EXHIBIT G

September 6, 2019 Mayor Breed and City Attorney Herrera

letter to PG&E

OFFICE OF THE MAYOR
SAN FRANCISCO

LONDON N. BREED
MAYOR

OFFICE OF THE CITY ATTORNEY
SAN FRANCISCO

DENNIS J. HERRERA
CITY ATTORNEY

September 6, 2019

William Johnson
Chief Executive Officer and President
PG&E Corporation
77 Beale Street, P.O. Box 770000
San Francisco, CA 94177

Andrew Vesey
Chief Executive Officer and President
Pacific Gas and Electric Company
77 Beale Street, P.O. Box 770000
San Francisco, CA 94177

Re: San Francisco's Indication of Interest in the Acquisition of Electric Distribution and Transmission Assets

Dear Messrs. Johnson and Vesey,

As you know, the City and County of San Francisco (the "City") initiated intensive work beginning in January 2019 to determine the feasibility of a potential acquisition of electric utility assets serving San Francisco held by Pacific Gas and Electric Company ("PG&E" and collectively with PG&E Corporation, the "Debtors") in connection with the Debtors' Chapter 11 bankruptcy cases. We write to inform you that, after investing additional substantial resources since delivering our letter dated March 14, 2019 to PG&E Corporation (attached as Attachment A), the City and its advisors have concluded their initial analysis of a potential transaction. Based on that analysis, the City has prepared this acquisition proposal.

Accordingly, we are pleased to submit this non-binding indication of interest ("IOI") to purchase substantially all of PG&E's electric distribution and transmission assets needed to provide retail electric service to all electricity customers in San Francisco (such assets collectively, as further described below, the "Targeted Assets" and such transaction, the "Proposed Transaction"). We submit this IOI with the support of the San Francisco Board of Supervisors (the "Board of Supervisors") and the San Francisco Public Utilities Commission (the "SFPUC").

Subject to the terms and conditions described herein, the City is prepared to engage immediately with the Debtors and its stakeholders to facilitate the negotiation, documentation, execution and bankruptcy court approval of an acquisition transaction that we believe will be mutually beneficial for the City's constituents, the Debtors and their creditors, customers and other stakeholders.

1. Rationale for the Proposed Transaction

The City is uniquely positioned to acquire the Targeted Assets and provide enhanced value to the Debtors and their stakeholders. For over a century, the City has owned and operated its Hetch Hetchy Power municipal retail electric utility, including its own electric generation,

transmission and distribution facilities. Hetch Hetchy Power and CleanPowerSF (San Francisco's Community Choice Aggregation program) supply nearly 80% of San Francisco's electricity needs. The SFPUC, through Hetch Hetchy Power and CleanPowerSF, has a long track record of providing safe, reliable, affordable and sustainable electric service.

More recently, investment in distribution facilities has become an important initiative for the SFPUC to ensure reasonable access to electric distribution services for its customers, and to secure service for new Hetch Hetchy Power customers. Given the City's overlapping footprint with the Targeted Assets, the ability to integrate the Targeted Assets with the Hetch Hetchy Power infrastructure, the City's ability to access low-cost sources of financing and with no obligation to provide a return on equity capital or recover income taxes in its rate structure, the City believes that it will be able to achieve its long-held goal of providing cost-effective electric distribution service to all customers in San Francisco, while providing substantial value to the Debtors and their stakeholders.

The City has closely followed the Debtors' bankruptcy cases and believes that, through the Proposed Transaction, the City can assist PG&E in maximizing value for its stakeholders by providing a significant cash infusion to the Debtors. The City can, with the Debtors' cooperation, consummate the Proposed Transaction expeditiously to facilitate the Debtors' timely emergence from bankruptcy, consistent with the Debtors' articulated goals and timetable. Importantly, the Proposed Transaction reflects a premium valuation for the Targeted Assets due to the unique circumstances of the Debtors' chapter 11 bankruptcy cases, and would result in significant cash consideration that would be available to the Debtors and their stakeholders. The City has also analyzed the potential impacts of the Proposed Transaction on PG&E's remaining customers; we believe such impacts, if any, would be modest and can be mitigated in a way that is fair to all customers. The City will continue paying its fair share of systemwide costs.

The City also believes that the Proposed Transaction would provide meaningful benefits to the City and its residents, including: (i) stable and competitive rates for customers throughout San Francisco, (ii) enhanced focus on local needs, (iii) increased ability to achieve the City's aggressive climate action goals as well as other important local policy objectives and (iv) additional attractive long-term career and business opportunities for local residents and businesses.

2. Targeted Assets

The Targeted Assets would include substantially all of PG&E's distribution assets, 230/115 kV transformers and 115 kV transmission lines located within the City limits and certain other assets that are needed to properly service customers in San Francisco as described more particularly in Attachment B.

Given the unique geography of San Francisco within PG&E's overall service territory, the City contemplates that a physical separation of the Targeted Assets can be accomplished in a straightforward manner. The City and its engineering and technical advisors have evaluated various separation scenarios and the City welcomes a discussion with PG&E regarding the disposition of specific assets and the development of a mutually acceptable separation plan that maximizes reliability and efficiency for both San Francisco customers and PG&E's remaining customers.

3. Purchase Price

The City is pleased to submit an indicative purchase price for the Targeted Assets of $2.5 billion to be paid in cash upon the closing of the Proposed Transaction. Based on the City's key assumptions described below, this indicative purchase price represents a 2.5x multiple of

estimated year end 2019 rate base and more than a 35x multiple of estimated 2019 earnings for the Targeted Assets. The City believes that this indicative purchase price represents a very attractive premium valuation compared to recent electric utility transactions that reflects the unique circumstances of, and expedited timing resulting from, the Debtors' Chapter 11 bankruptcy cases.

In addition, in connection with the Proposed Transaction and taking into account the indicative purchase price for the Targeted Assets, the City is interested in discussing an arrangement to implement a "buy down" of any non-bypassable charge obligations[1] that may be applicable to the City's customers in exchange for a full release of those obligations, subject to the approval of the California Public Utilities Commission ("CPUC"). The City believes that such an arrangement would significantly increase the sources of cash available to PG&E in connection with the Proposed Transaction.

4. Key Assumptions

Based on an in-depth asset-by-asset analysis of the Targeted Assets conducted by the City's expert valuation, engineering and technical advisors, the City used several valuation methodologies to assess the value of the Targeted Assets. The City's proposal and the indicative purchase price are based upon, and are subject to, a number of assumptions, including the following key assumptions:

- Debt-Free Purchase: The Targeted Assets would be acquired free of any debt associated with the Debtors.

- Rate Structure:
    - Rate base for the Targeted Assets totaling $1.00 billion as of December 31, 2019
    - Authorized capitalization structure that includes 47% long-term debt, or $470 million, as of December 31, 2019
    - Net income contribution totaling $53 million for 2019.

- Bankruptcy Matters and Timing:
    - The Proposed Transaction would be undertaken as an asset sale in connection with a confirmed plan of reorganization of the Debtors in their Chapter 11 bankruptcy cases. As an alternative, the City would also consider a Bankruptcy Code Section 363 sale if the Debtors prefer.
    - The City will not assume or otherwise be responsible for liabilities of the Debtors arising prior to the closing of the Proposed Transaction, other than the Debtors' executory obligations under executory contracts that the City elects for the Debtors to assume and assign to the City in connection with the bankruptcy cases and for which the Debtors would be responsible for any cure costs.
    - The Debtors' Plan of Reorganization will be confirmed by the bankruptcy court no later than June 30, 2020, and the Proposed Transaction will close as soon as all required regulatory approvals are obtained.

[1] For example, charges such as the Power Charge Indifference Adjustment (PCIA), DWR Bond Charge, New System Generation Charge (NSGC), Competition Transition Charge (CTC) and new non-bypassable charges that may arise from state legislation, but only to the extent applicable to the City's customers under CPUC rules and regulations implementing those charges.

The City's key assumptions, including its expert advisors' estimations of the physical condition and age of the Targeted Assets included in rate base, are based on publicly available information. As a result, these key assumptions and the resulting indicative valuation are subject to refinement based on further comprehensive due diligence, including an analysis of non-public information that the Debtors would provide.

5. Financing

Financing for the Proposed Transaction is expected to include the issuance of municipal power revenue bonds by the SFPUC. The SFPUC's credit is well established by its issuance of power revenue bonds in 2015. The SFPUC's Power Enterprise, which includes Hetch Hetchy Power, currently maintains "AA" and "AA-" credit ratings from S&P Global Ratings and Fitch Ratings, respectively. In June 2018, San Francisco voters approved an amendment to the City's charter authorizing the Board of Supervisors to approve selling power revenue bonds for purposes that include financing the acquisition of electric transmission and distribution facilities such as contemplated in the Proposed Transaction. The City anticipates that the SFPUC's Power Enterprise would be expanded to include the Targeted Assets in connection with the Proposed Acquisition.

The City has worked closely with its buy-side financial advisor, Jefferies LLC ("Jefferies"), to evaluate financing structures. The City is confident in its ability to execute the financing based on the revenues from the Targeted Assets, as the municipal capital markets regularly absorb transactions of this size and the City and its various departments are frequent issuers.

