ATTACHMENT A

Administrative Consent Order between SED and PG&E relating to the 2022 Mosquito Fire

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the matter of: Pacific Gas and Electric Company – re Mosquito Fire	[PROPOSED] ADMINISTRATIVE CONSENT ORDER AND AGREEMENT Issued pursuant to Commission Resolution M- 4846 (adopting Commission Enforcement Policy)

[PROPOSED] ADMINISTRATIVE CONSENT ORDER AND AGREEMENT

Dated: July 10, 2026

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[PROPOSED] ADMINISTRATIVE CONSENT ORDER AND AGREEMENT

This Administrative Consent Order and Agreement (hereinafter "ACO" or Agreement") is entered into and agreed to by and between the Safety and Enforcement Division ("SED") of the California Public Utilities Commission ("CPUC" or "Commission") and Pacific Gas and Electric Company ("PG&E") (collectively, "Parties") pursuant to Resolution M-4846, dated November 5, 2020, titled *Resolution Adopting Commission Enforcement Policy*.

WHEREAS:

- The Commission has authorized SED "to investigate, negotiate, and draft proposed Administrative Consent Orders, subject to review and consideration by the Commission" via resolution;[1]
- The Commission's Enforcement Policy requires that a "negotiated proposed settlement . . . be memorialized in a proposed Administrative Consent Order," which requires certain items as set forth in Section 2, below;[2]
- Consistent with Resolution M-4846, this ACO is a product of direct negotiations between the Parties to resolve and dispose of all claims, allegations, liabilities and defenses related to the Mosquito Fire, and within the scope of the investigation into the Mosquito Fire, by SED and the Commission.
- This ACO is entered into as a compromise of disputed claims and defenses in order to minimize the time, expense, and uncertainty of an evidentiary hearing, any further enforcement proceedings, and/or any subsequent appeals, and with the Parties having taken into account the possibility that each of the Parties may or may not prevail on any given issue, and to expedite timely action on initiatives that benefit California consumers;
- The Parties agree to the following terms and conditions as a complete and final resolution of all claims which have been, or might have been, brought by SED related to or arising from the Mosquito Fire, and all of PG&E's defenses thereto, based on the information available to the Parties, and without trial and adjudication of any issue of law or fact.

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[1] Resolution M-4846 at 15 (Findings and Conclusions No. 8).

[2] Resolution M-4846, Enforcement Policy at 10.

NOW, THEREFORE it is agreed that this ACO is made and entered into as of this 10th day of July, 2026 ("Effective Date") as follows:

I. PARTIES

The parties to this ACO and Agreement are SED and PG&E.

SED is a division of the Commission charged with enforcing compliance with the Public Utilities Code and other relevant utility laws and the Commission's rules, regulations, orders, and decisions. SED is also responsible for investigations of utility incidents, including wildfires, and assisting the Commission in promoting public safety.

PG&E is a public utility, as defined by the Public Utilities Code. It serves a population of approximately 16 million in a 70,000-square-mile service area within Northern and Central California.

II. ELEMENTS REQUIRED BY SECTION III.A.7 OF THE COMMISSION'S ENFORCEMENT POLICY FOR ADMINISTRATIVE CONSENT ORDERS

This is a negotiated settlement of disputed matters, and PG&E specifically and expressly denies any fault, negligence, imprudence, or violation with respect to the Mosquito Fire and, except as explicitly specified, any other matters that SED identified in its investigation into the Mosquito Fire. Except as explicitly stated herein, the Parties expressly agree and acknowledge that neither this ACO nor any act performed hereunder is, or may be deemed, an admission or evidence of the validity or invalidity of any allegations or claims of SED, nor is the Agreement or any act performed hereunder to be construed as an admission or evidence of any wrongdoing, fault, omission, negligence, imprudence, or liability on the part of PG&E.

A. The law or Commission order, resolution, decision, or rule violated by the regulated entity and the facts that form the basis for each violation

Appendix A to this ACO contains the Notice of Violation (NOV) issued by SED to PG&E on July 14, 2025. The NOV includes a discussion of the Commission orders and decisions that PG&E allegedly violated, and the facts that form the basis for each alleged violation. PG&E submitted a response to the NOV (PG&E's NOV Response), contained in Appendix B to this ACO, on August 13, 2025, which includes information from PG&E in response to each alleged violation by SED.

