



***PG&E Corporation***<sup>®</sup>

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## **2022 THIRD QUARTER EARNINGS**

October 27, 2022

# Forward-Looking Statements



This presentation contains statements regarding PG&E Corporation's and Pacific Gas and Electric Company's (the "Utility") future performance, including expectations, objectives, and forecasts about operating results (including 2022, 2023, and 2024 non-GAAP core earnings), equity needs, debt needs, rate base growth, capital expenditures, expense reductions, wildfire risk mitigation, and regulatory developments. These statements and other statements that are not purely historical constitute forward-looking statements that are necessarily subject to various risks and uncertainties. Actual results may differ materially from those described in forward-looking statements. PG&E Corporation and the Utility are not able to predict all the factors that may affect future results. Factors that could cause actual results to differ materially include, but are not limited to, risks and uncertainties associated with:

- wildfires that have occurred in the Utility's territory, including the extent of the Utility's liability in connection with the 2019 Kincadee fire, the 2020 Zogg fire (including the outcome of the criminal complaint filed in connection with the 2020 Zogg fire), the 2021 Dixie fire, the 2022 Mosquito fire, and future wildfires;
- the Utility's ability to recover wildfire-related costs, including costs for the 2021 Dixie fire, from the Wildfire Fund (including the Utility's maintenance of a valid safety certificate and whether the Wildfire Fund has sufficient remaining funds) and through the WEMA and FERC TO rate cases; and the timing of insurance recoveries;
- the Utility's implementation of its wildfire mitigation programs, including the Public Safety Power Shutoff program, EPSS, situational awareness and response, the undergrounding initiative, and the programs' effectiveness;
- the Utility's ability to safely and reliably operate, maintain, construct and decommission its facilities;
- the Utility's ability to obtain wildfire insurance at a reasonable cost in the future, or at all; the adequacy of insurance coverage and scope of limitations; the ability to obtain recovery of insurance premiums; the timing and extent of insurance recoveries; and the Utility's proposal to self-insure;
- changes in the electric power and gas industries driven by technological advancements and a decarbonized economy;
- a cyber incident, cyber security breach, severe natural event, or physical attack;
- severe weather conditions, extended drought, and climate change, particularly their impact on the likelihood and severity of wildfires;
- the impact of legislative and regulatory developments, including those regarding wildfires, the environment, California's clean energy goals, the nuclear industry, regulation of utilities and their holding companies, municipalization, privacy, and taxes;
- the timing and outcome of FERC and CPUC proceedings, including regarding ratemaking, cost recovery, and the application to transfer non-nuclear generation assets;
- the outcome of self-reports, investigations or other enforcement actions, including the EOEP and other enforcement proceedings;
- PG&E Corporation and the Utility's substantial indebtedness, which may adversely affect their financial health and limit their operating flexibility;
- the ability of PG&E Corporation and the Utility to finance through securitization up to \$2.4 billion of remaining fire risk mitigation capital expenditures that were or will be incurred by the Utility;
- the timing and outcome of PG&E Corporation's and the Utility's litigation, including unresolved claims from the Chapter 11 proceedings, securities class action claims, wildfire-related litigation, and appeals of the Confirmation Order;
- future substantial sales of shares of common stock of PG&E Corporation by existing shareholders, including the Fire Victim Trust;
- the Utility's ability to retain or contract for the workforce to execute its wildfire mitigation initiatives;
- the Utility's ability to control operating costs, timely recover costs through rates and achieve projected savings, and the extent of excess unrecoverable costs;
- the tax treatment of certain assets and liabilities, including whether PG&E Corporation or the Utility undergoes an "ownership change" that limits certain tax attributes;
- the impact of growing distributed and renewable generation resources, and changing customer demand for its natural gas and electric services; and
- the other factors disclosed in PG&E Corporation and the Utility's joint annual report on Form 10-K for the year ended December 31, 2021, their joint quarterly report on Form 10-Q for the quarter ended September 30, 2022 (the "Form 10-Q"), and other reports filed with the SEC, which are available on PG&E Corporation's website at [www.pgecorp.com](http://www.pgecorp.com) and on the SEC website at [www.sec.gov](http://www.sec.gov).

Undefined, capitalized terms have the meanings set forth in the Form 10-Q. Unless otherwise indicated, the statements in this presentation are made as of October 27, 2022. PG&E Corporation and the Utility undertake no obligation to update information contained herein. This presentation was attached to PG&E Corporation and the Utility's joint current report on Form 8-K that was furnished to the SEC on October 27, 2022 and is also available on PG&E Corporation's website at [www.pgecorp.com](http://www.pgecorp.com).

# Delivering On 2022, Introducing 2023...



## NON-GAAP CORE EPS<sup>1</sup>

### Results

- Third Quarter - **29¢**
- Third Quarter Year to Date - **84¢**



Delivered


### EPS Growth

- At Least 10% for 2022-2024
- At Least 9% in 2025 and 2026



On Track

## Guidance

**2022**  
On Track 

**2023**

**2024**

EPS<sup>1</sup>

**\$1.09 - \$1.11**  
Up at Least 10%

**\$1.19 - \$1.23**  
Up at Least 10%

Up at Least 10%

New Equity

**\$0**

**\$0**

**\$0**

...For Customers And Investors <sup>3</sup>

## Mitigating Physical Risk

### System Resilience

- Improved Response to Extreme Heat Conditions
- Wildfire Mitigation: Layers of Protection

### Working with California

- Undergrounding Legislation (SB 884)
- Diablo Canyon Legislation (SB 846)

## Mitigating Financial Risk

### Customers

- Simple, Affordable Model
- Improved EPSS Outage Response
- Generation Minority Interest Sale

### Investors

- Non-GAAP Core EPS Growth<sup>1</sup>
  - At Least 10% for 2022-2024
  - At Least 9% in 2025 and 2026
- Stronger Balance Sheet
- No Equity Through 2024

# Adding Layers Of Protection...



**PG&E actions  
have mitigated**

**90%**

**of wildfire risk<sup>1</sup>**



**Partial Voltage  
Detection and  
Downed Conductor  
Technology**

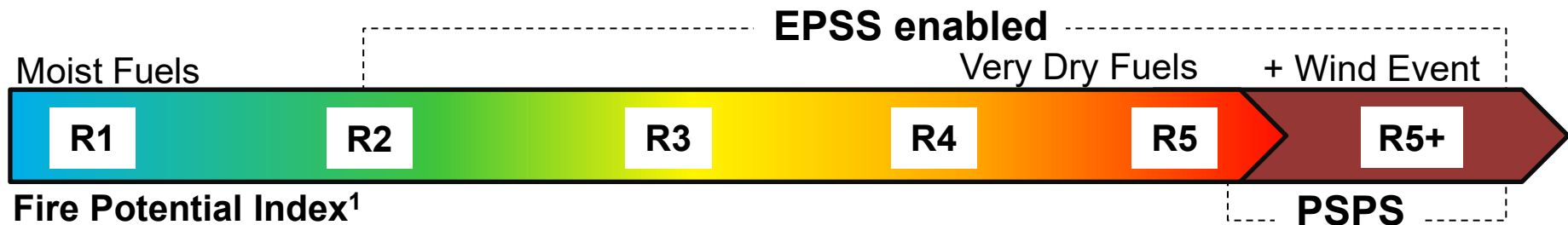


**...Innovating Beyond Ninety Percent** <sup>5</sup>

# An Adaptive, Systematic, Risk Mitigation Approach...



**EPSS and PSPS address a significant portion of the wildfire risk**



In 2012-2020, 95% of acres burned and 100% of structures burned occurred under R3 or greater conditions.



**Ignition Impact Measure shows that EPSS is working<sup>2</sup>**

**36%** More days in 2022 with R3+ Fire Potential Index Conditions, relative to 2018-2020

**99%** Reduction in acres impacted, relative to 2018-2020<sup>3</sup>

**...Provides Layers Of Protection<sup>6</sup>**

# Simple, Affordable Model...



## OPPORTUNITIES<sup>1</sup>

**Customer Capital Investment**

**~9%**

**Long-Term Factors: Offset Customer Investment**

-O&M Cost Reduction (Non-Fuel) <sup>2</sup>	2%
-Electric Load Growth <sup>3</sup>	1% - 3%
-Other (Including Efficient Financing) <sup>4</sup>	2%

**Subtotal**

**5% - 7%**

**Customer Impacts: At or Below Assumed Inflation**

**2% - 4%**

**...Mitigating Financial Risk <sup>7</sup>**

# The Right Solutions for California...






## SB 884 Undergrounding Legislation

### Pre-Legislation

- Annual targets for undergrounding projects approved by OEIS in the Wildfire Mitigation Plan
- Cost recovery approved in 4-year GRC cycle
- Limited workplan cost certainty

### Benefits




-  **10-Year Long-Term Plan, 18-Month Expedited Review**
-  **Predictable Cost Recovery**
-  **Efficient Work Planning = Cost Savings for Customers**

## SB 846 Diablo Canyon Legislation

### Pre-Legislation

- Diablo Canyon retirement in 2024 and 2025
- High renewable replacement costs

### Benefits

-  **Stability for California:** 5-year extension
-  **Financial Risk Mitigation:** Appropriate compensation
-  **Reinvestment for Customers:** Simple, Affordable Model

... Provide Stability For Customers And Investors <sup>8</sup>



# Engaging With Policymakers...



2019	✓ Wildfire Insurance Fund Legislation Passes (AB 1054)
2020	✓ FERC Approval of TO20 Settlement (10.45% ROE through 2023) ✓ Interim Rate Relief Authorized ✓ 2020 GRC Final Decision
2021	✓ Favorable Final Decisions in the First AB 1054 Securitization, Short-Term Debt Financing and Long-Term Debt Financing Proceedings
2022	✓ Diablo Canyon Legislation Passes (SB 846) ✓ Undergrounding Legislation Passes (SB 884) Recommended to Exit Enhanced Oversight Enforcement 2022 and 2023 Cost of Capital Decisions Expected
2023	2023 GRC Decision Scheduled 10-Year Undergrounding Plan to be Filed Proposed Generation Asset Minority Interest Sale