6. Transaction Documentation

The Proposed Transaction will be conditioned on the negotiation of mutually agreeable definitive documentation between PG&E and the City, including an asset purchase agreement that contains reasonable and customary terms for acquisitions of electric utility systems and a transition services agreement to ensure the continuous provision of safe and reliable electrical service to San Francisco. The City and PG&E would work together to identify an appropriate transition period and scope of transition services prior to the closing of the Proposed Transaction and the City would endeavor to reduce the scope and length of transition services.

We also anticipate that separation of the Targeted Assets may require certain ancillary agreements between the City and PG&E, including, for example, coordination, shared facilities and customary utility border agreements that the parties would need to negotiate and execute in connection with the closing of the Proposed Transaction.

7. Employees

The City intends to recruit willing PG&E employees who currently operate and maintain the Targeted Assets. The City believes it can offer stable careers with appealing wages and benefits that will be attractive to PG&E employees. We would seek your cooperation in the recruitment process to ensure appropriate personnel to operate the system, while avoiding any disruption across the balance of the PG&E system. The City has a long history of working productively with its unionized workforce and intends to honor the successor provisions of PG&E's collective bargaining agreements.

8. Transaction Conditions

Entering into definitive documentation for the Proposed Transaction is conditioned upon the following matters, to the City's satisfaction: (i) the City's completion of comprehensive business and legal due diligence, which will require the assistance of the Debtors, (ii) the parties' negotiation of definitive documentation and ancillary agreements, and (iii) the receipt of the

City's requisite internal approvals described below. In addition, the Proposed Transaction would be subject to customary closing conditions, including, without limitation, receipt of a bankruptcy court order approving the Proposed Transaction that is acceptable to the City and required regulatory approvals.

a. Internal Approvals

As referenced above, the proposal contained in this IOI has the support of the Board of Supervisors and the SFPUC. Entering into definitive documentation for the Proposed Transaction would require the approval of the Board of Supervisors and the SFPUC, which can be sought expeditiously once the definitive agreements are finalized.

b. Regulatory Approvals

We anticipate that the Proposed Transaction will require the following regulatory approvals or clearances: (i) CPUC approval under Section 851 of the California Public Utilities Code, (ii) Federal Energy Regulatory Commission approval under Section 203 of the Federal Power Act, along with certain ancillary approvals, and (iii) compliance with the California Environmental Quality Act ("CEQA"). We anticipate that the regulatory filings would be coordinated with the bankruptcy court's schedule to allow for filing as soon as practicable in connection with the Debtors' plan of reorganization and that all required regulatory approvals and clearances would be received upon or prior to the receipt of all regulatory approvals required for the Debtors' plan of reorganization.

9. Due Diligence

The City and its team of advisors have created this proposal using information sourced from public filings, including FERC, Securities Exchange Commission and other regulatory filings and investor presentations. Access to non-public information and cooperation from the Debtors would be required for the City to expeditiously complete its comprehensive business and legal due diligence and finalize its valuation assumptions. If it would be helpful to PG&E to expedite the diligence confirmation process, the City is willing to provide a comprehensive list of the due diligence information that would be required for the City to complete its due diligence process to move forward with the Proposed Transaction.

The City has retained multiple expert advisors that have assisted the City in conducting its initial due diligence and submitting this IOI, including:

- Jefferies: buy-side financial advisor
- MRW & Associates, LLC: financial feasibility advisor
- NewGen Strategies and Solutions, LLC: asset appraisal advisor
- Advisian / Siemens Industry, Inc.: engineering advisor
- Flynn Resource Consultants Inc.: technical and regulatory advisor
- Morgan, Lewis & Bockius LLP: transaction legal counsel
- Orrick Herrington & Sutcliffe LLP: bond legal counsel

10. Non-Binding

This IOI represents a general statement of the City's interest in purchasing the Targeted Assets and does not create any legally binding obligations on the City or any of its officials, representatives, agencies, political subdivisions, affiliates or their respective advisors. Unless and until the parties have, among other things, completed comprehensive due diligence, negotiated definitive transaction documentation for the Proposed Transaction, obtained

necessary internal approvals, executed definitive transaction documentation for the Proposed Transaction and obtained a bankruptcy court order authorizing the Proposed Transaction, neither the City nor the Debtors shall be under any legal obligation of any kind whatsoever as to the Proposed Transaction by virtue of this IOI. The City does not commit to any definite course of action as to the Proposed Transaction prior to completing any required CEQA compliance.

11. Next Steps

The City appreciates your earnest consideration of this non-binding proposal. We welcome the opportunity to discuss this proposal, together with the significant benefits that it would provide, with appropriate representatives of the Debtors. As you know, we have a meeting scheduled with Mr. Johnson on September 26 to discuss various matters, including the City's interest in the Proposed Transaction. We understand that the Debtors will be filing a proposed plan of reorganization in short order. After reviewing the proposed plan, we may follow up with the Debtors to provide additional analysis demonstrating how the Proposed Transaction would enhance and could be coordinated with the proposed plan.

We have a full team, including outside legal, financial and engineering advisors and senior City representatives, engaged and standing ready to complete the City's comprehensive due diligence and work expeditiously towards definitive documentation, with the assistance of PG&E, subject to the terms and conditions described above. As noted above, with the Debtors' prompt engagement, the City believes that it can complete its outstanding work in a timeframe consistent with the Proposed Transaction being approved in parallel with PG&E's anticipated plan confirmation process, and ahead of the June 30, 2020 legislative deadline.

Any inquiries with respect to this IOI can be directed to Sean Elsbernd (415-554-6603), Chief of Staff to Mayor Breed, or to the following contacts at Jefferies: Scott Beicke (212-336-7479), Americas Co-Head of Power, Utilities and Infrastructure, or Simon Wirecki (310-575-5251), Western Regional Head for Municipal Finance.

Very truly yours,

London N. Breed
Mayor

Dennis J. Herrera
City Attorney

cc. All members Board of Supervisors
All SFPUC Commissioners
Harlan L. Kelly Jr., SFPUC General Manager
Ben Rosenfield, City Controller
Scott Beicke, Jefferies Americas Co-Head of Power, Utilities and Infrastructure
Simon Wirecki, Jefferies Western Regional Head for Municipal Finance

Jason Wells, PG&E Corporation Chief Financial Officer
Janet Loduca, PG&E Corporation Senior Vice President and General Counsel

Attachments: A. Letter to PG&E Corporation dated March 14, 2019
B. Targeted Assets

Attachment A

Letter to PG&E Corporation dated March 14, 2019

OFFICE OF THE MAYOR
SAN FRANCISCO

LONDON N. BREED
MAYOR

OFFICE OF THE CITY ATTORNEY
SAN FRANCISCO

DENNIS J. HERRERA
CITY ATTORNEY

March 14, 2019

VIA ELECTRONIC MAIL AND USPS

John R. Simon
Interim Chief Executive Officer
PG&E Corporation
77 Beale Street, P.O. Box 770000
San Francisco, CA 94177

Jason P. Wells
Senior Vice-President and Chief Financial Officer
PG&E Corporation
77 Beale Street, P.O. Box 770000
San Francisco, CA 94177

Dear Mr. Simon and Mr. Wells,

The City and County of San Francisco (the "City") has initiated work to evaluate the cost and feasibility of acquiring PG&E's electric distribution facilities that serve San Francisco. While you have probably heard public reports about this effort, we write you directly to underscore the seriousness of our purpose and facilitate lines of communication going forward.

The analysis the City is undertaking will enable us to make an initial determination whether such an acquisition is feasible, including whether it would benefit City taxpayers and electric customers, produce a fair price to PG&E for these assets, and advantage PG&E's employees and its ratepayers outside of San Francisco. We will work with the City's Board of Supervisors and Public Utilities Commission to evaluate these factors. If we determine the acquisition is feasible, we intend for the City to make a formal offer to PG&E within the coming months as part of the bankruptcy process.

Please contact us if you would like to discuss this matter.

Very truly yours,

London N. Breed, Mayor

Dennis J. Herrera, City Attorney

cc: Janet C. Loduca, Senior Vice-President and Interim General Counsel, PG&E Corporation
Members, Board of Supervisors
Members, Public Utilities Commission
Harlan Kelly, General Manager, Public Utilities Commission

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALFORNIA 94102-4681
TELEPHONE: (415)554-6141

Attachment B

Targeted Assets

Attachment B
Targeted Assets

This Attachment B provides an overview description of the assets the City proposes to purchase from PG&E. The description provided here is not intended to be the comprehensive list of assets to be purchased that would be included in a final purchase and sale agreement. Subject to due diligence and discussions with PG&E, some assets described here may not be included, and other assets may be added to a binding pricing and a final purchase and sale agreement.

Broadly, the City is proposing to purchase substantially all of PG&E's transmission and distribution assets that are necessary for the City to provide safe and reliable retail electric service to all electricity customers in San Francisco.

