental revenues between electric and gas operations

SCHEDULE VI

**SCHEDULE VI
PACIFIC GAS AND ELECTRIC COMPANY**

Historical Financing Data through June 30, 2022

Description	Authorization / Issuance Date	Decision No.	Amount Authorized	Issuance	Remaining Authorization	Amount Reissued	Reissuance Authority
CPUC Financing Authorization	10/28/04	D.04-10-037	\$1,538,000,000	\$1,538,000,000	\$0		
	04/07/05	D.05-04-023					
	11/09/06	D.06-11-006					
CPUC Financing Authorization	06/15/06	D.06-06-019	\$3,000,000,000	\$3,000,000,000	\$0		
CPUC Financing Authorization	10/02/08	D. 08-10-013	\$4,000,000,000	\$4,000,000,000	\$0		
CPUC Financing Authorization	11/01/11	D. 12-04-015	\$4,750,000,000	\$4,750,000,000	\$0		
CPUC Financing Authorization	1/29/2015	D. 15-01-030	\$6,000,000,000	\$5,216,520,964	\$783,479,036		
CPUC Financing Authorization	5/28/2020	D. 20-05-053	\$11,925,000,000		\$12,708,479,036		
FMB new issue	06/19/20			\$5,925,000,000	\$6,783,479,036		
FMB Temporary Debt ^[1]	06/19/20			\$6,000,000,000	\$783,479,036		
Citi Collateral	07/01/20			110,000,000.00	\$673,479,036		
Add'l FMB issued	07/01/20			4,900,000.00	\$668,579,036		
FMB Exchange Bonds					\$0		\$11,848,039,854
Remaining Authorization					\$668,579,036		
CPUC Financing Authorization	5/11/2020	D. 20-12-025	\$8,100,000,000		\$8,768,579,036		
3.25% First Mortgage Bond Due 2031	11-Mar-21			\$450,000,000	\$8,318,579,036		
4.20% First Mortgage Bond Due 2041	11-Mar-21			\$450,000,000	\$7,868,579,036		
3.00% First Mortgage Bond Due 2028				\$800,000,000	\$7,068,579,036		
Collateral JPM- Credit Card Program				\$30,000,000	\$7,038,579,036		
1.70% First Mortgage Bonds due 2023				\$900,000,000	\$6,138,579,036		
3.25% First Mortgage Bonds due 2031				\$550,000,000	\$5,588,579,036		
4.20% First Mortgage Bonds Due 2029				\$400,000,000	\$5,188,579,036		
4.40% First Mortgage Bonds Due 2032				\$450,000,000	\$4,738,579,036		
5.25% First Mortgage Bonds Due 2052				\$550,000,000	\$4,188,579,036		
2-Year Term Loan				\$400,000,000	\$3,788,579,036		
4.95% First Mortgage Bonds Due 2025				\$450,000,000	\$3,338,579,036		
5.45% First Mortgage Bonds Due 2027				\$450,000,000	\$2,888,579,036		
5.90% First Mortgage Bonds Due 2027				\$600,000,000	\$2,288,579,036		
Remaining Authorization					\$2,288,579,036		

[1]. Included in the Temporary Debt Financing is the \$1.5 billion 18-month Term Loan.

SCHEDULE VII

SCHEDULE VII
PACIFIC GAS AND ELECTRIC COMPANY

Additional Financing Applications Estimated to be Filed in 2022

PG&E plans on filing a long-term debt financing application in Q4 2022

SCHEDULE VIII

**SCHEDULE VIII
PACIFIC GAS AND ELECTRIC COMPANY**

Short-Term Debt in Excess of PU Code
Section 823(c)
As of June 30, 2022
(\$ Millions)

<u>Line No.</u>		
1	Common Stock (\$5 par)	\$1,322
2	Preferred (\$25 par)	\$258
3	Preferred (\$100 par)	\$0
4	Long-Term Debt (par)	37,952
5	Total	\$39,532
6	5% allowed by PU Code Section 823(c)	\$1,977
7	Amount authorized in D.21-05-008 (superseded authorization in in D.20-05-053)	\$7,500
8	Short-term credit facilities and outstanding short-term debt	\$5,925
9	Short-term credit facilities and outstanding short-term debt in excess of PU Code Section 823(c)	\$3,948
10	Additional authority requested in this Application	<u>\$0</u>
11	Total	\$3,948

SCHEDULE IX-A

SCHEDULE IX - A

PACIFIC GAS AND ELECTRIC COMPANY

Capitalization Ratios as of June 30, 2022
(\$ Millions)

	<u>6/30/22</u>		CPUC Authorization Amount Remaining	<u>Pro Forma</u>	
Long-Term Debt ^[1]	33,576	50.65%			
			^[2] \$2,289		
			^[3] \$6,000		
			<hr/>	41,865	56.13%
Preferred Stock ^[4]	\$252	0.38%			
			^[2] \$0		
			^[3] \$0		
			<hr/>	252	0.34%
Common Stock ^[5]	\$32,462	48.97%			
			<hr/>	32,462	43.53%
			\$0		
			<hr/>	32,462	43.53%
Total Capitalization	\$66,290	100.00%	\$8,289	74,579	100.00%

Footnotes:

^[1] <u>Debt</u>	<u>6/30/22</u>
Capital Structure Adjustments	(\$ Millions)
Long-term Debt	36,092
Less: Unamortized gain/loss, issuance expense, net of tax	(\$103)
Less: Financing regulatory asset	(\$205)
Less: Interest hedging regulatory asset	(\$10)
Less: AB1054 Capital Spend	(\$3,059)
Plus: AB1054 Securitization	860
Net Debt	<hr/> 33,576

^[2] Remaining debt or preferred amount authorized by D. 20-12-025 on 12/20/2020 (See Schedule VI) as of 8/31/22. Remaining authority as of 8/31/22 is \$2.3 billion.

^[3] Amount of debt or preferred requested in current Application, \$11,200,000,000 less \$5,200,000,000 included as refunding debt.

^[4] <u>Preferred Stock</u>	
Preferred Stock - Par	\$259
Less: Pref. Paid-In Capital	(\$7)
Net Preferred	<hr/> \$252

^[5] <u>Common Stock</u>	
Common Shareholders' Equity	\$26,458
Less: Preferred	(\$252)
Less: Other Comprehensive Income	\$12
Plus: Wildfire Fund Contribution	\$839
Plus: Securitization Customer Credit	\$5,405
Net Common Equity	<hr/> \$32,462

SCHEDULE IX-B

**(CONFIDENTIAL MATERIAL HAS BEEN
EXTRACTED FROM THE PUBLIC VERSION AND
WILL BE FILED UNDER SEAL WITH THE
COMMISSION'S DOCKET OFFICE)**

SCHEDULE X

SCHEDULE X
PACIFIC GAS AND ELECTRIC COMPANY

Computation of Fee

Type	Amount	Rate (per \$000)	Fee
Total Debt and Preferred	\$3,650,000,000		
Step I (Up to \$1 Million)	\$1,000,000	\$2.00	\$2,000
Step II (Over \$1 Million)	\$9,000,000	\$1.00	\$9,000
Step III (Over \$10 Million)	\$3,640,000,000	\$0.50	<u>\$1,820,000</u>
Total Fee			\$1,831,000

ATTACHMENT A

ATTACHMENT A

Draft as of September 28, 2022

SEPARATION AGREEMENT

by and among

PACIFIC GAS AND ELECTRIC COMPANY

and

PACIFIC GENERATION LLC

[•], 2023

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SEPARATION AGREEMENT

THIS SEPARATION AGREEMENT (this “Agreement”) is made as of [DATE], 2023 by and between PACIFIC GAS AND ELECTRIC COMPANY, a California corporation (“PG&E”) and PACIFIC GENERATION LLC, a Delaware limited liability company (the “Company”). Unless otherwise defined herein, capitalized terms used herein are defined in Article I.

WHEREAS, PG&E is engaged in, among other things, the business of the generation, sale and delivery of electricity to customers, including the generation of electricity from (among other sources) hydroelectric, natural gas-fired and solar generation facilities and emission of electricity from battery energy storage systems;

WHEREAS, the Company is a newly formed and wholly owned subsidiary of PG&E, created for the purposes of the Contemplated Transactions (as defined below) and the transactions contemplated by the Minority Sale Agreements (as defined below);

WHEREAS, PG&E wishes to contribute to the Company, and the Company was formed to accept, the Generation Assets (as defined in Section 2.2) and to assume the Generation Liabilities (as defined in Section 2.5);

WHEREAS, following such contribution and assumption, PG&E will operate and maintain such Generation Assets in accordance with the terms and conditions of the Intercompany Agreements (as defined in Section 3.3) between PG&E and the Company being entered into concurrently with this Agreement; and

WHEREAS, PG&E has entered into (i) a Minority Sale Agreement, dated as of [], 2023, by and among PG&E, the Company and [*name of Investor Party*], and (ii) a Minority Sale Agreement, dated as of [], 2023, by and among PG&E, the Company and [*name of Investor Party*] (collectively, the “Minority Sale Agreements”) pursuant to which PG&E has agreed to sell, and [*Investor[s]*] (collectively, “Investors,” and each, an “Investor”) have severally agreed to purchase, certain equity interests of the Company following the Closing Date.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I DEFINITIONS

1.1 As used in this Agreement, the following terms have the meanings set forth below.

“Action” means any notice, charge, assertion, appeal, action, demand, citation, summons, litigation, suit, proceeding, hearing or arbitration by or before any Governmental Authority or any validly constituted arbitral panel or similar body, of any nature, criminal, civil, administrative, regulatory, investigative or otherwise, and whether at law or in equity.

“Advice Letter” means the process authorized by the Commission pursuant to D.23-XX-XXX and General Order 96-B for PG&E and the Company to submit final copies of this

Agreement and the Minority Sale Agreements and to consummate the transactions contemplated by this Agreement and the Minority Sale Agreements.

“Agreement” shall have the meaning set forth in the preamble.

“Assumed Contract” shall have the meaning set forth in Section 2.2(f).

“Assumed Environmental Liabilities” means any Environmental Liability relating to or arising out of the Generation Assets or the Generation Business, whether based on facts, circumstances, events, occurrences, conduct or Environmental Claims occurring prior to, on or following the Closing Date, other than the Known Environmental Liabilities.

“Business Day” means any day other than a Saturday, a Sunday, or a day on which banks located in San Francisco, California or New York, New York are authorized or required by Law to be closed.

“CEC” means the California Energy Commission.

“CEC Application” means a petition to transfer ownership or operational control of a facility pursuant to 20 Cal. Code of Reg. § 1769(b).

“CEC Approval” means, as applicable, CEC staff affirmation of the CEC Application or the adoption by the CEC of the CEC staff affirmation of the CEC Application.

“CERCLA” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §§ 9601 et seq.).

“Closing” shall have the meaning set forth in Section 3.1.

“Closing Date” shall have the meaning set forth in Section 3.1.

“Code” means the Internal Revenue Code of 1986, as amended.

“Company” shall have the meaning set forth in the preamble.

“Company Opening Balance Sheet” means the opening balance sheet of the Company as of the Closing Date, prepared in accordance with generally accepted accounting principles and after giving effect to the transactions contemplated hereby.

“Completed Environmental Matter” means a Known Pre-Closing Environmental Matter for which PG&E has achieved Completion (as such term is defined in Section 7.1(a)).

“Consent” means any consent, approval or authorization of or designation, registration, declaration or filing with, any Person other than a Governmental Authority.

“Contemplated Transactions” means the transactions contemplated by this Agreement, including the execution and delivery of the Intercompany Agreements.

“Contracts” means any agreement, contract, lease, settlement, consensual obligation, promissory note, evidence of indebtedness, purchase order, letter of credit, license, promise or undertaking of any nature (whether written or oral and whether express or implied), including letters of intent, executed term sheets and similar evidences of an agreement in principle, but excluding any Employee Benefit Plan.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise. The term “Control” when used as a verb shall have a correlative meaning.

“Conveyance Documents” has the meaning set forth in Section 3.2(a).

“CPUC” means the California Public Utilities Commission.

“CPUC Advice Letter Approval” means the confirmation by the CPUC that the Advice Letter is effective.

“CPUC Order” means [CPUC Decision No. 23-__ - __, issued _____, 2023.]

“Data Breach” means any unauthorized Processing of Generation Business Data or IT Systems, or any other data security incident requiring notification to any Person or Governmental Authority under Privacy Laws.

“Data Processor” means a natural or legal Person, public authority, agency or other body that Processes Personal Data on behalf of or with respect to the Generation Business.

“Decommissioning Liabilities” means any and all liabilities and costs incurred in relation to decommissioning, removing, disposing, recovering or making safe any Generation Assets following the Closing (including any liabilities and costs incurred in connection with environmental matters or under Environmental Law, whether known or unknown by PG&E at the Closing). Decommissioning Liabilities shall not be impacted by any amounts that have been, or are expected to be, recovered by PG&E from customers in rates.

“Delayed Generation Asset” has the meaning set forth in Section 6.1(a).

“Delayed Generation Liability” has the meaning set forth in Section 6.1(a).

“Disclosure Schedules” means the Disclosure Schedules attached hereto. References to “Schedules” or a “Schedule” herein refer to sections of the Disclosure Schedules.

“Employee Benefit Plan” has the meaning set forth in Section 4.13(a).

“Energy Industry Regulations” means the laws, orders, decisions, directives, and regulations of the CPUC, FERC, CEC and FCC.

“Enforceability Exceptions” has the meaning set forth in Section 4.2.

“Environmental Claim” means any and all claims alleging potential liability, administrative or judicial actions, suits, orders, liens, notices alleging liability, notices of violation, investigations, complaints, requests for information, proceedings, or other written communication, whether criminal, civil or administrative based upon, alleging, asserting, or claiming any actual or potential Environmental Liability.

“Environmental Law” means any Law relating to or imposing liability or standards of conduct with respect to the protection of human health, safety, the environment or natural resources (including ambient air, soil, surface water, groundwater, wetlands, land or subsurface strata, flora and fauna and other natural resources), including Laws relating to (a) emissions, discharges, releases or threatened releases of Hazardous Substances into the environment; (b) manufacture, generation, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances; and (c) exposure to Hazardous Substances or conditions.

“Environmental Liability” means any and all liability, Loss, costs, expenses, fines, penalties, damages, environmental investigation, remediation or response costs, monitoring costs, natural resource damages, attorney’s fees and expenses, consultant’s fees and expenses and other costs and expenses relating to or arising from (a) the actual or alleged violation of, or liability under, any Environmental Law or any Environmental Permit, including fines and penalties, mitigation damages and costs to correct any such violations, (b) the presence in any environmental media (including indoor air) or building structures, Release, or threatened Release of any Hazardous Substances at any location, including at off-site locations used for the disposal, storage, recycling or reclamation of Hazardous Substances or other wastes, and (c) personal or bodily injury or death resulting from exposure to Hazardous Substances.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“Excluded Assets” shall have the meaning set forth in Section 2.3.

“Excluded Hydroelectric Facilities and Assets” means the assets to be sold pursuant to (1) the Purchase and Sale Agreement by and between PG&E and Tule Hydro LLC, as purchaser, which include the Hydroelectric Facilities relating to the Tule River Project (FERC No. 1333) and (2) the Purchase and Sale Agreement by and between PG&E and Nevada Irrigation District, as purchaser, which include the Hydroelectric Facilities relating to the Deer Creek Hydroelectric Project.

“FCC” means the Federal Communications Commission or any successor agency thereto.