Pending items in blue

# Report Card...



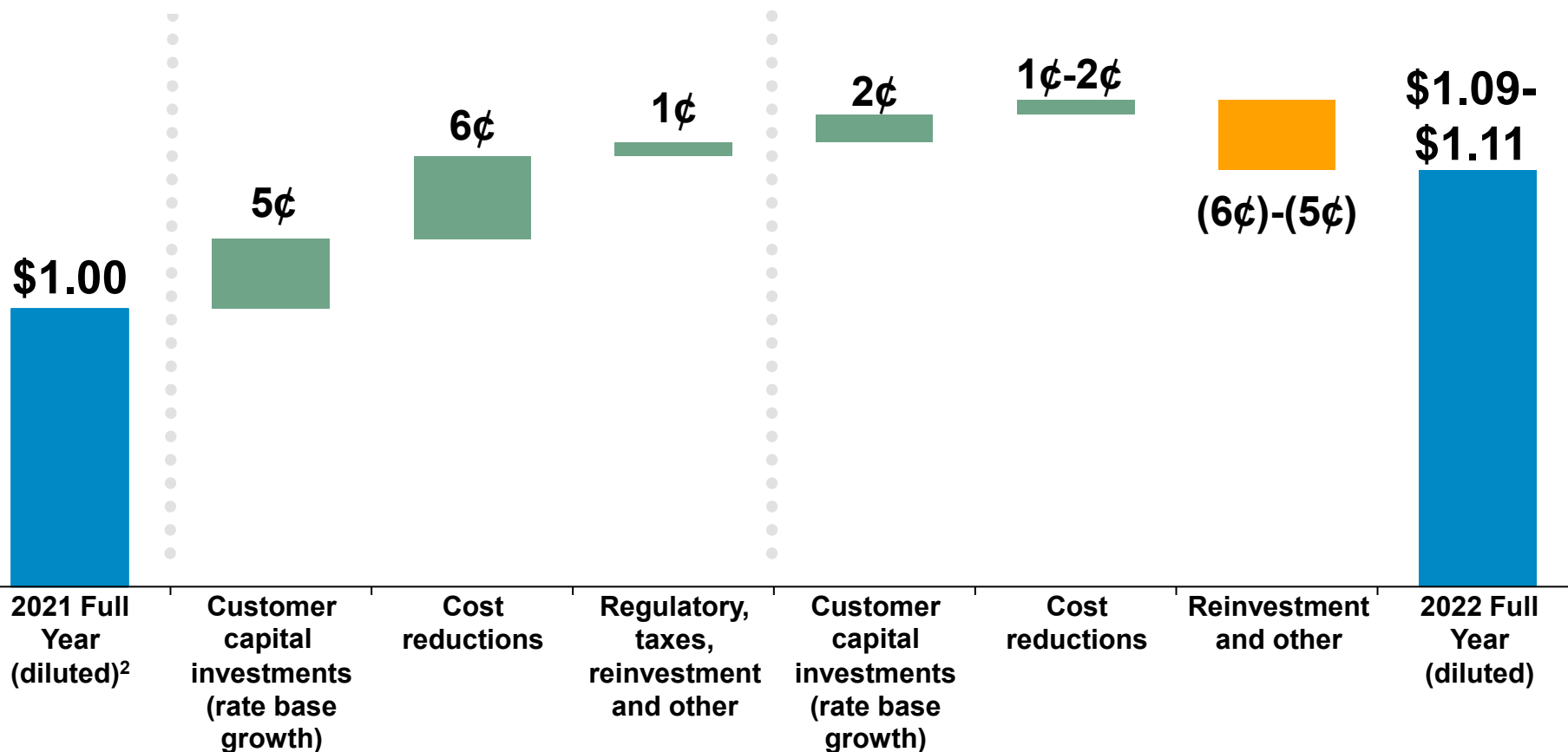
	Metric	2022 Status <sup>1</sup>	2022 Goal	2022-2026 Goal
WILDFIRE	• Annual CPUC Reportable Ignitions greater than or equal to 100 acres <sup>2</sup>	1	0	0
	• Undergrounding Circuit Miles <sup>3</sup>		175	3,600
CUSTOMER	• Gas Distribution Main Replacement Miles <sup>4</sup>	203	220	1,150
	• Annual O&M Cost Reduction (Non-Fuel) <sup>5</sup>		2%	2%
FINANCIAL	• Non-GAAP Core EPS Growth <sup>6</sup>		At least 10%	2022-2024 at least 10% 2025 & 2026 at least 9%
	• Rate Base Growth <sup>7</sup>		~6%	~9.5% CAGR
	• FFO/Debt <sup>8</sup>		>13%	Mid-to-high teens by 2024
	• Debt Paydown		Rate Neutral Securitization	\$2+ billion PG&E Corporation debt paydown

# 2022 Non-GAAP Core EPS<sup>1</sup> On Track...



## First Nine Months Up 12¢

## Fourth Quarter Forecast

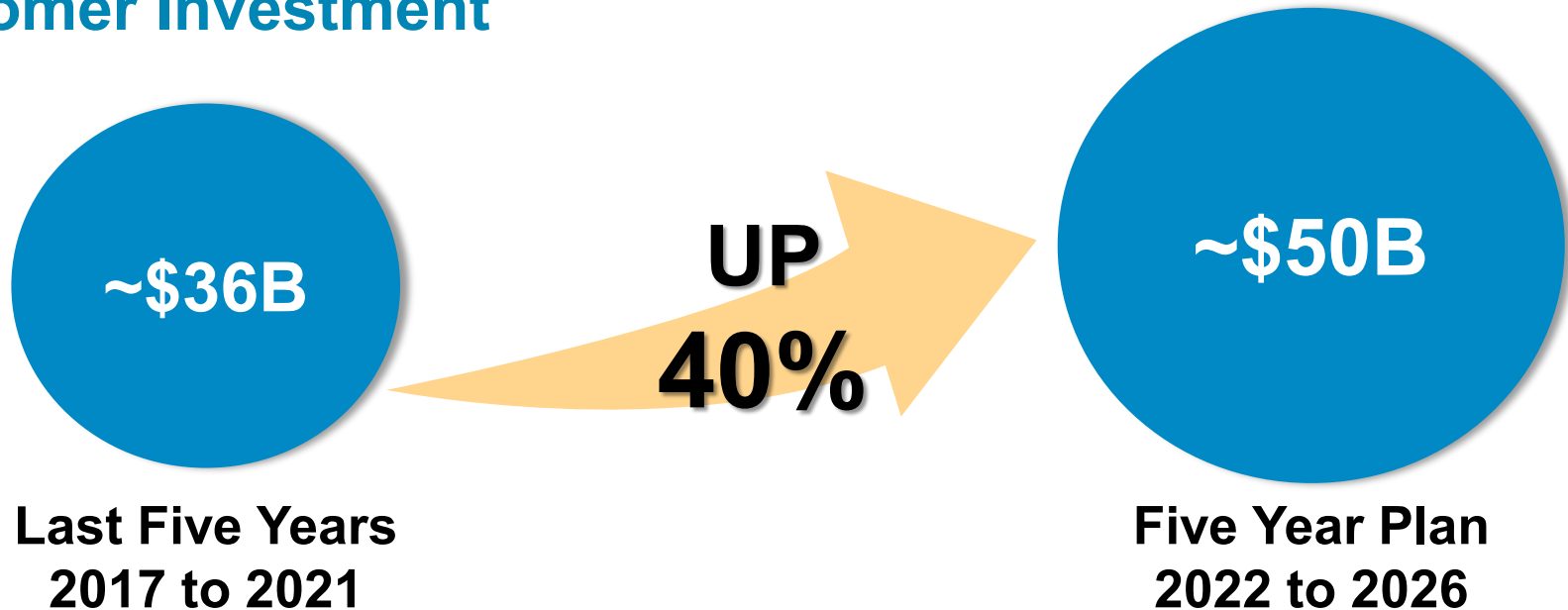


...Opportunity to Reinvest For Customers <sup>11</sup>

# Guidance Supports Investment. . .



## Customer Investment (CapEx)



## Guidance

	2022 On Track	2023	2024
EPS <sup>1</sup>	\$1.09 - \$1.11 Up at Least 10%	\$1.19 - \$1.23 Up at Least 10%	Up at Least 10%
New Equity	\$0	\$0	\$0

...For Customers And Investors

# Simple, Affordable Model...



## MODEL<sup>1</sup>

### FUTURE

**Customer Capital Investment**

~9%

**Long-Term Factors: Offset Customer Investment**

-O&M cost reduction (non-fuel)<sup>2</sup>

2%

-Electric load growth<sup>3</sup>

1% - 3%

-Other (including efficient financing)<sup>4</sup>

2%

**Subtotal**

5% - 7%

**Customer Impacts: At or Below Assumed Inflation**

2% - 4%

## POSSIBLE EXAMPLES OF O&M COST REDUCTION (NON-FUEL)

**ANNUAL**  
in Millions

**2022 Plan**

**Long- Term Plan**

### Good Business Decisions

-Attrition	\$25	\$25
-Contracting	150	50
-Capital Conversion	150	50
-Automation	5	25

### Savings through Lean

-Planning and Execution Improvements	30	130
--------------------------------------	----	-----

### Net Cost Increases

<b>Net Savings</b>	<u>(160)</u>	<u>(80)</u>
	<u>\$ 200</u>	<u>\$ 200</u>

### Percent Savings

2%

2%

## EFFICIENT FINANCING

**Sale of a Minority Interest in Pacific Generation LLC**

### Customers

- No bill impacts
- Retain generation market pricing benefits

### Investors

- Alternative to potentially dilutive equity issuance
- Additional capital sources for generation safety and reliability investment

...For Customers And Investors <sup>13</sup>

# Regulatory And Legislative Highlights...



## Cost of Capital

- **2022:** Proposed and alternate proposed decisions received
- **2023:** Final decision expected Q4 2022