In light of PG&E's NOV response and settlement discussions, SED dismisses the following violation in the NOV:

> Violation 8 – SED dismisses the NOV violation for the Resolution 4184-E requirement "within 2 hours of a reportable incident during normal working hours or within 4 hours of a reportable incident outside normal working hours, the utility shall provide notice to designate CPUC staff of the general nature of the incident, its cause and estimated damage."

This ACO addresses and resolves the remaining alleged violations by SED as set forth in the NOV. For purposes of settlement of this ACO only, PG&E responds to each alleged violation as follows. Additional information from PG&E regarding each violation is reflected in its response to SED's NOV in Appendix B to this ACO:

> Violation 1 – PG&E admits that the Level 2 line corrective (LC) tags identified as part of this alleged violation were not repaired in violation of the timelines in General Order (GO) 95, Rule 18. These tags were repaired prior to the Mosquito Fire ignition.
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> Violation 2 – PG&E disagrees that it failed to repair three loose tie wires in violation of GO 95, Rule 18. The identified tie wires were either repaired or PG&E's Transmission Centralized Inspection Review Team (CIRT) determined they did not need to be repaired under PG&E's standards. These tie wires were not associated with the Mosquito Fire ignition. The Parties disagree (See Section A.D.2 below).
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> Violation 3 – PG&E admits that it did not adequately preserve Pole 09/131 and its attached equipment as evidence due to an internal miscoordination during post-fire restoration work in violation of GO 95, Rule 19. This pole was not involved in the Mosquito Fire ignition. SED agrees that this miscoordination was unintentional and that PG&E notified SED staff upon discovery of the error. PG&E fully cooperated with SED's investigation into the Mosquito Fire.
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> Violation 4 – PG&E admits that it did not follow its written standard when it did not complete switch function tests for Switches 47 and 49 on Pole 014/191 (the Oxbow Junction Pole) during a six-year period prior to the Mosquito Fire, in violation of GO 95, Rule 31.1. The switches were operated properly in the weeks and months immediately preceding the Mosquito Fire ignition.
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> Violation 5 – PG&E does not dispute SED's alleged violation of GO 95, Rule 31.1 for failure to clear vegetation around the Oxbow Junction Pole in May 2022. This alleged violation is unrelated to the Mosquito Fire. Further, photographs taken in August 2022 showed intermittent vegetation growth on the rocks within the 10-foot cylinder that was de minimis and disconnected from the vegetation

upslope by the rock outcrop, which constituted a natural barrier to prevent fire spread.

Violation 6 – PG&E disagrees with this alleged violation of GO 95, Rule 31.1. PG&E's Transmission CIRT properly documented the reasons for cancelling the six transmission notifications identified in this violation under PG&E's standards. The Parties disagree (See Section A.D.2 below).

Violation 7 –PG&E admits that when it regained access to the area around the Oxbow Junction Pole on September 22, 2022, the jumper on the lowest phase of Switch 47 did not appear to have the proper clearance from the interconnection switch rod in violation of GO 95, Rule 37. PG&E notes that aerial photos from May 2022 show an appropriate clearance, and personnel at the location on two different occasions in August 2022 did not observe any issue with the jumper in question.

B. Information related to the potential for additional or ongoing violations

The Parties intend this Agreement to be a complete and final resolution of all claims which have been, or might have been, brought by SED related to the Mosquito Fire, based on the information known, or that could have been known by the Parties.

C. An agreement by the regulated entity to correct each violation

PG&E asserts and agrees that it has remediated any alleged violations that it has agreed to, or elected not to contest, for the purposes of this ACO. With respect to the remaining alleged violations, PG&E disputes that any such violations occurred.

D. An agreement by the regulated entity to pay any penalty by a date specified

PG&E agrees to a penalty and third-party contract amount totaling $22,000,000 in shareholder funds as follows (hereinafter collectively "ACO Amounts," as described more fully in corresponding sections below):

- $21,000,000: Penalty to the General Fund of the State of California
- $1,000,000: Funding for a third-party review of PG&E's Transmission CIRT

The terms of the ACO reflect the Parties' integrated agreement inclusive of the anticipated tax treatment of the ACO Amounts. Having considered the potential tax treatment applicable to the ACO Amounts, the Parties expressly agree that the ACO Amounts are fair, just, and reasonable without any adjustment to account for any tax benefits or liabilities that may be realized by PG&E or its shareholders.

1. Penalty to the General Fund

PG&E shall pay a monetary penalty of $21 million to the California State General Fund within thirty (30) days after the date of Commission Approval (as defined in Section IV.E. below).