“FCC Approval” means any approvals or authorizations necessary in connection with the Contemplated Transactions (if any).

“FCC License” means a license or other authorization issued by the FCC to PG&E that is used or held for use in the Generation Business.

“FERC” means the Federal Energy Regulatory Commission.

“FERC Approvals” means collectively, FERC approval of the transfer of the relevant hydropower licenses, FERC approval pursuant to FPA section 203 for the Contemplated

Transactions and the transactions contemplated by the Minority Sale Agreements, and FERC authorization or acceptance (as applicable) pursuant to FPA section 205 for the Company's electric wholesale tariffs and for certain Intercompany Agreements.

“FERC Hydro Project Licenses” means the hydropower licenses issued to PG&E in connection with the Generation Business and the Generation Assets pursuant to the Federal Power Act.

“Generation Assets” shall have the meaning set forth in Section 2.2.

“Generation Balancing Account” means the balancing accounts specified in PG&E's tariffs and authorized by the CPUC related to the Generation Business.

“Generation Business” means PG&E's business of the generation or emission of electricity from owned assets regulated by the CPUC on the basis of cost, including hydroelectric, natural gas-fired and solar generation facilities and the storage of electricity in battery energy storage systems, but excluding the Retained Generation Assets, as conducted immediately prior to the Closing.

“Generation Business Data” means all confidential data, information, and data compilations contained in the IT Systems or databases of PG&E, including Personal Data, that are used in the Generation Business.

“Generation Business Privacy Policies” means any (a) internal or external past or present data protection, data usage, data privacy and security policies of the Generation Business, (b) representations, obligations, promises or commitments with respect to the Generation Business, relating to privacy, security, or the Processing of Personal Data, and (c) policies and obligations applicable to the Generation Business as a result of any certification relating to privacy, security, or the Processing of Personal Data.

“Generation Business R&W” means (a) in respect of this Agreement, the representations and warranties made by PG&E to the Company in Section 4.5 (Compliance with Law), Section 4.6 (No Litigation), Section 4.7 (Permits), Section 4.8 (Water Rights), Section 4.9 (Real Property), Section 4.10 (Title and Condition; Sufficiency of Assets), Section 4.11 (Material Assigned Contracts), Section 4.12 (Insurance), Section 4.13 (Employees and Employee Benefit Plans; Labor), Section 4.14 (Environmental Matters), Section 4.15 (Data Privacy; Cybersecurity) and Section 4.17 (Intellectual Property) of this Agreement and (b) in respect of the Minority Sale Agreement[s], the representations and warranties made by PG&E to Investor[s] pursuant to Article V of the Minority Sale Agreement[s].

“Generation Facilities” means the electric generation facilities that are part of the Generation Business, including any battery storage systems.

“Generation Liabilities” shall have the meaning set forth in Section 2.5.

“Generation Memorandum Account” means the memorandum accounts specified in PG&E's tariffs and authorized by the CPUC related to the Generation Business.

“Generation Real Property” means the Owned Generation Real Property, the Leased Generation Real Property and the Generation Rights-of-Way.

“Generation Real Property Leases” means each Contract to which PG&E is a party for the Leased Generation Real Property.

“Generation Regulatory Assets” means deferred charges and other rights of the Company to potentially recover amounts from customers through rates and charges in future periods (together with any interest or return thereon, as applicable), including the amounts set forth in the Generation Memorandum Accounts or the Generation Balancing Accounts.

“Generation Regulatory Liabilities” means, to the extent related to the Generation Business, liabilities to refund or credit amounts to customers through rates and charges in future periods (together with any interest or return thereon) that result specifically from ratemaking action by the CPUC, whether pursuant to a decrease or offset to Rate Base or revenue requirement for ratemaking purposes or pursuant to a recovery or credit mechanism that has been specifically authorized or approved by the CPUC.

“Generation Rights-of-Way” means easements, licenses, rights-of-way, option, rights-of-first refusal, rights-of-first offer or similar rights or interests in any parcel of real property, which rights or interest are held or used in the Generation Business.

“Governmental Authority” means any federal, national, regional, state, municipal or local government or special district, any political subdivision or any governmental, judicial, public, administrative, Tax, regulatory, arbitral, statutory or other instrumentality, tribunal, court, agency, authority, body, commission, bureau or entity having jurisdiction over the matter or Person in question or over any of the Generation Assets, including, as applicable, FERC, the CPUC, the CEC, the NERC, the SWRCB and CAISO.

“Governmental Order” means any order, writ, judgment, injunction, decree, stipulation, determination, penalty, or award entered by or with any Governmental Authority.

“Hazardous Substance” means, collectively, (a) any chemical, material or substance that is listed or regulated under applicable Laws as a “hazardous” or “toxic” substance or waste, or as a “contaminant” or “pollutant” or words of similar import, (b) any petroleum or petroleum products, flammable materials, explosives, radioactive materials, asbestos, urea formaldehyde foam insulation, and transformers or other equipment that contain polychlorinated biphenyls or per- and polyfluoroalkyl substances, and (c) any other chemical or other material or substance, exposure to which is prohibited, limited or regulated by any Law.

“Hydroelectric Facilities” means those certain hydroelectric facilities that are Generation Facilities, together with all improvements, additions and replacements thereto.

“Information Security Program” means a written information security program that complies with Privacy Laws and that includes: (a) policies and procedures regarding the Processing of Personal Data; (b) administrative, technical and physical safeguards to protect the security, confidentiality, and integrity of any Personal Data Processed with respect to the Generation Business; (c) requirements for protecting the security, confidentiality, and integrity of

any Personal Data Processed by, and IT Systems operated by, any third party operating on behalf of or at the direction or for the benefit of the Generation Business; (d) disaster recovery, business continuity, incident response, and security plans, procedures and facilities; and (e) protections against Data Breaches, malicious code, and against loss, misuse or unauthorized access to and Processing of Generation Business Data and IT Systems used with respect to the Generation Business.

“Intellectual Property Rights” means all rights in and to the following: (a) patents and patent applications, (b) trademarks, service marks, trade dress, logos, (c) copyrights and registrations and applications for registration thereof, (d) mask works and registrations and applications for registration thereof, (e) trade secrets, inventions (whether patentable or unpatentable and whether or not reduced to practice) and know-how and (f) domain names.

“Intercompany Agreements” shall have the meaning set forth in Section 3.3.

“Investor” shall have the meaning set forth in the recitals.

“IT Assets” means all computers, computer software, embedded software, databases, firmware, middleware, servers, workstations, routers, hubs, switches, data communication lines, and all other information technology and computer systems, equipment, and all associated documentation, used or held for use in the Generation Business.

“IT Systems” means the hardware, software, firmware, middleware, equipment, electronics, platforms, servers, workstations, routers, hubs, switches, interfaces, data, databases, data communication lines, network and telecommunications equipment, websites and internet-related information technology infrastructure, wide area network and other data communications or information technology equipment, owned, leased by, used by, for the benefit of, licensed to, or Processed in the conduct of the Generation Business.

“Knowledge” means, with respect to PG&E or the Company, the actual, current knowledge of, or the knowledge that Person has after reasonable inquiry of their respective direct reports, of the Persons listed in Schedule 1.1(a) for PG&E or the Company, as applicable, of any fact, circumstance or condition, irrespective of the group and title set forth in Schedule 1.1(a).

“Known Environmental Liabilities” means all liabilities and Losses arising from or related to the Remediation of Known Pre-Closing Environmental Matters in accordance with Section 7.1 of this Agreement.

“Known Pre-Closing Environmental Matters” shall have the meaning set forth in Section 7.1(a)(i).

“Law” means any statute, law, ordinance, treaty, rule or regulation of a Governmental Authority.

“Leased Generation Real Property” means the real property leased, subleased, licensed or otherwise occupied by PG&E as tenant, sublessee, licensee or occupier, together with, to the extent leased, subleased, licensed or otherwise occupied by PG&E, all buildings and other structures, facilities, powerhouses, dams, reservoirs and other improvements located thereon, all

fixtures, systems, equipment and items of personal property that are used or held for use in the Generation Business affixed thereto and all easements, licenses, rights and appurtenances relating to the foregoing. The real property leased under the Generation Real Property Leases shall be Leased Generation Real Property.

“Legal Impediment” means a legal impediment, restraint or prohibition which is in effect and has the effect of preventing, restricting or otherwise prohibiting the transfer of a Generation Asset or the assumption of a Generation Liability, as the case may be, as of the Closing Date.

“Liens” means (a) with respect to real property, liens, pledges, mortgages, deeds of trust, security interests, easements, and other similar encumbrances affecting title to real property, and (b) with respect to personal property, liens, pledges, and security interests, in each case, whether imposed by law or agreement.

“Lookback Date” means [January 1, 2022].

“Material Adverse Effect” means any condition, circumstance, event or change that, individually or in the aggregate with any other such conditions, circumstances, events or changes, (a) with respect to PG&E, has had or would reasonably be expected to have a material adverse effect on the ability of PG&E to consummate the Contemplated Transactions or to perform its obligations under this Agreement and (b) with respect to the Generation Business, has or would reasonably be expected to have a material adverse effect on the business, assets, financial condition or results of operations of the Generation Business; provided, however, that a Material Adverse Effect shall not include any such condition, circumstance, event or change specifically disclosed in CPUC or FERC filings or the SEC Reports filed or furnished to the CPUC, FERC or SEC, as applicable, prior to the Closing Date or in the schedules to this Agreement, or resulting from, relating to or arising out of (i) changes in economic or financial market conditions generally or in the industries in which the Generation Business operates, whether international, national, regional or local, (ii) changes in international, national, regional, state or local wholesale or retail markets (including market description or pricing) for, or changes in industry conventions, practices and structures impacting revenues for, energy, electricity, capacity, fuel supply, water, electricity storage, or ancillary services, including those due to actions by competitors, (iii) changes in general regulatory or political conditions, including any acts of war, civil unrest or terrorist activities (or similar activities), (iv) changes in international, national, regional or state electric transmission, distribution, generation or storage systems or facilities, including the operation or condition thereof, (v) any changes in the market price of commodities, including fuel and other consumables, (vi) effects of weather or meteorological events, including climate change, storms, earthquakes, tornados, floods, droughts, high winds or natural disasters, (vii) changes or adverse conditions in the securities markets, including those relating to debt financing, interest rates or currency exchange rates, (viii) any change in Law or generally accepted accounting principles or regulatory policy (or any official interpretation or enforcement thereof) adopted by or approved by any Governmental Authority, (ix) the announcement, execution or delivery of this Agreement or the Minority Sale Agreement[s] or the consummation of the Contemplated Transactions or the transactions under the Minority Sale Agreement[s], including (1) any action taken by PG&E or the Company that is required, contemplated or permitted pursuant to this Agreement, or is consented to by Investor (or any action not taken as a result of a failure of Investor to consent as requested by PG&E to an action requiring Investor’s consent), or any action taken by Investor or

any of its Related Persons to obtain any required consents or approvals from any Governmental Authority to the consummation of the Contemplated Transactions or the transactions contemplated by the Minority Sale Agreement[s], and, in each case, the result of any such actions, (2) any claim arising out of or related to this Agreement, (3) any change in supplier, employee, financing source, stockholder, regulatory, or similar relationships resulting therefrom or (4) any change that arises out of or relates to the identity of Investor or any of its Related Persons as party to the Minority Sale Agreement, (x) natural disasters or “acts of God” or other “force majeure” events, including pandemics (including the COVID-19 pandemic) or any escalation or worsening thereof, (xi) strikes, work stoppages or other labor disturbances or (xii) any changes that result from action or inaction by a Governmental Authority other than actions or inactions specifically related to the Contemplated Transactions, the transactions under the Minority Sale Agreement or any other agreements relating to investments in the Generation Business by Investor or any of its Related Persons; provided that the items set forth in clauses (iii), (iv), (v), (vi), (vii), (viii) or (x) above shall be taken into account in determining whether a Material Adverse Effect has occurred or would be reasonably expected to occur to the extent such items have a disproportionate effect on the Generation Business relative to other similarly situated participants in the industry and markets in which the Generation Business operates.

“Minority Sale Agreement” shall have the meaning set forth in the recitals.

“New Company Liens” means Liens on the Generation Assets incurred by the Company in connection with the [*new financing entered into on the Closing Date*].

“Organizational Documents” means, with respect to any Person, any corporate, partnership or limited liability company organizational documents, including certificates or articles of incorporation, bylaws, certificates of formation, operating agreements (including limited liability company agreements and agreements of limited partnership), certificates of limited partnership, partnership agreements, shareholder agreements, certificates of existence, member agreements or similar Contracts relating to the ownership or governance of such Person.

“Owned Generation Real Property” means the real property in which PG&E has fee title (or equivalent) interest that is used or held for use in the Generation Business, together with all buildings and other structures, facilities, powerhouses, dams, reservoirs and other improvements located thereon, all fixtures, systems, equipment and items of personal property that are used or held for use in the Generation Business attached or appurtenant thereto and all easements, licenses, rights and appurtenances relating to the foregoing, in each case, other than the Specified PG&E Real Property.

“Permits” means any license, approval, exemption, variance, franchise, permit, authorization, consent, certification, registration, certificate of authority, certificate of occupancy or similar order of or from, or registration with, any Governmental Authority in connection with the ownership or operation of the Generation Business.

“Permitted Liens” means (a) any easements, rights of way, licenses, leases, liens or other rights or encumbrances that do not, and would not reasonably be expected to, materially impair the operation of any material Generation Facility in substantially the manner it is currently operated, the operation of the Generation Assets, taken as a whole, in substantially the manner

they are currently operated, or the operation of the Generation Business as a whole, (b) Retained Land Rights, (c) New Company Liens, (d) Liens for Taxes and other governmental charges and assessments which are not yet delinquent, (e) statutory Liens (including mechanics' and materialmen's liens and other like Liens and inchoate liens incurred in connection with worker's compensation, unemployment insurance, and social security laws) arising in the ordinary course of business securing payments not yet delinquent (or any such Lien for a delinquent payment that has been waived in writing by the holder thereof or any such Lien for a delinquent payment for which PG&E has obtained a waiver, bond or other security in accordance with Law to fully protect the Generation Assets from any and all claims that may be made on account of any such Lien), (f) Liens, encumbrances or title imperfections with respect to any of the Generation Assets created by or resulting from the acts or omissions of the Company, (g) any existing zoning, entitlement, conservation restriction and other land use and environmental regulations of any Governmental Authority and any conditions, obligations and liabilities arising under any Permit, (h) the conservation easements under the Land Conservation Commitment, and (i) any imperfection of title that does not, and would not reasonably be expected to, individually or in the aggregate with other such Liens, materially impair the operation of any material Generation Facility in substantially the manner it is currently operated, the operation of the Generation Assets, taken as a whole, in substantially the manner they are currently operated, or the operation of the Generation Business as a whole, and (j) all Liens and all exceptions set forth in relevant Preliminary Title Reports not otherwise addressed in (a) through (h) of this definition.

“Person” means any individual, sole proprietorship, company, corporation, partnership, joint venture, limited liability partnership, limited liability company, trust, joint stock company, association (whether incorporated or unincorporated), institution, Governmental Authority, organization, district, or any other entity.

