UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

August 16, 2018

Ms. Meredith B. Cross, Esq.
WilmerHale
1875 Pennsylvania Ave. NW
Washington, DC 20006

Re: United States of America v. Pacific Gas and Electric Company (N.D. Cal., Case No. R-14-00175-THE)
PG&E Corporation and Pacific Gas and Electric Company – Waiver Request of Ineligible Issuer Status under Rule 405 of the Securities Act

Dear Ms. Cross:

This is in response to your letter dated August 14, 2018, written on behalf of PG&E Corporation and Pacific Gas and Electric Company ("the Utility") (together, "PG&E") and constituting an application for relief from PG&E being considered "ineligible issuer[s]" under Rule 405(1)(v) of the Securities Act of 1933 ("Securities Act"). PG&E requests relief from being considered "ineligible issuers" under Rule 405 due to the August 9, 2016 guilty verdict against the Utility ("Conviction"). The Conviction, in part, found the Utility guilty of obstructing a federal agency proceeding, a felony violation of 18 U.S.C. § 1505. On January 26, 2017, the court entered a judgment of conviction ("Judgment") which requires, among other things, oversight by a third-party monitor for five years and community service.

Based on the facts and representations in your letter, and assuming the Utility complies with the Judgment, we have determined that PG&E has made a showing of good cause under clause (2) of the definition of ineligible issuer in Rule 405 and that PG&E will not be considered ineligible issuers, beginning August 16, 2018, as a result of the Conviction. Accordingly, the relief described above from PG&E being ineligible issuers under Rule 405 of the Securities Act is hereby granted. Any different facts from those represented or failure to comply with the terms of the Judgment would require us to revisit our determination that good cause has been shown and could constitute grounds to revoke or further condition the waivers. The Commission reserves the right, in its sole discretion, to revoke or further condition the waivers under those circumstances.

For the Commission, by the Division of Corporation Finance, pursuant to delegated authority.

Sincerely,

/s/

Tim Henseler
Chief, Office of Enforcement Liaison
Division of Corporation Finance

WILMERHALE

Meredith B. Cross

+1 202 663 6644 (t)
+1 202 663 6363 (f)
meredith.cross@wilmerhale.com

August 14, 2018

BY ELECTRONIC MAIL

Tim Henseler
Chief, Office of Enforcement Liaison
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: *United States of America v. Pacific Gas and Electric Company* (N.D. Cal., Case No. CR-14-00175-THE)

Dear Mr. Henseler:

We write on behalf of our clients, PG&E Corporation (the "Company") and its primary operating subsidiary, Pacific Gas and Electric Company (the "Utility"), in connection with the judgment of conviction entered against the Utility on January 26, 2017, which is described below. Pursuant to Rule 405 promulgated under the Securities Act of 1933 (the "Securities Act"), we hereby request that the Securities and Exchange Commission ("Commission") or the Division of Corporation Finance, acting pursuant to delegated authority, determine that for good cause shown it is not necessary under the circumstances that the Company or the Utility be considered an "ineligible issuer" under Rule 405. Prior to this matter, neither the Company nor the Utility has previously made a request for a waiver from the Commission.

BACKGROUND

The Company is a holding company whose primary operating subsidiary is the Utility. The Utility is a public utility serving approximately 16 million people throughout 70,000 square miles in northern and central California. As of December 31, 2017, the Company and the Utility had approximately 23,000 regular employees, approximately 20 of whom were employees of the Company. The Company and the Utility file periodic reports with the Commission under Section 13(a) of the Exchange Act on a combined basis.

On September 9, 2010, a tragic accident occurred in San Bruno, California, involving an explosion of a portion of one of the Utility's gas transmission pipelines. Following investigations by the Utility's primary regulator, the California Public Utilities Commission (the "CPUC"), and the National Transportation Safety Board (the "NTSB"), on April 1, 2014, a federal grand jury for the Northern District of California returned an indictment charging the

Utility with multiple pipeline violations, and the charge of obstructing an agency proceeding was included in a superseding indictment filed July 29, 2014. A federal criminal trial against the Utility began in June 2016 in the United States District Court for the Northern District of California involving 12 felony counts alleging that the Utility knowingly and willfully violated minimum safety standards under the Natural Gas Pipeline Safety Act relating to record-keeping, pipeline integrity management, and identification of pipeline threats, and one felony count charging that the Utility obstructed the NTSB investigation into the cause of the San Bruno accident. On August 9, 2016, the jury found the Utility guilty on one count of obstructing a federal agency proceeding in violation of 18 U.S.C. § 1505 ("Section 1505") and five counts of violations of pipeline integrity management regulations of the Natural Gas Pipeline Safety Act. The jury acquitted the Utility on all six of the record-keeping allegations.