2. Funding for Third-Party Transmission CIRT Review

PG&E shall spend up to $1 million to fund a third-party review of PG&E's Transmission CIRT's policies and procedures. This review is in consideration of the disagreement over Violations 2 and 6 but will focus on Transmission CIRT's general policies and procedures rather than the specific conduct described in SED's NOV. This review is not related to the ignition of the Mosquito Fire.

SED staff will approve PG&E's selection of the third-party contractor that will perform the review after this ACO has been approved. PG&E will manage the day-to-day activities of the review with SED's oversight and approval of the scope of work. The scope of the review will include, but is not limited to:

- Evaluating whether Transmission CIRT's functions may be consolidated or reorganized within existing PG&E operations for greater efficiency and effectiveness;
- Examining whether Transmission CIRT's practices are properly documented and confirm compliance with GO 95; and
- Developing recommendations regarding Transmission CIRT's structure, responsibilities, and/or practices going forward.

The third party performing the review shall produce a report of findings to SED staff following its review of the Transmission CIRT policies and procedures. The report may include actionable recommendations relating to the work performed by the Transmission CIRT or its policies and procedures. The third-party report shall be completed within 1 year of the selection of the third-party contractor that will perform the review. The Parties can agree to extend the timeline, if necessary. Within 90 days of receipt of the third-party report, SED staff and PG&E shall meet to discuss the report and whether or how to address the third party's recommendations, if any. SED reserves its right under Resolution M-4846 to initiate any separate enforcement actions relating to the Transmission CIRT following review of the third-party report, if necessary.

In the event the third-party review and report relating to the Transmission CIRT costs less than $1 million, the remaining funds will be directed to the General Fund.

III. ADDITIONAL TERMS

A. Confidentiality and Public Disclosure Obligations

The Parties agreed to abide by the confidentiality provisions and protections of Rule 12.6 of the Commission's Rules of Practice and Procedure, which governs the discussions, admissions, concessions, and offers to settle that preceded execution of this ACO and Agreement and that were exchanged in all efforts to support its approval. Those prior negotiations and communications shall remain confidential indefinitely, and the Parties shall not disclose them outside the negotiations without the consent of both Parties. The Parties agree to coordinate as to the timing and content of mutual and/or individual public communications. Notwithstanding the foregoing, PG&E may make such disclosures as it reasonably determines are required to satisfy its obligations under applicable securities laws.

B. Future Proceedings

The Parties agree to avoid and abstain from making any collateral attacks on this ACO or taking positions in other venues that would undermine the settlement and effect or intent of the ACO.

Nothing in this ACO constitutes a waiver by SED of its legal obligations, authority, or discretion to investigate and enforce applicable safety requirements and standards (including, without limitation, provisions of GO 95 and GO 165) as to other conduct by PG&E unrelated to this ACO or the Mosquito Fire that SED may identify as the basis for any alleged violation(s). SED shall retain such authority regardless of any factual or legal similarities that other PG&E conduct, and any alleged violation(s), may have to PG&E's conduct/alleged violations related to the Mosquito Fire. Accordingly, any such similarities shall not preclude SED from using other conduct and alleged violation(s) as a basis for future enforcement actions.

C. Regulatory Approval Process

Pursuant to Resolution M-4846, this ACO shall be submitted for public notice and comment. Upon approval or ratification of this ACO, the final resolution will "validate[] the order, which becomes an act of the Commission itself."[3]

By signing this ACO, the Parties acknowledge that they pledge support for Commission Approval and subsequent implementation of all the provisions of this ACO. The Parties shall use

[3] (Resolution M-4846 at 8.).

their best efforts to obtain Commission Approval of this ACO without modification, and agree to use best efforts to actively oppose any modification thereto. Should any Alternate Draft Resolution seek a modification to this ACO, and should either of the Parties be unwilling to accept such modification, that Party shall so notify the other Party within five business days of issuance of the Alternate Draft Resolution. The Parties shall thereafter promptly discuss the modification and negotiate in good faith to achieve a resolution acceptable to the Parties and shall promptly seek approval of the resolution so achieved. Failure to resolve such modification to the satisfaction of either of the Parties, or to obtain approval of such resolution promptly thereafter, shall entitle any Party to terminate this Agreement through prompt notice to the other Party. (*See also* Section IV.D. below.)

If Commission Approval is not obtained, the Parties reserve all rights to take any position whatsoever regarding any fact or matter of law at issue in any future enforcement action or proceeding related to the Mosquito Fire.

D. Admissibility

If this ACO is not adopted by the Commission, its terms are inadmissible for any evidentiary purpose unless their admission is agreed to by the Parties.