“Personal Data” means information relating to or reasonably capable of being associated with an identified or identifiable person, device, or household, including: (a) a natural person's name, street address or specific geolocation information, date of birth, telephone number, email address, online contact information, photograph, biometric data, Social Security number, driver's license number, passport number, tax identification number, any government-issued identification number, financial account number, credit card number, any information that would permit access to a financial account, a user name and password that would permit access to an online account, health information, insurance account information, any persistent identifier such as customer number held in a cookie, an internet protocol address, a processor or device serial number, or a unique device identifier; or (b) “personal data,” “personal information,” “protected health information,” “nonpublic personal information,” or other similar terms as defined by applicable Privacy Laws.

“PG&E” shall have the meaning set forth in the preamble.

“PG&E Loss Amount” shall have the meaning set forth in Section 8.2(b).

“Preliminary Title Reports” means the preliminary title reports for certain of the Generation Real Property listed on Schedule [].

“Privacy Laws” means (a) each Law relating to the protection or Processing of Personal Data that is applicable to the Generation Business, including if and as applicable, the Federal Trade Commission Act, 15 U.S.C. § 45; the CAN-SPAM Act of 2003, 15 U.S.C. § 7701, et seq.; the Telephone Consumer Protection Act, 47 U.S.C. § 227; the Health Insurance Portability and Accountability Act of 1996; the Health Information Technology for Economic and Clinical Health Act; the Fair Credit Reporting Act, 15 U.S.C. § 1681; the Gramm-Leach-Bliley Act, 15 U.S.C. § 6801, et seq.; the Electronic Communications Privacy Act, 18 U.S.C. §§ 2510-22; the Stored Communications Act, 18 U.S.C. §§ 2701-12; the California Consumer Privacy Act, Cal. Civ. Code § 1798.100, et seq.; California Online Privacy Protection Act, Cal. Bus. & Prof. Code § 22575, et seq.; Cal. Civ. Code § 1798.82; Laws requiring notification to any Person or Governmental Authority in the event of a Data Breach; and all implementing regulations and requirements, and other similar Laws; (b) each contractual obligation relating to the Processing of Personal Data applicable to the Generation Business; and (c) each applicable binding rule, code of conduct, or other requirement of self-regulatory bodies and applicable industry standards, including, to the extent applicable, the Payment Card Industry Data Security Standard.

“Processing,” “Process” or “Processed,” with respect to Personal Data, means any collection, access, acquisition, storage, protection, use, recording, maintenance, operation, dissemination, re-use, disposal, disclosure, re-disclosure, destruction, transfer, modification, or any other processing (as defined by Privacy Laws) of such Personal Data.

“Property Rights Agreements” each Contract to which PG&E is a party for the Generation Rights-of-Way.

“Rate Base” means the value of utility property or assets that is deemed used and useful in providing public utility services and upon which PG&E is permitted to earn a rate of return approved by the CPUC.

“Regulatory Approvals” shall mean the CEC Approval, the FERC Approvals, the CPUC Advice Letter Approval and the FCC Approval.

“Related Person” means, with respect to a Person, any other Person, that directly or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with such first Person. With respect to PG&E, “Related Person” shall not include the Company.

“Release” means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or placing into the environment or any migration through the environment. “Release” when used as a verb shall have a correlative meaning.

“Remaining Business” means the business or businesses of PG&E other than the Generation Business.

“Remediation” means any or all of the following activities to the extent they relate to or arise from the presence of Hazardous Substances in soil or groundwater, or both, at any of the Generation Real Property: (a) performing any activities that are remedial or removal actions under CERCLA, or that result in response costs as defined under CERCLA, including

monitoring, investigation, cleanup, containment, remediation, removal, mitigation, response or restoration work; (b) obtaining any Permits or other approvals from Governmental Authorities necessary to conduct any such work; (c) preparing and implementing any plans or studies for such work; (d) obtaining a written notice from all applicable Governmental Authorities with jurisdiction over the Generation Real Property under Environmental Laws that no material additional work is required by such Governmental Authority; and (e) any other activities required under Environmental Laws to address the presence of Hazardous Substances at any of the Generation Real Property.

“Representatives” shall have the meaning set forth in Section 7.5(a).

“Retained Generation Assets” means any nuclear Generation Facilities and all other nuclear generation assets of PG&E, fuel cells, solar facilities located on Harrison and Folsom streets in the city of San Francisco, Excluded Hydroelectric Facilities and Assets, and the Delayed Generation Assets.

“Retained Land Rights” means (a) the reservation of rights set forth in any of the Grant Deeds and Reservation of Rights entered into by PG&E and the Company concurrently with this Agreement pursuant to which PG&E reserved the rights to access and use certain Generation Real Property for purposes of the Remaining Business, including, as applicable, gas, switchyard, transmission, distribution, ground grid, control room and communication purposes and (b) any other easements, rights of way, licenses, leases, liens, or other rights or interests retained by, reserved for or granted to PG&E in any Generation Assets pursuant to this Agreement or any Conveyance Documents or in connection with the Contemplated Transactions.

“Retained Personal Property” means those items of personal property used or held for use primarily in the operation of the Generation Business that will be used by PG&E personnel after the Closing to provide the services contemplated by the Intercompany Agreements and are (a) assigned to or under the direct possession and control of PG&E personnel that are not in the Power Generation operating function of PG&E, other than books and records relating to the Generation Business or (b) are listed on Schedule 1.1(b).

“SEC” means the United States Securities and Exchange Commission or any successor agency thereto.

“SEC Reports” means all forms, reports, schedules, statements and other documents required to be filed with or furnished to the SEC under the Exchange Act by PG&E or PG&E Corp since the Lookback Date

“Specified PG&E Real Property” means (a) switchyard areas located on real property retained by PG&E over which the Company needs access rights, (b) co-located solar facilities in which PG&E retains fee title to the land on which the solar facilities are located, (c) the Moss Landing substation and (d) the Humboldt Bay area property.

“Tax” or “Taxes” means all taxes, including all charges, fees, duties, levies or other assessments in the nature of taxes, imposed by any Governmental Authority, including income, gross receipts, excise, property, sales, gain, use, license, transfer, environmental, production,

custom duty, unemployment, corporation, capital stock, franchise, payroll, withholding, social security, minimum, estimated, ad valorem, profit, gift, severance, value added, disability, recapture, occupancy, retaliatory or reciprocal, guaranty fund assessments, credit, occupation, leasing, employment, stamp, goods and services, utility and other taxes, including any interest, penalties or additions attributable thereto.

“Tax Return” means any Tax return, declaration, report, claim for refund, form, or information return or statement relating to Taxes, including any such document prepared on a consolidated, combined or unitary basis, and also including any schedule or attachment thereto, and including any amendment thereof.

“Third Party Use Agreements” shall have the meaning set forth in Section 2.2(e).

“Water Rights” has the meaning set forth in Section 2.2(l).

ARTICLE II CONTRIBUTION; ASSUMPTION OF LIABILITIES

2.1. Contribution of Generation Assets. Subject to the terms and conditions set forth herein, PG&E hereby agrees to contribute, assign, transfer, convey and deliver to the Company on the Closing Date, and the Company hereby agrees to accept from PG&E on the Closing Date, all of PG&E’s right, title and interest in and to the Generation Assets, free and clear of any Liens (other than Permitted Liens).

2.2. Generation Assets. For purposes of this Agreement, “Generation Assets” shall mean all of the assets, properties, rights and interests of PG&E of whatever kind or nature, real or personal, tangible or intangible and wherever located, as such assets may exist at the time of the Closing (other than the Excluded Assets) that are (x) used or held for use primarily in the operation of the Generation Business, including the assets that comprise the non-nuclear generation Rate Base on the Closing Date and (y) Construction Work In Progress. Without limiting the generality of the foregoing, the Generation Assets shall include:

(a) all Owned Generation Real Property, as further described in Schedule 2.2(a);

(b) all Generation Real Property Leases for the Leased Generation Real Property, as further described in Schedule 2.2(b);

(c) all the Generation Rights-of-Way, as further described in Schedule 2.2(c);

(d) all licenses, permits, certificates of occupancy, approvals, dedications, subdivision maps and entitlements now or hereafter issued, approved or granted by a Governmental Authority exclusively in connection with the Generation Real Property, together with all renewals and modifications thereof;

(e) all of the leases, subleases, licenses, concessions and other similar occupancy agreements pertaining to the Generation Real Property entered into by PG&E as

landlord, lessor or licensor, together with all amendments, renewals, modifications, written waivers and guaranties thereof (the “Third Party Use Agreements”);

(f) agreements and arrangements exclusively related to the Generation Assets, to which PG&E is a party including the categories of agreements listed in Schedule 2.2(f) (all such agreements and arrangements, collectively, the “Assumed Contracts”);

(g) all fixtures, equipment, machinery, appliances, building supplies, tools, furniture, furnishings, apparatus and fittings and other items of personal property used primarily in connection with the operation or maintenance of the Generation Assets either (i) owned by PG&E or (ii) leased by PG&E, including the categories of personal property listed in Schedule 2.2(g); excluding, however, (x) all fixtures, equipment, machinery, appliances, building supplies, tools, furniture, furnishings, vehicles, apparatus and fittings and other items of personal property owned by tenants, subtenants, guests, invitees, employees, easement holders, service contractors and other Persons who own any such property located on the Generation Assets and (y) the Retained Personal Property (the “Tangible Personal Property”);

(h) all intangible personal property now or hereafter used primarily in connection with the operation, ownership, maintenance, management or occupancy of the Generation Assets (the “Intangible Personal Property”);

(i) all files, books and records owned by PG&E exclusively relating to the ownership, operation and maintenance of the Generation Assets, in whatever form they exist, including those records in PG&E’s possession relating to the operation and maintenance of the Generation Assets that are identified in Schedule 2.2(i) (the “Generation Business Records”);

(j) all assets related to new and ongoing projects of the Generation Business that are in process of construction, including the projects described in Schedule 2.2(j), and any other such projects to be accounted for as construction work in progress on the Company Opening Balance Sheet (the “Construction Work In Progress”);

(k) all regulatory and operational Permits issued primarily in connection with the Generation Business, including the Permits listed on Schedule 2.2(k), but only to the extent such Permits may be transferred under applicable Law (including, without limitation, upon request or application to the applicable Governmental Authority);

(l) all water rights owned and utilized by PG&E in the operation of the Generation Business, as further described in Schedule 2.2(l) (the “Water Rights”);

(m) [all FCC Licenses];

(n) all the FERC Hydro Project Licenses;

(o) [all the Generation Regulatory Assets];

(p) [the Generation Memorandum Accounts and the Generation Balancing Accounts]; and

(q) all existing warranties and guaranties issued to or inuring to the benefit of PG&E in connection with the Generation Real Property or the Tangible Personal Property.

2.3. Excluded Assets. The Generation Assets shall not include any assets other than the assets described in Section 2.2 (such other assets, the “Excluded Assets”). Without limiting the generality of the foregoing, Excluded Assets include:

- (a) the IT Assets;
- (b) the Retained Land Rights;
- (c) the Retained Personal Property, as described on Schedule 2.3(c);
- (d) the Retained Generation Assets;
- (e) all rights to any refunds for Taxes or other costs or expenses borne by PG&E attributable to periods prior to the Closing Date (determined, with respect to refunds for Taxes, in a manner consistent with Section 8.3(c));
- (f) all accounts receivable of PG&E with respect to the period prior to the Closing;
- (g) all rights and obligations of PG&E under any contracts or agreements other than the Assumed Contracts;
- (h) all insurance benefits, including rights and proceeds, arising from or relating to the Generation Assets or the Generation Liabilities with respect to the period prior to the Closing;
- (i) the rights to the name “Pacific Gas and Electric Company”, any logo of PG&E and any intellectual property of PG&E (other than the Intangible Personal Property); and
- (j) [the assets set forth on Schedule 2.3(j)]¹.

2.4. Assumption of Generation Liabilities. Subject to the terms and conditions set forth herein, PG&E hereby agrees to transfer and assign to the Company on the Closing Date, and the Company hereby agrees to assume from PG&E on the Closing Date, all the Generation Liabilities.

2.5. Generation Liabilities. For purposes of this Agreement, “Generation Liabilities” shall mean all obligations and liabilities (other than the Retained Liabilities) related to the Generation Business or the Generation Assets occurring, arising or related to the period following the Closing, whether primary or secondary, direct or indirect, absolute or contingent, liquidated or unliquidated, known or unknown, and whether or not accrued, including:

¹ NTD: Include if needed.

(a) all liabilities relating to the Assumed Contracts with respect to the period following the Closing;

(b) all liabilities relating to the Generation Real Property Leases and the Third Party Use Agreements with respect to the period following the Closing;

(c) all obligations under any licenses, franchises or permits assigned by PG&E to the Company with respect to the period following the Closing;

(d) all Taxes and other obligations with respect to the Generation Assets that accrue on or after the Closing Date (determined, with respect to Taxes, in a manner consistent with Section 8.3(c));

(e) all liabilities relating to the actual or alleged failure of any Generation Assets or the Generation Business to comply with any applicable Law (including Environmental Laws) with respect to the period following the Closing;

(f) all Decommissioning Liabilities and all other liabilities relating to closure, shutdown, monitoring, investigation, cleanup, containment, remediation, removal, mitigation, response or restoration work at, on, beneath, to, from or in any Generation Assets following the Closing;

(g) all obligations of PG&E pursuant to the FERC Project Licenses following the Closing;

(h) all Assumed Environmental Liabilities;

(i) all Generation Regulatory Liabilities; and

(j) all other liabilities expressly allocated to the Company in this Agreement or any of the Intercompany Agreements.

2.6. Retained Liabilities. PG&E shall remain responsible for the discharge and performance of obligations and liabilities of PG&E and its Related Persons other than the Generation Liabilities (the "Retained Liabilities"). Without limiting the generality of the foregoing, the Retained Liabilities shall include:

(a) any liability relating to the ownership or operation of the Generation Assets prior to the Closing, but not including any Assumed Environmental Liabilities;

(b) all obligations and liabilities of the Remaining Business, including (i) all claims, demands, violations, actions, damages, assessments, penalties, fines, costs, expenses, obligations, or other liabilities with respect to the ownership, operation or maintenance of assets and properties relating to the Remaining Business; and (ii) any Taxes related to the Remaining Business;

(c) all obligations and liabilities to the extent arising out of or relating to any Excluded Assets;

(d) all liabilities assumed by, retained by or agreed to be performed by or on behalf of PG&E pursuant to this Agreement or the Intercompany Agreements;

(e) all accounts payable of PG&E with respect to the period prior to the Closing;

(f) any Taxes related to the Generation Assets or the Generation Liabilities with respect to any taxable period (or portion thereof) ending before the Closing Date (determined, with respect to Taxes, in a manner consistent with Section 8.3(c));

(g) payroll Taxes, whether owed by the employee or employer, with respect to any current or past employees of PG&E (whether in connection with the Remaining Business or the Generation Business) or any Related Person (except to the extent allocated to the Company for periods (or portions thereof) beginning on or after the Closing Date pursuant to this Agreement or the Intercompany Agreements, or with respect to any employees directly employed by the Company following the Closing);

(h) all obligations and liabilities arising out of or relating to any indebtedness of PG&E or any Related Person thereof;

(i) the Known Environmental Liabilities;

(j) all obligations and liabilities of PG&E related to assets previously used or held for use by PG&E in its business of the generation or emission of electricity that are not Generation Assets, including all such assets that have been transferred or sold prior to the Closing Date (including all Environmental Liabilities related to such assets); and

(k) [all obligations and liabilities in respect of any matter listed on Schedule 2.6(k)];

(l) all obligations and liabilities of PG&E or any Related Person, to any current or past employee or independent contractor of PG&E or any Related Person or any other third party with respect to any accrued, unpaid or other salary, wages, benefits, expense reimbursements, severance or other separation payments, any sales or other commission or other compensation or other equity-based incentives, including any payment due to any employee for any vacation or other paid time off earned (but not used) by such employee (except to the extent allocated to the Company for periods following the Closing pursuant to the Intercompany Agreements); and

(m) all fines, penalties or costs imposed for actions or matters prior to the Closing by a Governmental Authority against PG&E or its Related Persons, the Generation Assets, the Generation Business or any activities occurring in connection with and attributable to the ownership, lease or operation of the Generation Assets resulting from the violation of any statute, ordinance, rule or regulation promulgated by a Governmental Authority, but not including any Assumed Environmental Liabilities.