On January 26, 2017, the court issued a judgment of conviction, fining the Utility $3 million, and sentencing the Utility to a five-year corporate probation period, including, among other conditions, oversight by a third-party monitor for a period of five years, with the ability to apply for early termination after three years, certain advertising requirements, and community service.

The probation includes a requirement that the Utility not commit any local, state, or federal crimes during the probation period. As part of the probation, the Utility was required to retain a third-party monitor. The Utility engaged the monitor in February 2017. The goal of the monitor is to help ensure that the Utility takes reasonable and appropriate steps to maintain the safety of its gas and electric operations, and maintain effective ethics, compliance and safety related incentive programs on a Utility-wide basis.

DISCUSSION

In 2005, the Commission revised the registration, communications, and offering processes under the Securities Act.[1] As part of this offering reform, the Commission revised Securities Act Rule 405, creating a new category of issuer, the "well-known seasoned issuer" (or "WKSI"), and a new category of offering communication, the "free writing prospectus." A well-known seasoned issuer is eligible for important reforms that have changed the way corporate finance transactions for large accelerated filers are offered and sold. These reforms include the ability to "file-and-go" *(i.e.*, eligibility for automatically effective shelf registration statements) and "pay-as-you-go" (*i.e.*, the ability to pay filing fees as the issuer sells securities off the shelf). These reforms have removed the risk of regulatory delay in connection with capital formation. In addition, well-known seasoned issuers are provided with the most flexibility in terms of communications, including the ability to use free writing prospectuses in advance of filing a

[1]*See* Securities Offering Reform, Securities Act Release No. 8591, Exchange Act Release No. 52,056, Investment Company Act Release No. 26,993, 70 Fed. Reg. 44,722, 44,790 (Aug. 3, 2005).

registration statement and in connection with the offering of securities registered on the WKSI's registration statement.

The Commission also created another category of issuer under Rule 405, the "ineligible issuer." An ineligible issuer is excluded from the category of "well-known seasoned issuer" and is ineligible to make communications by way of free writing prospectuses, except in limited circumstances.[2] As a result, an ineligible issuer that would otherwise be a well-known seasoned issuer does not have access to file-and-go or pay-as-you-go, and cannot use most free writing prospectuses.

Securities Act Rule 405 authorizes the Commission to determine, "upon a showing of good cause, that it is not necessary under the circumstances that the issuer be considered an ineligible issuer."[3] The Commission has delegated the function of granting or denying such applications to the Division of Corporation Finance.[4]

The Company and the Utility understand that the jury's verdict made the Company and the Utility ineligible issuers under Rule 405. As such, neither the Company nor the Utility currently is able to qualify as a "well-known seasoned issuer." The Company and the Utility replaced their automatic shelf registration statements with non-automatic shelf registration statements on Form S-3 in January 2017 in order to maintain their access to the capital markets following the loss of WKSI status. However, the loss of the ability to access file-and-go and other reforms available to well-known seasoned issuers continues to have an adverse impact on the Company and the Utility.

REASONS FOR GRANTING A WAIVER

Consistent with the framework outlined in the Division of Corporation Finance's Revised Statement on Well-Known Seasoned Issuer Waivers issued on April 24, 2014, the Company and the Utility respectfully request that the Commission determine that it is not necessary for either the Company or the Utility to be considered an ineligible issuer as a result of the entry of the judgment.

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[2] *See* Securities Act Rules 164(e), 405 & 433, 17 C.F.R. §§ 230.164(e), 230.405 & 230.433.
[3] Securities Act Rule 405, 17 C.F.R. § 230.405.
[4] 17 C.F.R. § 200.30-1(a)(10).

Nature of Violation: Responsibility for and duration of the alleged violations

Neither the Company nor the Utility has been charged with any violation of the federal securities laws, and the Utility's conviction relating to violations of pipeline integrity management regulations of the Natural Gas Pipeline Safety Act do not implicate the ineligible issuer definition. Rather, the sole basis of the determination that the Company and the Utility are ineligible issuers under Rule 405 is the conviction of the Utility on one count of obstructing a federal agency proceeding, based on the assumption that the Utility's violation of Section 1505 involves the making of a "false report" within the meaning of Section 15(b)(4)(B)(i) of the Exchange Act.