Nothing in this ACO shall be deemed to constitute an admission by either PG&E or SED that its position on any issue lacks merit or that its position has greater or lesser merit than the position taken by the other Party, unless otherwise stated.

In entering into this ACO, the Parties intend that neither the fact of this settlement nor any of its specific contents will be admissible as evidence of fault, imprudence, or liability in any other proceeding before the Commission, including for cost recovery related to the Mosquito Fire, or any other administrative body, any court, or any alternative dispute resolution proceeding, such as a mediation or arbitration. In this regard, the Settling Parties are relying on Evidence Code Section 1152(a) and Public Utilities Code Section 315. Furthermore, such use of this ACO or any of its contents in any other proceeding before the Commission, any other administrative body, or any court would frustrate and interfere with the Commission's stated policy preference for settlements rather than litigated outcomes.[4] The Parties agree that by entering into this ACO, PG&E does not admit to any violations of the General Order provisions

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[4] See Public Util Code 1759(a).

or related statutory requirements identified in Section II.A to this ACO, unless explicitly stated, and SED does not concede that any of PG&E's defenses have merit.

E. Due Process

PG&E's waiver of its due process rights for the Commission to hear and adjudicate the alleged violations set forth in the Appendices to this ACO is conditioned on a final Commission resolution or order approving this ACO without modification, or with modifications agreeable to each of the Parties.

IV. GENERAL PROVISIONS

A. Full Resolution

Upon Commission Approval, this ACO fully and finally resolves any and all claims and disputes between SED and PG&E related to SED's investigation into the Mosquito Fire, and provides for consideration in full settlement and discharge of all disputes, rights, enforcement actions, notices of violations, citations, claims, and causes of action which have, or might have been, brought by SED related to the Mosquito Fire based on the information: (a) known, or that could have been known, to SED at the time that SED executes this ACO, or (b) substantially similar to the alleged PG&E violations set forth in the Appendices to this ACO.

B. Non-Precedent

This ACO is not intended by the Parties to be precedent for any other proceeding, whether pending or instituted in the future. The Parties have assented to the terms of this ACO only for the purpose of arriving at the settlement embodied in this ACO. Each of the Parties expressly reserves its right to advocate, in other current and future proceedings, or in the event that the ACO is not adopted by the Commission, positions, principles, assumptions, arguments and methodologies which may be different than those underlying this ACO. The Parties agree and intend that, consistent with Rule 12.5 of the Commission's Rules of Practice and Procedure, a final Commission resolution approving this ACO should not be construed as a precedent or statement of policy of any kind for or against either Party in any current or future proceeding with respect to any issue addressed in this ACO, including but not limited to PG&E's agreement to, and decision not to contest, certain alleged violations.

C. General Considerations for Settlement

Section III.B of the Commission's Enforcement Policy states that "the following general considerations should be evaluated as part of any proposed settlement to be submitted for Commission review: 1. Equitable Factors; 2. Mitigating circumstances; 3. Evidentiary issues; and 4. Other weaknesses in the enforcement action[.]"[5] The Parties explicitly considered these factors in their confidential settlement communications. Without waiving the protections of Rule 12.6 of the Commission's Rules of Practice and Procedure, the Parties represent that they took these factors into account, and each Party considered the risks and weaknesses of their positions. The Parties also considered the substantial commitment of shareholder funds for wildfire-related issues as a result of Assembly Bill 1054. SED recognizes PG&E's cooperation and willingness to constructively engage with SED on the negotiation of this ACO, and SED and PG&E considered a range of evidentiary and other matters that would bear upon pursuit of an enforcement action seeking penalties on disputed issues of fact and law. When taken as a whole, the Parties agree that the ACO Amounts set forth in Section II are within the range of reasonable outcomes had this matter proceeded to formal litigation.

D. Incorporation of Complete ACO

The Parties have bargained in good faith to reach the ACO terms set forth herein, including in the Appendices. The Parties intend the ACO to be interpreted as a unified, integrated order and agreement, so that, consistent with Section III.C. above, if the Commission rejects or modifies any portion of this ACO or modifies the obligations placed upon PG&E or SED from those that the ACO would impose, each of the Parties shall have a right to withdraw. This ACO is to be treated as a complete package and not as a collection of separate agreements on discrete issues. To accommodate the interests related to diverse issues, the Parties acknowledge that changes, concessions, or compromises by a Party in one section of this ACO resulted in changes, concessions, or compromises by the other Party in other sections. Consequently, consistent with Section III.C. above, the Parties agree to actively oppose any modification of this ACO, whether proposed by any Party or non-Party to the ACO or proposed by an Alternate Draft Resolution, unless both Parties jointly agree to support such modification.