ARTICLE III CLOSING

3.1. Closing. On the terms and subject to the conditions set forth in this Agreement, the closing of the contribution of the Generation Assets and the other transactions contemplated by this Agreement (the “Closing”) shall take place via the exchange of electronic documents on the date hereof (the “Closing Date”) and the Closing shall be deemed effective as of 12:01 a.m. (Pacific Standard Time) on the Closing Date.

3.2. Closing Deliveries.

(a) Closing Deliveries of the Company. At the Closing, on the terms and subject to the conditions set forth in this Agreement, the Company shall deliver to PG&E (the documents set forth in the following clauses (i) through (xiv), the “Conveyance Documents”):

(i) an executed counterpart to the Bill of Sale substantially in the form attached hereto as Exhibit A with respect to all Tangible Personal Property and Generation Business Records;

(ii) executed counterparts to the Assignment and Assumption Agreements substantially in the form attached hereto as Exhibit B with respect to each Assumed Contract;

(iii) executed counterparts to the Grant Deed and Reservation of Easements for each Owned Generation Real Property substantially in the form attached hereto as Exhibit C;

(iv) executed counterparts to the Assignment and Assumption Agreement of Leases and Occupancy Agreements substantially in the form attached hereto as Exhibit D with respect to each of the Generation Real Property Leases, or sublease from PG&E to the Company as to any Generation Real Property Lease that is not assigned to the Company, or sublease from the Company to PG&E as to any portion of the premises under a Generation Real Property Lease that is assigned to the Company and is not a Generation Asset;

(v) executed counterparts to the Quitclaim of Prescriptive Rights agreement substantially in the form attached hereto as Exhibit E with respect to Generation Real Property for which PG&E has unwritten or prescriptive rights;

(vi) an executed counterpart to the Assignment of Easements and Rights substantially in the form attached hereto as Exhibit F with respect to applicable Generation Rights-of-Way;

(vii) an executed counterpart to the Assignment and Assumption of Third Party Use Agreements substantially in the form attached hereto as Exhibit G with respect to the Generation Real Property leased or licensed by PG&E to third parties;

(viii) executed counterpart to the Easement Agreement for the Specified PG&E Real Property substantially in the form attached hereto as Exhibit H;

(ix) executed counterpart to the Remediation License substantially in the form attached hereto as Exhibit I;

(x) an executed counterpart to the Assignment of Water Rights (including State Water Resources Control Board, Division of Water Rights change of ownership form) substantially in the form attached hereto as Exhibit J;

(xi) an executed counterpart to the Conservation Easement Assignment and Assumption Agreement for [_____] substantially in the form attached hereto as Exhibit K²;

(xii) an executed counterpart to the documentation evidencing transfers of Permits;

(xiii) all other separate assignments of any Intangible Personal Property necessary, proper or advisable to record the transfer of Generation Assets with any applicable Governmental Authority, lessor or other Person with whom such assignments must be filed;

(xiv) such other customary instruments of transfer or assumption, filings, or documents, in form and substance reasonably satisfactory to PG&E, as may be required to give effect to the transactions contemplated by this Agreement; and

(xv) an executed counterpart to each of the Intercompany Agreements.

(b) Closing Deliveries of PG&E. At the Closing, on the terms and subject to the conditions set forth in this Agreement, PG&E shall deliver, or cause to be delivered, to the Company:

(i) an executed counterpart to the Conveyance Documents;

(ii) an executed counterpart to each of the Intercompany Agreements;

and

(iii) such other customary instruments of transfer or assumption, filings, or documents, in form and substance reasonably satisfactory to the Company, as may be required to give effect to the transactions contemplated by this Agreement.

3.3. Intercompany Agreements. Concurrently with the Closing, PG&E and the Company shall enter into the following agreements (the “Intercompany Agreements”):

(a) Operations and services agreements substantially in the form attached hereto as Exhibit L;

(b) Corporate services agreements substantially in the form attached hereto as Exhibit M;

² NTD: Applicable only to hydroelectric generation assets.

- (c) Billing services agreement substantially in the form attached hereto as Exhibit N;
- (d) Interconnection agreements and amendments to existing interconnection agreements, each substantially in the forms, as applicable, attached hereto as Exhibit O.
- (e) Fuel procurement agreement substantially in the form attached hereto as Exhibit P;
- (f) Scheduling and dispatch agreement substantially in the form attached hereto as Exhibit Q;
- (g) Legal and regulatory matters agreement substantially in the form attached hereto as Exhibit R;
- (h) Officer services agreement substantially in the form attached hereto as Exhibit S;
- (i) Intercompany indemnification agreement for wildfire liabilities substantially in the form attached hereto as Exhibit T; and
- (j) such other agreements in form and substance reasonably satisfactory to PG&E and the Company as may be required for the period following the Closing.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF PG&E

PG&E represents and warrants to the Company as of the date of this Agreement that, except as set forth on the Disclosure Schedules:

4.1. Organization and Existence. PG&E is a corporation duly incorporated, validly existing and in good standing under the laws of the State of California. PG&E has all requisite corporate power and authority to carry on its business as presently conducted and to own or lease and operate its properties and assets now owned or leased and operated by it, and to consummate the Contemplated Transactions to be performed by it.

4.2. Execution, Delivery and Enforceability. PG&E has all requisite corporate power and authority to enter into and carry out its obligations under this Agreement and each of the Conveyance Documents to which it is a party. The execution, delivery and performance by PG&E of this Agreement and each of the Conveyance Documents, and the consummation of the Contemplated Transactions, have been duly authorized by all corporate action required on the part of PG&E. Each of this Agreement and each Conveyance Documents has been duly and validly executed and delivered by PG&E and constitutes the valid and legally binding obligation of PG&E, enforceable against PG&E in accordance with its terms, except as such enforceability may be limited or denied by (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights and the enforcement of debtors' obligations generally and (b) general principles of equity, regardless of whether enforcement is pursuant to a proceeding in equity or at law (clauses (a) and (b), the "Enforceability Exceptions").

4.3. No Violation. None of the execution and delivery of this Agreement or the Conveyance Documents, the performance or compliance with any provision hereof or thereof, or the consummation of the Contemplated Transactions will:

(a) violate, or conflict with, or result in a breach of any provision of the Organizational Documents of PG&E;

(b) subject to Section 4.4, violate any Law or require the material modification of any Law, presently in effect that PG&E is required to comply with to own, lease or operate the Generation Assets, other than where such violation or material modification would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect;

(i) except as set forth on Schedule 4.3(b)(i) to the Knowledge of PG&E, violate, result in the termination of, or require the material modification of any Permit, other than where such violation, termination, or material modification would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect;

(ii) except as set forth in Schedule 4.3(b)(ii), require any Consent or prior notice to any third party, other than where the failure to obtain such Consent or give such prior notice would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; or

(iii) result in the creation or imposition of any Lien, other than Permitted Liens, upon any of the Generation Assets, or a breach of, or constitute a default under, or give to any other Person any right of termination, amendment, acceleration or cancellation of any agreement to which PG&E is a party that would affect the Generation Assets or the Generation Business, other than where such creation or imposition of a Lien, breach or default or right of termination, amendment, acceleration or cancellation would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

4.4. Energy Industry Regulations.

(a) The Contemplated Transactions are authorized by the CPUC Order and CPUC Advice Letter Approval, which are in full force and effect. The CPUC Order, after giving effect to the CPUC Advice Letter Approval, is in full force and effect.

(b) The FERC Approvals, which are in full force and effect, have been obtained.

(c) PG&E has obtained the CEC Approval.

(d) PG&E has obtained FCC Approval.

4.5. Compliance with Law. Since the Lookback Date and to the extent related to the Generation Business or the Generation Assets: (a) the Generation Business is and has been in compliance with all applicable Laws; (b) no notice, charge, claim, action or assertion has been filed, commenced or threatened in writing, or to the Knowledge of PG&E orally, against PG&E or the Generation Business alleging any noncompliance or violation of any applicable Law; and

(c) to Knowledge of PG&E, no investigation with respect to any noncompliance or violation of any applicable Law by PG&E or the Generation Business has been commenced and remains unresolved, except, in each case, as would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect.

4.6. No Litigation. There is no Action against PG&E (to the extent related to the Generation Business), and to PG&E's Knowledge, there is no Action threatened in writing against PG&E (to the extent related to the Generation Business or the Generation Assets), which would, if adversely determined, reasonably be likely to have, individually or in the aggregate, a Material Adverse Effect, other than with respect to proceedings relating to the Regulatory Approvals prior to the issuance or receipt thereof. There is no unsatisfied judgment, penalty or award against PG&E (to the extent related to the Generation Business or the Generation Assets), except as would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect.

4.7. Permits

(a) Schedule 4.7(a) sets forth the Permits material to the ownership, operation and maintenance of the Generation Assets and Generation Business.

(b) Except as set forth on Schedule 4.7(b), PG&E has obtained and properly maintained all Permits necessary for the ownership or lease of the Generation Assets and operation of the Generation Business and all such Permits are in full force and effect, other than, in each case, such Permits with respect to which the failure to obtain or properly maintain such Permit would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. To the Knowledge of PG&E, PG&E has not received any written notice (a) of noncompliance or default with respect to any Permit or (b) of the revocation, termination, or material modification of any Permit, in each case, that would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

4.8. Water Rights. PG&E has title or the ownership or regulatory rights, as applicable, to the Water Rights free and clear of all other interests or Liens other than Permitted Liens.

4.9. Real Property.

(a) Schedule 4.9(a) sets forth (i) for each Generation Facility (other than the Hydroelectric Facilities), whether such Generation Facility is located on Owned Generation Real Property, Leased Generation Real Property, or Generation Rights-of-Way, or combination thereof and (ii) for the Generation Real Property associated with any Hydroelectric Facility, a list of the parcel numbers and the approximate acreage of such parcel. Except as set forth on Schedule 4.9(a) or as would not reasonably be expected to have a Material Adverse Effect, (a) PG&E owns good and marketable fee title to all Owned Generation Real Property, (b) PG&E holds a valid and subsisting leasehold interest in the Leased Generation Real Property, and (c) PG&E's rights with respect to the Generation Rights-of-Way are valid and subsisting, in each case, free and clear of all Liens other than Permitted Liens. PG&E has not leased or otherwise granted to any Person rights to use or occupy any of the Generation Real Property that impairs, or would reasonably be expected to impair, in any material respect the value, use or occupancy of the Generation Real

Property by the Company. Except as set forth on Schedule 4.9(a), PG&E has not granted any options or rights of first refusal to purchase any Owned Generation Real Property.

(b) Each of the Third Party Use Agreements is a legal, valid and binding obligation of PG&E and, to the Knowledge of PG&E, each other party thereto, and is in full force and effect and enforceable in accordance with its terms, except (i) as such enforceability may be limited by the Enforceability Exceptions, or (ii) where such failure to be valid, binding, enforceable or in full force and effect would not reasonably be expected to have a Material Adverse Effect. PG&E is not in breach or violation of any Third Party Use Agreements, Generation Real Property Leases, or Property Rights Agreements and, to the Knowledge of the PG&E, no other party to any such Third Party Use Agreements, Generation Real Property Lease or Property Rights Agreement is in breach or violation of any such Third Party Use Agreements, Generation Real Property Leases or Property Rights Agreements, except in each case for any such breaches or violations that would not reasonably be expected to have a Material Adverse Effect.

(c) Except as set forth on Schedule 4.9(c), PG&E has not received written notice of an existing or pending condemnation, eminent domain or similar proceeding pertaining to any of the Generation Real Property that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(d) To the Knowledge of PG&E, local zoning ordinances, general plans and other applicable governmental land use regulations (in each case to the extent binding on PG&E) and all private covenants, conditions and restrictions, if any, pertaining to any Owned Generation Real Property permit the use and operation of such Owned Generation Real Property for its current use, except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Except as set forth on Schedule 4.9(d), PG&E has not received written notice of any current uncured violation of any Governmental Order or pending or threatened proceedings for the rezoning of any Generation Real Property or any portion thereof, or the taking of any other action by Governmental Authority with respect to such Generation Real Property that would materially hinder or prevent the use thereof for its current use, except as would not have, or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.10. Title and Condition; Sufficiency of Assets.

(a) PG&E has good and valid title to (or a valid leasehold interest in or license to) all of the Generation Assets (except for real property interests), free and clear of any Liens (except for Permitted Liens). Subject to the Consents listed on Schedule 4.10(a), PG&E has the ability to transfer, convey and assign to the Company good and valid title to the owned Generation Assets and the right to use leased or licensed Generation Assets, in each case free and clear of all Liens (except for Permitted Liens). The Tangible Personal Property is in good condition and repair (subject to normal wear and tear), is useable in the ordinary and usual course of business consistent with past custom and practice.

(b) Subject to PG&E's provision of materials and services pursuant to the Intercompany Agreements and its retention of equipment and property specifically delineated as Excluded Assets, the Generation Assets constitute all of the assets necessary to conduct the

Generation Business in all material respects in the manner conducted by PG&E as of the date of this Agreement.

4.11. Material Assigned Contracts.

(a) Schedule 4.11(a) contains a true, correct and complete list of all material Assumed Contracts (the “Material Assigned Contracts”) and amendments and supplements thereto to which PG&E is a party and to which the Generation Assets are subject (other than any real property interests). PG&E has paid, or caused to be paid, all amounts currently due and payable by it with respect to each Material Assigned Contract, and PG&E is not in default of any material obligation therein. There are no facts or circumstances which with notice, the passage of time or both could constitute a breach or default by PG&E or, to the Knowledge of PG&E, any counterparty under any of such Material Assigned Contracts that would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(b) All Material Assigned Contracts listed on Schedule 4.11(b) are in full force and effect, are valid and binding, and enforceable by PG&E and, to the Knowledge of PG&E, the other parties thereto in accordance with their respective terms, except as such enforceability may be limited by the Enforceability Exceptions.

(c) PG&E has not received written notice from a counterparty to any Material Assigned Contract (i) alleging any material breach or default by PG&E under such Material Assigned Contract; (ii) alleging the invalidity or unenforceability of or its right of termination or rescission with respect to, such Material Assigned Contract; or (iii) of any intention to exercise (other than in the normal course of performance) any right or remedy exercisable upon a breach or default under such Material Assigned Contract.

(d) Except for any agreements or arrangements set forth on Schedule 4.11(d), no manager, officer, director, or employee of PG&E is a counterparty to any Material Assigned Contract.

(e) All contractual agreements or arrangements material to the operation of the Generation Business (other than with respect to the Generation Real Property) are included, collectively, within the Material Assigned Contracts and the Intercompany Agreements.