## 2023 GRC

- **Self-insurance settlement** filed with CPUC
- **Final decision** scheduled for Q3 2023

## Wildfire-Related Cost Recovery

- **\$800M** Approved for rate inclusion
- **\$2.1B** Pending final CPUC decision
- **\$2.8B** To be filed

## Undergrounding and Diablo Canyon Legislation

- **SB 884:** Support for a 10-year undergrounding plan
- **SB 846:** Supports continuation of DCPD

...Enabling The Simple, Affordable Model

# Value Proposition...



	<u>2022-2024</u>	<u>2025-2026</u>
Non-GAAP Core EPS <sup>1</sup> (CAGR)	10%	
Non-GAAP Core EPS Growth	At least 10%	At least 9%
Dividend	Eligibility reached mid-2023 <sup>2</sup>	
Annual Non-GAAP Core EPS Growth & Dividend Yield	At least 10%	At least 10%
Rate Base Growth (CAGR) <sup>3</sup>	~9.5%	
O&M Cost Reduction (Non-Fuel) <sup>4</sup>	2% Annually	
FFO/Debt <sup>5</sup>	Mid-to-high teens by 2024	

## Mitigating Physical Risk

### System Resilience

- Improved Response to Extreme Heat Conditions
- Wildfire Mitigation: Layers of Protection

### Working with California

- Undergrounding Legislation (SB 884)
- Diablo Canyon Legislation (SB 846)

## Mitigating Financial Risk

### Customers

- Simple, Affordable Model
- Improved EPSS Outage Response
- Generation Minority Interest Sale

### Investors

- Non-GAAP Core EPS Growth<sup>1</sup>
  - At Least 10% for 2022-2024
  - At Least 9% in 2025 and 2026
- Stronger Balance Sheet
- No Equity Through 2024





# Q&A



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## **Appendix**

# Table of Contents



Appendix 1	2022 Factors Impacting Earnings	Slide 20
Appendix 2	2023 Factors Impacting Earnings	Slide 21
Appendix 3	CapEx and Rate Base	Slide 22
Appendix 4	Expected Recovery of Wildfire-Related Costs	Slide 23
Appendix 5	SB 846 Diablo Canyon Legislation	Slide 24
Appendix 6	Wildfire Mitigation Plan Progress	Slide 25
Appendix 7	PG&E Utility Securitization Program	Slide 26
Appendix 8	Regulatory Progress	Slide 27
Appendix 9	Presentation Endnotes	Slide 28-30
Appendix 10	Supplemental Earnings Materials	Slide 31-45

# Appendix 1: 2022 Factors Impacting Earnings



## Key Ranges

### Non-GAAP Core EPS

**\$1.09 - \$1.11**

### New Equity

**\$0**

## Weighted Average Rate Base<sup>1</sup>

**Equity Ratio:**<sup>2</sup> 52%      **Return on Equity:**<sup>3</sup> 10.25%

General Rate Case      ~\$32.9B

Gas Transmission & Storage      ~\$6.2B

Transmission Owner      ~\$10.7B

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**Total Rate Base      ~\$49.8B**

## Non-Core Items<sup>4</sup>

(\$ millions after tax)

Estimated non-core items guidance      **\$220 - \$630**

*Non-cash portion*<sup>5</sup>      **\$120**

## Key Factors Affecting Non-GAAP Core Earnings<sup>6</sup>

(\$ millions after tax)

- Unrecoverable interest expense<sup>7</sup>      \$330 - \$370

Other earnings factors including AFUDC equity,  
+ incentive revenues, tax benefits, and cost  
savings, net of below-the-line costs

Changes from prior quarter noted in blue

Presentation endnotes are included in Appendix 9.

# Appendix 2: 2023 Factors Impacting Earnings



## Key Ranges

### Non-GAAP Core EPS

**\$1.19 - \$1.23**

### New Equity in 2023 and 2024

**\$0**

## Weighted Average Rate Base<sup>1</sup>

**Equity Ratio:**<sup>2</sup> 52%      **Return on Equity:**<sup>3</sup> 10.25%

General Rate Case      ~\$44.5 - \$48.5B

Transmission Owner      ~\$11.5B

---

**Total Rate Base**      **~\$56 - \$60B**

## Non-Core Items<sup>4</sup>

(\$ millions after tax)

Estimated non-core items guidance      \$50 - \$460

*Non-cash portion*<sup>5</sup>      \$(270)

## Key Factors Affecting Non-GAAP Core Earnings<sup>6</sup>

(\$ millions after tax)

- Unrecoverable interest expense<sup>7</sup>      \$370 - \$430

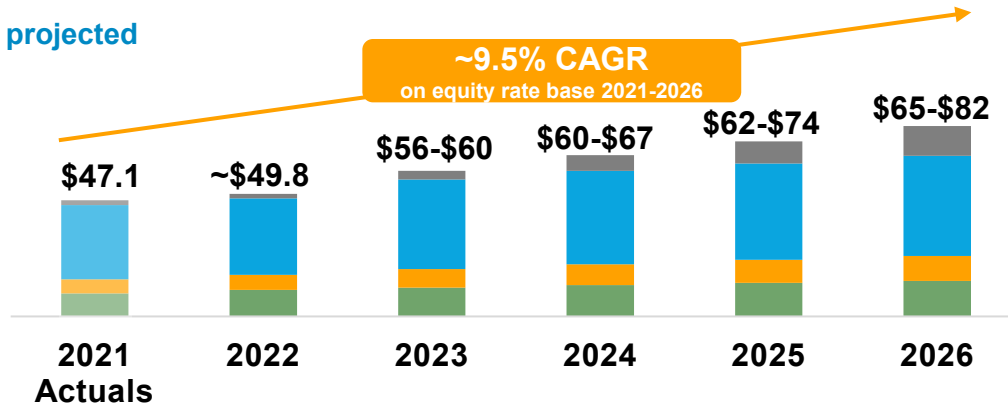
Other earnings factors including AFUDC equity,  
+ incentive revenues, tax benefits, and cost  
savings, net of below-the-line costs

# Appendix 3: CapEx And Rate Base



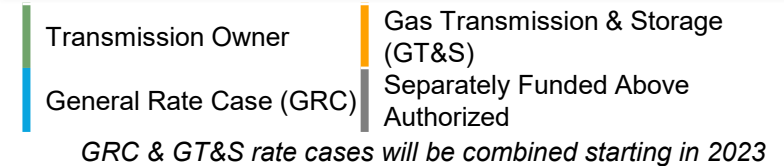
## Weighted average rate base (\$B)

projected



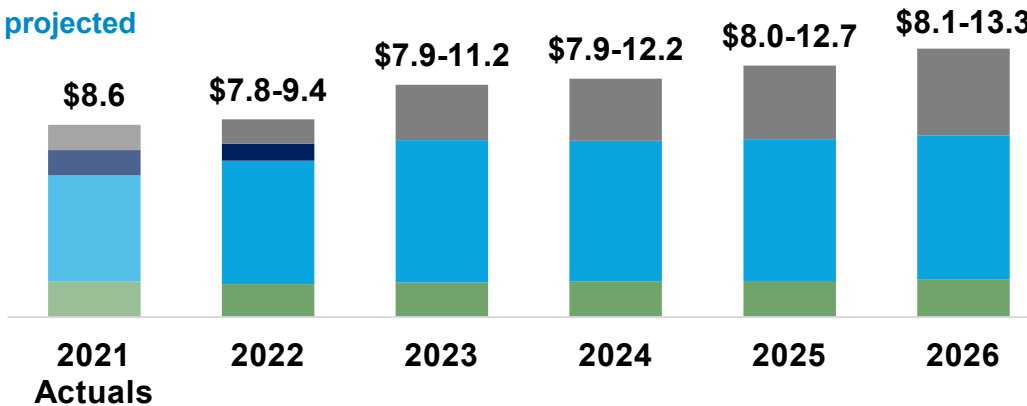
## Potential Growth Opportunities

- Undergrounding
- Additional wildfire mitigation (including remote grid integration)
- Transportation electrification



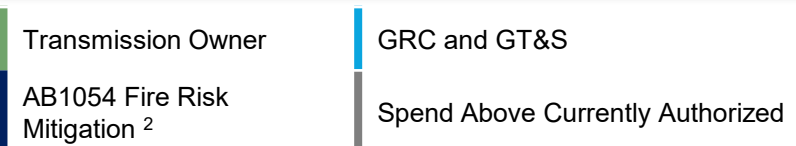
## CapEx (\$B) <sup>1</sup>

projected



## Subject to Ongoing and Future Recovery Requests

- 2023 GRC request (Sept. '22 update filing)
- Oakland HQ Purchase <sup>3</sup>
- Undergrounding (~20% of 2022-2026 CapEx)
- Transportation electrification



# Appendix 4: Expected Recovery Of Wildfire-Related Costs



\$ in Millions

## Approved Cost Recovery (Final Decisions)

Application		Balance at 9/30/22	Recovery Through	Expected Rate Recovery by Year	
				2022	2023
2020 GRC <sup>1</sup>	●	630	Dec. 2023	117	514
2018 CEMA	●	207	Dec. 2023	78	129
<b>Total</b>		<b>837</b>		<b>194</b>	<b>643</b>

## Pending & Future Cost Recovery (Settled, Filed or Yet to be Filed)

Application		Balance at 9/30/22	Expected Amortization	Expected Rate Recovery by Year (subject to CPUC authorization)		
				2022	2023	2024+
2020 WMCE (Settled)	●	591	24 months	-	296	295
2021 WMCE (Filed)	●	1,498	24 months	-	753	745
TBD (Yet to be Filed)	●	2,776	TBD	-	-	2,776
<b>Total</b>		<b>4,865</b>		<b>-</b>	<b>1,049</b>	<b>3,816</b>

<b>Total</b>	●	<b>5,702</b>		<b>194</b>	<b>1,692</b>	<b>3,816</b>
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## Expected Cash Flow Recovery from Previously Incurred Wildfire-Related Spend<sup>2</sup>