These assets are currently anticipated to include:

i. All of PG&E's distribution assets within San Francisco, including distribution-level substations, metering, customer-level interconnections, and related facilities, as needed for operational control.
ii. PG&E's 115 kV transmission assets within San Francisco, and PG&E's 230 kV to 115 kV transformers, as needed for operational control. (This excludes PG&E's 230 kV transmission lines, and 230 kV busses at a) the Embarcadero Substation, b) Martin Substation and c) Potrero Substation.).
iii. A portion of the Martin substation or interconnections to the Martin substation to enable the City to control all 115 kV and 12 kV power flows from Martin into San Francisco, and a lease agreement for a portion of the Martin substation in which City equipment is located, as needed for operational control.
iv. An option to purchase the open bay position planned at PG&E's proposed Egbert Switching Station, as needed for operational control.

The City's proposal also includes related assets, materials, records and other items, as required for safe and reliable service to customers and safe and reliable operation of the assets above, including:

a. Other systems and equipment such as meters, relays, SCADA, transformers, rolling stock, telecommunication and control center equipment, and spares; support systems, standards, AMR facilities,

distribution system model data, system maps and diagrams, records, and all similar items required to operate the assets.

b. All of PG&E's reliability, safety, operating, maintenance and capital improvement records for the assets that are purchased.
c. PG&E's operating and maintenance facilities (for communications, SCADA, security, control and emergency response), service yards, warehouses; ; customer service and call center; and other facilities; all as located in San Francisco, and as necessary for safe and reliable operation and maintenance of the assets described above.
d. PG&E's customer service, metering and billing records, including program and service agreements, dispute notices, outstanding complaints, and similar customer-related information.
e. PG&E-owned land, easements, rights-of-way, lease agreements, and other land-related agreements (or appropriate new lease or other agreements between San Francisco and PG&E) necessary for safe and reliable operation and maintenance of the assets described above.
f. PG&E-owned streetlights and similar unmetered facilities in San Francisco.

The City's proposal excludes all PG&E land and facilities related to its "General Office" operations in San Francisco, i.e., those facilities related to PG&E's San Francisco headquarters, and excludes all land and facilities related to PG&E's natural gas operations and services.[1]

Asset Purchase Alternatives

While not incorporated into the City's indicative price proposal, the City is open to discussing alternative permutations of the asset grouping described above, such as (but not limited to):

- Purchase of all of the high-voltage transmission assets in San Francisco, including the high-voltage lines excluded above;
- Modifications of the interconnections at the Martin substation allowing for PG&E to maintain ownership of many of the assets at the Martin substation, to ensure reliability and/or accelerate transfer of customers from PG&E to the City;

[1] PG&E has gas and electric facilities (materials, service vehicles, construction equipment, etc.) co-located at 18th and Harrison Street and related blocks. This proposal assumes mutually-acceptable arrangements to allow the City to utilize this facility.

- Other alternatives that would add value, accelerate transfer, and/or ensure continued safe and reliable service for both PG&E's and the City's customers.

EXHIBIT H

September 19, 2019 Mayor Breed and City Attorney Herrera

letter to PG&E

OFFICE OF THE MAYOR
SAN FRANCISCO

LONDON N. BREED
MAYOR

OFFICE OF THE CITY ATTORNEY
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DENNIS J. HERRERA
CITY ATTORNEY

September 19, 2019

William Johnson
Chief Executive Officer and President
PG&E Corporation
77 Beale Street, P.O. Box 770000
San Francisco, CA 94177

Andrew Vesey
Chief Executive Officer and President
Pacific Gas and Electric Company
77 Beale Street, P.O. Box 770000
San Francisco, CA 94177

Re: Supplement to San Francisco's Indication of Interest in the Acquisition of Electric Distribution and Transmission Assets

Dear Messrs. Johnson and Vesey:

We write you again on behalf of the City and County of San Francisco (the "City"). The purpose of this letter is to share with you some additional context for evaluating the City's indicative proposal made on September 6, 2019, to acquire substantially all of Pacific Gas and Electric Company's ("PG&E" and collectively with PG&E Corporation, the "Debtors") electric distribution and transmission assets needed to provide electric distribution service to all electricity customers in San Francisco (the "Proposed Transaction").

The City and its advisors have reviewed the Debtors' Joint Chapter 11 Plan of Reorganization dated September 9, 2019 (the "Plan") and the related summary and materials filed by the Debtors in connection with the Plan. We appreciate that the final Plan details are still contingent on the outcome of the wildfire claims estimation process and will be modified by the recent agreement in principle that the Debtors have reached to resolve wildfire claims with entities' representing approximately eighty-five percent (85%) of the insurance subrogation claims. Given the increase in the amount of the potential subrogation claims under the settlement in principle and the potential for the liability estimates and further settlement amounts to increase above what is contemplated in the Plan, we believe that every additional dollar will be important for satisfying the Debtors' creditors and formulating a confirmable reorganization plan. **Our Proposed Transaction timing aligns with the Debtors' proposed June 30, 2020 Plan confirmation date and provides approximately $1 billion of incremental value in comparison to a new equity raise at a 13.5x P/E without the benefit of the Proposed Transaction.**

The City proposes to work with the Debtors to incorporate the Proposed Transaction into the Plan. The City is fully aligned with the Debtors' efforts to avoid disrupting the state's decarbonization goals and PG&E's assumption of all power purchase and community choice aggregation agreements. We believe that the Proposed Transaction would be complementary

to the Debtors' objectives reflected in the Plan while providing substantially enhanced value to the Debtors and their creditors, customers and other stakeholders and preserving the Plan's accelerated timeline. The Proposed Transaction would provide substantial additional liquidity to fund the Debtors' numerous financial obligations reflected in the Plan and would reduce the Debtors' need to incur additional debt that ultimately could compromise PG&E's ability to provide cost-effective service to its customers.

Enhanced Value

The Proposed Transaction would allow the Debtors to maximize the value of PG&E's San Francisco distribution and transmission assets while raising needed cash to implement the Plan, thereby limiting equity financing requirements. The City and its advisors believe the indicative purchase price provided for in the Proposed Transaction would provide the greatest value to the Debtors' stakeholders that can be achieved due to the unique circumstances surrounding the Debtors' bankruptcy.

The City and its financial advisors have reviewed the financial terms of the Debtors' proposed exit equity financing structure, as reflected in the various backstop equity commitment letters with Knighthead and Abrams. The City is confident that the Proposed Transaction will provide greater value and lower cost capital to finance the Plan. Importantly, the Proposed Transaction could also limit financing risk to the Debtors or limit the need for more expensive incremental capital.

Using $48.0 billion as the estimated 2021 average rate base and $2.22 billion as PG&E's estimated 2021 net income, the backstop parties' investment reflects a 10x P/E multiple and an implied 1.2x rate base multiple. Alternatively, if the Debtors were to instead raise equity capital in the market at a 13.5x P/E multiple, the implied rate base multiple would be 1.3x. By contrast, using 2021 estimated numbers for comparison, the City and its advisors believe the Proposed Transaction, with an indicative $2.5 billion purchase price and an assumed $1.15 billion 2021 average rate base, provides a significantly higher 2.2x rate base multiple.

In dollar terms, the valuation of the Proposed Transaction offers approximately an **incremental $1 billion of value** in comparison to the valuation implied by a new equity raise at a 13.5x P/E multiple. As such, the Proposed Transaction provides exit funds on significantly more favorable terms to the Debtors than either the committed backstop financing or other equity financing at the 13.5x threshold valuation alone. This additional liquidity provided by the Proposed Transaction would not be subject to market fluctuations between now and the effective date of the Plan, thereby providing for an attractive source of funding for the Debtors without pricing risk.

Furthermore, the Proposed Transaction could assist the Debtors in structuring a more tax efficient transaction. The Plan is structured to preserve the value of the Debtors' net operating losses ("NOLs"). The Proposed Transaction could reduce the risk of any change of control under Internal Revenue Code section 382 by reducing the equity required to be raised from new stockholders. At the same time, a substantial portion of any taxable gain realized by PG&E upon the sale to the City of the distribution and transmission assets may be offset with such losses, thereby resulting in no material income tax liability to the Debtors, while accelerating the Debtors' monetization of its NOLs.

In addition, the City remains interested in discussing a mutually agreeable "buy down" arrangement with respect to applicable non-bypassable charge obligations. A buy down of these obligations would represent significant additional upfront value to the Debtors that would be available to support the necessary funding for the Plan.

Timing

The City recognizes the expedited timing embedded in the Plan necessary to achieve a confirmed plan by June 30, 2020 and is highly confident that the Proposed Transaction would align with the Debtors' proposed timetable. The City and its advisors stand ready to immediately engage in a process to complete due diligence, negotiations and documentation of the Proposed Transaction and file for California Public Utilities Commission approvals in connection with the approvals required for the Plan. We believe that incorporating the Proposed Transaction into the Plan and obtaining approvals in consolidated regulatory filings represents both a workable approach and the best opportunity for a value-enhancing transaction that meets the aggressive timetable required for Plan confirmation by June 30, 2020.

The Path Forward

After reviewing the Plan, the City is more convinced than ever that the Proposed Transaction would result in a mutually beneficial transaction for the Debtors and their stakeholders in the bankruptcy proceedings, as well as the City and its residents. We hope that the Debtors will make a good faith earnest effort to engage with the City as soon as possible. The San Francisco distribution system represents only a small portion of PG&E's service territory, but includes some of PG&E's oldest assets that will require substantial time and attention to remain in service reliably. The City believes the Proposed Transaction represents an opportunity for PG&E to refocus on the balance of its system, leaves its historical disagreements with the City in the past and allows the City to make the improvements and enhancements that are necessary to provide for safe and reliable electric service to its residents.