4.12. Insurance.

(a) Schedule 4.12(a) lists and briefly describes each insurance policy maintained with respect to the Generation Assets or the Generation Business. All such insurance policies are in full force and effect and, subject to payment of annual premiums, will continue in full force and effect following the Closing. With respect to events and circumstances occurring on and prior to the Closing Date, such insurance policies allow for PG&E (and its successors, including the Company) to recover insurance proceeds following the Closing for covered losses with respect to the Generation Assets and the Generation Business. PG&E has not defaulted with respect to its obligations under any insurance policies or been denied insurance coverage with respect to the Generation Assets or the Generation Business.

(b) Other than as described on Schedule 4.12(b), all premiums due and payable under any insurance policy referred to in Schedule 4.12(a) have been paid, and PG&E has not received any notice regarding the cancellation, termination or discontinuance of any insurance policy referred to in Schedule 4.12(a)

(c) PG&E has bound, with a reputable insurance broker insurance policies covering the Company in the amounts set forth on Schedule 4.12(c).

4.13. Employees and Employee Benefit Plans; Labor.

(a) PG&E does not maintain, does not contribute to, is not required to contribute to and is not a party to any “welfare” plan, fund or program (within the meaning of Section 3(1) of ERISA), any profit sharing, stock bonus or other “pension” plan, fund or program (within the meaning of Section 3(2) of ERISA) or other plan, program, policy agreement or other arrangement providing for retirement, compensation, severance, welfare or other employee benefits (an “Employee Benefit Plan”), and no circumstance exists which would be reasonably be expected to result in a Material Adverse Effect with respect to any Employee Benefit Plan maintained by PG&E.

(b) Schedule 4.13(b) sets forth a complete and accurate list of all individuals who will be employed directly by PG&E as of the Closing Date, stating each such employee’s job title.

4.14. Environmental Matters. Except as set forth in Schedule 4.14 or as would not reasonably be likely to have, individually or in the aggregate, a Material Adverse Effect:

(a) Since the Lookback Date, the Generation Business has been in compliance with all applicable Environmental Laws, which compliance includes the possession of all material Permits required under Environmental Laws to own the Generation Assets and operate the Generation Business (“Environmental Permits”), and with the terms and conditions thereof;

(b) There is no pending or, to PG&E’s Knowledge, threatened Environmental Claim with respect to the Generation Business or the Generation Assets (other than in the ordinary course of business for the Generation Business or the Generation Assets);

(c) There are no Governmental Orders at the Closing pursuant to Environmental Laws with respect to the Generation Business or the Generation Assets; and

(d) There have been no Releases of Hazardous Substances on, at, under or migrating from any of the real property owned or operated by PG&E in connection with the Generation Business that would reasonably be expected to result in liability for the Company.

Notwithstanding anything to the contrary in this Agreement, the representations and warranties in this Section 4.14 are PG&E’s sole and exclusive representations and warranties with respect to Environmental Laws, Environmental Permits, environmental matters and any obligations or liabilities arising under or with respect to any of the foregoing.

4.15. Data Privacy; Cybersecurity.

(a) Solely to the extent related to the Generation Business, PG&E has and, to the Knowledge of PG&E, with respect to the Processing of Personal Data on PG&E's behalf, its Data Processors have, since the Lookback Date, complied in all material respects with all applicable Generation Business Privacy Policies and Privacy Laws. To the extent required by Privacy Laws or Generation Business Privacy Policies and solely to the extent related to the Generation Business, (i) Personal Data is Processed by PG&E and its Data Processors in an encrypted manner, and (ii) Personal Data is securely deleted or destroyed by PG&E and its Data Processors. Solely to the extent related to the Generation Business, neither the execution, delivery or performance of this Agreement nor any of the other transaction documents contemplated by this Agreement, nor the consummation of the Contemplated Transactions violate any Privacy Laws or Generation Business Privacy Policies. Where PG&E uses a Data Processor to Process Personal Data used in the Generation Business, the Data Processor has provided guarantees, warranties or covenants in relation to Processing of Personal Data, confidentiality, security measures and has agreed to comply with those obligations in a manner sufficient for PG&E's compliance with Privacy Laws.

(b) PG&E has established an Information Security Program with respect to the Generation Business, and since the Lookback Date there have been no violations of the then-current Information Security Program. PG&E has tested its respective Information Security Programs on a no less than annual basis and remediated all critical, high and medium risks and vulnerabilities. The IT Systems used by the Generation Business that are currently owned or controlled by PG&E are in good working condition, operate and perform as necessary to conduct the Generation Business and, to the Knowledge of PG&E, do not contain any malicious code. All Generation Business Data will continue to be available for Processing by the Generation Business immediately following the Closing on substantially the same terms and conditions as existed immediately before such Closing. PG&E is not in material breach or default of any contractual obligation relating to its IT Systems or to Generation Business Data used by or related to the Generation Business and PG&E does not transfer Personal Data used by the Generation Business internationally except where such transfers comply with Privacy Laws and Generation Business Privacy Policies.

(c) Since the Lookback Date and solely to the extent related to the Generation Business, PG&E and, to the Knowledge of PG&E, its Data Processors, have not suffered a Data Breach, have not been required to notify any Person or Governmental Authority of any Data Breach, and have not been adversely affected by any malicious code or denial-of-service attacks on any IT Systems. Since the Lookback Date and solely to the extent related to the Generation Business, none of PG&E nor any third party acting at the direction or authorization of PG&E has paid any perpetrator of any actual or threatened Data Breach or cyber-attack, including a ransomware attack or a denial-of-service attack. Since the Lookback Date and solely to the extent related to the Generation Business, PG&E has not received a written notice (including any enforcement notice), letter, or complaint from a Governmental Authority or any Person alleging noncompliance or potential noncompliance with any Privacy Laws or Generation Business Privacy Policies and PG&E has not been subject to any proceeding relating to noncompliance or potential noncompliance with Privacy Laws or the Processing of Personal Data used in the Generation Business.

4.16. Taxes. Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) all Tax Returns required to be filed with respect to the Generation Assets have been timely filed (taking into account extensions), all such Tax Returns are correct and complete and all Taxes required to be paid with respect to the Generation Assets (whether or not shown as due on such Tax Returns) have been timely paid, (ii) there are no audits, claims or assessments regarding Taxes pending or, to PG&E's Knowledge, threatened against the Generation Assets and (iii) the Generation Assets have not been subject to any claim made in writing by any Governmental Authority in a jurisdiction where Tax Returns with respect to the Generation Assets have not been filed to the effect that the Generation Assets may be subject to material Taxes in that jurisdiction.

4.17. Intellectual Property. Schedule 4.17 sets forth the types of Intellectual Property Rights that are included in the Intangible Personal Property. No material Intellectual Property Rights, other than such Intellectual Property Rights set forth on Schedule 4.17, are currently used by PG&E to conduct the Generation Business as conducted by PG&E as of the Closing Date.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, PG&E EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO THE CONDITION, VALUE OR QUALITY OF THE GENERATION ASSETS OR THE PROSPECTS (FINANCIAL AND OTHERWISE), RISKS AND OTHER INCIDENTS OF THE GENERATION ASSETS AND PG&E SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE GENERATION ASSETS, OR AS TO THE WORKMANSHIP THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, OR COMPLIANCE WITH ENVIRONMENTAL REQUIREMENTS, OR AS TO THE CONDITION OF, OR PG&E'S RIGHTS IN, OR ITS TITLE TO, THE GENERATION ASSETS, OR ANY PART THEREOF, OR WHETHER PG&E POSSESSES SUFFICIENT REAL PROPERTY OR PERSONAL PROPERTY INTERESTS TO OWN OR OPERATE THE GENERATION ASSETS OR TO CONVEY THE GENERATION ASSETS. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, PG&E FURTHER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY REGARDING THE ABSENCE OF HAZARDOUS SUBSTANCES OR LIABILITY OR POTENTIAL LIABILITY ARISING UNDER ENVIRONMENTAL LAWS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, PG&E EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF ANY KIND REGARDING THE CONDITION OF THE GENERATION ASSETS OR THE SUITABILITY OF ANY FACILITY FOR OPERATION IN GENERATING ELECTRICITY AND NO SCHEDULE OR EXHIBIT TO THIS AGREEMENT, NOR ANY OTHER MATERIAL OR INFORMATION PROVIDED BY OR COMMUNICATIONS MADE BY PG&E, WILL CAUSE OR CREATE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE CONDITION, VALUE OR QUALITY OF THE GENERATION ASSETS.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants as of the date of this Agreement that:

5.1. Organization. The Company is a limited liability company validly existing and in good standing under the laws of the State of Delaware. The Company has all requisite power and authority to enter into this Agreement and the other agreements, documents and instruments contemplated hereby to be executed and delivered by the Company at Closing and to consummate the Contemplated Transactions to be performed by it.

5.2. Execution, Delivery and Enforceability. The Company has all requisite power and authority to enter into and carry out its obligations under this Agreement and each of the Conveyance Documents to which it is a party. The execution, delivery and performance by the Company of this Agreement and each of the Conveyance Documents, and the consummation of the Contemplated Transactions, have been duly authorized by all action required on the part of the Company. Each of this Agreement and each Conveyance Documents has been duly and validly executed and delivered by the Company and constitutes the valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by Enforceability Exceptions.

5.3. No Breach. The execution and delivery by the Company of this Agreement does not, and the consummation by the Company of the Contemplated Transactions does not (a) subject to Section 4.4, violate or conflict with any applicable Law or Governmental Order or (b) result in a breach of any of the provisions of, or constitute a default under, any provision of the Company's Organizational Documents.

ARTICLE VI AGREEMENTS REGARDING GENERATION ASSETS

6.1. Delayed Transfer of Certain Generation Assets and Generation Liabilities.

(a) Notwithstanding anything in this Agreement to the contrary, PG&E shall not be obligated to contribute, assign, transfer, convey or deliver to the Company (i) any Generation Asset until such time as all Legal Impediments are removed or all Consents necessary for the legal transfer and assumption thereof are obtained or delivered in respect of such Generation Asset (the "Delayed Generation Assets"; all Delayed Generation Assets as of the Closing are set forth on Schedule 6.1(a)(i)) and (ii) any liabilities related to such Delayed Generation Assets (the "Delayed Generation Liabilities"; all Delayed Generation Liabilities as of the Closing are set forth on Schedule 6.1(a)(ii)); provided that, for all purposes of this Section 6.1, if, for any Generation Asset, applicable Law permits the contribution, assignment, transfer, conveyance or delivery without any other removal of any Legal Impediment or the obtaining or delivering of any such Consent, then such Generation Asset shall be deemed to be contributed, assigned, transferred conveyed and delivered as of the Closing Date without such separate removal of any such Legal Impediment or such separate obtaining or delivery of any such Consent. For all purposes hereof, unless otherwise waived in writing by PG&E or transferred to the Company as provided in this Section 6.1, "Generation Assets" shall not include any Delayed Generation Asset and "Generation Liabilities" shall not include any Delayed Generation Liability until all Legal Impediments are removed and all Consents necessary for the legal transfer or assumption thereof are obtained or delivered in respect of such Delayed Generation Asset or Delayed Generation Liability.

(b) To the extent there are any Delayed Generation Assets following the Closing, PG&E shall use commercially reasonable efforts to preserve and maintain such Delayed Generation Assets in all material respects, and shall be responsible for the operation and maintenance of the Delayed Generation Assets and the Delayed Generation Liabilities.

(c) Following the Closing, PG&E and the Company shall, as soon as reasonably practicable, use commercially reasonable efforts to remove all Legal Impediments and obtain all Consents necessary for the transfer of any Delayed Generation Asset or the assumption of any Delayed Generation Liability. At such time and on each occasion after the Closing Date that a Legal Impediment is removed or a Consent is obtained, as applicable, with respect to each Delayed Generation Asset, PG&E shall promptly contribute, assign, transfer, convey or deliver to the Company, and the Company shall assume such Delayed Generation Asset, and the Company shall assume all related Delayed Generation Liabilities, and in connection therewith, shall execute and deliver such further documents, instruments, conveyances or assurances as necessary to give effect to such contribution, assignment, transfer, conveyance or delivery.

(d) Following such transfer of such Delayed Generation Asset, or the assumption of such Delayed Generation Liability, such Delayed Generation Asset or Delayed Generation Liability shall be treated for all purposes of this Agreement as a “Generation Asset” or as a “Generation Liability” as of the date of transfer or assumption, as the case may be, and shall no longer be a “Delayed Generation Asset” or a “Delayed Generation Liability”.

6.2. Generation Assets on PG&E Property.

(a) Schedule 6.2(a) sets forth the types of assets that are located on real property owned by PG&E, real property leased by PG&E, or other real property interests held by PG&E, which assets may be necessary for the operation of the Generation Business after the Closing.

(b) From and after the Closing, PG&E and the Company shall enter into easements, leases or other agreements providing the Company the rights necessary for the operation, maintenance and monitoring of the applicable Generation Assets.

6.3. Subdivision of PG&E Retained Land.

(a) Schedule 6.3(a) sets forth a description of certain parcels of land owned by PG&E on which both a Generation Facility (the “Subdivision Parcels”) and assets of a facility unrelated to the Generation Business (the “Retained Land”) are located, and with respect to which the portions that are used in connection with the Generation Business and such other line of business do not constitute separate legal lots. PG&E agrees that, after the Closing, PG&E shall use its diligent efforts to cause the Subdivision Parcels to be subdivided into separate legal lots from the remaining Retained Land (the “Subdivisions”). The Company agrees to cooperate with PG&E in obtaining the necessary approvals and PG&E will be responsible for the third party costs for such Subdivision, including third party surveying, engineering legal and filing fees. Upon the recordation of the Subdivision for each Subdivision Parcel, PG&E shall convey fee title to such Subdivision Parcel to the Company in accordance with the terms and provisions of this Agreement, subject to the reservations set forth in the Grant Deed and Reservation of Easements for such Subdivision Parcel and the Company will agree to the extinguishment of the easements or the

cancellation of the lease, at no cost, granted to the Company or entered into with the Company, as applicable for the use of the Subdivision Parcels on and after the Closing Date.

(b) Until any Subdivision is recorded and the Subdivision Parcel is conveyed to the Company, such Subdivision Parcel shall constitute a Delayed Generation Asset pursuant to Section 6.1 above; provided, however, that, until such time, the Company shall have the right to access the Subdivision Parcel to operate, maintain and monitor any Generation Assets that are located on such Subdivision Parcel.

6.4. Generation Business Records.

(a) After the Closing Date, PG&E shall maintain the Generation Business Records on behalf of the Company. PG&E shall maintain the Generation Business Records in accordance with all applicable PG&E policies and guidelines governing the maintenance of books and records and in accordance with applicable Law.

(b) After the Closing Date and until such time as may be required by applicable Law, upon any reasonable request from the Company or its Representatives, PG&E shall (a) provide to the requesting party reasonable access to such portion of the Generation Business Records being requested during normal business hours and (b) permit the requesting party to make copies of such Generation Business Records, in each case at the cost of the requesting party or its Representatives; provided, however, that nothing herein shall require either party to take any action or provide any access pursuant to this Section 6.4(b) if doing so would (i) reasonably be likely to jeopardize the attorney-client privilege or other legal privilege, or (ii) contravene any applicable Law, fiduciary duty or binding agreement (it being understood that PG&E shall cooperate in any reasonable efforts and requests for waivers that would enable otherwise required disclosure to the Company to occur without so jeopardizing privilege or contravening such Law, duty or agreement). The Company or its Representatives may request such Generation Business Records under this Section 6.4(b) for any purpose in connection with any matter relating to or affected by the Generation Business, including in connection with the audit, accounting, financial reporting, tax, litigation or other similar needs of the Company.