**\$0.8B** ●

Approved for Rate Inclusion

**\$2.1B** ●

Pending Final Decisions

**\$2.8B** ●

Yet to be Filed

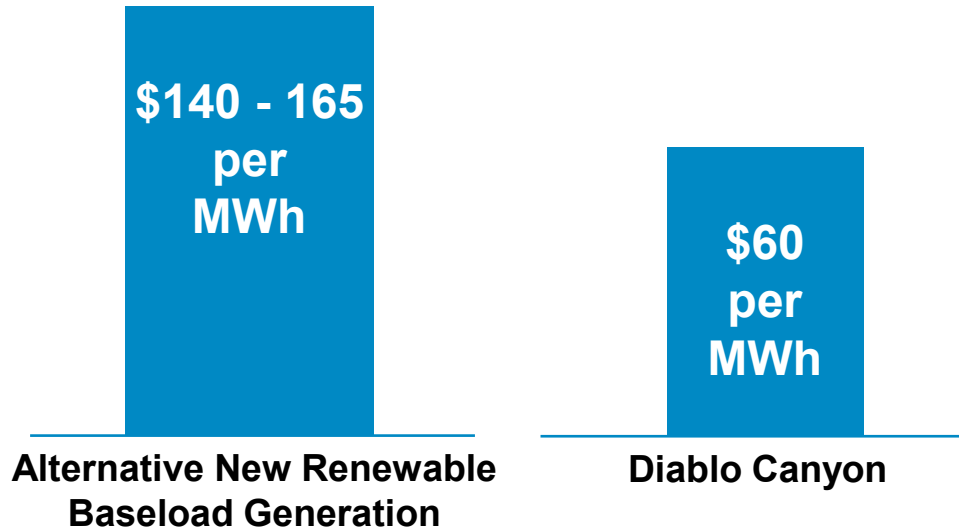
**\$5.7B** ●

Total

# Appendix 5: SB 846 Diablo Canyon Legislation



## Estimated Cost of Diablo Canyon Extension Compared to Alternative Non-GHG Emitting Technologies



**People**



**Planet**



**Prosperity**

## Cost Recovery

**2022-2024<sup>1</sup>**

### Pre-Extension Period

- Ongoing O&M and rate base recovery through the GRC
- \$1.4B in state funding available to cover extension costs; to be reimbursed from any DOE program proceeds
- \$7/MWh transition fee starting 9/2/2022 (up to \$300M) available to invest into the business

**2025-2030<sup>2</sup>**

### Extension Period

- \$100M/year in lieu of traditional rate base return
- O&M and capex annual automatic true-up mechanism
- \$13/MWh performance fee upside to be deployed for customer benefit

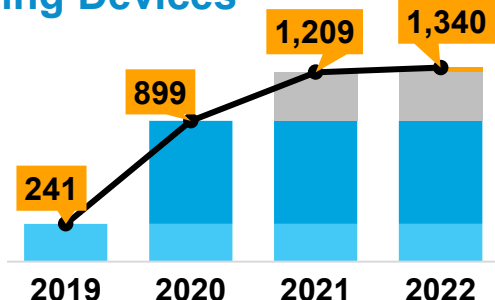


# Appendix 6: Wildfire Mitigation Plan Progress<sup>1</sup>



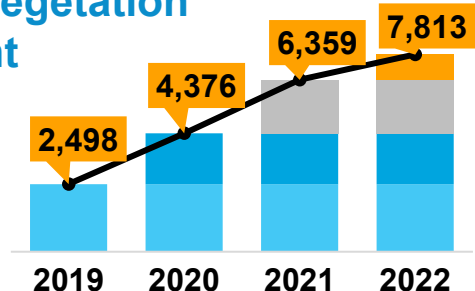
## Sectionalizing Devices

**1,340**  
Devices  
Installed



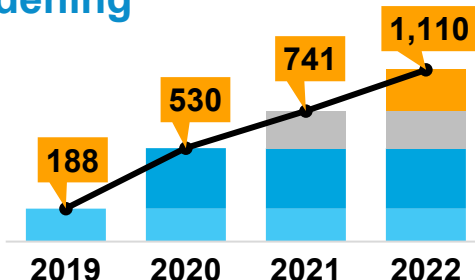
## Enhanced Vegetation Management

**7,813**  
Lines Miles  
Completed



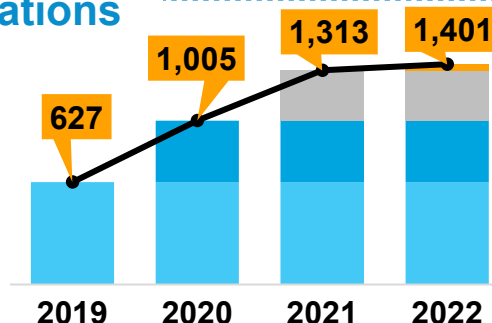
## System Hardening

**1,110**  
Line Miles  
Hardened



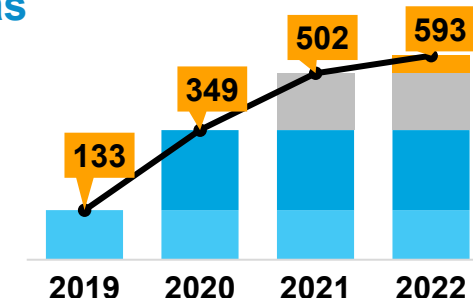
## Weather Stations

**1,401**  
Stations  
Installed



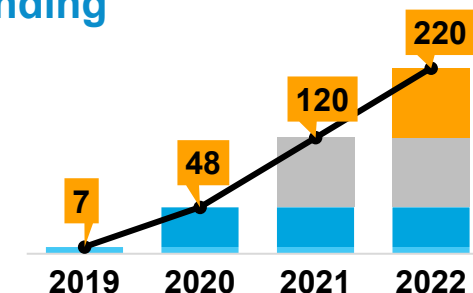
## HD Cameras

**593**  
Cameras  
Installed



## Undergrounding

**220**  
Miles  
Completed



# Appendix 7: PG&E Utility Securitization Program



The Utility has completed roughly \$8.4B of the \$10.7B securitization issuances expected over the next several years

## Complete

### Rate Neutral Securitization A.20-04-023



#### Statutory Authority:

- SB 901 signed into law on September 21, 2018

#### Total Issuance Amount:

- Up to \$7.5B in up to three issuances by December 31, 2022

#### Use of Proceeds:

- Pay or reimburse the Utility for the payment of costs and expenses relating to catastrophic wildfires ignited in 2017

#### Financing Order:

- Financing order issued on May 11, 2021
- Financing order became final and non-appealable as of February 28, 2022

#### Securitization Timing:

- Issuances complete
- \$3.6B issued in May 2022
- \$3.9B issued in July 2022

### AB 1054 Securitization A.22-03-010

- AB 1054 signed into law on July 12, 2019

- Up to \$3.2B across several bond issuances

- Reimburse capital expenses associated with wildfire risk mitigation

- Initial financing order issued June 24, 2021, which became final, non-appealable on July 6, 2021
- [Final Decision issued August 5, 2022 granting authority to securitize up to \\$1.4B recovery bonds](#)

- \$860M recovery bonds issued in November 2021
- [Second issuance expected Q4 2022 - Q1 2023](#)

# Appendix 8: Regulatory Progress



Regulatory Case/Filing	Docket	Status as of October 2022	Expected Milestones <sup>1</sup>
2023 GRC	A.21-06-021	2023 GRC Filed 6/30/21 Supplemental Testimony Filed 2/25/22 <b>Self-Insurance Settlement Filed 10/7/22</b>	Proposed Decision Q3 2023 <b>Self-Insurance Decision Requested by February 2023</b>
2022 Cost of Capital	A.21-08-013/014/015	2022 Application Filed 8/23/21 ACCOM Trigger 9/30/21 <b>Proposed Decision and Alternate Proposed Decision Issued 9/30/22</b>	<b>Final Decision Q4 2022</b>
2023 Cost of Capital	A.22-04-008	2023 Application Filed 4/20/22 Scoping Memo Issued 7/12/22 <b>Reply Briefs 9/30/22</b>	<b>Final Decision Q4 2022</b>
2020 WMCE	A.20-09-019	Application Filed 9/30/20 Settlement Filed 9/21/21 <b>Proposed Decision and Alternate Proposed Decision Issued 10/11/22</b>	
2021 WMCE	A.21-09-008	Application Filed 9/16/21	
2022 Wildfire Mitigation Plan	R.18-10-007	Filed 2/25/22 <b>Draft Decision Issued 10/6/22</b>	<b>Reply Comments Q4 2022</b>
2022 Safety Certificate		<b>Provided Comments on Draft Guidelines 8/8/22</b> <b>Submitted Request 9/14/22</b>	
Minority Interest Sale in Pacific Generation LLC		<b>Filed 9/28/22</b>	<b>Final Decision Q2 2023</b> <b>Close Transaction Q4 2023</b>

# Appendix 9: Presentation Endnotes



Slide titles are hyperlinks

## **Slide 3: Delivering On 2022, Introducing 2023**

1. Non-GAAP core EPS is not calculated in accordance with GAAP and excludes non-core items. See Appendix 10, Exhibit A for a reconciliation of EPS on a GAAP basis to non-GAAP core earnings per share and Appendix 10, Exhibit F for the use of non-GAAP financial measures.

## **Slide 4: 2022: Mitigating Risk**

1. Non-GAAP core EPS is not calculated in accordance with GAAP and excludes non-core items. See Appendix 10, Exhibit A for a reconciliation of EPS on a GAAP basis to non-GAAP core earnings per share and Appendix 10, Exhibit F for the use of non-GAAP financial measures.

## **Slide 5: Adding Layers Of Protection**

1. Based on a comparison in the Utility's GRC testimony of the wildfire risk score for a baseline risk level to a risk level reflecting the Utility's mitigation work. Risk scores are calculated using the scoring methodology established by the CPUC in the Safety Model Assessment Proceeding, which reflects the frequency with which various risks are expected to occur and the potential safety, reliability, and financial impacts of varying degrees of wildfire severity.