The conduct that gave rise to the Section 1505 violation involved the Utility's written response to a data request sent to the Utility by the CPUC in its role as a party participant in the NTSB investigation. The evidence presented at trial demonstrated that the Utility, in response to the data request, initially provided a draft of a policy outlining the way in which it would address potential manufacturing threats on segments of some of its oldest natural gas pipelines. Based on the draft policy, the Utility collected certain information about these pipeline segments, but did not prioritize them as high-risk and schedule required assessments. Approximately six weeks after providing the draft policy, in April 2011 the Utility advised the NTSB and CPUC in a letter that the version of the policy produced was an unapproved draft that had been produced in error, and thereafter provided a prior, approved version of the policy as well as a newly revised version. The Utility did not advise either agency that, in fact, it had been operating under the draft policy. The Department of Justice argued that the Utility's failure to tell the NTSB that the draft policy had been in effect was an effort to obstruct the NTSB's investigation. The jury found the Utility guilty of obstructing an agency proceeding in violation of Section 1505.

The Utility's conviction related to an isolated incident and was not part of a pattern of conduct that would call into question the reliability of its or the Company's current and future disclosures as issuers of securities. This conduct does not pertain to activities undertaken by the Company or the Utility in connection with their roles as issuers of securities (or any disclosure related thereto) or to any of their filings with the Commission. None of the conduct is related in any way to any of the Company or the Utility's current or future disclosures as an issuer of securities or to any of their filings with the Commission, and does not call into question the effectiveness of their disclosure controls and procedures.

In addition, Department of Justice did not allege misconduct by the board of directors, executive management, or other senior officers of the Company or the Utility in connection with the Section 1505 violation, nor was it alleged that any of the Company's or the Utility's directors or senior management were aware of the violative conduct or ignored any warning signs or "red flags" regarding the obstruction violation. No individual Company or Utility employees were charged with the Section 1505 violation, and only a few Utility employees were alleged to be involved in the events relating to that violation, none of whom had any responsibility for, participated in, or had any influence over the preparation of the Company's or the Utility's filings with the Commission. In discussions of the conduct underlying the obstruction charge, the Department of Justice focused generally on two Utility employees, both of whom retired prior to the indictment of the Utility.

Remedial Steps

In addition to significant gas pipeline safety improvements designed to address its Natural Gas Pipeline Safety Act compliance, the Company and the Utility have taken the following comprehensive measures, and will continue to take significant measures, to prevent future occurrences such as the one giving rise to the Section 1505 violation.

During 2015, prior to the jury's verdict in this matter, the Company and the Utility (together, "PG&E") as part of their commitment to strengthen their compliance and ethics program and performance restructured the governance for managing compliance and ethics to highlight and delineate more clearly the responsibilities for the implementation, coordination, and monitoring of their compliance and ethics program.

Since 2015, PG&E has substantially increased senior-level oversight of its compliance and ethics program, and has significantly expanded its compliance and ethics team. At the management level, the companies' Chief Ethics and Compliance Officer (CECO), in partnership with the lines of business, has day-to-day responsibility for overseeing and monitoring the company-wide compliance and ethics program, including compliance management, risk-mitigation and reporting; overseeing employee-investigatory processes; and reinforcing PG&E's ethics and compliance culture. The lines of business are responsible for program implementation, and regularly report to the CECO on compliance matters. Management also has established a senior officer compliance and ethics committee that provides strategic guidance on, and oversight of, the compliance and ethics program, including the programs and systems designed to prevent, detect, and mitigate non-compliance. The CECO also leads the companies' ethics and compliance training and culture-building efforts. In 2015, the Company's Board of Directors also reconstituted its Public Policy Committee into the Compliance and Public Policy Committee, which is accountable for overseeing the compliance and ethics program through reports from the CECO, as well as outside compliance reports and external audits, and monitoring that a consistent commitment to effective compliance programs is conveyed to employees, contractors, and other relevant stakeholders.

