



June 12, 2014

Mr. Paul Clanon
Executive Director
California Public Utilities Commission
505 Van Ness Avenue, Room 5223
San Francisco, CA 94102

Re: Implementation of the Catastrophic Event Memorandum Account for 2014 Fire Mitigation
Activities Due to Drought

Dear Mr. Clanon:

The Commission has authorized utilities to establish Catastrophic Events Memorandum Accounts (CEMAs) to record, among other things, the costs of complying with government agency orders in connection with events declared disasters by competent state or federal authority. (Resolution E-3238, (July 24, 1991), p. 1.)

On January 17, 2014, Governor Brown proclaimed a statewide state of emergency because of the current drought. PG&E's authority to record to CEMA has now been triggered by the Commission's related order in Resolution ESRB-4, issued on June 12, 2014. Accordingly, PG&E provides notice that it is recording in the electric CEMA (consistent with PG&E's tariff sheets, Electric Preliminary Statement Section G) the incremental costs of its compliance with Resolution ESRB-4 as of June 12, 2014.

PG&E is submitting this letter to preserve the option of filing an application for cost recovery under CEMA provisions at a later date. Details about the disaster and the estimated incremental costs are provided below:

1. Disaster and Related Government Agency Order

On January 17, 2014, Governor Brown proclaimed a statewide state of emergency because of the current drought. The drought raises the risk of wildfire, and state officials were directed to take actions to mitigate conditions that could result from a drought. In response, on June 12, 2014, the Commission approved Resolution ESRB-4, ordering the investor-owned electric utilities to take additional remedial measures to reduce the likelihood of fires associated with or threatening their facilities during the drought that was the topic of the Governor's proclamation (ESRB-4, Ordering Paragraphs 2-3).

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2. Estimated Incremental Costs

PG&E estimates that it will incur approximately \$28 million of incremental expense related costs through the end of 2014 due to incremental remedial measures to reduce the likelihood of fires associated with or threatening its facilities. PG&E continues to assess the measures to be taken to comply with ESRB-4 and the costs expected to be incurred and will supplement this letter should further expected costs be identified.

If you have any questions about PG&E's implementation of the CEMA, please contact Redacted
Redacted at Redacted

Sincerely,



Brian K. Cherry
VP, Regulatory Relations

cc: President Michael R. Peevey
Commissioner Mike Florio
Commissioner Catherine Sandoval
Commissioner Carla Peterman
Commissioner Michael Picker
Ed Randolph, Director, Energy Division