Based on the timeline outlined in the Plan, there is a limited time window for the Debtors and the City to begin engagement to meet that aggressive timeframe. The City has exhausted the public information sources available to it and requires the Debtors' engagement to complete its due diligence and to move forward with the Proposed Transaction. We hope the Debtors will be able to act while the Proposed Transaction remains feasible so that we can engage in a good faith negotiation and implementation of a mutually beneficial transaction.

Please reach out to Sean Elsbernd (415-554-6603), Chief of Staff to Mayor Breed, or to the following contacts at Jefferies LLC, the City's buy-side financial advisor: Scott Beicke (212-336-7479), Americas Co-Head of Power, Utilities and Infrastructure, or Simon Wirecki (310-575-5251), Western Regional Head for Municipal Finance, with any questions.

Very truly yours,

London N. Breed
Mayor

Dennis J. Herrera
City Attorney

cc. All members Board of Supervisors
All SFPUC Commissioners
Harlan L. Kelly Jr., SFPUC General Manager
Ben Rosenfield, City Controller
Scott Beicke, Jefferies Americas Co-Head of Power, Utilities and Infrastructure
Simon Wirecki, Jefferies Western Regional Head for Municipal Finance

Jason Wells, PG&E Corporation Chief Financial Officer
Janet Loduca, PG&E Corporation Senior Vice President and General Counsel

This letter represents a general statement of the City's interest in the Proposed Transaction and does not create any legally binding obligations on the City or any of its officials, representatives, agencies, political subdivisions, affiliates or their respective advisors. Unless and until the parties have, among other things, completed comprehensive due diligence, negotiated definitive transaction documentation for the Proposed Transaction, obtained necessary internal approvals, executed definitive transaction documentation for the Proposed Transaction and obtained a bankruptcy court order authorizing the Proposed Transaction, neither the City nor the Debtors shall be under any legal obligation of any kind whatsoever as to the Proposed Transaction by virtue of this letter. The City does not commit to any definite course of action as to the Proposed Transaction prior to completing any required California Environmental Quality Act compliance.

EXHIBIT I

Board Resolution 403-19

[Supporting the Letter to Pacific Gas & Electric Company Expressing Interest in Purchasing Electric Distribution Assets]

Resolution supporting the non-binding indication of interest sent to Pacific Gas & Electric Company on September 6, 2019, proposing to purchase the assets needed to provide electric distribution service to all customers in San Francisco for $2,500,000,000.

WHEREAS, The Board of Supervisors seeks to ensure reliable, safe, affordable, clean electric service to all customers in San Francisco from a utility that is responsive to the needs of its customers; and

WHEREAS, Mayor Breed on January 14, 2019, and the Board of Supervisors on April 9, 2019, in Resolution No. 174-19 requested that the City report on options for improving electric service through acquisition, construction, or completion of a public utility, driven by increasing concerns about PG&E's ability and commitment to provide service to San Francisco, due in part to significant and life-threatening safety violations, financial instability, multiple power outages, expensive rates, and delays and obstacles in providing power for publicly financed projects; and

WHEREAS, The Commissioners of the San Francisco Public Utilities Commission (SFPUC) have been providing oversight and guidance to SFPUC staff as they conduct these analyses; and

WHEREAS, The City published its preliminary study of the options for public electric power on May 13, 2019, concluding that the public ownership of San Francisco's electric grid has the potential for significant long-term benefits, net cost savings, rate stability, affordability, as well as an ability to achieve 100% greenhouse gas-free power; and

WHEREAS, On Friday September 6, 2019, the Mayor and City Attorney sent a letter to PG&E expressing the City's interest in purchasing from PG&E the facilities needed to provide electric distribution service to all San Francisco customers, based on intensive analysis by City staff and experts, and

WHEREAS, The letter, called an Indication of Interest (IOI), is on file with the Clerk of the Board of Supervisors in File No. 190938; and

WHEREAS, The IOI explains that the City is uniquely positioned to acquire the assets because for "over a century, the City has owned and operated its Hetch Hetchy Power municipal retail electric utility, including its own electric generation, transmission and distribution facilities," and "Hetch Hetchy Power and CleanPowerSF (San Francisco's Community Choice Aggregation program) supply nearly 80% of San Francisco's electricity needs," and the "SFPUC, through Hetch Hetchy Power and CleanPowerSF, has a long track record of providing safe, reliable, affordable and sustainable electric service;" and

WHEREAS, The IOI states that the City's purchase of the assets "would provide meaningful benefits to the City and its residents, including: (i) stable and competitive rates for customers throughout San Francisco, (ii) enhanced focus on local needs, (iii) increased ability to achieve the City's aggressive climate action goals as well as other important local policy objectives and (iv) additional attractive long-term career and business opportunities for local residents and businesses;" and

WHEREAS, The IOI proposes a purchase price of $2.5 billion, which it describes as "a very attractive premium valuation compared to recent electric utility transactions that reflects the unique circumstances of, and expedited timing resulting from, the Debtors' Chapter 11 bankruptcy cases;" and

WHEREAS, The IOI states that financing for purchase is expected to include "issuance of municipal power revenue bonds by the SFPUC. The SFPUC's credit is well established by

Hetch Hetchy Power, currently maintains "AA" and "AA-" credit ratings from S&P Global Ratings and Fitch Ratings, respectively;" and

WHEREAS, The IOI notes that "the proposal is nonbinding "[u]nless and until the parties have, among other things, completed comprehensive due diligence, negotiated definitive transaction documentation for the Proposed Transaction, obtained necessary internal approvals, executed definitive transaction documentation for the Proposed Transaction and obtained a bankruptcy court order authorizing the Proposed Transaction;" and

WHEREAS, The City has a long history of working productively with its unionized workforce, and intends to work in good faith to create a clear plan to protect current PG&E employees; now, therefore, be it

RESOLVED, That the Board of Supervisors supports the IOI and urges PG&E to work collaboratively with the City to complete due diligence and enter into a purchase agreement with the City that will benefit PG&E, its customers and other stakeholders; and, be it

FURTHER RESOLVED, That the Board, in approving this Resolution, is not approving the Proposed Transaction within the meaning of the California Environmental Quality Act ("CEQA"); and, be it

FURTHER RESOLVED, The Board of Supervisors retains absolute discretion to decide whether to proceed with the Proposed Transaction, and the Board will not take any discretionary action committing the City to approve the Proposed Transaction until the Board has reviewed and considered any environmental documentation prepared by the City in compliance with CEQA and adopted any appropriate findings in compliance with CEQA; and, be it

FURTHER RESOLVED, Accordingly, the Board retains discretion to, among other things, modify the Proposed Transaction to mitigate any significant environmental impacts,

require the implementation of specific measures to mitigate any significant environmental impacts of the Proposed Transaction, and to approve or reject the Proposed Transaction.

City and County of San Francisco
Tails
Resolution: 403-19

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 190938 **Date Passed:** September 30, 2019

Resolution supporting the non-binding indication of interest sent to Pacific Gas & Electric Company on September 6, 2019, proposing to purchase the assets needed to provide electric distribution service to all customers in San Francisco for $2,500,000,000.

September 17, 2019 Board of Supervisors - ADOPTED

Ayes: 11 - Brown, Fewer, Haney, Mandelman, Mar, Peskin, Ronen, Safai, Stefani, Walton and Yee

File No. 190938

I hereby certify that the foregoing Resolution was ADOPTED on 9/17/2019 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Unsigned
London N. Breed
Mayor

09/27/2019
Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without her approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

Angela Calvillo
Clerk of the Board

9/27/2019
Date

EXHIBIT J

October 7, 2019 PG&E Corp. CEO and President,

William D. Johnson, letter to Mayor Breed and City Attorney

Herrera

PG&E Corporation

William D. Johnson
Chief Executive Officer and President

77 Beale Street
32nd Floor
San Francisco, CA 94105

October 7, 2019

Via E-mail and U.S. Mail

Mayor London Breed and Mr. Dennis Herrera
1 Dr. Carlton B. Good Place
San Francisco, CA 94102-4681

Re: City and County of San Francisco Offer to Acquire Certain PG&E Retail Electric Facilities

Dear Mayor Breed and Mr. Herrera:

Thank you for your time and the constructive discussion on September 26 in the Mayor's offices.

As we noted at that time, we had received your letters of September 6 and September 19, 2019, expressing the City of San Francisco's interest in purchasing certain PG&E electric facilities. We reviewed your letters and considered your offer carefully and in detail. Although we appreciate the effort San Francisco undertook to prepare its offer, we must decline to accept it. As I indicated when we met, our San Francisco-based facilities are not for sale and to do so would not be consistent with our charter to operate or our mission to serve Northern and Central California communities.