(c) After the Closing, PG&E shall preserve until such time as may be required by applicable Law, all Generation Business Records relating to the period prior to the Closing possessed by PG&E to the extent relating to the Generation Business.

(d) Following the Closing, PG&E and the Company agree to provide to each other and to instruct their respective Related Persons and Representatives to provide to PG&E or the Company, as applicable, such cooperation and assistance and such information as may be reasonably requested upon reasonable advance written notice in connection with the audit, accounting, financial reporting, tax, litigation, federal, foreign or state securities law disclosure or other similar needs of such requesting party; provided, that such cooperation and assistance shall be provided at the requesting party's expense.

**ARTICLE VII
POST-CLOSING AGREEMENTS**

7.1. Environmental Matters.

(a) PG&E's Remediation Obligations

(i) PG&E agrees to undertake any Remediation relating to the matters set forth on Schedule 7.1(a)(i) (the "Known Pre-Closing Environmental Matters"), and to continue such Remediation until PG&E has achieved Completion. "Completion" means, with respect to any Known Pre-Closing Environmental Matter:

(A) PG&E has received written notice that no additional Remediation of such Known Pre-Closing Environmental Matter is required at that time from the Governmental Authority exercising jurisdiction under Environmental Laws over the Remediation of such Known Pre-Closing Environmental Matter; or

(B) PG&E has reasonably determined that no additional Remediation of such Known Pre-Closing Environmental Matter is required by Environmental Law, and (x) if applicable, the Governmental Authority exercising jurisdiction under Environmental Laws over the Remediation of such Known Pre-Closing Environmental Matter has failed to respond within a reasonable period of time to PG&E's request for written notice that no additional Remediation is required, and (y) no written notice requiring additional Remediation has been received from any other Governmental Authority exercising jurisdiction over the applicable Generation Real Property under Environmental Laws

(ii) Notwithstanding the foregoing, if: (1) a Governmental Authority with jurisdiction over the applicable Generation Real Property under Environmental Laws requires Remediation of a Completed Environmental Matter; and (2) such Remediation is required solely because of a change in the Environmental Laws that existed on the date of the Closing, that Completed Environmental Matter will be deemed to be a Known Pre-Closing Environmental Matter from and after the date of such change in the Environmental Laws, until Completion is achieved with respect to such Known Pre-Closing Environmental Matter.

(iii) PG&E's agreement under this Section 7.1(a) to undertake certain Remediation until PG&E has achieved Completion is subject to the following:

(A) PG&E reserves the exclusive right to negotiate and enter into agreements with any Person regarding the nature, technical remediation approach, scope, cleanup objectives or any other aspect of any Remediation undertaken by PG&E.

(B) PG&E will avoid, to the extent reasonably practicable and consistent with sound remediation practices, proposing to a Governmental Authority with jurisdiction over the Generation Real Property under Environmental Laws a method for achieving Completion that will materially decrease the economic value of a Generation Asset.

(C) The Company understands that the Remediation may interfere with the use of the Generation Real Property after the Closing. PG&E will, to the extent

reasonably practicable and consistent with sound remediation practices, undertake the Remediation in a manner that will not unreasonably disrupt operations on the Generation Real Property.

(D) After the completion of any Remediation, PG&E will make commercially reasonable efforts to restore the surface to a condition substantially similar to that existing at the time immediately prior to any such Remediation, provided that no Person (other than PG&E) has taken actions at the applicable Generation Real Property so as to make such restoration impracticable or not commercially reasonable under the circumstances.

(b) Company Agreements Regarding PG&E's Remediation Obligations.

(i) In addition to any other licenses or easements granted by the Company or retained by PG&E in respect of the Generation Real Property, the Company will grant PG&E a non-exclusive license substantially in the form of Exhibit U attached hereto (the "Remediation License"), as needed for the purpose of conducting Remediation of the Known Pre-Closing Environmental Matters, subject to the terms and conditions of this Agreement. The Company agrees that it will comply, and will cause other Persons (other than PG&E, its Related Persons or their respective representatives) at the Generation Real Property to comply, with any requirements, directives, instructions, or plans issued by PG&E for the purpose of protecting the health and safety of Persons on the applicable Generation Real Property during Remediation activities conducted on or in the vicinity of the Generation Real Property.

(ii) The Company acknowledges that PG&E will have sole responsibility for undertaking the Remediation of the Known Pre-Closing Environmental Matters and therefore the Company will not initiate or permit the initiation of any Remediation of the Known Pre-Closing Environmental Matters, or submit, or cause to be submitted, orally or in writing, any information or comments to any Governmental Authority concerning the Known Pre-Closing Environmental Matters or Remediation thereof (other than documents or information routinely and customarily submitted to such Governmental Authority) without the prior written consent of PG&E, unless in the reasonable judgment of the Company such actions are required by Environmental Laws or to protect the immediate health and safety of individuals in the vicinity of the Generation Real Property.

(iii) The Company will assign to PG&E any and all right, claim or interest which the Company may have to payment or reimbursement by any Person in connection with any Known Pre-Closing Environmental Matters or the Remediation thereof.

(iv) The Company will execute any waivers, applications, consents, affidavits, permits, deeds and other documents, as requested by PG&E, in furtherance of PG&E's Remediation of the Known Pre-Closing Environmental Matters.

(v) The Company will accept engineering and/or institutional controls, including any restrictions in deeds relating to the use of the Generation Real Property, and execute any documents as requested by PG&E to effectuate the use of such controls, in furtherance of PG&E's Remediation of the Known Pre-Closing Environmental Matters, except

to the extent that such institutional or engineering controls will have a material adverse impact on the Company's operation of the Generation Assets at said property.

7.2. Land Conservation Commitment.

(a) The Company acknowledges that PG&E has informed the Company of the following:

(i) PG&E is a party to that certain Settlement Agreement as modified and approved by the CPUC in its Opinion and Order of December 18, 2003 (Decision 03-12-035) (the "Settlement Agreement"), pursuant to which PG&E agreed to conserve and protect approximately one hundred forty thousand (140,000) acres of watershed lands, all owned by PG&E (the "Watershed Lands"), all of which are included in the Owned Generation Real Property, for a broad range of beneficial public values (the "Land Conservation Commitment").

(ii) In furtherance of the Settlement Agreement and to provide additional detail regarding the implementation of the Land Conservation Commitment, the parties to the Settlement Agreement and other interested parties entered into that certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (the "Stipulation" and, together with the Settlement Agreement, the "LCC Documents").

(iii) The Settlement Agreement provides that the Watershed Lands will be (A) subject to permanent conservation easements restricting development of the lands so as to protect and preserve their beneficial public values, or (B) made available for fee simple donation to public entities or qualified non-profit conservation organizations whose ownership will ensure the protection of beneficial public values; provided, that PG&E is not expected to make fee simple donations of Watershed Lands that contain Generation Assets or assets of PG&E, or a joint licensee's, hydroelectric project works.

(iv) In accordance with the LCC Documents, PG&E created the Pacific Forest and Watershed Lands Stewardship Council, a California non-profit public benefit corporation (the "Stewardship Council"), to oversee development and implementation of the Land Conservation Commitment. The Stewardship Council subsequently developed a Land Conservation Plan (the "LCP") establishing a set of objectives to preserve or enhance the beneficial public values identified on each parcel of the Watershed Lands.

(v) The Conservation Easements were entered into in furtherance of the Land Conservation Commitment and PG&E's obligations pursuant to the LCC Documents.

(vi) PG&E desires, through this Agreement and the other agreements to be entered into pursuant hereto, to ensure the permanent protection of the beneficial public values on the Watershed Lands as identified in the LCP while allowing the ongoing use of the Watershed Lands for hydroelectric operations, water delivery and other related activities.

(b) The Company acknowledges that the Conservation Easements are Permitted Liens that run with the title of the Watershed Lands and bind all future owners, including the Company. The Company agrees to comply with the Conservation Easements and the Land

Conservation Commitment, including all obligations associated with donations of lands to public agencies and non-profit organizations. On the Closing Date, if there are donation transactions that have been approved by the Stewardship Council that are not yet completed, PG&E shall amend or withdraw any advice letters or applications pending before the CPUC or FERC, and the Company shall modify the transaction agreements to reflect the change in ownership and resubmit such advice letters or applications to effectuate the donation transactions. For contemplated donation transactions where no filings have yet been made, the Company shall assume the responsibility to complete such transactions and submit the necessary advice letters or applications to effectuate the transactions.

(c) The Company acknowledges that the Conservation Easements run with the title of the property and bind all future owners. PG&E and the Company have, in connection with the Closing, entered into the Conservation Easement Assignment and Assumption Agreements, in the form attached hereto as Exhibit K, with the Company and all holders of the Conservation Easements as part of this transaction to ensure full transparency, acknowledgement, and commitment by all parties to comply with the terms of the Conservation Easements. The Conservation Easement Assignment and Assumption Agreement is not legally required by the Conservation Easements or the Land Conservation Commitment, but is provided to demonstrate mutual assent by PG&E, Company, and the holders of the Conservation Easement to the ongoing conservation requirements. PG&E will record such Conservation Easement Assignment and Assumption Agreements in each applicable county on or promptly following the Closing Date immediately after the recording of the applicable Grant Deeds and Reservation of Rights. PG&E shall bear the cost of the recording fees for recordation of the Grant Deeds and Reservation of Rights and the Conservation Easement Assignment and Assumption Agreements.

7.3. Wrong Pockets.

(a) If and to the extent that it is determined after Closing that legal title to or beneficial or other interest in all or part of any Excluded Asset or Retained Liability has been transferred to the Company, Company shall, promptly upon the request of PG&E (and at PG&E's expense), (x) execute all such agreements, deeds or other documents as may be necessary for the purposes of transferring such assets or liabilities (or part thereof) or the relevant interests in them back to PG&E, (y) complete all such further acts or things as PG&E may reasonably direct in order to transfer such assets or liabilities or the relevant interests in them back to PG&E and (z) hold the asset (or part thereof), or relevant interest in the asset, on trust for PG&E (to the extent permitted by applicable Law) until such time as the transfer is validly effected to vest the asset (or part thereof) or relevant interest in the asset back to PG&E.

(b) If and to the extent that it is determined after Closing that legal title to or beneficial or other interest in all or part of any Generation Asset or Generation Liability has not been transferred to the Company, PG&E shall, promptly upon the request of the Company (and at PG&E's expense), (x) execute all such agreements, deeds or other documents as may be necessary for the purposes of transferring such assets or liabilities (or part thereof) or the relevant interests in them to the Company, (y) complete all such further acts or things as Company may reasonably direct in order to transfer such assets or liabilities or the relevant interests in them to the Company and (z) hold the asset (or part thereof), or relevant interest in the asset, on trust for Company (to

the extent permitted by applicable Law) until such time as the transfer is validly effected to vest the asset (or part thereof) or relevant interest in the asset back to PG&E.

7.4. Access to Information. From the date hereof, at the sole cost and expense of the Company, PG&E will (a) give the Company and its Representatives reasonable access, upon reasonable notice and during business hours, to the offices, properties, books and records relating to the Generation Assets and Generation Liabilities, (b) furnish to the Company and its Representatives such other information relating to the Generation Assets and Generation Liabilities as is reasonably requested and (c) instruct the officers, executives and senior managers of PG&E to reasonably cooperate with Company and its Representatives.

7.5. Confidentiality.

(a) PG&E shall and shall instruct its officers, directors, employees, accountants, advisors, agents, attorneys and other representatives (collectively, “Representatives”), to hold in strict confidence and secrecy, and to not disclose any and all confidential, proprietary and non-public information and materials, whether in written, verbal, graphic or other form, in each case, to the extent concerning the Company, the Generation Business, the Generation Assets or the Generation Liabilities (the “Confidential Information”) to any Person (other than the Company or the Company’s Related Persons), in each case, except (A) in connection with this Agreement or the transactions contemplated hereby or in connection with any other written agreement between PG&E and the Company, (B) in connection with any Minority Sale Agreement, (C) as requested by the Company, (D) to the extent required by applicable Law or for financial reporting purposes, (E) PG&E may disclose such terms to its Representatives as necessary in connection with the ordinary conduct of its respective businesses (so long as such Persons agree to or are bound by contract to keep the terms of this Agreement and the transactions contemplated hereby confidential).

(b) If PG&E is requested or required (by oral question or request for information or documents in legal proceedings, interrogatories, subpoena, civil investigation demand or similar process) to disclose any Confidential Information, then such disclosing Person shall provide the Company with written notice of such request or requirement to enable the Company to (i) to seek an appropriate protective order or other remedy, (ii) to consult with the disclosing Person with respect to steps taken by the disclosing Person to resist or narrow the scope of such request or requirement and/or (iii) to waive compliance, in whole or in part, with the terms of this Section 7.5(b). If, in the absence of a protective order or the receipt of a waiver under this Section 7.5(b), the disclosing Person is nonetheless, in the reasonable opinion of its counsel, required to disclose such Confidential Information, then the disclosing Person may disclose such Confidential Information without any liability.

7.6. Use of PG&E Name and Logos. The Company shall not use, or permit any Related Person to use, the name “Pacific Gas and Electric”, “PG&E” or any name reasonably similar thereto after the Closing Date; provided, however, that (x) the Company shall be permitted to use any entity names that incorporate words included in such names (including, for the avoidance of doubt, the entity name of the Company as of the Closing) and (y) the Company may use such names as part of indicating association with PG&E. Without limitation of the foregoing, after the Closing Date, the Company agrees not to, directly or indirectly, use or authorize any other

person or entity to use the word “Pacific Gas and Electric”, “PG&E” or any name reasonably similar thereto (other than a name that is the entity name of the Company), or any Intellectual Property Rights of PG&E (including any variant extension domain name derived from any domain name of PG&E or any domain name with a variant spelling based on, derived from, or reasonably similar to, any such domain name of PG&E), as a corporate or business name, trade name, domain name, trademark or servicemark.

ARTICLE VIII REMEDIES; INDEMNIFICATION

8.1. Survival. The representations and warranties of the parties herein shall survive until the first anniversary of the Closing, except that the representations and warranties contained in (x) Section 4.1 (Organization and Existence), Section 4.2 (Execution, Delivery and Enforceability) and Section 4.3 (No Violation) and (y) Section 5.1 (Organization), Section 5.2 (Execution, Delivery and Enforceability) and Section 5.3 (No Breach) shall survive until the date that is three (3) years following the Closing Date. Covenants of the parties shall survive until the period stated herein for such covenant and if no period is stated, until the earlier of (i) full performance of such covenant and (ii) thirty days following the date on which the covenant is required to be performed. Notwithstanding the preceding sentences, any covenant, agreement, representation or warranty in respect of which indemnity may be sought under Section 8.2 shall survive the time at which it would otherwise terminate, if notice of the inaccuracy or breach thereof giving rise to such right to indemnity shall have been given to the party against whom such indemnity may be sought prior to such time.

8.2. Indemnification.

(a) PG&E shall indemnify the Company and its respective officers, directors, employees and agents (each, including the Company, a “Company Party”) against, and shall hold each of them harmless from, any and all damages, claims, debts, actions, assessments, judgments, losses, liabilities, fines, fees, penalties and expenses (including reasonable expenses of investigation and reasonable attorneys’ fees and expenses in connection with any action, suit or proceeding) (collectively, “Losses”) incurred or suffered by a Company Party, whether as between a Company Party and PG&E, or a Company Party and a third party, in connection with, resulting from or arising out of:

(i) any misrepresentation, inaccuracy or breach of a representation or warranty made by PG&E pursuant to this Agreement;

(ii) any breach of a covenant or agreement to be performed by PG&E pursuant to this Agreement;

(iii) the failure of PG&E to perform, pay and discharge when due any (x) Retained Liability; (y) obligation or liability of PG&E relating to the Excluded Assets or (z) claim or cause of action by any party against a Company Party with respect to any Retained Liability or Excluded Asset; or

(iv) any Known Environmental Liabilities.