## **Slide 6: An Adaptive, Systematic, Risk Mitigation Approach**

1. The Fire Potential Index combines fire weather parameters (wind speed, temperature, and vapor pressure deficit), dead and live fuel moisture data, topography, and fuel model data to rank fire danger on a scale from R1 to R5-Plus.
2. Measures acres burned by CPUC-reportable ignitions in HFTDs associated with primary distribution assets. The Ignition Impact Measure is intended to evaluate the effectiveness of EPSS and does not reflect the efficacy of all wildfire mitigation initiatives. A reportable fire incident per Decision 14-02-015 is a fire event that meets the following criteria: 1) ignition is associated with the Utility's power lines (either transmission or distribution), 2) something other than the Utility's facilities burned, and 3) the resulting fire travelled more than one meter from the ignition point.
3. Compares data as of September 30, 2022 to an average of the same period for the years 2018-2020.

## **Slide 7: Simple, Affordable Model**

1. These numbers are illustrative approximations.
2. The Utility's cost reduction strategies include increased efficiency driven by implementing the Lean operating system, improving its work management, identifying additional opportunities to convert expenses to capital expenditures, and an improved organizational design. Factors that may cause the Utility's actual results to differ materially from its forecasts include whether the Utility can control its operating costs within the authorized levels of spending and timely recover its costs through rates; whether the Utility can continue implementing a streamlined organizational structure and achieve projected savings; the extent to which the Utility incurs unrecoverable costs that are higher than the forecasts of such costs; and changes in cost forecasts or the scope and timing of planned work resulting from changes in customer demand for electricity and natural gas or other reasons.
3. Expected drivers of forecasted electric load growth include electrification and electric vehicle adoption.
4. Factors that may cause the Utility's actual results to differ materially from its forecasts include the ability of PG&E Corporation and the Utility to access capital markets and other sources of debt and equity financing in a timely manner on acceptable terms; their ability to raise financing through securitization transactions; actions by credit rating agencies to downgrade PG&E Corporation's or the Utility's credit ratings; the supply and price of electricity, natural gas, and nuclear fuel; the availability, cost, coverage, and terms of the Utility's insurance; and the impact of any changes in federal or state tax laws, policies, regulations, or their interpretation, and PG&E Corporation's and the Utility's ability to obtain efficient tax treatment.

## **Slide 10: Report Card**

1. Green checks indicate on track to meet 2022 target.
2. Measures the number of fire ignitions that result in fires equal to or greater than 100 acres in the Utility's High Fire Threat Districts and reportable to the CPUC per Decision 14-02-015. A reportable fire incident per Decision 14-02-015 is a fire event that meets the following criteria: 1) ignition is associated with the Utility's power lines (either transmission or distribution), 2) something other than the Utility's facilities burned, and 3) the resulting fire travelled more than one meter from the ignition point. The Utility filed an Electric Incident Report on the Old Fire because Cal Fire collected utility equipment, and there was media attention. However, this ignition is not recorded as a CPUC-reportable ignition because the Utility is not aware of any damage to its equipment at the suspected ignition point. Cal Fire is continuing its investigation into the cause of the Old fire. Recorded 1 refers to the 2022 Mosquito fire. PG&E Corporation's and the Utility's investigation into the cause of the 2022 Mosquito fire is not complete. US Forest Service is continuing its investigation into the cause of the Mosquito fire.
3. 2022-2026 goal assumes authorization of all funding applicable for undergrounding requested in the 2023 General Rate Case and will be updated based on the final decision.
4. 2022-2026 goal assumes authorization of all funding applicable for gas distribution main replacement requested in the 2023 General Rate Case and will be updated based on the final decision.
5. 2% reduction calculated based on the prior year's operating and maintenance costs, excluding fuel costs. Reductions available for redeployment.
6. Non-GAAP core EPS is not calculated in accordance with GAAP and excludes non-core items. See Appendix 10, Exhibit A for a reconciliation of EPS on a GAAP basis to non-GAAP core earnings per share and Appendix 10, Exhibit F for the use of non-GAAP financial measures.
7. In accordance with AB 1054, \$3.21 billion of fire risk mitigation capital expenditures will be excluded from the Utility's equity rate base.
8. As calculated according to S&P Global's methodology.

# Appendix 9: Presentation Endnotes



Slide titles are hyperlinks

## **Slide 11: 2022 Non-GAAP Core EPS On Track**

1. Non-GAAP core EPS is not calculated in accordance with GAAP and excludes non-core items. See Appendix 10, Exhibit A for a reconciliation of EPS on a GAAP basis to non-GAAP core earnings per share and Appendix 10, Exhibit F for the use of non-GAAP financial measures.
2. Non-GAAP Core EPS for the full year 2021 was \$1.00 per share on a fully diluted basis and \$1.08 using a basic share count. The impact of dilution was \$(0.08) per share. See Appendix 9, Exhibit A of the earnings presentation for the fourth quarter and full year 2021, available [here](#), for a reconciliation of EPS on a GAAP basis to non-GAAP core earnings per share and Appendix 9, Exhibit H for the use of non-GAAP financial measures.

## **Slide 12: Guidance Supports Investment**

1. Non-GAAP core EPS is not calculated in accordance with GAAP and excludes non-core items. See Appendix 10, Exhibit A for a reconciliation of EPS on a GAAP basis to non-GAAP core earnings per share and Appendix 10, Exhibit F for the use of non-GAAP financial measures.

## **Slide 13: Simple, Affordable Model**

1. These numbers are illustrative approximations.
2. The Utility's cost reduction strategies include increased efficiency driven by implementing the Lean operating system, improving its work management, identifying additional opportunities to convert expenses to capital expenditures, and an improved organizational design. Factors that may cause the Utility's actual results to differ materially from its forecasts include whether the Utility can control its operating costs within the authorized levels of spending and timely recover its costs through rates; whether the Utility can continue implementing a streamlined organizational structure and achieve projected savings; the extent to which the Utility incurs unrecoverable costs that are higher than the forecasts of such costs; and changes in cost forecasts or the scope and timing of planned work resulting from changes in customer demand for electricity and natural gas or other reasons.
3. Expected drivers of forecasted electric load growth include electrification and electric vehicle adoption.
4. Factors that may cause the Utility's actual results to differ materially from its forecasts include the ability of PG&E Corporation and the Utility to access capital markets and other sources of debt and equity financing in a timely manner on acceptable terms; their ability to raise financing through securitization transactions; actions by credit rating agencies to downgrade PG&E Corporation's or the Utility's credit ratings; the supply and price of electricity, natural gas, and nuclear fuel; the availability, cost, coverage, and terms of the Utility's insurance; and the impact of any changes in federal or state tax laws, policies, regulations, or their interpretation, and PG&E Corporation's and the Utility's ability to obtain efficient tax treatment.

## **Slide 15: Value Proposition**

1. Non-GAAP core earnings per share is not calculated in accordance with GAAP and excludes non-core items. See Appendix 10, Exhibit A for a reconciliation of EPS on a GAAP basis to non-GAAP core earnings per share and Appendix 10, Exhibit F for the use of non-GAAP financial measures.
2. Pursuant to the Confirmation Order, PG&E Corporation agreed to not pay common dividends until it has recognized \$6.2 billion in non-GAAP core earnings after the Plan effective date. Subject to the foregoing restriction, any decision to declare and pay dividends in the future will be made at the discretion of the Board of Directors and will depend on, among other things, PG&E Corporation's results of operations, financial condition, cash requirements, contractual restrictions, and other factors that the Board of Directors may deem relevant.
3. In accordance with AB 1054, \$3.21 billion of fire risk mitigation capital expenditures will be excluded from the Utility's equity rate base.
4. 2% reduction calculated based on the prior year's operating and maintenance costs, excluding fuel costs. Reductions available for redeployment. The Utility's cost reduction strategies include increased efficiency driven by implementing the Lean operating system, improving its work management, identifying additional opportunities to convert expenses to capital expenditures, and an improved organizational design. Factors that may cause the Utility's actual results to differ materially from its forecasts include whether the Utility can control its operating costs within the authorized levels of spending and timely recover its costs through rates; whether the Utility can continue implementing a streamlined organizational structure and achieve projected savings; the extent to which the Utility incurs unrecoverable costs that are higher than the forecasts of such costs; and changes in cost forecasts or the scope and timing of planned work resulting from changes in customer demand for electricity and natural gas or other reasons.
5. As calculated according to S&P Global's methodology.

## **Slide 16: 2022: Mitigating Risk**

1. Non-GAAP core EPS is not calculated in accordance with GAAP and excludes non-core items. See Appendix 10, Exhibit A for a reconciliation of EPS on a GAAP basis to non-GAAP core earnings per share and Appendix 10, Exhibit F for the use of non-GAAP financial measures.

# Appendix 9: Presentation Endnotes



Slide titles are hyperlinks

## **Slide 20: Appendix 1: 2022 Factors Impacting Earnings**

1. 2022 equity earning rate base reflects 2020 GRC Final Decision, 2019 GT&S Final Decision, the April 15, 2021 FERC order denying the Utility's request for rehearing related to TO18, and TO20 Formula Rate.
2. The capital structure of an investor-owned utility is the proportional authorization of shareholders' equity and debt that comprise a company's long-range financing or its capitalization. The CPUC currently authorized capital structure is comprised of 47.5% long-term debt, 0.5% preferred equity, and 52% common equity. Base earnings plan assumes CPUC currently authorized return on equity and capital structure across the enterprise.
3. CPUC authorized ROE of 10.25% is pending resolution of the 2022 Cost of Capital filing.
4. Refer to Appendix 10, Exhibit C: PG&E Corporation's 2022 and 2023 Earnings Guidance.
5. Non-cash amounts for Non-Core items are after tax, directional, and subject to change.
6. Non-GAAP Core Earnings assumptions include:
  - CPUC final decision and approval of settlement for the 2020 Wildfire Mitigation Catastrophic Event ("WMCE") proceeding delayed to 2023;
  - No 2022 impacts from changes in the federal tax code; and
  - All potentially dilutive securities were included in the calculation of Non-GAAP Core EPS.
7. Unrecoverable interest expense includes PG&E Corporation long-term debt, Wildfire Fund contribution debt financing, and other interest above authorized.

