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

Application of PACIFIC GAS AND
ELECTRIC COMPANY for authorization to
enter into interest rate hedges in connection
with its financing to exit Chapter 11 of the
Bankruptcy Code and related requests.

(U 39 M)

Application No. 19-11-002
(Filed November 4, 2019)

**MOTION OF PACIFIC GAS AND ELECTRIC COMPANY
(U 39 M) FOR LEAVE TO FILE AMENDMENT TO
APPLICATION**

HENRY WEISSMANN
KEVIN ALLRED
GIOVANNI SAARMAN GONZÁLEZ

Munger, Tolles & Olson LLP
350 South Grand Avenue
Los Angeles, CA 90071-3426
Telephone: (213) 683-9150
Facsimile: (213) 683-5150
E-Mail: henry.weissmann@mto.com

CHRISTINE M. DeSANZE
JOSEPH C. YU

Pacific Gas and Electric Company
77 Beale Street, B30A
San Francisco, CA 94105
Telephone: (415) 973-4028
Facsimile: (415) 973-5520
E-Mail: Joseph.Yu@pge.com

Attorneys for PACIFIC GAS AND ELECTRIC
COMPANY

Dated: January 27, 2020

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I. INTRODUCTION AND SUMMARY OF RELIEF REQUESTED

Pursuant to Rule 11.1 of the Rules of Practice and Procedure of the California Public Utilities Commission (the “Commission”), Pacific Gas and Electric Company (U 39 M) (“PG&E”) hereby moves for leave to file an amendment to its application (the “Amendment”), which is attached hereto as Attachment A.

PG&E’s application (the “Application”) requests authorization for interest rate hedging transactions up to \$27.35 billion in notional value. As a result of the Restructuring Support Agreement (the “RSA”) reached on January 22, 2020 between PG&E and certain holders of notes issued by PG&E, PG&E now wishes to amend its Application to limit the authorization sought to \$5.825 billion in notional value. The Amendment does not change any other aspect of PG&E’s application or the scope of this proceeding.

To enable PG&E to consider potential hedging transactions in a timely manner, if the Commission grants leave to file the Amendment, it should require parties who wish to file responses to the Amendment to do so within five days of such ruling.

II. DISCUSSION

Although Rule 1.12(a) of the Commission's Rules of Practice and Procedure provides that an amendment to an application must be filed before the issuance of the scoping memo, Rule 1.2 makes clear that the Commission may permit deviations from the rules for good cause. The Commission has previously used its authority to allow the amendment of an application after the issuance of a scoping memo on good cause shown.¹ There is good cause to allow amendment here.

The Application sought authority to hedge up to \$27.35 billion in long-term debt. As the application stated, that value was a "current estimate" of the total amount of long-term debt that would be issued to finance PG&E's Plan of Reorganization ("PG&E's Plan"), as contemplated in the version of PG&E's Plan filed on September 23, 2019.² The Application further stated that "PG&E's Plan and associated financing may be amended based on future developments."³

On January 22, 2020, PG&E and PG&E Corporation, along with other proponents of PG&E's Plan, entered into the RSA with a group of investment funds that hold senior unsecured notes issued by PG&E (the "Noteholders").⁴ In essence, the RSA provides that PG&E will

¹ See D.19-11-003 (California-American Water Company), 2019 WL 6179000, at *1 (following the realization that certain figures in the application related to rate base were understated, the applicants "filed a motion to change the Scoping Memo to provide for a revised schedule as well as application corrections," which the Commission granted over the opposition of another party); see also Assigned Commissioner's Ruling Directing California-American Water Company to Amend Application With New Project Description, A.12-04-019 (Feb. 22, 2016) (ordering the amendment of an application and noting that "[t]here is no need for an additional Prehearing Conference (PHC) or Scoping Memo, given that the new application will only change the project description and therefore does not alter the scope of the proceeding").

² Application of Pacific Gas And Electric Company (U 39 M) for Authorization to Enter Into Interest Rate Hedges in Connection With Its Exit Financing and Related Requests, A.19-11-002 (Nov. 4, 2019) ("Application"), at 1 & n.1.

³ *Id.* at n.1.

⁴ PG&E Corp. & Pacific Gas and Electric Co., Current Report (Form 8-K) (Jan. 23, 2020), Exhibit 10.1.

amend its Plan⁵ to reinstate approximately \$9.575 billion in senior notes and to issue approximately \$11.95 billion in long-term debt at agreed interest rates.⁶ Because the interest rate on this debt is agreed, it is not subject to market fluctuation and hence does not need to be hedged.

As a result of the RSA, the amount of new long-term debt that PG&E must issue in the market to finance the Plan will be significantly reduced. PG&E now anticipates issuing only \$5.825 billion in new debt in the market.