(b) Notwithstanding anything to the contrary herein, if a Company Party incurs or suffers a Loss in connection with, resulting from or arising out of a set of facts for which the Company Party is entitled to indemnification pursuant to Section 8.2(a), and to the extent that the terms of the RWI Policy (as defined in the Minority Sale Agreement) allow for recovery of a Loss to Investor for breach of a Generation Business R&W under the Minority Sale Agreement that is related to the same set of facts as the Loss incurred by the Company Party under the Separation Agreement, then PG&E shall only indemnify the Company Party pursuant to Section 8.2(a) for an amount equal to [●]³% of the Losses (the “PG&E Loss Amount”) incurred or suffered by such Company Party; provided, however, that PG&E shall not be obligated to indemnify the Company for any such Loss unless Investor[s] has made a claim under such RWI Policy for the Loss to Investor for such breach and confirms in writing to PG&E that it will comply with its obligations under Section 14.3(b) of the A&R LLC Agreement (as defined in the applicable Minority Sale Agreement) in respect of such Loss to Investor.

(c) The Company shall indemnify PG&E and its respective officers, directors, employees and agents (each, including PG&E, a “PG&E Party”) against, and shall hold each of them harmless from, any and all Losses incurred or suffered by a PG&E Party, whether as between a PG&E Party and the Company, or a PG&E Party and a third party, in connection with, resulting from or arising out of:

(i) any misrepresentation, inaccuracy or breach of a representation or warranty made by the Company pursuant to this Agreement;

(ii) any breach of a covenant or agreement to be performed by the Company pursuant to this Agreement; or

(iii) the failure of the Company to perform, pay and discharge when due any (x) Generation Liability or (y) claim or cause of action by any party against a Company Party with respect to any Generation Liability.

(d) Determination of Losses.

(i) If, in respect of any Loss of a Company Party subject to indemnification by PG&E pursuant to Section 8.2(a), the Company Party (i) recovers, or reasonably expects to recover, all or a portion of such Loss through the Company’s rates or (ii) receives, or reasonably expects to receive, insurance proceeds for all or a portion of such Loss, then the amount of the Loss that the Company Party may claim pursuant to Section 8.2(a) shall be reduced by the net amount of such amounts in recovered in rates or insurance proceeds (the “Recovered Losses”).

(ii) In the event that an amount representing Recovered Losses is actually received by a Company Party subsequent to receipt by such Company Party of any indemnification payment by PG&E pursuant to this Section 8.2 in respect of the claims to which such Recovered Losses relate, the Company shall promptly refund PG&E an amount equal to the

³ NTD: To reflect PG&E’s ownership interest in the Company following the closing of the Minority Sale Agreement(s).

Recovered Losses (or, if less, in the amount of applicable indemnification payments previously made to the Company Party by PG&E).

(e) Except as expressly provided herein, no party shall be liable hereunder at any time for consequential, exemplary, indirect, special or punitive damages or any Losses of the other party, whether in contract, tort (including negligence), strict liability or otherwise.

(f) PG&E shall not be liable for any claim for indemnification pursuant to Section 8.2(a) unless and until the aggregate amount of indemnifiable Losses which may be recovered from PG&E equals or exceeds \$[●], in which case PG&E shall be liable only for the amount of Losses in excess thereof; provided, that this clause (i) shall not apply to Losses arising out of or relating to the inaccuracy or breach of any Fundamental Representation or in the event of Fraud and (ii) the maximum aggregate amount of indemnifiable Losses which may be recovered from PG&E for Losses arising out of or relating to indemnification claims under this Agreement shall be \$[●]; provided, that this clause (ii) shall not limit any claim for Fraud by PG&E.

(g) Notwithstanding anything to the contrary which may be contained herein, the indemnities set forth in this Article VII shall become effective as of the Closing Date. Other than equitable remedies and except in the case of Fraud, from and after the Closing, the indemnities set forth in this Article VII shall be the exclusive remedies of the Company Parties and the PG&E Parties due to the breach or default of any representation, warranty, covenant, agreement or other matters contained in this Agreement. The Company Parties and the PG&E Parties shall not be entitled to a rescission of this Agreement or to any further indemnification rights, breach or damages or claims of any nature whatsoever in respect thereof, all of which such parties hereby waive.

(h) PG&E Cure Period.

(i) In the event that a Company Party discovers an event that gives rise to a claim pursuant to Section 8.2(a), prior to bringing a claim for indemnification pursuant to Section 8.2(i), the Company Party shall promptly deliver to PG&E written notice of such event. Such notice shall describe the event and potential claim in reasonable detail. Upon receipt of such notice, PG&E shall proceed in a reasonably prompt manner to attempt to cure such underlying event, and shall have a period of one hundred twenty (120) days to cure such underlying event; provided, however, that if such event cannot be cured with such 120 day or longer period, the cure period may be extended for such reasonable period as may be required provided that PG&E has commenced and continued to diligently pursue such cure during the 120 day period.

(ii) If, following the termination of the cure period, the Company Party shall incur, or shall have incurred, a Loss, then the Company Party shall seek indemnification for such Loss against PG&E pursuant to this Section 8.2.

(i) Procedure. All claims for indemnification by an Indemnified Party pursuant to this Section 8.2 shall be made in accordance with the provisions of this Section 8.2(i). Whenever any claim shall arise for indemnification hereunder, the party entitled to indemnification (the "Indemnified Party") shall promptly provide written notice of such claim to the other party (the

“Indemnifying Party”). In connection with any claim giving rise to indemnity hereunder resulting from or arising out of any action by a Person who is not a party to this Agreement, the Indemnifying Party, at its sole cost and expense and upon written notice to the Indemnified Party, may assume the defense of any such action with counsel reasonably satisfactory to the Indemnified Party. The Indemnified Party shall be entitled to participate in the defense of any such action, with its counsel and at its own cost and expense. If the Indemnifying Party does not assume the defense of any such action, the Indemnified Party may, but shall not be obligated to, defend against such action in such manner as it may deem appropriate, including settling such action, after giving notice of it to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate and no action taken by the Indemnified Party in accordance with such defense and settlement shall relieve the Indemnifying Party of its indemnification obligations herein provided with respect to any damages resulting therefrom. The Indemnifying Party shall not settle any action without the Indemnified Party’s prior written consent, which consent shall not be unreasonably withheld or delayed, unless the settlement or the entry of a judgment (A) provides a complete release of the Indemnified Party for all liability with respect thereto and (B) does not impose any liability or obligation on the Indemnified Party.

8.3. Certain Tax Matters.

(a) The Company shall pay all documentary, sales, use, stamp, registration, value added, business, goods and services, transfer, real property transfer, recording, conveyancing and other such Taxes and fees (including any penalties, interests and additions to Tax with respect thereto) excluding any income or gains Taxes arising from or incurred in connection with the Contemplated Transactions (“Transfer Taxes”) when due. PG&E shall, at the Company’s expense, prepare and file or cause to be prepared and filed all necessary Tax Returns and other documentation with respect to any such Transfer Taxes, and if required by applicable Law, Company shall join in the execution of any such Tax Returns and other documentation. PG&E and the Company shall cooperate to seek to reduce the amount of any Transfer Taxes incurred, including by providing or obtaining (at the Company’s expense) any application exemption certificates with respect to any such Transfer Taxes.

(b) The Company and PG&E shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the preparation and filing of Tax Returns and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party’s request) the providing of records and information which are reasonably relevant to any such Tax Return, audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(c) Subject to Section 8.3(a), to the extent it is necessary for purposes of this Agreement to determine the allocation of liability for, or a refund of, Taxes arising from or incurred in connection with the Generation Assets, the Generation Liabilities, the Generation Business and the Contemplated Transactions for a Tax period that begins before and ends on or after the Closing Date (a “Straddle Period”), such allocation shall be determined by assuming the Straddle Period consisted of two taxable years or periods, one which ended at the close of the day prior to the Closing Date, and the other which began at the beginning of the day of the Closing Date, and any Taxes based on or measured by income, gross or net sales, or payments or receipts shall be

allocated between the pre-Closing Date and post-Closing Date portion of such Straddle Period based on an interim closing of the books as of the close of business on the day prior to the Closing Date and any other Taxes shall be allocated between the pre-Closing Date and post-Closing Date portion of such Straddle Period on a per diem basis.

ARTICLE IX MISCELLANEOUS

9.1. Notices. All notices, requests, consents and other communications under this Agreement must be in writing and shall be deemed to have been duly given and effective (a) immediately (or, if not delivered before 5:00 p.m. San Francisco, California time on a Business Day, the next Business Day) if delivered by electronic mail (with confirmation of transmission) and if a hard copy is delivered by overnight delivery service the next Business Day, (b) on the date of delivery if by hand delivery (with confirmation of receipt) (or, if not delivered on a Business Day, the next Business Day) or (c) on the first Business Day following the date of dispatch (or, if not sent on a Business Day, the next Business Day after the date of dispatch) if sent by overnight service with a nationally recognized overnight delivery service (all fees prepaid). All notices shall be delivered to the following addresses, or such other addresses as may hereafter be designated in writing by a party to the other party:

Notices to PG&E:

Pacific Gas and Electric Company
300 Lakeside Drive
Oakland, CA 94612
Attention: William Manheim
E-mail: WVM3@pge.com

with copies (which shall not constitute notice) to:

Munger, Tolles & Olson LLP
350 South Grand Ave, 50th Floor
Los Angeles, California 90071
Attention: Judith Kitano
E-mail: judith.kitano@mto.com

Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, NW
Washington, DC 20005
Attention: Pankaj Sinha
E-mail: psinha@skadden.com

Notices to the Company:

Pacific Generation LLC
c/o Pacific Gas and Electric Company
300 Lakeside Drive
Oakland, CA 94612

Attention: [*President of the Company*]
E-mail: [●]

with a copy (which shall not constitute notice) to:

[●]
Attention: [*General Counsel of the Company*]
E-mail: [●]

9.2. Assignment; Amendment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned (including by operation of law) without the prior written consent of PG&E and the Company. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement or, in the case of a waiver, by each party against whom the waiver is to be effective.

9.3. Severability; Interpretation. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement. Notwithstanding the fact that this Agreement has been drafted or prepared by one of the parties, each of the Company and PG&E confirm that they and their respective counsel have reviewed, negotiated and adopted this Agreement as the joint agreement and understanding of the parties hereto and the language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any Person. The captions used in this Agreement and descriptions of the Disclosure Schedules are for convenience of reference only and do not constitute a part of this Agreement and shall not be deemed to limit, characterize or in any way affect any provision of this Agreement, and all provisions of this Agreement shall be enforced and construed as if no caption or description of the Disclosure Schedules had been used in this Agreement.

9.4. Complete Agreement. This Agreement and the Minority Sale Agreement, together with and any other agreements referred to herein executed and delivered on or after the date hereof, contain the complete agreement among the parties hereto and supersede any prior understandings, agreements or representations by or between such parties, written or oral, which may have related to the subject matter hereof in any way.

9.5. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA (WITHOUT REGARD TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF) AS TO ALL MATTERS, INCLUDING MATTERS OF VALIDITY, CONSTRUCTION, EFFECT, PERFORMANCE AND REMEDIES.

9.6. Dispute Resolution.

(a) Intent of the Parties. Except as provided in Section 9.8, the sole procedure to resolve any claim arising out of or relating to this Agreement is the dispute resolution procedure set forth in this Section 9.6. Either party hereto may seek injunctive relief with respect to this Agreement or other provisional judicial remedy in accordance with Section 9.8 if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both parties hereto nonetheless shall continue to pursue resolution of the dispute by means of this procedure.

(b) Management Negotiations.

(i) The parties hereto shall attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement by prompt negotiations between the authorized representatives for each party hereto, or such other person designated in writing as a representative of the applicable party hereto (each, a "Manager"). Either Manager may request a meeting (such meeting to be held in person or telephonically) to initiate negotiations to be held within ten (10) Business Days of receipt of such request by the other party hereto, at a mutually agreed time and place. If the matter is not resolved within fifteen (15) Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the designated senior officers of their respective companies ("Executive(s)"), who shall have authority to settle the dispute. Within five (5) Business Days of the Initial Negotiation End Date ("Referral Date"), each party hereto shall provide one another written notice confirming the referral and identifying the name and title of the Executive who will represent such party.

(ii) Within five (5) Business Days of the Referral Date the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty (30) calendar days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the dispute.

(iii) All communication and writing exchanged between the parties hereto in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the parties hereto.

(iv) If the matter is not resolved within forty-five (45) calendar days of the Referral Date, or if the party hereto receiving the written request to meet, pursuant to subsection 9.6(b)(i) above, refuses or does not meet within the ten (10) Business Day period specified in subsection 9.6(b)(i) above, either party hereto may initiate mediation of the controversy or claim according to the terms of the following subsection 9.6(c).

(c) Mediation and Arbitration. If the dispute cannot be so resolved by negotiation as set forth in Section 9.6(b) above, it shall be resolved at the request of either party hereto through a two-step dispute resolution process administered by JAMS. As the first step the parties hereto agree to mediate any controversy before a mediator from the JAMS, pursuant to the applicable JAMS commercial mediation rules, in San Francisco, California. Either party hereto may begin mediation by serving a written demand for mediation. The mediator shall not have the authority to require, and neither party hereto may be compelled to engage in, any form of discovery prior to or in connection with the mediation. If within sixty (60) calendar days after service of a written demand for mediation, the mediation does not result in resolution of the dispute, then the

controversy shall be settled by arbitration conducted by a retired judge or justice from JAMS conducted in San Francisco, California, administered by and in accordance with the applicable JAMS commercial arbitration rules (“Arbitration”). The period commencing from the date of the written demand for mediation until the appointment of a mediator shall be included within the sixty (60) day mediation period. Any mediator(s) and arbitrator(s) shall have no affiliation with, financial or other interest in, or prior employment with either party hereto and shall be knowledgeable in the field of the dispute. Either party hereto may initiate arbitration by filing with JAMS a notice of intent to arbitrate within sixty (60) calendar days of service of the written demand for mediation.

(d) Arbitration Procedures.

(i) At the request of a party hereto, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of three (3) per party hereto and shall be held within thirty (30) calendar days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the arbitrator for good cause shown. All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the parties hereto to exchange relevant documents. The arbitrator shall also have discretion to order the parties hereto to answer interrogatories, upon good cause shown.

(ii) Each of the parties hereto shall submit to the arbitrator, in accordance with a schedule set by the arbitrator, offers in the form of the award it considers the arbitrator should make. If the arbitrator requires the parties hereto to submit more than one such offer, the arbitrator shall designate a deadline by which time the parties hereto shall submit their last and best offer. In such proceedings the arbitrator shall be limited to awarding only one of the two “last and best” offers submitted, and shall not determine an alternative or compromise remedy.

(iii) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages and the other damages contemplated by this Agreement.