E. Commission Approval

"Commission Approval" means a resolution or decision of the Commission that is (a) final and no longer subject to appeal, which approves this ACO in full; and (b) does not contain

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[5] Resolution M-4846, Enforcement Policy at 15 (Section III.B.).

conditions or modifications unacceptable to either of the Parties.

F. Governing Law

This ACO shall be interpreted, governed, and construed under the laws of the State of California, including Commission decisions, orders and rulings, as if executed and to be performed wholly within the State of California.

G. Other

1. The representatives of the Parties signing this ACO are fully authorized to enter into this Agreement.
2. The Parties agree that no provision of this ACO shall be construed against either of the Parties because a particular party or its counsel drafted the provision.
3. This ACO constitutes the entire agreement between the Parties and, supersedes all prior or contemporaneous agreements, negotiations, representations, warranties, and understandings of the Parties with respect to the subject matter set forth herein.
4. The rights conferred and obligations imposed on either of the Parties by this ACO shall inure to the benefit of or be binding on that Party's successors in interest or assignees as if such successor or assignee was itself a party to this ACO.
5. Should any dispute arise between the Parties regarding the manner in which this ACO or any term shall be implemented, the Parties agree, prior to initiation of any other remedy, to work in good faith to resolve such differences in a manner consistent with both the express language and the intent of the Parties in entering into this ACO.
6. The Parties are prohibited from unilaterally filing a petition for modification or application for rehearing of the Commission resolution or decision approving this ACO with modification.
7. This ACO may be executed in counterparts.
8. Nothing in this ACO relieves PG&E from any safety responsibilities imposed on it by law or Commission rules, orders, or decisions.
9. The provisions of Paragraph III.C. shall impose obligations on the Parties immediately upon the execution of this ACO.

V. DISCUSSION OF PENALTY ASSESSMENT METHODOLOGY FACTORS

The Penalty Assessment Methodology appended to the Commission's Enforcement Policy sets forth five factors that staff and the Commission must consider in determining the amount of a penalty for each violation: (1) severity or gravity of the offense; (2) conduct of the regulated entity; (3) financial resources of the regulated entity; (4) totality of the circumstances in furtherance of the public interest; and (5) the role of precedent.[6] This ACO and Agreement was the result of arms-length negotiation between SED and PG&E, which was guided by the factors set forth in the Penalty Assessment Methodology. As discussed below, consideration of those factors supports a Commission finding that the ACO and Agreement is reasonable and in the public interest. The Appendices to this ACO includes stipulated facts, as well as facts in dispute, which provide a record basis for the Commission's determination.

Severity or Gravity of the Offense. The Commission has stated that the severity or gravity of the offense includes several considerations, including economic harm, physical harm, and harm to the regulatory process. Violations that caused actual physical harm to people or property are considered particularly severe.[7]

The Mosquito Fire, which burned more than 76,000 acres, resulted in the destruction of approximately 78 structures and damaged 13 others.[8] The Mosquito fire resulted in no injuries or fatalities. Nonetheless, the ACO and Agreement acknowledge and reflects the economic harm arising from the Mosquito Fire.

The Conduct of the Utility. In evaluating the conduct of the utility, the Commission considers the utility's conduct in preventing the violation, detecting the violation, and disclosing and rectifying the violation.[9]

This factor is an area of disagreement between the Parties. As discussed in Section II.A, solely for purposes of this ACO, PG&E has agreed to one alleged violation of GO 95, Rule 18, one alleged violation of GO 95, Rule 19, one alleged violation of GO 95 Rule 31.1, and one alleged violation of GO 95, Rule 37. PG&E also agrees not to contest one alleged violation of GO 95, Rule 31.1. However, PG&E disagrees with one violation of GO 95, Rule 18 and one violation of GO 95, Rule 31.1. Except as explicitly stated herein, in agreeing to, or not contesting, SED's alleged violations, PG&E does not admit that the facts alleged by SED are

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[6] Resolution M-4846 (Nov. 5, 2020), Enforcement Policy, Appendix I; *see* D.22-04-058 at 3–4 (affirming that consideration of the Penalty Assessment Methodology provides a basis for the Commission to determine that a negotiated settlement under the Commission's Enforcement Policy is reasonable and in the public interest.)

[7] D.20-05-019 at 20; Enforcement Policy at 16.

[8] *See* Appendix A to this ACO.