## **Slide 21: Appendix 2: 2023 Factors Impacting Earnings**

1. 2023 equity earning rate base reflects 2020 GRC Final Decision, 2019 GT&S Final Decision, the April 15, 2021 FERC order denying the Utility's request for rehearing related to TO18, and TO20 Formula Rate, and 2023 GRC application including the September 2022 inflation update.
2. The capital structure of an investor-owned utility is the proportional authorization of shareholders' equity and debt that comprise a company's long-range financing or its capitalization. The CPUC currently authorized capital structure is comprised of 47.5% long-term debt, 0.5% preferred equity, and 52% common equity. Base earnings plan assumes CPUC currently authorized return on equity and capital structure across the enterprise.
3. CPUC authorized ROE of 10.25% is pending resolution of the 2023 Cost of Capital filing.
4. Refer to Appendix 10, Exhibit C: PG&E Corporation's 2022 and 2023 Earnings Guidance.
5. Non-cash amounts for Non-Core items are after tax, directional, and subject to change.
6. Non-GAAP Core Earnings assumptions include:
  - CPUC final decision and approval of settlement for the 2020 WMCE proceeding in 2023;
  - No 2023 impacts from changes in the federal tax code; and
  - All potentially dilutive securities were included in the calculation of Non-GAAP Core EPS.
7. Unrecoverable interest expense includes PG&E Corporation long-term debt, Wildfire Fund contribution debt financing, and other interest above authorized.

## **Slide 22: Appendix 3: CapEx And Rate Base**

1. Low end of the range reflects authorized capital expenditures, including the full amount recoverable through a balancing account where applicable. High end of the range includes capital spend above authorized and reflects the spending forecast from the 2023 GRC application including the September 2022 inflation update.
2. CapEx forecast includes \$3.21 billion of fire risk mitigation capital expenditures that will be excluded from the Utility's equity rate base. The Utility has spent approximately \$3.6 billion cumulatively towards this total including approximately \$500 million and \$1.1 billion during the three and nine months ended September 30, 2022.
3. The Utility entered into a lease for the Lakeside Building in Oakland, California, with an option to purchase in 2023, in accordance with its application to sell its San Francisco General Office headquarters complex and as requested in the 2023 GRC.

## **Slide 23: Appendix 4: Expected Recovery Of Wildfire-Related Costs**

1. Balance represents wildfire-related costs approved in the 2020 GRC and recorded in the RTBA, WMBA, and VMBA, and amounts approved through subsequent advice letters.
2. Amounts may not sum due to rounding.

## **Slide 24: Appendix 5: SB 846 Diablo Canyon Legislation**

1. The pre-extension period extends through the scheduled retirement dates of November 2024 and August 2025 for Units 1 and 2, respectively. The extension period covers the additional 5-year life for each Unit.

## **Slide 25: Appendix 6: Wildfire Mitigation Plan Progress**

1. Data is from January 1, 2019 through September 30, 2022.

## **Slide 27: Appendix 8: Regulatory Progress**

1. The rate case timelines reflect expected filing and decision time frames; actual timing may differ.

# Appendix 10: Supplemental Earnings Materials



<b>Exhibit A:</b>	Reconciliation of PG&E Corporation's Consolidated Earnings (Loss) Attributable to Common Shareholders in Accordance with Generally Accepted Accounting Principles ("GAAP") to Non-GAAP Core Earnings	Slides 32-36
<b>Exhibit B:</b>	Key Drivers of PG&E Corporation's Non-GAAP Core Earnings per Common Share ("EPS")	Slide 37
<b>Exhibit C:</b>	PG&E Corporation's 2022 and 2023 Earnings Guidance	Slides 38-42
<b>Exhibit D:</b>	General Earnings Sensitivities for 2022 and 2023	Slide 43
<b>Exhibit E:</b>	GAAP Net Income (Loss) to Non-GAAP Adjusted EBITDA Reconciliation	Slide 44
<b>Exhibit F:</b>	Use of Non-GAAP Financial Measures	Slide 45

# Exhibit A: Reconciliation of PG&E Corporation's Consolidated Earnings (Loss) Attributable to Common Shareholders in Accordance with Generally Accepted Accounting Principles ("GAAP") to Non-GAAP Core Earnings



Third Quarter, 2022 vs. 2021  
(in millions, except per share amounts)

(in millions, except per share amounts)	Three Months Ended September 30,				Nine Months Ended September 30,			
	Earnings		Earnings per Common Share (Diluted)		Earnings		Earnings per Common Share (Diluted)	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>PG&amp;E Corporation's Earnings (Loss) on a GAAP basis</b>	<b>\$ 456</b>	<b>\$ (1,091)</b>	<b>\$ 0.21</b>	<b>\$ (0.55)</b>	<b>\$ 1,287</b>	<b>\$ (574)</b>	<b>\$ 0.60</b>	<b>\$ (0.29)</b>
Non-core items: <sup>(1)</sup>								
Amortization of Wildfire Fund contribution <sup>(2)</sup>	85	116	0.04	0.06	254	287	0.12	0.14
Strategic repositioning costs <sup>(3)</sup>	61	—	0.03	—	65	—	0.03	—
Fire Victim Trust tax benefit net of securitization <sup>(4)</sup>	29	—	0.01	—	(279)	—	(0.13)	—
Bankruptcy and legal costs <sup>(5)</sup>	16	1,307	0.01	0.66	202	1,379	0.09	0.69
Wildfire-related costs, net of insurance <sup>(6)</sup>	12	5	0.01	—	190	141	0.09	0.07
Investigation remedies <sup>(7)</sup>	5	68	—	0.03	76	147	0.04	0.07
Prior period net regulatory impact <sup>(8)</sup>	(56)	74	(0.03)	0.04	(11)	162	(0.01)	0.08
<b>PG&amp;E Corporation's Non-GAAP Core Earnings <sup>(9)</sup></b>	<b>\$ 608</b>	<b>\$ 479</b>	<b>\$ 0.29</b>	<b>\$ 0.24</b>	<b>\$ 1,783</b>	<b>\$ 1,542</b>	<b>\$ 0.84</b>	<b>\$ 0.78</b>

All amounts presented in the table above and footnotes below are tax adjusted at PG&E Corporation's statutory tax rate of 27.98% for 2022 and 2021, except for certain costs that are not tax deductible. Amounts may not sum due to rounding.

(1) "Non-core items" include items that management does not consider representative of ongoing earnings and affect comparability of financial results between periods, consisting of the items listed in the table above. See Exhibit F: Use of Non-GAAP Financial Measures.



# Exhibit A: Reconciliation of PG&E Corporation's Consolidated Earnings (Loss) Attributable to Common Shareholders in Accordance with Generally Accepted Accounting Principles ("GAAP") to Non-GAAP Core Earnings



Third Quarter, 2022 vs. 2021  
(in millions, except per share amounts)

- (2) The Utility recorded costs of \$118 million (before the tax impact of \$33 million) and \$353 million (before the tax impact of \$99 million) during the three and nine months ended September 30, 2022, respectively, associated with the amortization of the Wildfire Fund asset and accretion of the related Wildfire Fund liability.
- (3) The Utility recorded costs of \$85 million (before the tax impact of \$24 million) and \$90 million (before the tax impact of \$25 million) during the three and nine months ended September 30, 2022, respectively, for one-time costs related to repositioning PG&E Corporation's and the Utility's operating model, including their workforce, and the potential sale of a minority interest in Pacific Generation LLC.
- (4) Includes any earnings-impacting investment losses, net of gains, associated with investments related to the upfront contributions to the Customer Credit Trust, the charge related to the establishment of the SB 901 securitization regulatory asset and the SB 901 securitization regulatory liability associated with revenue credits funded by Net Operating Loss monetization, and tax benefits associated with the sale of shares of PG&E Corporation common stock sold by the Fire Victim Trust.

(in millions)	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Losses, net of gains related to Customer Credit Trust	\$ 40	\$ 40
Rate neutral securitization inception charge	—	40
<b>Fire Victim Trust tax benefit net of securitization (pre-tax)</b>	<b>\$ 40</b>	<b>\$ 80</b>
Tax impacts	(11)	(22)
Tax benefits from Fire Victim Trust share sales	—	(337)
<b>Fire Victim Trust tax benefit net of securitization (post-tax)</b>	<b>\$ 29</b>	<b>\$ (279)</b>

# Exhibit A: Reconciliation of PG&E Corporation's Consolidated Earnings (Loss) Attributable to Common Shareholders in Accordance with Generally Accepted Accounting Principles ("GAAP") to Non-GAAP Core Earnings



Third Quarter, 2022 vs. 2021  
(in millions, except per share amounts)

- (5) Includes bankruptcy and legal costs associated with PG&E Corporation's and the Utility's Chapter 11 filing, including exit financing costs, legal and other costs, and securities litigation costs, as shown below.

(in millions)	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Exit financing	\$ 14	\$ 72
Legal and other costs	9	64
Securities litigation costs	—	145
<b>Bankruptcy and legal costs (pre-tax)</b>	<b>\$ 23</b>	<b>\$ 281</b>
Tax impacts	(7)	(79)
<b>Bankruptcy and legal costs (post-tax)</b>	<b>\$ 16</b>	<b>\$ 202</b>

- (6) Includes costs associated with the 2019 Kincade fire, 2020 Zogg fire, and 2021 Dixie fire, net of insurance, as shown below.

