

September 2, 2009
TO: STATE COUNTY AND CITY
OFFICIALS

**NOTIFICATION OF APPLICATION FILING BY
PACIFIC GAS AND ELECTRIC COMPANY (PG&E):
WILDFIRE CLAIMS COST RECOVERY**

On August 31, 2009, Pacific Gas and Electric Company (PG&E), Southern California Edison Company, San Diego Gas and Electric Company, and Southern California Gas Company (the Utilities), jointly filed an Application requesting authority from the California Public Utilities Commission to approve a mechanism to allow the Utilities to recover uninsured costs associated with wildfires. In the face of a potential insurance crisis that may limit the Utilities' ability to obtain insurance coverage, the Application asks for CPUC approval for each Utility to establish a Wildfire Expense Balancing Account (WEBA) to record for future recovery all costs of third-party claims resulting from wildfires that would have been covered by insurance, as well as costs that would not have been incurred if insurance were available, including:

- (1) payments to satisfy wildfire claims, including any deductibles, co-insurance and other insurance expenses paid by the Utilities, but excluding costs that have already been authorized in the Utilities' General Rate Cases;
- (2) outside legal costs incurred in the defense of wildfire claims;
- (3) premium costs not in rates; and
- (4) the cost of financing these amounts. Insurance proceeds, as well as any payments received from third parties, will be credited to the WEBA as they are received.

The Application requests that amounts recorded in the WEBA be included in rates after review and approval by the Commission. However, while requesting approval of the mechanism, the Application does not request increases in current rates.

THE CPUC PROCESS

The CPUC's Division of Ratepayer Advocates (DRA) will review this Application. DRA is an independent arm of the CPUC, created by the Legislature to represent the interests of all utility customers throughout the state and obtain the lowest possible rate for service consistent with reliable and safe service levels. DRA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. DRA's views do not necessarily reflect those of the CPUC. Other parties of record will also participate.

The CPUC may hold evidentiary hearings where parties of record present their proposals in testimony and are subject to cross-examination before an Administrative Law Judge (ALJ). These hearings are open to the public, but only those who are parties of record can present evidence or cross-examine witnesses during evidentiary hearings. Members of the public may attend these hearings, but are not allowed to participate, only listen.

After considering all proposals and evidence presented during the hearing process, the ALJ will issue a draft decision. When the CPUC acts on this application, it may adopt all or part of PG&E's request, amend or modify it or deny the application. The CPUC's final decision may be different from PG&E's proposed application filing.

FOR FURTHER INFORMATION

For more details call PG&E at **1-800-PGE-5000** • Para más detalles llame **1-800-660-6789**
詳情請致電 **1-800-893-9555** • For TDD/TTY (speech-hearing impaired) call **1-800-652-4712**

You may request a copy of the application and exhibits by writing to:

Pacific Gas and Electric Company
Wildfire Claims Cost Recovery Application
P.O. Box 7442 San Francisco, CA 94120.

You may contact the CPUC's Public Advisor with comments or questions as follows:

Public Advisor's Office
505 Van Ness Avenue, Room 2103
San Francisco, CA 94102
1-415-703-2074 or 1-866-849-8390 (toll-free)
TTY 1-415-703-5282, TTY 1-866-836-7825 (toll-free)
E-mail to public.advisor@cpuc.ca.gov

If you are writing a letter to the Public Advisor's Office, please include the name of the application to which you are referring. All comments will be circulated to the Commissioners, the assigned Administrative Law Judge and the Energy Division staff.

Reviewed by the California Public Utilities Commission