The Utility currently has in place a rigorous internal risk and compliance program. Every year, the Utility's senior executives from each line of business convene a discussion to review and assess its risks and compliance obligations, how it has performed in the past year, and its plans to mitigate any open issues identified in this planning process. This annual meeting represents the culmination of several months of work by each line of business to analyze and assess its risk and compliance issues, identify gaps, and develop mitigation plans. The CECO and Vice President of Enterprise and Operational Risk Management lead this meeting of the Utility's senior executives, and the Company's Chairman and CEO. In addition, each line of business within the Utility has its own risk and compliance committee, which regularly reviews that business' most-significant risks and compliance requirements, including the status of associated mitigations. The committees work to ensure full compliance with all laws and regulatory requirements as well as maintain focus on operational risk management. The risk and compliance committee meetings generally are led by officers from the specific line of business for the express purpose of creating a forum to address its significant risks and compliance requirements.

In February 2018, PG&E Corporation and the Utility amended the employee Code of Conduct to add a section directly addressing communications with regulatory personnel, stressing that all such communications must be truthful and accurate. These new provisions provide direct links to company procedures regulating ex parte communications with the CPUC and the Federal Energy Regulatory Commission and note that employees who contact regulatory agencies are expected to follow all company procedures and can consult with the Law Department or Regulatory Affairs. Prior to these revisions, the Code of Conduct generally emphasized the importance of accurate records, including in reports to government agencies, but the new Code of Conduct highlights the applicability in regulatory proceedings, as well as provides employees with easier access to guidance on how to conduct themselves.

Taken as a whole, PG&E believes its compliance and ethics program enhances accountability for its employees, promotes the management and reporting of, and collaboration on, compliance risks and mitigations across lines of business, fosters a culture of "speaking up, listening up and following up," and promotes safety, integrity and compliance with regulatory and legal requirements. These overall changes in processes and focus have strengthened PG&E's compliance culture and are making PG&E's employees more mindful of their responsibilities in dealing with all legal and regulatory requirements, thereby minimizing the risk that PG&E employees would engage in conduct such as that underlying the obstruction charge in the instant matter.

<u>Impact on Issuer</u>

The ability to have flexible and seamless access to the capital markets in a timely fashion is of critical importance to the Company and the Utility, and is in the public interest. The need for the Company and the Utility to raise a significant amount of capital to fund their infrastructure capital investment program and to pay potential liabilities in connection with the

Northern California wildfires that occurred in October 2017 (the "Northern California wildfires"), all while complying with the Utility's capital structure conditions, has increased by an order of magnitude and requires maximum flexibility to quickly access the capital markets on a cost-effective basis. The Utility's need to invest in and enhance its infrastructure, including new and innovative approaches to address the growing wildfire risk, requires the Company and the Utility to continue to raise new capital to fund these investments.

As a regulated California entity, the Utility's capital structure is dictated by the CPUC. The CPUC periodically conducts a cost of capital proceeding to authorize the Utility's capital structure and rates of return for its electric generation, electric and natural gas distribution, and natural gas transmission and storage rate base. As noted in the Company and the Utility's Annual Report on Form 10-K for the year ended December 31, 2017, the CPUC has authorized the Utility's capital structure through 2019, consisting of 52% common equity, 47% long-term debt, and 1% preferred stock. In order to fund its required capital expenditures while maintaining its authorized capital structure, the Utility depends on access to the capital markets and equity contributions from the Company. The primary source of the Company's equity contributions to the Utility is the issuance of the Company's common stock.

Prior to the loss of WKSI status, the Company had two WKSI shelf registration statements and the Utility had one, all of which were replaced with non-WKSI Form S-3 shelf registration statements in early 2017. In 2017, the Company issued $416 million of common stock and made equity contributions of $455 million to the Utility, and the Utility conducted one registered offering using its shelf registration statement, issuing $600 million of senior notes in March. In the three years prior to the loss of WKSI status, the Company and the Utility accessed their WKSI shelf registration statements in 12 separate offerings registered under the Securities Act: (i) the Company conducted five registered offerings using its automatic shelf registration statement, of which four offerings were to provide proceeds to make equity contributions to the Utility; and (ii) the Utility conducted seven shelf takedowns to raise funds for general corporate purposes and to repay its outstanding commercial paper. In 2016, the Company issued approximately $800 million of common stock and made equity contributions to the Utility of $835 million, and the Utility issued $1 billion of long-term debt. In 2015, the Company issued approximately $800 million of common stock and made equity contributions to the Utility of $705 million, and the Utility issued $1.15 billion of long-term debt.

