

April 3, 2020

Alice Stebbins
Executive Director
California Public Utilities Commission
505 Van Ness Avenue, Room 5223
San Francisco, CA 94102

Re: Implementation of the Catastrophic Event Memorandum Account for
2020 COVID-19 State of Emergency

Dear Ms. Stebbins:

On March 4, 2020, Governor Gavin Newsom proclaimed a State of Emergency in response to the outbreak of novel coronavirus, COVID-19.¹ In accordance with Commission Resolution E-3238, dated July 24, 1991, and the associated currently effective tariff sheets (Electric Preliminary Statement Part G and Gas Preliminary Statement AC), Pacific Gas and Electric Company (PG&E) hereby provides notice to the Commission that PG&E is recording costs associated with complying with this COVID-19 State of Emergency in the Catastrophic Event Memorandum Account (CEMA).

PG&E is submitting this letter to preserve the option of filing an application for cost recovery under CEMA provisions later. Initial figures for the costs associated with the effects of the COVID-19 State of Emergency on PG&E's operations and customers are unknown at this time.

COVID-19 State of Emergency

On March 4, 2020, the Governor of the State of California, Gavin Newsom, issued as a result of an outbreak of a novel coronavirus (a disease now known as COVID-19), a State of Emergency Proclamation under the California Emergency Services Act and section 8625 of the California Government Code.

¹ <https://www.gov.ca.gov/2020/03/04/governor-newsom-declares-state-of-emergency-to-help-state-prepare-for-broader-spread-of-covid-19/>

On March 16, 2020, six Bay Area counties issued a Shelter-in-Place Directives for San Francisco, Santa Clara, San Mateo, Marin, Contra Costa and Alameda counties, a combined population of more than 6.7 million people within PG&E's service territory.² In the following days, other counties followed suit. On March 19, 2020, Governor Newsom expanded the Shelter-in-Place Directive³ to apply to all of California, except for essential services.

The supply of electric and gas services provided by PG&E are an essential service and excepted from these Directives.

Impact on PG&E's Operations

Catastrophic events like an earthquake or wildfire conclude at a certain point in time when PG&E can then identify the costs it incurred associated with the event. Whereas the uncertainty surrounding the COVID-19 pandemic and its rate of spread make it difficult for PG&E to predict the full scope of the COVID-19 impact on PG&E's operations and customers. The full extent of the COVID-19 impact on PG&E's operations and customers is still developing and may not be known for an extended period.

Regardless of this uncertainty, the health and safety of our customers, our employees and the communities that we serve is PG&E's primary responsibility. PG&E is committed to providing safe and reliable energy and ensuring business continuity. PG&E set up an Incident Management Team (IMT) to monitor and respond to the virus on February 27 and formally activated our Emergency Operations Center on March 16 to facilitate and coordinate the company's response to the spread of the virus in accordance with the Company's Emergency Response Plan. PG&E is vigilantly monitoring information from the Centers for Disease Control and Prevention (CDC) and the World Health Organization as conditions change related to the virus and are in frequent contact with PG&E's Medical Director, who is advising on the actions we are taking as the situation develops. Should the COVID-19 State of Emergency and associated government response continue to escalate, however, PG&E could face additional costs, including but not limited to those related to supply and equipment shortages, and the cancellation of contracts or need to engage alternative suppliers to fulfill business needs due to *force majeure*.

² <https://www.sfchronicle.com/local-politics/article/Bay-Area-must-shelter-in-place-Only-15135014.php>

³ Executive Order N-33-20, issued on March 19, 2020, extending the California Department of Public Health order to all individuals living in the State of California to stay home or their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sections and other specifically identified critical infrastructure sections.

Alice Stebbins, Executive Director
April 3, 2020
Page 3 of 3

Accordingly, PG&E is notifying the Commission that it has begun tracking costs in CEMA for the COVID-19 State of Emergency. Costs will be incurred to the extent required to ensure continuation of safe and reliable energy, to ensure business continuity, and to protect public and employee safety. Although a complete cost estimate cannot be provided at this time, PG&E is committed to reporting further additional costs as they develop. PG&E is also considering additional cost tracking mechanisms for costs related to the COVID-19 State of Emergency that would not otherwise be eligible under CEMA.

If you have any questions about this CEMA notice, please do not hesitate to contact me at (415) 973-4464 or by email at Erik.Jacobson@pge.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Erik B. Jacobson". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Erik B. Jacobson
Director – Regulatory Relations

cc: Edward Randolph, Director, Energy Division
EnergyDivisionCentralFiles@cpuc.ca.gov