As we understand it, San Francisco proposes an acquisition of PG&E facilities that would include these key terms:

1) PG&E would sell the identified facilities for $2.5 billion which would not include any debt or liabilities associated with those facilities;

2) San Francisco would acquire substantially all of PG&E's distribution assets, 230/115 kV transformers and 115 kV transmission lines within the City limits and certain other assets that San Francisco determines are needed (as described in Attachment B to your letter);

3) San Francisco would negotiate payment of a lump sum "buy-down" payment associated with non-bypassable charge obligations that would be owed by the City's customers, subject to the approval of the California Public Utilities

Our evaluation of your proposal determined that a sale of our facilities in San Francisco could negatively impact PG&E's customers, both inside and outside of the city.

Our reasoning is as follows:

- San Francisco's offer reflects an amount significantly below the fair-market value of the underlying PG&E assets.
- It would unnecessarily and unfairly pass a large amount of costs to remaining PG&E customers throughout the State.
- It is not in the best interest of our customers. We disagree with the suggestion that PG&E's San Francisco customers would be better served by another entity. Our San Francisco customers—and our customers in the rest of our service territory—rely upon us every day to deliver safe, reliable, affordable and clean power.
- Finally, the offer appears to significantly underestimate the substantial separation and impairment costs that the City would have to bear as part of the proposed transaction.

In addition, our financing strategy to emerge from bankruptcy does not envision selling off Company assets. We believe we can fairly resolve and fund all claims and other items through conventional financial markets. If we ever do consider such sales, we have a duty to obtain the highest and best value for these assets.

Although we cannot accept your offer, we want to clearly communicate that PG&E intends to continue working with the City to best serve the citizens and businesses of San Francisco. Our company has been headquartered here in San Francisco for nearly 115 years, and we remain deeply invested in the community and in the future of this great city. We share many of the Administration's goals for San Francisco and look forward to continuing to find ways we can work together.

Sincerely,

William D. Johnson
Chief Executive Officer and President

cc: (*via electronic mail only*)
All members Board of Supervisors
All SFPUC Commissioners
Harlan L. Kelly Jr., SFPUC General Manager
Ben Rosenfield, City Controller
Scott Beicke, Jefferies Americas Co-Head of Power, Utilities and Infrastructure
Simon Wirecki, Jefferies Western Regional Head for Municipal Finance
Jason Wells, PG&E Corporation, Chief Financial Officer
Janet Loduca, PG&E Corporation, Senior Vice President and General Counsel

EXHIBIT K

November 4, 2019 Mayor Breed and City Attorney Herrera

letter to PG&E Corp. CEO and President, William Johnson

OFFICE OF THE MAYOR
SAN FRANCISCO

LONDON N. BREED
MAYOR

OFFICE OF THE CITY ATTORNEY
SAN FRANCISCO

DENNIS J. HERRERA
CITY ATTORNEY

November 4, 2019

William Johnson
Chief Executive Officer and President
PG&E Corporation
77 Beale Street, P.O. Box 770000
San Francisco, CA 94177

Re: Response to PG&E's Letter Regarding San Francisco's Indication of Interest in the Acquisition of Electric Distribution and Transmission Assets

Dear Mr. Johnson:

We enjoyed meeting with you at City Hall on September 26, 2019. We write in response to your letter dated October 7, 2019, which we received on October 11, 2019. We address below several aspects of your letter and, again, request that PG&E engage with us substantively on these issues. We continue to believe the City's purchase of PG&E's assets would provide significant benefits to PG&E and its customers outside of San Francisco. We also address the October 1, 2019 proposal from PG&E for resolving disputes that unnecessarily delay and increase the cost of electric service to key City facilities.

1. PG&E's Response to the City's Offer

As we expressed in the meeting, City officials are united in their commitment to obtain PG&E's facilities so that the City can provide distribution service to all customers in San Francisco, as the Raker Act intended in 1913. We believe that completing the transaction through a negotiated agreement with PG&E during the bankruptcy will be more beneficial to PG&E and its stakeholders, including remaining ratepayers, than an acquisition through other means.

As you know, we worked with independent experts to analyze the book value and market value of PG&E's assets along with other relevant issues. We would welcome a discussion with PG&E of the three financial issues you identify on page two of the letter: fair-market value of the assets, cost of the City's proposed transaction for ratepayers outside of San Francisco, and separation cost.

Fair market value: As pointed out in our letter to you, the $2.5 billion offer price is approximately 2.5 times our $1 billion estimate of the book value of the assets we propose to purchase. This translates to a market to book value for PG&E's common

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SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141

stock of about 4 times.[1] Over the past 13 years, including long periods when PG&E has been financially healthy, the market value of PG&E's common stock has never been close to 4 times its book value, running more typically at around 1.6 times (and rarely exceeding 2 times).

The chart below shows PG&E common stock, price to book ratio, 2006-2018, and as compared to the common stock of the holding companies for SCE and SDG&E[2]:

We also estimated the rate regulated earnings contribution of the assets we propose to acquire, and calculated our proposed purchase price. The price implies a price-to-earnings multiple in excess of 35 times. This is a meaningful premium to (i) PG&E's average historical trading multiple, (ii) PG&E's peers' average historical trading multiples, and (iii) the average multiples associated with precedent transactions in the regulated utility industry. We would welcome the opportunity to share our associated underlying assumptions as part of a broader engagement with your team.

[1] Assumes a rough 50/50 debt/equity ratio and PG&E's debt trades at par.
[2] Data sourced from Bloomberg.

Moreover, PG&E's receipt of $2.5 billion in cash from the City would allow for PG&E bondholders and shareholders to be paid **in full** for their outstanding investment in the assets we propose to purchase ($1.0 billion), leaving an additional $1.5 billion in cash immediately available for other valuable uses, such as bolstering PG&E's financial strength, funding additional outstanding wildfire claims, and/or future rate reductions for PG&E's remaining ratepayers. These benefits are large given that the targeted assets are a relatively small portion of PG&E's assets and business interests. The sale of the targeted assets to the City would reduce the size of PG&E, but only modestly. The $1 billion amount is only about 4% of PG&E's total electric rate base of about $25 billion and only 2.5% of its total rate base, electric and gas assets combined (about $40 billion[3]).

Ratepayer Impacts. Your letter states that our proposal would have a large impact on customers outside of San Francisco; this is not explained and is inconsistent with our analysis. As stated above, the portion of PG&E's business represented by the assets the City proposes to purchase is small relative to PG&E's assets in total. The City already provides nearly 80% of the electricity used in San Francisco, and we will continue to pay PG&E for transmission voltage deliveries. So, the revenue loss to PG&E is primarily limited to the revenues earned on its distribution system within San Francisco. Any impact, positive or negative, on PG&E's remaining customers is similarly small.

Further, the impacts to PG&E's overall costs and revenues may be positive. Together with the reduction in size come reductions in PG&E's service obligations, operating costs, and future capital investment needs. A reasonable estimate of impacts on PG&E's remaining customers requires estimates of the cost savings that would offset those lost revenues, specifically reductions in future operating expenses, capital investment requirements, reduced interest and principal payments to current bondholders, and

[3] See, e.g., http://s1.q4cdn.com/880135780/files/doc_financials/2018/q4/Presentation-and-Complete-Earnings-Exhibits.pdf, slide 10.

reduced profits paid to current shareholders. PG&E's assets in San Francisco are some of the oldest in PG&E's system and will require replacement and upgrading in order to provide reliable service.

A precise estimate requires asset-specific information about PG&E's future operating expenses and capital investment requirements for the assets that are sold. This is information that PG&E has and should be willing to share with us to facilitate a transaction that benefits all stakeholders. San Francisco welcomes a dialogue and exchange of information with PG&E regarding PG&E's San Francisco-specific costs.

Separation Costs. Your statement that the City's offer underestimates separation costs is puzzling because the City's offer did not specify a separation cost or plan, noting that this should be an issue for discussion. Most of San Francisco's perimeter is coastline with no distribution grid separation needed. PG&E's transmission interconnections to San Francisco are clear, and are limited to where the lines from the Martin substation in Daly City cross into San Francisco. The City's work to date indicates that several separation alternatives are available and feasible, with the cost, time and effort required largely dependent upon PG&E's willingness to work with the City to speed the process while ensuring that both parties' needs for operational control, reliability and safety are met.

While the conventional wisdom regarding regulated electric utilities may be that "bigger is better," that metric does not apply in PG&E's case. Some have argued that, in fact, PG&E's service territory is too large and its service obligations too broad to be managed reliably, safely and cost-effectively.[4] This modest reduction in size and service obligations presents an opportunity for PG&E to focus on its system hardening needs across its service territory, by removing its obligations with respect to San Francisco's urban, aging, largely undergrounded and complex electric distribution infrastructure.

We understand your desire to continue serving all of your customers and your reluctance to sell these assets. And we agree that PG&E's customers rely on PG&E every day for essential services, but the assumption that continuing service from PG&E is best for all customers is not well-founded. Municipal utilities, including the San Francisco Public Utilities Commission, have provided safe, reliable electric service tailored to their customers at rates below PG&E's rates for decades.

Finally, we appreciate your point that PG&E has been headquartered in San Francisco for 115 years and is invested in the community. Under the City's proposal, PG&E would continue to provide gas service to San Francisco customers and transmission service to the City, and would earn substantial revenues from those services. PG&E can continue to be headquartered here and be part of our community, while making a fresh start on what has long been a difficult relationship with the City.