[9] Enforcement Policy at 17.

sufficient to show violations.

The details of this factor, such as the Parties' evaluations of their respective litigation risk, were the focus of negotiations subject to the confidentiality provisions of Rule 12.6 of the Commission's Rules of Practice and Procedure, and are not described here.[10] Nevertheless, without waiving the protections of Rule 12.6, the Parties represent that they considered, among other things, PG&E's conduct in preventing the alleged violations, detecting the alleged violations, and disclosing and rectifying the alleged violations. Pursuant to the ACO, PG&E has agreed to a third-party review of the Transmission CIRT policies and procedures. This review is intended to address transmission maintenance corrective notifications identified in the field.

Financial Resources of the Utility. The Commission has described this criterion as follows:

> Effective deterrence also requires that staff recognize the financial resources of the regulated entity in setting a penalty that balances the need for deterrence with the constitutional limitations on excessive penalties . . . . If appropriate, penalty levels will be adjusted to achieve the objective of deterrence, without becoming excessive, based on each regulated entity's financial resources.[11]

PG&E is the largest electric utility in the state of California in terms of customers and revenue. According to PG&E, its financial condition limits its capacity to pay additional penalties. PG&E's current financial situation is characterized by the parent company's sub investment grade credit ratings by both S&P and Moody's and a heavily discounted common stock valuation (around 50% below the regulated utility peer group). In determining the reasonableness of the settlement, SED took PG&E's financial resources into consideration. The ACO Amounts described above, totaling $22 million, are reasonable and appropriate in light of PG&E's financial condition.

Totality of Circumstances in Furtherance of Public Interest. The Commission has described this criterion as follows:

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[10] This is consistent with the Enforcement Policy, which states that a "range of considerations" may be relevant in negotiating a proposed settlement, including "[e]quitable factors," "[m]itigating circumstances," "[e]vid個tiary issues," and [o]ther weaknesses in the enforcement action that the division reasonably believes may adversely affect the ability to obtain the calculated penalty." Enforcement Policy at 15.

[11] Enforcement Policy at 19.

> Setting a penalty at a level that effectively deters further unlawful conduct by the regulated entity and others requires that staff specifically tailor the package of sanctions, including any penalty, to the unique facts of the case. Staff will review facts that tend to mitigate the degree of wrongdoing as well as any facts that exacerbate the wrongdoing. In all cases, the harm will be evaluated from the perspective of the public interest.[12]

The Commission must evaluate penalties in the totality of the circumstances, with an emphasis on protecting the public interest. The ACO Amounts described above were tailored to the unique facts of the case and are reasonable. While PG&E disputes several of SED's alleged violations, PG&E acknowledges that there are areas in which it can work with the Commission to further enhance the safety and reliability of its electric facilities and mitigate the risks of wildfire in its service area. The Parties have negotiated in good faith and submit that the totality of the circumstances in furtherance of the public interest supports approval of this ACO.

First, the ACO resolves the issues identified here. Pursuant to the ACO, PG&E agrees to pay the ACO Amounts totaling $22 million, which include a $21 million penalty to the General Fund, and up to $1 million to fund a third-party review of PG&E's Transmission CIRT. By reaching a settlement, SED and PG&E have implicitly agreed that the total cost of $22 million is not constitutionally excessive. The total amount between the penalty and the third-party review is discretionary and appropriate here. The third-party review of the Transmission CIRT will help identify whether PG&E can achieve efficiencies in creating and addressing transmission maintenance corrective notifications. The review is intended to support continued improvement of PG&E's inspection and maintenance programs across PG&E's service territory. SED will monitor PG&E's performance through its approved oversight and enforcement mechanisms to ensure PG&E's actions comply with the General Orders and other relevant regulations.

Moreover, without waiving the protections of Rule 12.6 of the Commission's Rules of Practice and Procedure, the Parties represent that they took into account, among other things, the efforts PG&E has undertaken in recent years to reduce the risk of ignitions associated with its infrastructure and to address outstanding maintenance corrective actions across its service territory.

Second, the third-party review set forth in this ACO will directly further the public interest by facilitating the Commission's ongoing oversight of PG&E's Transmission CIRT program related to electric safety and supporting continued improvement of PG&E's inspection

[12] Enforcement Policy at 19.

and maintenance programs.

Third, it is in the public interest to resolve this matter now. Approving the ACO would obviate the need for SED to initiate an enforcement proceeding and for the Commission to hold evidentiary hearings to adjudicate the disputed facts, alleged violations, and appropriate penalty amounts related to SED's investigation into the Mosquito Fire. Approval of the ACO promotes administrative efficiency, preventing further expenditure of substantial time and resources on litigation of a matter that the Parties have satisfactorily and reasonably resolved.