Accordingly, PG&E seeks leave to amend its Application to reduce the amount of hedging authority requested to \$5.825 billion. The Amendment would not alter the Application in any way other than to reduce the amount to be authorized. The proposed amendment would not alter the scope of this proceeding. For those reasons, good cause exists for amending the Application.

If the Commission grants PG&E leave to file the Amendment, PG&E requests that the Commission require parties to file any responses within five days of such ruling.

Under Rule 1.12(b) of the Commission's Rules of Practice and Procedure, when an amendment is filed, "[i]f the time for filing a reply, response, protest, or answer to the original document has passed, the Administrative Law Judge may limit or prohibit any further reply, response, protest, or answer to the amended document." The Commission has previously relied on this rule in granting a request to waive further replies to the filing of an amended document, where the amendment in question reduced the revenue requirement and made other minor

⁵ *Id.* Ex. A at 1.

⁶ *Id.* Ex. A at 2-3, 6.

corrections.⁷ Here, the deadline for filing responses to the Application – November 19, 2019⁸ – has already passed. Accordingly, in these circumstances the Commission may limit the period for responses to the Amendment.

Requiring parties to file responses within five days is warranted here. This period will enable parties to provide comments, while avoiding an unnecessary delay in the Commission’s action on the Application.

III. CONCLUSION

For all of the foregoing reasons the Commission should grant PG&E’s motion. A Proposed Order approving these requests is attached hereto.

HENRY WEISSMANN
KEVIN ALLRED
GIOVANNI SAARMAN GONZÁLEZ

Munger, Tolles & Olson LLP
350 South Grand Avenue
Los Angeles, CA 90071-3426
Telephone: (213) 683-9150
Facsimile: (213) 683-5150
E-Mail: henry.weissmann@mto.com

Respectfully submitted,

CHRISTINE M. DeSANZE
JOSEPH C. YU

By: /s/ Joseph C. Yu
JOSEPH C. YU

PACIFIC GAS AND ELECTRIC COMPANY
77 BEALE STREET, B30A
SAN FRANCISCO, CA 94105
TELEPHONE: (415) 973-4028
FACSIMILE: (415) 973-5520
EMAIL: Joseph.Yu@pge.com

Attorneys for PACIFIC GAS AND ELECTRIC
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Dated: January 27, 2020

⁷ D.15-04-007 (California-American Water Co.), 2015 WL 1687693, at *4; *see also* D.15-09-015 (Del Oro Water Co.), 2015 WL 5729817, at *2 (noting that the ALJ issued an email ruling prohibiting any further reply, response, protest, or answer to the amended application under Rule 1.12(b)); D.14-12-058 (SoCal Gas), 2014 WL 7437481, at *2 (noting that the ALJ ruled that no responses or protests to the amendment could be filed, pursuant to Rule 1.12(b)).

⁸ Chief Administrative Law Judge’s Ruling Shortening Time, A.19-11-002 (Nov. 7, 2019).

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**[PROPOSED] ORDER ON MOTION OF PACIFIC GAS AND ELECTRIC COMPANY
(U 39 M) FOR LEAVE TO FILE AMENDMENT TO APPLICATION**

On January 27, 2020, Pacific Gas and Electric Company (“PG&E”) filed a motion for leave to file an amendment to its application. Good cause having been shown for the relief sought, it is hereby ordered that:

1. The motion of PG&E for leave to file the Amendment is GRANTED.
2. Any responses to the Amendment shall be filed and served on or before _____, 2020.

Dated: January __, 2020

Administrative Law Judge

ATTACHMENT A

Amendment to Application 19-11-002

On pages 1, 3, 4, 11, and 23 of Application 19-11-002, replace “\$27.35 billion” with “\$5.825 billion.”

On pages 1, 3, and 4, insert “as it may be amended” after “PG&E’s Plan of Reorganization” and “PG&E’s Plan.”

On page 3, delete the second, third, fourth, fifth, sixth, and final lines of Table 1, and replace “\$5,712,900,000” with “\$5,825,000,000.”

On page 4, delete “—refinancing approximately \$17 billion of existing PG&E bonds and issuing an additional approximately \$10 billion in new debt.”

VERIFICATION

I, the undersigned, say:

I am an officer of PACIFIC GAS AND ELECTRIC COMPANY, a corporation, and am authorized to make this verification for that reason; I have read the foregoing Amendment to Application 19-11-002 and I am informed and believe the matters therein are true and on that ground I allege that the matters stated therein are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at San Francisco, California this 27th day of January 2020.

/S/ Nicholas M. Bijur

NICHOLAS M. BIJUR
Vice President and Treasurer
PACIFIC GAS AND ELECTRIC COMPANY