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[4] See, e.g. http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M252/K547/252547055.PDF (questions asked by the California Public Utilities Commission in I. 15-08-019, pp. 11-12); https://www.sfgate.com/bayarea/article/Governor-Newsom-PG-E-California-breakup-14538847.php# ("Newsom said at a conference in San Francisco Tuesday that California residents would benefit from PG&E breaking into smaller pieces."); https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/About_Us/Organization/Commissioners/Michael_J._Picker/PresidentPickerCommentsonPGESafetyCultureandEnforcementTheory.pdf ("The question may not be whether PG&E is too big to fail, but instead, 'is the company too big to succeed?'").

2. PG&E's October 1, 2019 Proposal for Interconnecting City Loads

In our meeting, you acknowledged that PG&E may not have been entirely reasonable in imposing requirements for connecting City loads and indicated that PG&E would do better in the future. The confidential settlement proposal we received from your team on October 1, was not better than the proposals we've seen over the last several years. In some significant ways, it was worse. The City's team will respond to PG&E with a new proposal that addresses the key issues of dispute in a simpler way that is consistent with federal law. We hope you will direct your team to work with us to quickly resolve these issues.

We look forward to further discussions with you on these matters. Please contact Sean Elsbernd (415-554-6603), Chief of Staff to Mayor Breed, or the following contacts at Jefferies: Scott Beicke (212-336-7479), Americas Co-Head of Power, Utilities and Infrastructure, or Simon Wirecki (310-575-5251), Western Regional Head for Municipal Finance.

Very truly yours,

London N. Breed
Mayor

Dennis J. Herrera
City Attorney

cc. All members Board of Supervisors
All SFPUC Commissioners
Harlan L. Kelly Jr., SFPUC General Manager
Ben Rosenfield, City Controller
Scott Beicke, Jefferies Americas Co-Head of Power, Utilities and Infrastructure
Simon Wirecki, Jefferies Western Regional Head for Municipal Finance
Andrew Vesey, PG&E Chief Executive Officer and President
Jason Wells, PG&E Corporation Chief Financial Officer
Janet Loduca, PG&E Corporation Senior Vice President and General Counsel

This letter represents a general statement of the City's interest in the Proposed Transaction and does not create any legally binding obligations on the City or any of its officials, representatives, agencies, political subdivisions, affiliates or their respective advisors. Unless and until the parties have, among other things, completed comprehensive due diligence, negotiated definitive transaction documentation for the Proposed Transaction, obtained necessary internal approvals, executed definitive transaction documentation for the Proposed Transaction and obtained a bankruptcy court order authorizing the Proposed Transaction, neither the City nor the Debtors shall be under any legal obligation of any kind whatsoever as to the Proposed Transaction by virtue of this letter. The City does not commit to any definite course of action as to the Proposed Transaction prior to completing any required California Environmental Quality Act compliance.

EXHIBIT L

August 14, 2020 Mayor Breed and City Attorney Herrera

letter to PG&E

OFFICE OF THE MAYOR
SAN FRANCISCO

LONDON N. BREED
MAYOR

OFFICE OF THE CITY ATTORNEY
SAN FRANCISCO

DENNIS J. HERRERA
CITY ATTORNEY

August 14, 2020

William L. Smith
Interim Chief Executive Officer
PG&E Corporation
77 Beale Street, P.O. Box 770000
San Francisco, CA 94177

Michael A. Lewis
Interim President
Pacific Gas and Electric Company
77 Beale Street, P.O. Box 770000
San Francisco, CA 94177

Re: San Francisco's Continued Interest in the Acquisition of Electric Distribution and Transmission Assets

Dear Messrs. Smith and Lewis:

Now that Pacific Gas and Electric Company ("PG&E") and PG&E Corporation (collectively, with PG&E, the "Company"), have emerged from bankruptcy, the City and County of San Francisco (the "City") wishes to reaffirm its commitment to pursuing acquisition of PG&E's electric distribution and transmission assets needed to provide electric distribution service to customers in San Francisco (the "Proposed Transaction"). We remain convinced that the Proposed Transaction would be beneficial to the Company, its shareholders, and other stakeholders, including PG&E's customers, and wish to establish a process for discussing the Proposed Transaction with you.

We understand that the accelerated schedule and other reservations about the Proposed Transaction resulted in the Company declining to engage with the City last year. With the Company having completed that process, we believe this is an opportune time to engage in a dialogue regarding a Proposed Transaction. We have previously provided our views regarding the potential benefits of the Proposed Transaction, and sought to address PG&E's expressed reservations in our three letters to the Company delivered in September and November 2019. We welcome the opportunity to discuss these views and the work we have done around these issues in support of implementing the Proposed Transaction.

While we understand that the Company previously expressed reluctance to sell these assets, there are sound reasons now to reconsider that approach. A cooperatively negotiated transaction would provide the best path forward for the City to acquire PG&E's assets needed to provide distribution service throughout San Francisco and would financially benefit the Company and its stakeholders. The Proposed Transaction would provide good value for the Company's shareholders and its remaining ratepayers, as explained in prior letters. In addition to financial benefits, transferring to the City the responsibility for maintaining and improving the system in San Francisco would free PG&E to focus more attention and capital on the balance of its system.

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SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141

City officials remain united in their support of the Proposed Transaction, for all the reasons identified in our prior letters, which are as true today as they were then. Earlier this year, both the San Francisco Board of Supervisors and the San Francisco Public Utilities Commission adopted resolutions conditionally approving the issuance of revenue bonds for this purpose.[1] The City's ability to finance an acquisition is not limited by current budget challenges because those bonds would be repaid from the revenue earned by providing electric service throughout San Francisco, not from City funds needed to provide other services. The City's analysis shows that it can provide safe, reliable, and cost-effective service to all customers in San Francisco. The current arrangement, where PG&E and the City share service obligations to customers within San Francisco, has become increasingly untenable, particularly for service to the customers of Hetch Hetchy Power, the City's municipal utility. Electric service to essential facilities like schools, homeless shelters, and affordable housing has been burdened with disputes that delay service and increase costs. The Proposed Transaction would allow PG&E and the City to move on from these disputes.

While the City has performed extensive analysis of PG&E's system based on information available to it, the City wishes to have the Company's engagement and access to additional information regarding the assets for the City to complete its analysis. We hope the Company will explore the Proposed Transaction with the City now that is has emerged from bankruptcy. We firmly believe that a mutually beneficial transaction can be achieved and would be approved by regulators.

Please reach out to Sean Elsbernd (415-554-6603), Chief of Staff to Mayor Breed, or to the following contacts at Jefferies LLC, the City's buy-side financial advisor: Scott Beicke (212-336-7479), Americas Co-Head of Power, Utilities and Infrastructure, or Simon Wirecki (310-575-5251), Western Regional Head for Municipal Finance, with any questions. We look forward to hearing from you and would appreciate a response by **September 1**, 2020.

Very truly yours,

London N. Breed
Mayor

Dennis J. Herrera
City Attorney

cc: All members Board of Supervisors
All SFPUC Commissioners
Harlan L. Kelly Jr., SFPUC General Manager
Ben Rosenfield, City Controller
Scott Beicke, Jefferies Americas Co-Head of Power, Utilities and Infrastructure
Simon Wirecki, Jefferies Western Regional Head for Municipal Finance
John R. Simon, PG&E Executive Vice President, Law, Strategy & Policy
Janet Loduca, PG&E Senior Vice President and General Counsel

This letter represents a general statement of the City's interest in the Proposed Transaction and does not create any legally binding obligations on the City or any of its officials, representatives, agencies, political subdivisions, affiliates or their respective advisors. Unless and until the parties have, among other things, completed

[1] See Board Resolution No. 30-20 and PUC Resolution No. 20-0011.

comprehensive due diligence, negotiated definitive transaction documentation for the Proposed Transaction, obtained necessary internal approvals and executed definitive transaction documentation for the Proposed Transaction, neither the City nor the Company shall be under any legal obligation of any kind whatsoever as to the Proposed Transaction by virtue of this letter. The City does not commit to any definite course of action as to the Proposed Transaction prior to completing any required California Environmental Quality Act compliance.

EXHIBIT M

August 19, 2020 PG&E Corp. CEO and President,

William L. Smith, letter to Mayor Breed and City Attorney Herrera

PG&E Corporation

William L. Smith
Interim CEO and President

77 Beale Street
32nd Floor
San Francisco, CA 94105

August 19, 2020

Mayor London Breed and Mr. Dennis Herrera
Office of Mayor London Breed
City Hall Room 200
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Mayor Breed and Mr. Herrera:

We have received your August 14, 2020, letter reiterating San Francisco's interest in purchasing PG&E's electric transmission and distribution facilities located in the City and County of San Francisco. While we appreciate San Francisco's continued interest, and its belief that PG&E might be more amenable to considering San Francisco's prior offer now that PG&E has emerged from bankruptcy, PG&E's position has not changed. Though our company has changed a lot in the past year (and we foresee significant additional changes in the future), our assets are still not for sale.

All of our operational, safety, and organizational efforts are singularly focused on being the provider of safe, reliable service our customers rightly expect and deserve. We are not taking lightly the privilege we have to serve our customers. And we are intent on executing a plan that will demonstrate a renewed focus on our customers and communities.

