

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of PACIFIC GAS AND ELECTRIC COMPANY to issue, sell, and deliver one or more series of Debt Securities and to guarantee the obligations of others in respect of the issuance of Debt Securities, the total aggregate principal amount of such long-term indebtedness and guarantees not to exceed \$6.1 billion; to execute and deliver one or more indentures; to sell, lease, assign, mortgage, or otherwise dispose of or encumber utility property; to issue, sell and deliver in one or more series, cumulative Preferred Stock -- \$25 Par Value, Preferred Stock -- \$100 Par Value, Preference Stock or any combination thereof; to utilize various debt enhancement features; and enter into interest rate hedges. (U39M).

Application 18-11-001
(Filed November 1, 2018)

**COMMENTS OF THE INDEPENDENT ENERGY
PRODUCERS ASSOCIATION ON THE PROPOSED
DECISION**

INDEPENDENT ENERGY PRODUCERS
ASSOCIATION
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The Independent Energy Producers Association (IEP) offers its comments on the Proposed Decision (PD) addressing the request of Pacific Gas and Electric Company (PG&E) for authority to enter Debtor in Possession (DIP) financing. IEP's comments are in response to questions identified as issues in the Scoping Memo and Ruling issued by President Picker on January 23, 2019 and addressed in the PD.

The Scoping Memo states that it is the Commission's responsibility "to ensure continued service by PG&E" (p. 9) and identifies two specific questions as the issues in this proceeding:

The first question is, “Is it in the public interest for the Commission to exempt the DIP financing transaction(s) described in PG&E’s Section 8-K filing from Public Utilities Code Sections 823 and 851?” IEP agrees with the PD’s conclusion that the Commission should grant PG&E’s Motion. In the event that PG&E decides to seek Chapter 11 Bankruptcy protection, then it will need access to additional capital to maintain its operations, invest in its infrastructure, and engage in wildfire mitigation.

The second question is, “Should any conditions adhere to such exemption, if granted?” The PD does not expressly address this question and in any event does not propose to set any conditions on PG&E’s requested exemption. Here, the PD errs. IEP respectfully submits that the Commission should condition its approval as set forth in the following:

“The Commission’s authorization of the PG&E Debtor-in-Possession financing is predicated on the expectation that the PG&E reorganization plan will provide for the continuation of PG&E meeting its obligations under existing energy supply contracts that were entered into and approved by the Commission, in furtherance of meeting California’s renewable, reliability and greenhouse gas statutory requirements.”

It is essential that the Commission clearly state its view that PG&E’s contracts with energy suppliers, which the Commission has authorized and approved, continue to be respected throughout the bankruptcy process. These power purchase agreements were the result of Commission-approved procurements and were determined to be just and reasonable.

Since PG&E’s last bankruptcy, the State of California through legislative mandates and Commission policies has authorized and approved billions of dollars of investments in California through power purchase agreements. These agreements form the backbone of the reliability of California’s grid and California’s clean energy future. IEP respectfully requests that the Commission require PG&E stand by these important commitments.

To quell uncertainty in the market and ensure California's reliability and sustainability are not harmed by PG&E's latest bankruptcy, the Commission should encourage PG&E to assume its power purchase agreements as soon as possible during its bankruptcy reorganization.

With the condition stated above, IEP supports the PD's approval of PG&E's Debtor-in-Possession financing; the continued operation of PG&E as an electric and gas utility is critical to the public interest.

Respectfully submitted January 25, 2019 at Sacramento, California.

By: /s/ Jan Smutny-Jones

Jan Smutny-Jones

Independent Energy Producers Association