(in millions)	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
2019 Kincade fire-related costs	\$ 10	\$ 26
2019 Kincade third-party claims	—	150
2019 Kincade fire-related legal settlements	—	20
2020 Zogg fire-related costs	4	21
2020 Zogg fire-related insurance recoveries	(1)	(10)
2021 Dixie fire-related legal settlements	4	39
<b>Wildfire-related costs, net of insurance (pre-tax)</b>	<b>\$ 17</b>	<b>\$ 246</b>
Tax impacts	(5)	(56)
<b>Wildfire-related costs, net of insurance (post-tax)</b>	<b>\$ 12</b>	<b>\$ 190</b>

# Exhibit A: Reconciliation of PG&E Corporation's Consolidated Earnings (Loss) Attributable to Common Shareholders in Accordance with Generally Accepted Accounting Principles ("GAAP") to Non-GAAP Core Earnings



Third Quarter, 2022 vs. 2021  
(in millions, except per share amounts)

- (7) Includes costs associated with the CPUC's OII into the 2017 Northern California Wildfires and 2018 Camp Fire, the system enhancements related to the locate and mark OII, restoration and rebuild costs associated with the town of Paradise, and the settlement agreement with the Safety and Enforcement Division's investigation into the 2019 Kincadee fire, as shown below.

(in millions)	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Wildfire OII disallowance and system enhancements	\$ 3	\$ 16
Locate and mark OII system enhancements	1	3
Paradise restoration and rebuild	1	(2)
2019 Kincadee fire settlement	—	85
<b>Investigation remedies (pre-tax)</b>	<b>\$ 5</b>	<b>\$ 101</b>
Tax impacts	—	(25)
<b>Investigation remedies (post-tax)</b>	<b>\$ 5</b>	<b>\$ 76</b>

- (8) Includes adjustments associated with the recovery of capital expenditures from 2011 through 2014 above amounts adopted in the 2011 GT&S rate case per the CPUC decision dated July 14, 2022, partially offset by adjustments for the TO18 and TO19 ROE impact as a result of the FERC order dated March 17, 2022, which established a base ROE of 9.26% for the TO18 period, plus the approved CAISO incentive adder of 0.5%, for a total ROE of 9.76%.

(in millions)	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
2011-2014 GT&S capital audit	\$ (78)	\$ (78)
TO18 and TO19 ROE impact	—	63
<b>Prior period net regulatory impact (pre-tax)</b>	<b>\$ (78)</b>	<b>\$ (16)</b>
Tax impacts	22	5
<b>Prior period net regulatory impact (post-tax)</b>	<b>\$ (56)</b>	<b>\$ (11)</b>

# Exhibit A: Reconciliation of PG&E Corporation's Consolidated Earnings (Loss) Attributable to Common Shareholders in Accordance with Generally Accepted Accounting Principles ("GAAP") to Non-GAAP Core Earnings



Third Quarter, 2022 vs. 2021  
(in millions, except per share amounts)

(9) "Non-GAAP core earnings" is a non-GAAP financial measure. See Exhibit F: Use of Non-GAAP Financial Measures.

Undefined, capitalized terms have the meanings set forth in the PG&E Corporation and the Utility's joint quarterly report on Form 10-Q for the quarter ended September 30, 2022.

# Exhibit B: Key Drivers of PG&E Corporation's Non-GAAP Core Earnings per Common Share ("EPS")



Third Quarter, 2022 vs. 2021  
(in millions, except per share amounts)

	Third Quarter 2022 vs. 2021		Year to Date 2022 vs. 2021	
	Earnings	Earnings per Common Share (Diluted)	Earnings	Earnings per Common Share (Diluted)
<b>2021 Non-GAAP Core Earnings <sup>(1)</sup></b>	<b>\$ 479</b>	<b>\$ 0.24</b>	<b>\$ 1,542</b>	<b>\$ 0.78</b>
Customer capital investments (rate base growth)	29	0.02	109	0.05
Cost reductions <sup>(2)</sup>	37	0.02	113	0.06
Regulatory, taxes, reinvestment and other miscellaneous items <sup>(3)</sup>	62	0.03	20	0.01
Change in shares outstanding	—	(0.02)	—	(0.06)
<b>2022 Non-GAAP Core Earnings <sup>(1)</sup></b>	<b>\$ 608</b>	<b>\$ 0.29</b>	<b>\$ 1,783</b>	<b>\$ 0.84</b>

All amounts presented in the table above are tax adjusted at PG&E Corporation's statutory tax rate of 27.98% for 2022 and 2021. Amounts may not sum due to rounding.

(1) See Exhibit A for reconciliations of (i) earnings on a GAAP basis to non-GAAP core earnings and (ii) EPS on a GAAP basis to non-GAAP core EPS.

(2) Represents cost reductions for overhead expenses, operational expenses, support costs, and workforce-related expenses during the three and nine months ended September 30, 2022.

(3) Represents the timing of taxes reportable in quarterly statements in accordance with Accounting Standards Codification 740, income taxes, and results from variances in the percentage of quarterly earnings to annual earnings, unrecoverable interest expense, regulatory items, reinvestment, and other miscellaneous items.

# Exhibit C: PG&E Corporation's 2022 and 2023 Earnings Guidance



EPS Guidance	2022		2023	
	Low	High	Low	High
<b>Estimated Earnings on a GAAP basis</b>	<b>~ \$ 0.80</b>	<b>~ \$ 1.01</b>	<b>~ \$ 0.98</b>	<b>~ \$ 1.21</b>
Estimated Non-Core Items: <sup>(1)</sup>				
Amortization of Wildfire Fund contribution <sup>(2)</sup>	~ 0.16	~ 0.16	~ 0.16	~ 0.16
Bankruptcy and legal costs <sup>(3)</sup>	~ 0.11	~ 0.10	~ 0.02	~ 0.01
Wildfire-related costs, net of insurance <sup>(4)</sup>	~ 0.10	~ 0.09	~ 0.02	~ 0.01
Investigation remedies <sup>(5)</sup>	~ 0.05	~ 0.05	~ 0.01	~ 0.01
Strategic repositioning costs <sup>(6)</sup>	~ 0.03	~ 0.03	~ —	~ —
Fire Victim Trust tax benefit net of securitization <sup>(7)</sup>	~ (0.15)	~ (0.32)	~ 0.01	~ (0.17)
Prior period net regulatory impact <sup>(8)</sup>	~ (0.01)	~ (0.01)	~ (0.01)	~ (0.01)
<b>Estimated EPS on a non-GAAP Core Earnings basis</b>	<b>~ \$ 1.09</b>	<b>~ \$ 1.11</b>	<b>~ \$ 1.19</b>	<b>~ \$ 1.23</b>

All amounts presented in the table above and footnotes below are tax adjusted at PG&E Corporation's statutory tax rate of 27.98% for 2022 and 2023, except for certain costs that are not tax deductible. Amounts may not sum due to rounding.

- (1) "Non-core items" include items that management does not consider representative of ongoing earnings and affect comparability of financial results between periods. See Exhibit F: Use of Non-GAAP Financial Measures.
- (2) "Amortization of Wildfire Fund contribution" represents the amortization of the Wildfire Fund asset and accretion of the related Wildfire Fund liability. The total offsetting tax impact for the low and high non-core guidance range is \$132 million for 2022 and 2023.

(in millions, pre-tax)	2022		2023	
	Low guidance range	High guidance range	Low guidance range	High guidance range
Amortization of Wildfire Fund contribution	~ \$ 470	~ \$ 470	~ \$ 470	~ \$ 470

## Exhibit C: PG&E Corporation's 2022 and 2023 Earnings Guidance



- (3) "Bankruptcy and legal costs" consists of securities litigation costs, legal and other costs associated with PG&E Corporation's and the Utility's Chapter 11 filing, and exit financing costs, including interest on temporary Utility debt and write-off of unamortized fees related to the retirement of PG&E Corporation debt. The total offsetting tax impact for the low and high non-core guidance range is \$90 million and \$83 million, respectively, for 2022, and \$18 million and \$13 million, respectively, for 2023.

(in millions, pre-tax)	2022		2023	
	Low guidance range	High guidance range	Low guidance range	High guidance range
Securities litigation costs	~ \$ 145	~ \$ 145	~ \$ —	~ \$ —
Legal and other costs	~ 90	~ 70	~ 30	~ 20
Exit financing	~ 85	~ 80	~ 35	~ 25
<b>Bankruptcy and legal costs</b>	<b>~ \$ 320</b>	<b>~ \$ 295</b>	<b>~ \$ 65</b>	<b>~ \$ 45</b>

- (4) "Wildfire-related costs, net of insurance" includes third-party claims and legal and other costs associated with the 2019 Kincade fire, 2020 Zogg fire, and 2021 Dixie fire, net of insurance. The total offsetting tax impact for the low and high non-core guidance range is \$56 million and \$50 million, respectively, for 2022, and \$14 million and \$11 million, respectively, for 2023.

(in millions, pre-tax)	2022		2023	
	Low guidance range	High guidance range	Low guidance range	High guidance range
2019 Kincade third-party claims	~ \$ 150	~ \$ 150	~ \$ —	~ \$ —
2019 Kincade fire-related costs	~ 40	~ 20	~ 35	~ 25
2019 Kincade fire-related legal settlements	~ 20	~ 20	~ —	~ —
2020 Zogg fire-related costs	~ 40	~ 20	~ 30	~ 20
2020 Zogg fire-related insurance recoveries	~ (30)	~ (10)	~ (30)	~ (20)
2021 Dixie fire-related legal settlements	~ 50	~ 50	~ 15	~ 15
<b>Wildfire-related costs, net of insurance</b>	<b>~ \$ 270</b>	<b>~ \$ 250</b>	<b>~ \$ 50</b>	<b>~ \$ 40</b>

## Exhibit C: PG&E Corporation's 2022 and 2023 Earnings Guidance



- (5) “Investigation remedies” includes costs related to the 2019 Kincadee fire settlement with the Safety and Enforcement Division approved by the CPUC on December 2, 2021, the Wildfires OII decision different, Paradise restoration and rebuild, and the locate and mark OII system enhancements. The total offsetting tax impact for the low and high non-core guidance range is \$28 million for 2022 and \$3 million for 2023.