Far from wanting to sell our assets at this stage, PG&E has redoubled its commitment to improve its service to all of our communities in Northern and Central California and we believe that we are best positioned to do so. As you may appreciate, the bankruptcy process and wildfires of the last few years have caused PG&E to look inwardly and to acknowledge that it has not always lived up to its customers' expectations. In response, we are embracing the opportunity to enhance our focus on improving and providing the safe, reliable, affordable, and clean service our customers expect and deserve.

In particular, PG&E has thought carefully and consulted with others about the plans and changes it is implementing to re-earn the trust of our customers and communities. These changes are neither marginal nor incremental. Instead, they involve significant changes to our management, a nearly complete board refresh, PG&E's emergence from bankruptcy and recapitalization, the implementation of PG&E's wildfire mitigation plan and our system hardening and Public Safety Power Shutoff (PSPS) mitigation efforts. But we are not stopping there.

We are also renewing our focus on asset management, work management, service activation, and event-free operations. In addition, PG&E has invested heavily in infrastructure, control centers and personnel that help support the broad range of services we provide—and that our customers need. For example, in addition to making significant investments in enhancing our grid (including millions of dollars of improvements in San Francisco), PG&E has expanded the capabilities of its emergency operations and data and billing centers with a scale that cannot be matched by smaller, local service providers. Thus, rather than harboring a desire to get out of the business of serving our customers in San Francisco or elsewhere, PG&E is instead looking forward to demonstrating our renewed commitment across our entire service territory.

I would also like to note that the reasoning behind PG&E's prior response to San Francisco's offer remains. In addition to San Francisco's offer being substantially below the fair-market value of our assets, a sale would unfairly shift a large amount of costs to our remaining customers. Additionally, San Francisco's offer does not consider the significant separation and other costs the City and its citizens would be obligated to bear above and beyond the purchase price associated with an acquisition.

While we remain convinced that a sale of our assets is not in the best interests of all of our customers, including those in the City and County of San Francisco, we remain equally convinced that we can find areas of common interest where we can work cooperatively.

We look forward to continuing to work with you on our areas of common concern like affordable housing, homelessness, and keeping our customers safe during the pandemic.

We are interested in discussing these issues with you at our meeting on Wednesday.

Sincerely,

Bill

William L. Smith
Interim Chief Executive Officer and President
PG&E Corporation

cc: All members Board of Supervisors
All SFPUC Commissioners
Harlan L. Kelly Jr., SFPUC General Manager
Ben Rosenfield, City Controller
John R. Simon, PG&E Executive Vice President, Law, Strategy and Policy

EXHIBIT N

SFPUC Resolution 20-0011

PUBLIC UTILITIES COMMISSION
City and County of San Francisco

RESOLUTION NO. **20-0011**

WHEREAS, On June 5, 2018, the voters of the City approved Proposition A, amending Charter Section 8B.124 (Proposition A), which among other things, authorized the San Francisco Public Utilities Commission (SFPUC) to issue revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for the purpose of reconstructing, replacing, expanding, repairing or improving power facilities or combinations of water, clean water and power facilities under the jurisdiction of the SFPUC, or for any lawful purpose of the power utility; and

WHEREAS, On January 29, 2019, PG&E Corporation and its subsidiary, PG&E, filed for bankruptcy due to tens of billions of dollars in liabilities for the devastating wildfires caused by PG&E equipment in 2017 and 2018; and

WHEREAS, In a letter dated January 14, 2019, Mayor London Breed asked the SFPUC to prepare an analysis of the options for ensuring safe and reliable electric service within the City, including the possibility of acquiring the PG&E electric distribution and transmission infrastructure assets that serve the City (PG&E Assets); and

WHEREAS, On March 14, 2019, Mayor Breed and City Attorney Dennis Herrera submitted a letter to PG&E notifying it that the City had commenced work to determine the feasibility of the City's acquisition of the PG&E Assets; and

WHEREAS, On April 9, 2019, the Board of Supervisors (Board) adopted Resolution No. 174-19 determining that the public interest and necessity require changing the electric service provided in the City and requesting the SFPUC to prepare a report on options for improving electric service in the City through acquisition, construction, or completion of public utilities pursuant to Charter Section 16.101; and

WHEREAS, On May 13, 2019, the SFPUC submitted a report to Mayor Breed and the Board (SFPUC Report), which is hereby declared to be a part of this Resolution as if set forth fully herein, analyzing three options for power independence, including (1) continued reliance on PG&E for electricity distribution service, (2) targeted investments in electric grid infrastructure to lessen the City's reliance on PG&E, and (3) full power independence through acquisition of the PG&E Assets; and

WHEREAS, The SFPUC Report concluded that acquisition of the PG&E Assets is the only option that would allow the City to meet its goals for affordable, safe, and reliable service; protection of the environment and climate goals; transparency and public accountability, and; workforce development and equity; and

WHEREAS, The City has engaged a number of expert consultants to provide analysis and advice for the acquisition of the PG&E Assets, including in the areas of utility asset valuation, finance, utility rates, labor, engineering, and operations; and

WHEREAS, On September 6, 2019, Mayor Breed and City Attorney Herrera submitted to PG&E a non-binding indication of interest (IOI), which is hereby declared to be a part of this Resolution as if set forth fully herein, to acquire the PG&E Assets for $2.5 billion in connection with the PG&E bankruptcy cases (Proposed Acquisition); and

WHEREAS, On September 17, 2019, the Board adopted Resolution No. 403-19 supporting the IOI and urging PG&E to work cooperatively with the City on the Proposed Acquisition; and

WHEREAS, On September 19, 2019, Mayor Breed and City Attorney Herrera submitted a second letter to PG&E, which is hereby declared to be a part of this Resolution as if set forth fully herein, to provide additional information on the City's offer and proposing to work with PG&E to include the City's offer in PG&E's September 9, 2019 bankruptcy plan of reorganization; and

WHEREAS, SFPUC anticipates that in addition to the purchase price for the Proposed Acquisition, funds will be required for the SFPUC's transition to ownership and operation of the PG&E Assets, including but not limited to work to separate the PG&G Assets from the remainder of the PG&E grid; expanding personnel capacity; acquiring equipment inventory and software; and establishing operating reserves; and

WHEREAS, The City has a long history of working productively with its unionized workforce, and will work in good faith to transition current PG&E unionized employees to City employment; and

WHEREAS, Pursuant to Charter Section 8B.124, the Board may approve by ordinance revenue bond financing for any lawful purpose of the City's power utility and in furtherance of, among other things, the City's clean energy goals and enhanced safety and reliability for electric service; and

WHEREAS, The SFPUC intends to authorize the issuance of Power Enterprise revenue bonds to fund the Proposed Acquisition if and when the six conditions specified below are met; and

WHEREAS, The Bureau of Environmental Management determined that this action does not constitute a project under the California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(4), and subsequent action by this Commission to approve any specific activities at a particular location, or the Proposed Acquisition, is conditioned upon completion of environmental review in compliance with CEQA, the CEQA Guidelines, Administrative Code Chapter 31, and Proposition A; now, therefore, be it

RESOLVED by the San Francisco Public Utilities Commission, as follows:

Section 1. Conditional Issuance of Bonds. The Commission is authorized to issue Power Enterprise revenue bonds for the Proposed Acquisition in an amount not to exceed $3,065,395,000, inclusive of the $2,500,000,000 acquisition cost plus additional funds SFPUC anticipates will be required for the transition to ownership and operation of the PG&E assets, including but not limited to work to separate the PG&E assets from the remainder of the PG&E grid; expanding personnel capacity; acquiring equipment inventory and software; and establishing operating reserves, and funding bond financing costs; subject in all respects to the satisfaction in the future of each of the following six conditions prior to the issuance of the SFPUC bonds herein authorized:

(1) The City has negotiated a binding agreement or agreements with PG&E for the acquisition of the PG&E assets, or is otherwise legally authorized to acquire the assets, with terms and conditions that protect the interests of the City and electric customers;

(2) Commission staff has prepared an analysis of electric rates and proposed rate structures, including but not limited to rates for low income customers;

(3) Commission staff has obtained and delivered to the Commission and the Board the certifications required under Charter Section 8B.124(a) and (b);

(4) Commission staff has determined that the Power Enterprise revenue bonds can be issued on terms and at interest rates that will make the Proposed Acquisition financially feasible, including to the extent available under law exemption of interest on such Power Enterprise revenue bonds;

(5) The Commission has adopted a resolution approving the binding documents required for acquisition and all forms of associated financing documents; and

(6) The Board of Supervisors has adopted an ordinance by a two-thirds vote providing final authorization to the SFPUC to issue Power Enterprise revenue bonds for the Proposed Acquisition in accordance with Charter Section 8B.124.

Section 2. CEQA Findings. The Commission, in approving this Resolution, is not providing final approval of the issuance of the Power Enterprise revenue bonds or approving the Proposed Acquisition within the meaning of CEQA. The Commission retains absolute discretion to decide whether to approve the issuance of revenue bonds and to proceed with the Proposed Acquisition, and the Commission will not take any discretionary action committing the City to approve the Proposed Acquisition until the Commission has reviewed and considered any environmental documentation prepared by the City in compliance with CEQA and adopted any appropriate findings in compliance with CEQA.

