WILDFIRE VICTIM RECOVERY BONDS

THE COMMITMENT

- All wildfire victims are paid quickly and in full
- No costs to ratepayers/customers
- Corporate shareholders bear all the costs, paying from their profits
- The emergence of a safer, more reliable utility that can partner with California on its clean energy goals

The Best Plan for California's Energy Future

THE PROPOSAL

This plan requires legislation to allow the use of tax-exempt bonds, paid for solely by shareholder profits (not ratepayers/customers), to pay victims. The legislation mandates that ratepayers will bear no costs related to PG&E's settlements with wildfire victims, and any money raised can only be used to pay wildfire claims.

A BALANCED APPROACH

Bonds are one component of a balanced approach that takes in the needs of current and future ratepayers, shareholders and regulators. It is a balance between these interests that will allow PG&E to pay wildfire victims quickly and invest in mitigating future wildfire risk.

WILDFIRE VICTIM RECOVERY BONDS

Wildfire Victim Recovery Bonds (WVRBs) are derived from a tax-exempt financing mechanism that would use a portion of PG&E profits to pay victims of pre-2019 wildfires. Proceeds from the tax-exempt bonds will pay wildfire victims and claimants in full, allowed amounts. Funds from taxable bonds will also be used for PG&E's contributions to California's newly-established Wildfire Insurance Fund.

SHAREHOLDER RESPONSIBILITY

PG&E shareholders will accept a reduction in corporate profits for the life of the bonds to enable the State to issue bonds at no cost to ratepayers/customers. By taking a portion of PG&E's future corporate profits, the legislation ensures that only shareholders – not customers – will compensate victims.

PAYMENT TO WILDFIRE VICTIMS

This legislation allows the State Legislature to ensure wildfire victims and local governments get paid for their losses as soon as possible. It expands the amount of capital that PG&E can access to pay wildfire victims to include both equity and long-term bonds that will be repaid from the utility's future profits.

PROTECTING RATEPAYERS

By replacing provisions in SB 901[1], the full economic burden of securitized bonds issued to finance both 2017 and 2018 wildfire costs will lie with shareholders, rather than ratepayers. Customers will see no increase in monthly bills.

CHECKS AND BALANCES

The California Public Utilities Commission (CPUC) will be required to issue and oversee the financing order for the WVRBs, making sure that customers will pay no incremental charges for this financing.

A CALL TO ACTION

Without this legislation, PG&E likely faces a hostile takeover by an activist hedge fund whose only mission is to extract as much money as possible from the company. This activist hedge fund has no interest in operating the State's largest utility over the long haul, nor do they have California's values of clean energy, safety, victim compensation and ratepayer stability at heart.

LOOKING FORWARD

This plan holds PG&E accountable. The company must take responsibility, quickly compensate wildfire victims, and protect its customers. Under new leadership, the utility is committed to safely delivering gas and electric services to its customers and bringing in resources needed to harden systems, clear vegetation, and improve infrastructure and equipment to reduce future wildfire risks. With this proposal, PG&E will emerge from bankruptcy a safer and more reliable utility that can partner with the State on its clean energy goals.

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