



ELECTRIC PRELIMINARY STATEMENT PART HL
WILDFIRE EXPENSE MEMORANDUM ACCOUNT (WEMA-E)

Sheet 1

HL. WILDFIRE EXPENSE MEMORANDUM ACCOUNT (WEMA-E)

1. **PURPOSE:** The purpose of the Wildfire Expense Memorandum Account (WEMA-E) is to record all costs of third-party claims paid by Pacific Gas and Electric Company (PG&E) 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:

- a. **Costs Arising From Wildfires:** (1) payments to satisfy wildfire claims, including any deductibles, co-insurance and other insurance expense paid by PG&E, but excluding costs that have already been authorized in PG&E's General Rate Case (GRC);(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. (T)
- b. **Wildfire Claims:** All incremental amounts paid by PG&E to a third party in respect of a claim by such third party for damage or loss resulting directly or indirectly from a wildfire, including (1) claims by a governmental entity for reimbursement of fire suppression costs, damages to environmental resources and other governmental claims against PG&E arising from a wildfire, and (2) claims arising from damage caused by mudslides that are alleged to have resulted from a wildfire. (N)

Only incremental costs will be recorded to the WEMA. Insurance proceeds, as well as any payments received from third parties, will be credited to the WEMA-E as they are received. If necessary, the payments and reimbursements made by PG&E and the associated insurance or third-party reimbursements will be allocated between electric and gas in the same manner as Administrative & General costs are allocated as approved in PG&E's GRC at the time the activity is recorded in the account.

- 2. **APPLICABILITY:** The WEMA-E applies to all customer classes, except for those specifically excluded by the Commission.
- 3. **REVISION DATE:** Disposition of the balance in this account will be established by a Commission decision through a subsequent application or through other appropriate filing as otherwise authorized by the Commission. Cost recovery of amounts recorded in the WEMA is limited to incremental costs, consistent with D.18-06-029.
- 4. **RATES:** The WEMA-E does not have a rate component.
- 5. **ACCOUNTING PROCEDURE:** WEMA costs will be segregated on an event-by-event basis, or by cost type for costs not specific to a wildfire event. PG&E shall maintain the WEMA-E by making entries to this account at the end of each month, or as applicable, as follows:
 - a. A debit entry equal to the electric portion of PG&E's payments to satisfy wildfire claims, including any deductibles, co-insurance and other insurance expense paid by PG&E, premium costs not included in PG&E's GRC, and outside legal costs incurred in the defense of wildfire claims, but excluding costs that have already been authorized in PG&E's GRCs,
 - b. A credit entry equal to the electric portion of reimbursement by insurance companies or other third parties associated with the payments recorded in Accounting Procedure 5.a. above,

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