Accordingly, the Commission retains discretion to, among other things, modify the terms of the Proposed Acquisition to mitigate any significant environmental impacts, require the implementation of specific measures to mitigate any significant environmental impacts of the Proposed Acquisition, to approve or reject the issuance of revenue bonds for the Proposed Acquisition, and to approve or reject the Proposed Acquisition.

Section 3. Effective Date. This resolution shall take effect immediately after its adoption.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting January 14, 2020.

Donna Wood

Secretary, Public Utilities Commission

EXHIBIT O

Board Resolution 30-20

[Issuance of Revenue Bonds - Public Utilities Commission - Purchase of Electricity Distribution and Transmission System - Not to Exceed $3,065,395,000]

Resolution conditionally authorizing the issuance by the Public Utilities Commission of Power Enterprise Revenue Bonds in an amount not to exceed $3,065,395,000 to finance the cost of acquiring certain Pacific Gas and Electric Company electric distribution and transmission assets to provide affordable, safe and reliable electric service, consistent with environmental and climate goals, throughout the City and County of San Francisco, subject to specified conditions, as defined herein.

WHEREAS, In a letter dated January 14, 2019, on file with the Clerk of the Board of Supervisors in File No. 200029, which is hereby declared to be a part of this Resolution as if set forth fully herein, Mayor London Breed asked the Public Utilities Commission (PUC) to prepare an analysis of the options for ensuring safe and reliable electricity service within the City, including the possibility of acquiring the Pacific Gas and Electric's (PG&E) electric distribution and transmission infrastructure assets that serve the City (PG&E Assets); and

WHEREAS, On January 29, 2019, PG&E Corporation and its subsidiary PG&E filed for bankruptcy due to tens of billions of dollars in liabilities for the devastating wildfires caused by PG&E equipment in 2017 and 2018; and

WHEREAS, On March 14, 2019, Mayor Breed and City Attorney Herrera submitted a letter to PG&E, on file with the Clerk of the Board of Supervisors in File No. 200029, which is hereby declared to be a part of this Resolution as if set forth fully herein, notifying it that the City had commenced work to determine the feasibility of the City's acquisition of the PG&E Assets; and

WHEREAS, On April 9, 2019, the Board of Supervisors adopted Resolution No. 174-19 determining that the public interest and necessity require changing the electric service

provided in the City and requesting the PUC to prepare a report on options for improving electric service in the City through acquisition, construction, or completion of public utilities pursuant to Charter, Section 16.101; and

WHEREAS, Section 16.101 of the Charter states: "It is the declared purpose and intention of the people of the City and County, when public interest and necessity demand, that public utilities shall be gradually acquired and ultimately owned by the City and County."; and

WHEREAS, On May 13, 2019, the PUC submitted a report to Mayor Breed and the Board (PUC Report), on file with the Clerk of the Board of Supervisors in File No. 200029, which is hereby declared to be a part of this Resolution as if set forth fully herein, analyzing three options for power independence, including (1) continued reliance on PG&E for electric distribution service, (2) targeted investments in electric grid infrastructure to lessen the City's reliance on PG&E, and (3) full power independence through acquisition of the PG&E Assets; and

WHEREAS, The PUC Report concluded that acquisition of the PG&E Assets is the only option that would allow the City to meet its goals for affordable, safe, and reliable service; protection of the environment and climate goals; transparency and public accountability, and; workforce development and equity; and

WHEREAS, The City has engaged a number of expert consultants to provide analysis and advice for the acquisition of the PG&E Assets, including in the areas of utility asset valuation, finance, utility rates, labor, engineering, and operations; and

WHEREAS, On September 6, 2019, Mayor Breed and City Attorney Herrera submitted a non-binding indication of interest (IOI), on file with the Clerk of the Board of Supervisors in File No. 200029, which is hereby declared to be a part of this Resolution as if set forth fully

herein, to PG&E to acquire the PG&E Assets for $2.5 billion in connection with the PG&E bankruptcy cases (Proposed Acquisition); and

WHEREAS, On September 17, 2019, the Board adopted Resolution No. 403-19 supporting the IOI and urging PG&E to work cooperatively with the City on the Proposed Acquisition; and

WHEREAS, On September 19, 2019, Mayor Breed and City Attorney Herrera submitted a second letter to PG&E, on file with the Clerk of the Board of Supervisors in File No. 200029, which is hereby declared to be a part of this Resolution as if set forth fully herein, to provide additional information on the City's offer and proposing to work with PG&E to include the City's offer in PG&E's September 9, 2019, bankruptcy plan of reorganization; and

WHEREAS, In addition to the purchase price for the Proposed Acquisition, the PUC anticipates that additional funds will be required for the PUC's transition to ownership and operation of the PG&E Assets, including but not limited to work to separate the PG&E Assets from the remainder of the PG&E grid; expanding personnel capacity; acquiring equipment inventory and software; and establishing operating reserves; and

WHEREAS, The City has a long history of working productively with its unionized workforce, and will work in good faith to transition current PG&E unionized employees to City employment;

WHEREAS, On June 5, 2018, the voters of the City approved Proposition A amending Charter, Section 8B.124 (Proposition A), which among other things, authorized the PUC to issue revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for the purpose of reconstructing, replacing, expanding, repairing or improving water facilities, clean water facilities, power facilities or combinations of water, clean water and power

facilities under the jurisdiction of the PUC, or for any lawful purpose of the water, clean water or power utilities; and

WHEREAS, Pursuant to Charter, Section 8B.124, the Board may approve by ordinance revenue bond financing for any lawful purpose of the City's power utility and in furtherance of, among other things, the City's clean energy goals and enhanced safety and reliability for electric service; and

WHEREAS, This action does not constitute a project under California Environmental Quality Act (CEQA) Guidelines, Section 15378(b)(4), and subsequent action by the Board to approve any specific activities at a particular location, or the Proposed Acquisition, is conditioned upon completion of environmental review in compliance with CEQA, the CEQA Guidelines, Administrative Code, Chapter 31, and Proposition A; now, therefore, be it

RESOLVED, That the Board authorizes the PUC to issue Power Enterprise revenue bonds for the Proposed Acquisition in an amount not to exceed $3,065,395,000 subject in all respects to the following conditions, each of which shall be approved by this Board prior to the issuance of the PUC bonds herein authorized:

(1) The City has negotiated a binding agreement or agreements with PG&E for the acquisition of the PG&E Assets, or is otherwise legally authorized to acquire the PG&E Assets, with terms and conditions that protect the interests of the City and electricity customers;

(2) The PUC has prepared an analysis of electricity rates and proposed rate structures, including but not limited to rates for low income customers;

(3) The PUC has obtained and delivered to the Board the certifications required under Charter, Sections 8B.124(a) and (b);

(4) The PUC has determined that the Power Enterprise revenue bonds can be issued on terms and at interest rates that will make the Proposed Acquisition financially

feasible, including to the extent available under law by reason of federal income tax exemption of interest on such Power Enterprise revenue bonds;

(5) The PUC has adopted a resolution approving the binding documents required for acquisition, together with all forms of associated financing documents; and,

(6) The Board has adopted an ordinance by a two-thirds vote providing final authorization to the PUC to issue Power Enterprise revenue bonds for the Proposed Acquisition in accordance with Charter, Section 8B.124; and, be it

FURTHER RESOLVED, That the Board, in approving this Resolution, is not providing final approval of the issuance of the Power Enterprise revenue bonds or approving the Proposed Acquisition within the meaning of CEQA; the Board retains absolute discretion to decide whether to approve the issuance of revenue bonds and to proceed with the Proposed Acquisition, and the Board will not take any discretionary action committing the City to approve the Proposed Acquisition until the Board has reviewed and considered any environmental documentation prepared by the City in compliance with CEQA and adopted any appropriate findings in compliance with CEQA; and, be it

FURTHER RESOLVED, Accordingly, the Board retains discretion to, among other things, modify the terms of the Proposed Acquisition to mitigate any significant environmental impacts, require the implementation of specific measures to mitigate any significant environmental impacts of the Proposed Acquisition, approve or reject the issuance of revenue bonds for the Proposed Acquisition, and approve or reject the Proposed Acquisition; and, be it

FURTHER RESOLVED, This Resolution shall take effect immediately.

City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 200029 **Date Passed:** January 14, 2020

Resolution conditionally authorizing the issuance by the Public Utilities Commission of Power Enterprise Revenue Bonds in an amount not to exceed $3,065,395,000 to finance the cost of acquiring certain Pacific Gas and Electric Company electric distribution and transmission assets to provide affordable, safe and reliable electric service, consistent with environmental and climate goals, throughout the City and County of San Francisco, subject to specified conditions, as defined herein.

January 14, 2020 Board of Supervisors - ADOPTED

Ayes: 11 - Fewer, Haney, Mandelman, Mar, Peskin, Preston, Ronen, Safai, Stefani, Walton and Yee

File No. 200029

I hereby certify that the foregoing Resolution was ADOPTED on 1/14/2020 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London Breed

1/24/20

London N. Breed
Mayor

Date Approved