The Role of Precedent. The Commission has described this criterion as follows:

> Penalties are assessed in a wide range of cases. The penalties assessed in cases are not usually directly comparable. Nevertheless, when a case involves reasonably comparable factual circumstances to another case where penalties were assessed, the similarities and differences between the two cases should be considered in setting the penalty amount.[13]

While not binding precedent, prior settlements are useful for comparison, with the acknowledgement that settlements involve compromise positions. SED considered the following settlements in evaluating this incident and the ACO:

- The Dixie Fire started on July 13, 2021, in Plumas County, California. The Dixie Fire ignited after a Douglas fir tree fell and struck energized distribution conductors which were owned and operated by PG&E. According to CAL FIRE, the Dixie Fire burned more than 960,000 acres, destroyed approximately 1,300 structures, and damaged 94 others. SED alleged that PG&E violated GO 95, Rule 18.B, Rule 31.1, and Public Utilities Code Section 451. SED and PG&E entered into an ACO and agreed to a $45 million settlement, consisting of a $2.5 million fine to the General Fund of the State of California, a $2.5 million payment to tribes impacted by the Dixie Fire, and $40 million in shareholder funding for capital expenditures for an initiative to transition from hard copy records to electronic records for distribution poles and inspections. The Commission approved the ACO in Resolution SED-8.
- The Zogg Fire ignited on September 27, 2020, when a tree fell on energized conductors owned and operated by PG&E in Shasta County. The fire burned more than 56,000 acres, caused four fatalities and one injury, destroyed 204 structures, and damaged 27 structures. SED issued an Administrative Enforcement Order alleging that PG&E had violated Public Utilities Code section 451, GO 95, and GO 165. PG&E disputed each violation and/or proposed penalty. SED and PG&E agreed to a settlement of $150 million for the Zogg Fire, including a $10 million penalty payable to the General Fund and $140 million in shareholder funds for new wildfire initiatives designed to mitigate the

[13] Enforcement Policy at 21.

risk of similar events occurring in the future. The Commission approved the settlement in Resolution ALJ-439.

- The Kincade Fire ignited on October 23, 2019, in Sonoma County. According to CAL FIRE, the fire burned more than 77,000 acres, destroyed nearly 374 structures, and caused four non-fatal injuries with zero fatalities. CAL FIRE determined that the fire was caused by PG&E's electrical transmission lines. SED alleged that PG&E had violated Public Utilities Code section 451 and GO 95. SED and PG&E entered into an ACO and agreed to a settlement of $125 million for the Kincade Fire, including a $40 million penalty payable to the General Fund and an $85 million permanent disallowance for cost recovery for removal of abandoned transmission lines within PG&E's service area. The Commission approved the settlement in Resolution SED-6, as modified by Resolution SED-6A.
- In October 2017 and November 2018, multiple wildfires occurred across PG&E's service territory in Northern California. The 2017 and 2018 wildfires were unprecedented in size, scope, and destruction. The Commission's decision in this proceeding states that at the peak of the 2017 wildfires, there were 21 major wildfires that, in total, burned 245,000 acres and causing 44 fatalities, 22 of which are attributed to fires started by PG&E facilities. PG&E's equipment failure started the 2018 Camp Fire, which burned approximately 153,336 acres, destroyed 18,804 structures, and resulted in 85 fatalities. The Commission issued an Order Instituting Investigation into these wildfires. SED, the Office of the Safety Advocate, the Coalition of California Utility Employees, and PG&E agreed to a settlement of $1.675 billion. The settlement included disallowances and system enhancement initiatives and corrective actions. The Commission approved a modified version of this settlement in D.20-05-019, which increased the total settlement to $1.937 billion, including disallowances and corrective actions. The decision also imposed a $200 million penalty payable to the General Fund, with the obligation to pay permanently suspended given the unique circumstances of PG&E's bankruptcy.
- In 2015, multiple power outages occurred on Southern California Edison Company's ("SCE") secondary network system in the City of Long Beach. These outages and electric facility failures caused fires in several underground structures and resulted in explosions. There were no reported injuries or fatalities. SED alleged, among other things, that: (1) SCE violated GO 128 and Public Utilities Code sections 451 and 768.6 for failing to properly maintain, inspect, and manage the electrical system in Long Beach; (2) SCE violated a commitment to an earlier settlement by failing to provide accurate estimates of service restoration times during outages; and (3) the violations that caused or contributed to the power outages that resulted in fires, explosions, and property damage endangered the safety of the public. SCE admitted to violations of GO 128 and Public Utilities Code sections 451 and 768.6. SED and SCE agreed to a settlement of $15 million, including a $4 million penalty payable to the General Fund and $11 million worth of Safety Enhancement Projects at shareholder expense. The Commission approved the settlement in D.17-09-024.

