

PROTECTING WILDFIRE VICTIMS: The Next Step

Following the passage of the California Legislature's and Governor Newsom's Wildfire Stability and Resilience Plan¹, the State must take the next step in making wildfire victims whole by supporting legislation that allows for Wildfire Victim Recovery Bonds (WVRBs). These funds would provide the quickest possible financing to pay victims of the devastating 2017 and 2018 wildfires.

HOW THE FINANCING WORKS

To establish WVRBs, the Legislature must pass a bill that allows PG&E to utilize tax-exempt bonds to be paid by company profits (not ratepayers/customers).

WVRBs are an important component to maximize capital sources available to pay wildfire victims.

WVRBs are incredibly efficient and can be sold in high volumes at low interest rates, enabling PG&E to raise more money quickly to pay wildfire victims (significantly more than equity alone).

BENEFITS OF Wildfire Victim Recovery Bonds

- PG&E pays back WVRBs
- No impact on ratepayers or taxpayers
- Allow for faster payments to victims
- Maximize funds available to pay claims
- Protect CalPERS, CalSTRS investments
- Advance clean energy goals

PG&E SHAREHOLDERS WILL COMPENSATE VICTIMS

The State has no obligation to pay WVRBs. They are funded through a fixed charge that will be 100% offset by a credit from shareholders. All proceeds raised from tax-exempt WVRBs must be used to pay victims and cannot, by law, be used by PG&E for any other purpose.

By replacing provisions in SB 901², shareholders will bear the full economic burden of WVRBs, protecting ratepayers from costs associated with the 2017 and 2018 wildfires.

PG&E pays for WVRBs by committing to forego billions of dollars of profits over the life of the bonds.

In no way can WVRBs be construed as a "bailout" since shareholders are paying the entire cost instead of ratepayers/customers. Neither the State nor ratepayers are on the hook for paying wildfire victims – regardless of what happens to PG&E in the future.

PROTECTING OUR CLEAN ENERGY FUTURE

The legislation, which will be available to all investor-owned utilities that have claims from past fires, will allow utilities to issue WVRBs to help the Legislature's and Governor Newsom's goal to maintain safe, reliable, clean, and affordable energy, while ensuring that wildfire victims receive fair compensation as quickly as possible.

¹ **AB 1054** makes necessary and important changes to the way victims of catastrophic fires started by downed or sparking lines are compensated; its goal is to protect the solvency of the State's three largest power companies without unfairly burdening ratepayers.

² **SB 901**, under some circumstances, would allow utilities to recover from ratepayers the cost of securitized bonds issued to finance 2017 wildfire costs.