(in millions, pre-tax)	2022		2023	
	Low guidance range	High guidance range	Low guidance range	High guidance range
2019 Kincadee fire settlement	~ \$ 85	~ \$ 85	~ \$ —	~ \$ —
Wildfire OII disallowance and system enhancements	~ 20	~ 20	~ 20	~ 20
Paradise restoration and rebuild	~ 15	~ 15	~ 10	~ 10
Locate and mark OII system enhancements	~ 5	~ 5	~ 5	~ 5
<b>Investigation remedies</b>	<b>~ \$ 125</b>	<b>~ \$ 125</b>	<b>~ \$ 35</b>	<b>~ \$ 35</b>

- (6) “Strategic repositioning costs” includes one-time costs related to repositioning PG&E Corporation’s and the Utility’s operating model, including their workforce, and costs associated with the potential sale of a minority interest in Pacific Generation LLC. The total offsetting tax impact for the low and high non-core guidance range is \$27 million for 2022.

(in millions, pre-tax)	2022		2023	
	Low guidance range	High guidance range	Low guidance range	High guidance range
Strategic repositioning costs	~ \$ 95	~ \$ 95	~ \$ —	~ \$ —



## Exhibit C: PG&E Corporation's 2022 and 2023 Earnings Guidance



(7) “Fire Victim Trust tax benefit net of securitization” includes the impact of rate neutral (SB 901) securitization and tax benefits related to the Fire Victim Trust. Impacts of the rate neutral (SB 901) securitization include the establishment of the SB 901 securitization regulatory asset and the SB 901 regulatory liability associated with revenue credits funded by Net Operating Loss monetization. Fire Victim Trust tax benefits include tax benefits recognized upon the sale of shares of PG&E Corporation common stock by the Fire Victim Trust, which PG&E Corporation and the Utility have elected to treat as a grantor trust. Also included are the earnings-impacting investment losses, net of gains, associated with investments related to the upfront contributions to the Customer Credit Trust. The 2022 low case includes tax benefits for the 135,000,000 shares of PG&E Corporation common stock sold in the aggregate by the Fire Victim Trust as of October 20, 2022, plus losses, net of gains, on investments related to the Customer Credit Trust, and the 2022 high case reflects an assumption that the Fire Victim Trust sells all 477,743,590 shares in 2022, plus losses, net of gains, on investments related to the Customer Credit Trust. The 2023 low case reflects an assumption that the Fire Victim Trust sells zero shares during 2023, whereas the 2023 high case reflects an assumption that the Fire Victim Trust sells the remaining 342,743,590 shares during 2023. The total offsetting tax benefit for the low and high non-core guidance range is \$536 million and \$2.3 billion, respectively, for 2022, and \$11 million and \$1.8 billion, respectively, for 2023.

(in millions, pre-tax)	2022		2023	
	Low guidance range	High guidance range	Low guidance range	High guidance range
Rate neutral securitization inception charge	~ \$ 185	~ \$ 1,525	~ \$ 40	~ \$ 1,425
Losses, net of gains related to Customer Credit Trust	~ 40	~ 40	~ —	~ —
<b>Fire Victim Trust tax benefit net of securitization</b>	<b>~ \$ 225</b>	<b>~ \$ 1,565</b>	<b>~ \$ 40</b>	<b>~ \$ 1,425</b>

## Exhibit C: PG&E Corporation's 2022 and 2023 Earnings Guidance



(8) "Prior period net regulatory impact" represents the recovery of capital expenditures from 2011 through 2014 above amounts adopted in the 2011 GT&S rate case, net of the TO18 and TO19 ROE impact resulting from the FERC order dated March 17, 2022, which established a base ROE of 9.26% for the TO18 period, plus the approved CAISO incentive adder of 0.5%, for a total ROE of 9.76%. The total offsetting tax impact for the low and high non-core guidance range is \$4 million for 2022 and \$10 million for 2023.

(in millions, pre-tax)	2022		2023	
	Low guidance range	High guidance range	Low guidance range	High guidance range
2011-2014 GT&S capital audit	~ \$ (80)	~ \$ (80)	~ \$ (35)	~ \$ (35)
TO18 and TO19 ROE impact	~ 65	~ 65	~ —	~ —
<b>Prior period net regulatory impact</b>	<b>~ \$ (15)</b>	<b>~ \$ (15)</b>	<b>~ \$ (35)</b>	<b>~ \$ (35)</b>

Undefined, capitalized terms have the meanings set forth in the PG&E Corporation and the Utility's joint quarterly report on Form 10-Q for the quarter ended September 30, 2022.

## Exhibit D: General Earnings Sensitivities for 2022 and 2023

### Pacific Gas & Electric Company



Variable	Description of Change	Estimated 2022 Non-GAAP Core Earnings Impact
Rate base	+/- \$100 million change in allowed rate base	+/- \$5 million
Return on Equity (ROE)	+/- 0.1% change in allowed ROE	+/- \$26 million
Share count	+/- 1% change in average shares	+/- \$0.01 per share
Revenue or expense	+/- \$30 million pre-tax change in at-risk revenue or expense	+/- \$0.01 per share

Variable	Description of Change	Estimated 2023 Non-GAAP Core Earnings Impact
Rate base	+/- \$100 million change in allowed rate base	+/- \$5 million
Return on Equity (ROE)	+/- 0.1% change in allowed ROE	+/- \$30 million
Share count	+/- 1% change in average shares	+/- \$0.01 per share
Revenue or expense	+/- \$30 million pre-tax change in at-risk revenue or expense	+/- \$0.01 per share

# Exhibit E: GAAP Net Income (Loss) to Non-GAAP Adjusted EBITDA Reconciliation PG&E Corporation



Third Quarter, 2022 vs. 2021

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>PG&amp;E Corporation's Net Income (Loss) on a GAAP basis</b>	<b>\$ 459</b>	<b>\$ (1,088)</b>	<b>\$ 1,297</b>	<b>\$ (564)</b>
Income tax provision (benefit)	(97)	1,125	(629)	994
Other income, net	(118)	(132)	(246)	(387)
Interest expense	525	399	1,355	1,205
Interest income	(43)	—	(70)	(17)
Reorganization items, net	—	—	—	11
<b>Operating Income</b>	<b>\$ 726</b>	<b>\$ 304</b>	<b>\$ 1,707</b>	<b>\$ 1,242</b>
Depreciation, amortization, and decommissioning	1,002	801	2,915	2,540
Wildfire Fund expense	118	162	353	399
Bankruptcy and legal costs	23	1,320	281	1,418
Wildfire-related costs, net of insurance	17	7	246	196
Prior period net regulatory impact	(78)	135	(16)	257
Investigation remedies	5	74	101	171
Fire Victim Trust tax benefit net of securitization	40	—	80	—
Strategic repositioning costs	85	—	90	—
<b>PG&amp;E Corporation's Non-GAAP Adjusted EBITDA</b>	<b>\$ 1,938</b>	<b>\$ 2,804</b>	<b>\$ 5,757</b>	<b>\$ 6,224</b>

PG&E Corporation discloses "Adjusted EBITDA," which is a non-GAAP financial measure, in order to provide a measure that some investors may find useful for evaluating PG&E Corporation's performance. PG&E Corporation's management generally does not use Adjusted EBITDA in managing its business.

Adjusted EBITDA is calculated as PG&E Corporation's net income (loss) plus income tax provision (or less income tax benefit); less other income, net; plus interest expense; less interest income; plus reorganization items, net; plus depreciation, amortization, and decommissioning; plus Wildfire Fund expense; plus bankruptcy and legal costs; plus wildfire-related costs, net of insurance; plus prior period net regulatory impact; plus investigation remedies; plus Fire Victim Trust tax benefit net of securitization; and plus strategic repositioning costs.

Adjusted EBITDA is not a substitute or alternative for GAAP measures, such as net income, and may not be comparable to similarly titled measures used by other companies. See above for a reconciliation of GAAP net income to non-GAAP Adjusted EBITDA. Amounts may not sum due to rounding.

### **PG&E Corporation and Pacific Gas and Electric Company: Use of Non-GAAP Financial Measures**

PG&E Corporation discloses historical financial results and provides guidance based on “non-GAAP core earnings” and “non-GAAP core EPS” in order to provide a measure that allows investors to compare the underlying financial performance of the business from one period to another, exclusive of non-core items.

“Non-GAAP core earnings” is a non-GAAP financial measure and is calculated as income available for common shareholders less non-core items. “Non-core items” include items that management does not consider representative of ongoing earnings and affect comparability of financial results between periods, consisting of the items listed in Exhibit A. “Non-GAAP core EPS,” also referred to as “non-GAAP core earnings per share,” is a non-GAAP financial measure and is calculated as non-GAAP core earnings divided by common shares outstanding (taken on a basic basis in the event of a GAAP loss and a diluted basis in the event of a GAAP gain). PG&E Corporation and the Utility use non-GAAP core earnings and non-GAAP core EPS to understand and compare operating results across reporting periods for various purposes including internal budgeting and forecasting, short- and long-term operating planning, and employee incentive compensation. PG&E Corporation and the Utility believe that non-GAAP core earnings and non-GAAP core EPS provide additional insight into the underlying trends of the business, allowing for a better comparison against historical results and expectations for future performance. With respect to our projection of non-GAAP core EPS for the years 2024-2026, we are not providing a reconciliation to the corresponding GAAP measures because we are unable to predict with reasonable certainty the reconciling items that may affect GAAP net income without unreasonable effort. The reconciling items are primarily due to the future impact of wildfire-related costs, timing of regulatory recoveries, special tax items, and investigation remedies. These reconciling items are uncertain, depend on various factors and could significantly impact, either individually or in the aggregate, the GAAP measures.

Non-GAAP core earnings and non-GAAP core EPS are not substitutes or alternatives for GAAP measures such as consolidated income available for common shareholders and may not be comparable to similarly titled measures used by other companies.