WVRB's MYTHS VS FACTS

WVRBs Are a Bailout

MYTH: The only purpose for new legislation is to protect current PG&E shareholders

FACTS:
- The purpose of the legislation is to generate funds to pay wildfire victims quickly
- Depth of municipal capital markets increases capital available to pay victims, allowing for faster claims payments
- Low cost capital reduces pressure on long-term customer rates
- Shareholders are responsible for all of the cost of WVRBs

MYTH: WVRBs provide no benefit to CalPERS and CalSTRS

FACTS:
- WVRBs will protect CalPERS, CalSTRS, employee pension funds, and other traditional utility investors against massive dilution in the value of their holdings
- Shares owned by CalPERS, CalSTRS and other government pension funds are currently worth ~$100 million
- Over 80% of that value, or ~$83 million, would be lost under the plan being pushed by bondholder opponents of new legislation

WVRBs Saddle Ratepayers with Higher Costs

MYTH: PG&E is asking the CPUC to increase profits to pay for WVRBs

FACTS:
- False. PG&E is requesting a cost of capital consistent with Edison and SDG&E in regularly scheduled CPUC proceedings
  - That request is in no way connected to WVRBs; it will go forward with or without new legislation
  - Request solely related to elevated wildfire and equity market risks

MYTH: WVRBs will reduce PG&E's credit rating

FACTS:
- False. PG&E will emerge from bankruptcy as an investment grade credit, or on a path to investment grade
- CPUC will approve the extent to which WVRBs are used to help ensure investment grade credit ratings

WVRBs Reduce State Tax Revenue

MYTH: These bonds result in billions of lost tax revenue for California

FACTS:
- False. Tax-exempt bonds do not reduce California's existing tax revenue
- WVRBs require PG&E to defer the large tax loss from wildfire claims payments over 30 years, making PG&E a California tax payer much more quickly than it would be under other proposals