- The Malibu Canyon Fire ignited on October 21, 2007, when three utility poles fell to the ground during a Santa Ana windstorm. The fire burned more than 3,800 acres, destroyed 14 structures and 36 vehicles, and damaged 19 other structures. There were no reported injuries or fatalities. In D.12-09-019, the Commission approved a settlement between AT&T, Sprint, Verizon Wireless ("Settling Respondents"), and SED related to the three utility poles that ignited the fire.[14] SED alleged, among other things, that: (1) one of the fallen poles was overloaded in violation of GO 95 and Public Utilities Code section 451; (2) the safety factor of replacement poles did not meet the requirements of GO 95 for new construction; and (3) the Settling Respondents violated Rule 1.1 by submitting accident reports, data responses, and written testimony that contained incorrect information. The Settling Respondents denied SED's allegations. SED and the Settling Respondents agreed to a settlement of $12 million (divided equally between the Settling Respondents), including a $6.9 million penalty payable to the General Fund and $5.1 million to the Enhanced Infrastructure and Inspection Fund ("EIIF") used to strengthen utility poles in Malibu Canyon and to conduct a statistically valid survey of joint-use poles in the service territory for compliance with GO 95. Any funds leftover from the EIIF would revert to the General Fund.
- In D.13-09-028, another decision involving the above-referenced Malibu Canyon Fire, the Commission approved a separate settlement between SED and SCE. SED alleged the same violations of GO 95, Public Utilities Code section 451, and Rule 1.1. SCE admitted that: (1) one of the poles was overloaded in violation of GO 95; (2) SCE failed to take prompt action to prevent the pole from overloading, in violation of Public Utilities Code section 451; and (3) SCE withheld relevant information from SED and the Commission in violation of Rule 1.1. SED and SCE agreed to a settlement of $37 million, including a $20 million penalty payable to the General Fund and $17 million in shareholder funds to assess utility poles in the Malibu area for compliance with GO 95 safety factors and SCE's internal standards. SCE also agreed to remediate all substandard utility poles.
- In late October 2007, several severe fires occurred in the San Diego area: the Rice Fire, the Witch Fire, and the Guejito Fire. According to CAL FIRE, these fires burned more than 197,000 acres, caused two fatalities and 40 injuries, destroyed over 1,700 structures, and damaged 25 structures. SED alleged, among other things, that San Diego Gas & Electric Company ("SDG&E"), CoxCom Inc., and Cox California Telecom LLC (collectively, "Cox") violated GO 95 and Public Utilities Code section 451 by failing to adequately design, construct, and maintain the affected lines and line clearances. SDG&E and Cox denied these allegations. Under the settlement, which the Commission approved in D.10-04-047, SDG&E paid $14.35 million to the General Fund and Cox paid $2 million to the General Fund. SDG&E was also required to reimburse SED up to an additional $400,000 to implement a computer work module, with any unused balance of the $400,000 remitted to the General Fund.

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[14] The poles were jointly owned by SCE, AT&T, Sprint, Verizon Wireless, and NextG. The power lines on the poles were owned and operated by SCE.

The precedents reflect outcomes that included a mix of penalties, shareholder funding of programs, and/or remedial action plans. The Parties believe that the ACO results in a reasonable outcome considering these precedents and the criteria discussed in this section.

The Parties mutually believe that, based on the terms and conditions stated above, this ACO is reasonable, consistent with the law, and in the public interest.

IT IS HEREBY AGREED.

[Signatures immediately follow this page]

DATED: July 9th, 2026

Pacific Gas and Electric Company

By:

Peter Kenny
Senior Vice President, Chief Delivery Officer,
Electric Transmission and Distribution
Pacific Gas and Electric Company

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DATED: _____________, 2026

Safety and Enforcement Division
California Public Utilities Commission

Leslie L Palmer Digitally signed by Leslie L Palmer Date: 2026.07.09 13:53:51 -07'00'

By: ____________________________________

Leslie L. Palmer
Deputy Executive Director, Safety Enforcement, Safety Policy, and Water California Public Utilities Commission

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