

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.

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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,

A handwritten signature in blue ink that reads "Bill".

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

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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