(iv) The arbitrator’s award shall be made within nine (9) months of the filing of the notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the parties hereto or by the arbitrator, if necessary. The San Francisco County Superior Court may enter judgment upon any award rendered by the arbitrator. The parties hereto are aware of the decision in *Advanced Micro Devices, Inc. v. Intel Corp.*, 9 Cal. 4th 362 (1994), and, except as modified by this Agreement, intend to limit the power of the arbitrator to that of a Superior Court judge enforcing California law. The prevailing party in this dispute resolution process is entitled to recover its costs and reasonable attorneys’ fees.

(v) The arbitrator shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the arbitrator concludes that there is no material issue of fact pending before him.

(vi) Except as may be required by law, neither a party hereto nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties hereto.

9.7. Third-Party Beneficiaries and Obligations. Except as otherwise expressly provided in this Agreement, and without limitation to the rights of the Investor[s] pursuant to the [applicable] Minority Sale Agreement, nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any Person that is not a party hereto any rights or remedies under or by reason of this Agreement or the transactions contemplated hereby.

9.8. Specific Performance; Cumulative Remedies. Each party hereto recognizes and agrees that if it should fail to perform any of its obligations under this Agreement, the remedy at law would be inadequate and agrees that for breach of such provisions, each party will, in addition to such other remedies as may be available to them at law or in equity, be entitled to injunctive relief with respect to this Agreement (including an injunction or injunctions to prevent breaches of this Agreement) and to enforce its rights under this Agreement by an action for specific performance; provided, that each party hereto hereby waives any requirement for the posting of any bond or other surety in connection with any temporary or permanent award of injunctive, mandatory, or other relief. All rights and remedies of the Company under this Agreement, including specific performance remedies, shall be cumulative and the exercise of one or more right or remedies shall not preclude the exercise of any other right or remedy available under this Agreement or applicable Law.

9.9. Bulk Transfer Laws. The Company hereby waives compliance by PG&E with the provisions of any so-called bulk transfer laws (or any similar applicable Law) of any jurisdiction in connection with the contribution of the Generation Assets.

9.10. Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement.

9.11. Usage. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” Words denoting any gender shall include all genders. Where a word is defined herein, references to the singular shall include references to the plural and vice versa. A reference to any party to this Agreement or any other agreement or document shall include such party’s successors and permitted assigns. All references to “\$” and dollars shall be deemed to refer to United States currency unless otherwise specifically provided. All references to a day or days shall be deemed to refer to a calendar day or calendar days, as applicable, unless otherwise specifically provided. Any reference to any agreement or contract referenced herein or in the Disclosure Schedules shall be a reference to such agreement or contract, as amended, modified, supplemented or waived.

9.12. Counterparts. This Agreement may be executed in multiple counterparts by the parties hereto. All counterparts so executed shall constitute one agreement binding upon all parties, notwithstanding that all parties are not signatories to the original or the same counterpart. Each counterpart shall be deemed an original to this Agreement, all of which shall constitute one agreement to be valid as of the date of this Agreement. Documents executed, scanned and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this Agreement and all matters related thereto, with such scanned and electronic signatures having the same legal effect as original signatures.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

PACIFIC GAS AND ELECTRIC COMPANY

By: _____
Name:
Title:

PACIFIC GENERATION LLC

By: _____
Name:
Title:

ATTACHMENT B

LIMITED LIABILITY COMPANY AGREEMENT
OF
PACIFIC GENERATION LLC

This Limited Liability Company Agreement (as may be amended, modified, supplemented or restated from time to time, this “Agreement”) of **PACIFIC GENERATION LLC**, a Delaware limited liability company (the “Company”), is adopted by Pacific Gas and Electric Company, a California corporation (in its capacity as the sole member of the Company, the “PG&E Member”), effective as of September 26, 2022 (the “Formation Date”).

1. Formation. The Company was formed as a limited liability company under and pursuant to the provisions of the Delaware Limited Liability Company Act, 6 Del. Code § 18-101 *et seq.*, as amended (together with any successor to such statute, the “Act”). The rights, duties and liabilities of the Members (as defined herein) shall be as provided in the Act, except as otherwise provided herein. In the event of any inconsistency between any term or condition contained in this Agreement and any non-mandatory provision of the Act, the terms and conditions contained in this Agreement shall govern. The PG&E Member hereby approves and ratifies the formation of the Company, including the execution and delivery of the certificate of formation of the Company (as amended, modified, supplemented or restated from time to time, the “Certificate of Formation”) and the filing thereof with the office of the Secretary of State of the State of Delaware.

2. Name. The name of the Company is “**Pacific Generation LLC**”. The Company may conduct business under this name or any other name approved by the PG&E Member.

3. Purpose. The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in (a) any and all lawful acts and activities for which a limited liability company may be formed under the Act, and (b) any and all activities necessary, advisable, convenient or incidental to the foregoing.

4. Registered Agent and Office. The location of the registered office of the Company shall be 251 Little Falls Drive, Wilmington, Delaware 19808. The Company’s registered agent at such address shall be Corporation Service Company.

5. Principal Office. The principal office of the Company shall be located at such place as the PG&E Member may determine. The location of the Company’s principal office may be changed at will by the PG&E Member. In addition, the Company may maintain offices and places of business at such other place or places within or outside the State of Delaware as the PG&E Member determines to be necessary, appropriate, advisable or convenient.

6. Term. The term of the Company shall be perpetual, unless sooner terminated and wound up in accordance with the Act.

7. Corporate Separateness. To ensure corporate separateness between the PG&E Member and the Company, the Company, together with its officers, shall take or refrain

from taking, as the case may be, and cause the subsidiaries of the Company (if any) to take or refrain from taking, as the case may be, the following actions (in each case, to the extent consistent with applicable law and regulation):

- (a) at all times hold itself out as a separate entity from the PG&E Member and conduct business in its own name;
- (b) correct any known material misunderstanding regarding its identity as an entity separate from the PG&E Member;
- (c) maintain one or more bank accounts separate from the PG&E Member;
- (d) not commingle the funds of the Company with funds of the PG&E Member or any other persons related to the PG&E Member (other than subsidiaries of the Company);
- (e) maintain separate books, accounts and financial statements from the PG&E Member reflecting its separate assets and liabilities;
- (f) maintain an adequate capitalization at all times;
- (g) observe appropriate organizational procedures and formalities;
- (h) not enter into any guaranty of, or otherwise become intentionally liable for, or pledge or encumber its assets to secure, the liability, debts or obligations of the PG&E Member (except for any indemnification obligations set forth in agreements with the PG&E Member related to a contribution of assets to the Company);
- (i) pay or bear the cost of its own liabilities, expenses and losses only from its own assets, including compensating all advisors and other agents from its own funds for services provided to it by such advisors and other agents (except for any indemnification obligations set forth in agreements with the PG&E Member related to a contribution of assets to the Company);
- (j) take the actions necessary to ensure the existence of the Company's stand-alone credit and debt ratings, as applicable;
- (k) prevent the Company from lending money to or borrowing money from the PG&E Member or any persons related to the PG&E Member (other than subsidiaries of the Company);
- (l) prevent the Company from being a borrower under a common credit facility with the PG&E Member or any persons related to the PG&E Member (other than subsidiaries of the Company);
- (m) cause its representatives to hold themselves out to third parties as being the representatives of the Company or such Company subsidiary, and refrain from holding themselves out as representatives of the PG&E Member, except where the PG&E Member is acting as the Company's or such Company subsidiary's agent for the limited purposes of the Company's initial organizational matters, including making submissions to, and otherwise interacting with, the

CPUC, FERC and other regulatory agencies and in connection with the any contribution of assets to, or assumption of liabilities by, the Company (or such Company subsidiary) and the capitalization of the Company (or such Company subsidiary); and

(n) pay or bear the cost of the preparation of its financial statements, and have such financial statements audited by an independent certified public accounting firm.

8. Capital Structure. The capital structure of the Company shall consist of one class of common units (the “Common Units”), which shall collectively represent all of the limited liability company interests in the Company. All Common Units shall be identical with each other in every respect.

9. Members. The PG&E Member shall be the sole member of the Company until such time as one or more additional members is or are admitted to the Company (such additional members of the Company, together with the PG&E Member, the “Members”). Members may be admitted to the Company only upon the approval of the PG&E Member.

10. Register of Members. Ownership of Common Units may be represented by certificates, but ownership in the Company shall be exclusively evidenced and determined by entry in the register of Members of the Company, which register is conclusive as to the equity ownership in the Company (the “Register of Members”). A copy of the Register of Members setting forth the name, address, number of Common Units owned by each Member and the percentage of issued and outstanding Common Units held by such Member as of the date hereof is attached as Schedule A hereto, and the Company shall amend the Register of Members from time to time as necessary to reflect accurately additional capital contributions to the Company and any direct or indirect sale, exchange, transfer, lease, license, foreclosure or other disposal or similar transaction with respect to Common Units, whether voluntary, involuntary or by operation of law, whether or not for value undertaken in compliance with this Agreement.

11. Tax Treatment. Notwithstanding anything herein to the contrary, unless otherwise determined by the PG&E Member, for U.S. federal income tax purposes (as well as for any analogous state or local tax purposes) the Company shall be (a) a disregarded entity if there is a single Member, and (b) a partnership if there is more than one Member. The Company and each Member shall take any and all necessary actions to ensure the Company is treated in a manner consistent with the preceding sentence.

12. Management of the Company.

(a) Except as otherwise expressly provided in this Agreement, all powers to control and manage the business and affairs of the Company shall be exclusively vested in the PG&E Member, and the PG&E Member may exercise all powers of the Company and do all such lawful acts as are permitted by the Act and in so doing shall have the right and authority to take all actions which the PG&E Member determines necessary, advisable, convenient or incidental for the management and conduct of the Company’s business.

(b) The PG&E Member may appoint one or more officers of the Company and retain and terminate employees, agents and consultants of the Company and delegate such duties to any such officers, employees, agents and consultants as the PG&E Member deems appropriate,

including the power, acting individually or jointly, to represent and bind the Company in all matters, in accordance with the scope of their respective duties. Any officer of the Company may be removed at any time by the PG&E Member for any reason or no reason at all. Each officer of the Company shall serve as such until the earliest of (i) his or her removal by the PG&E Member, (ii) his or her resignation as an officer, or (iii) his or her death.

(c) In furtherance of Section 12(b), David Thomason is hereby appointed as the Vice President of the Company, and shall be responsible for the general and active management of the Company.

13. Limited Liability. Except as otherwise provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and neither the PG&E Member nor any other person shall be obligated for any such debt, obligation or liability of the Company by reason of being a Member.

14. Indemnification. Subject to the limitations and conditions set forth in this Section 14, each person who was or is made a party (or is threatened to be made a party) to, or is involved in any threatened, pending or completed action, suit or proceeding, whether a civil, criminal, administrative, arbitrative or investigative proceeding (hereinafter, a "Proceeding"), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, by reason of the fact that he, she, or it, or a person of whom he, she, or it is the legal representative, is or was serving as a manager, officer, or similar functionary of the Company or is or was serving at the request of the Company as a manager, officer, or similar functionary of another person (each, an "Indemnified Person"), shall be indemnified by the Company to the fullest extent permitted by law (including, without limitation, indemnification against negligence, gross negligence and breach of duty) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such Indemnified Person in connection with such Proceeding, if the Indemnified Person acted in good faith and in a manner such Indemnified Person reasonably believed to be in, or not opposed to, the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe such Indemnified Person's conduct was unlawful. The indemnities hereunder shall survive termination of the Company. Each Indemnified Person shall have a claim against the property and assets of the Company for payment of any indemnity amounts from time to time due hereunder, which amounts shall be paid or properly reserved for prior to the making of distributions by the Company to the Members. Indemnification under this Section 14 shall continue as to an Indemnified Person who has ceased to serve in the capacity which initially entitled such Indemnified Person to indemnity hereunder. The rights granted pursuant to this Section 14 shall be deemed contract rights, and no amendment, modification, or repeal of this Agreement shall have the effect of limiting or denying any such rights with respect to actions taken or Proceedings arising prior to any such amendment, modification or repeal.

15. Amendment. This Agreement may be modified or amended at any time by a writing signed by the PG&E Member.

16. Dissolution. The Company shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (a) the determination of the PG&E Member to dissolve the Company; (b) any time there are no Members unless the Company is continued in accordance with the Act; or (c) the entry of a decree of judicial dissolution under Section 18-802 of the Act. The bankruptcy (within the meaning of the Act) of any Member shall not cause any of the Members to cease to be Members of the Company and, upon the occurrence of such a bankruptcy, the Company shall continue without dissolution. In the event of dissolution, the Company shall conduct only such activities as are necessary to wind up its affairs (including, without limitation, the sale of the assets of the Company in an orderly manner), and the assets of the Company shall be applied in the manner, and in the order of priority, set forth in Section 18-804 of the Act.

17. Governing Law. This Agreement, including, without limitation, its existence, validity, construction and operating effect, shall be governed by and construed in accordance with the laws of the State of Delaware without regard to otherwise governing principles of conflicts of law.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the PG&E Member, being the sole member of the Company, has executed this Agreement as of the Formation Date.

**PACIFIC GAS AND ELECTRIC
COMPANY**

By: David Thomason
Name: David Thomason
Title: Vice President, Chief Financial
Officer and Controller

SCHEDULE A

REGISTER OF MEMBERS AS OF SEPTEMBER 26, 2022

Name & Address	Number of Common Units	Company Percentage Interest
Pacific Gas and Electric Company 300 Lakeside Drive Oakland, CA 94612 Attention: David Thomason Email: David.Thomason@pge.com	100,000,000	100%

ATTACHMENT C

Delaware

Page 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "PACIFIC GENERATION LLC", FILED IN THIS OFFICE ON THE TWENTY-SIXTH DAY OF SEPTEMBER, A.D. 2022, AT 8:04 O`CLOCK A.M.



Jeffrey W. Bullock, Secretary of State

7044945 8100
SR# 20223613295

Authentication: 204475424
Date: 09-26-22

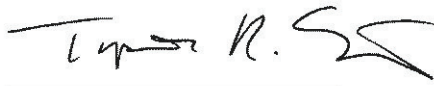
You may verify this certificate online at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 08:04 AM 09/26/2022
FILED 08:04 AM 09/26/2022
SR 20223613295 - File Number 7044945

CERTIFICATE OF FORMATION
OF
PACIFIC GENERATION LLC

1. The name of the limited liability company is Pacific Generation LLC.
2. The address of its registered office in the State of Delaware is 251 Little Falls Drive, Wilmington, Delaware 19808.
3. The name and address of its registered agent is Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation this 26th day of September, 2022.

By: 
Name: Tyson Smith
Title: Authorized Person

ATTACHMENT D



Secretary of State Certificate of Status

I, SHIRLEY N. WEBER, PH.D., California Secretary of State, hereby certify:

Entity Name: PACIFIC GENERATION LLC
Entity No.: 202252614263
Registration Date: 09/26/2022
Entity Type: Limited Liability Company - Out of State
Formed In: DELAWARE
Status: Active

The above referenced entity is active on the Secretary of State's records and is qualified to transact intrastate business in California.

This certificate relates to the status of the entity on the Secretary of State's records as of the date of this certificate and does not reflect documents that are pending review or other events that may impact status.

No information is available from this office regarding the financial condition, status of licenses, if any, business activities or practices of the entity.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of September 26, 2022.

SHIRLEY N. WEBER, PH.D.
Secretary of State

Certificate No.: 047714231

To verify the issuance of this Certificate, use the Certificate No. above with the Secretary of State Certification Verification Search available at bizfileOnline.sos.ca.gov.