The Utility's capital expenditures have increased significantly in recent years. From 2011 to 2017, the Utility's annual capital expenditures increased from $4 billion to approximately $5.7 billion. The Utility estimates it will incur $6.3 billion in 2018 and $6.0 billion in 2019. Historically, the Utility's operating revenues have been insufficient to fund its capital expenditure needs. The Utility has been, and will continue to be, reliant on the Company's access to the capital markets and the resulting equity contributions and the Utility's own debt issuance to ensure sufficient funding for future expenses.

While to date it has been possible for the Company and the Utility to continue to access the capital markets using their non-automatic shelf registration statements since the loss of WKSI status, the reduced flexibility with respect to the amount of securities to be offered and the inability to access the markets with very little notice are now posing significantly greater risks to the Company and the Utility. Specifically, it is essential that the Company and the Utility have flexibility to quickly access the capital markets to respond to unexpected capital needs that may arise, such as increased capital expenditures or liquidity needs related to the Northern California wildfires or other extreme weather conditions.

For instance, a Current Report on Form 8-K filed with the Commission on June 21, 2018 by the Company and the Utility (the "Form 8-K") addressed the potential impact of the Northern California wildfires. In the Form 8-K, the Company and the Utility disclosed that they have received approximately 200 complaints on behalf of at least 2,700 plaintiffs related to Northern California wildfires.[5] The litigation pending against the Company and the Utility includes claims under multiple theories of liability, including negligence and California's strict liability regime of inverse condemnation. Further, the Company and the Utility indicated that they intend to record an estimated pre-tax charge in the amount of $2.5 billion for the quarter ending June 30, 2018 for losses in connection with 14 of the Northern California wildfires in connection with which the California Department of Forestry and Fire Protection (CAL FIRE) issued its determinations of cause.[6] The expected charge does not include any amounts in connection with any of the other Northern California wildfires, including the wildfires as to which CAL FIRE has not yet issued its determination of cause.[7]

The timing and outcome of these and other potential proceedings are uncertain. Such expenditures could necessitate capital raising in excess of the amounts already registered on the existing shelf registration statements in a very short time period. Without WKSI status, the Company and the Utility would likely be required to register a significantly greater amount of securities than they would need in the short term to respond to these proceedings, and even with that approach, it may not be possible to accomplish the required registration in time to satisfy

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[5] *See* Current Report on Form 8-K, PG&E Corporation and Pacific Gas and Electric Company, filed June 21, 2018 at https://www.sec.gov/Archives/edgar/data/75488/000119312518198514/d619252d8k.htm ("Form 8-K").
[6] The Company and the Utility noted in the Form 8-K that on January 31, 2018, the California Department of Insurance issued a news release announcing an update on property losses in connection with the October and December 2017 wildfires in California, stating that, as of such date, "insurers have received nearly 45,000 insurance claims totaling more than $11.79 billion in losses," of which approximately $10 billion relates to statewide claims from the Northern California wildfires. That news release reflected insured property losses only and did not account for uninsured losses, interest, attorneys' fees, fire suppression and clean-up costs, personal injury and wrongful death damages or other costs.
[7] *See* Form 8-K.

capital expenditure and liquidity needs, and to stay in compliance with the CPUC's capital structure condition. Alternatively, the delay imposed by registering smaller amounts of securities may cause the Company and the Utility to fail to access capital when public markets present conditions at reasonable cost, or at all. Both of these situations could create unnecessary costs to shareholders and unnecessary delays in addressing and resolving proceedings. If the Company and the Utility were to regain WKSI status, they would have the flexibility to use "file-and-go" and "pay-as-you-go" to remove the risk of regulatory delay and unnecessary costs in connection with capital formation.

The capital raising flexibility available to a WKSI is critically important to the Company and the Utility to resolve proceedings quickly and to stay within the authorized capital structure. The Company's and the Utility's ability to raise capital to satisfy the Utility's capital expenditure needs in a timely manner and without regulatory impediments is critical not only to investors but to the California public. Capital provided by Utility debt issuances and equity contributions from the Company is critical to protecting the power grid, investing in innovative approaches to wildfire risk and ensuring that Utility pipelines and facilities are adequately protected from threats.

In light of these and the other considerations described in this letter, continuing to subject the Company and the Utility to ineligible issuer status is not necessary under the circumstances, either in the public interest or for the protection of investors, and good cause exists to determine that they should not be considered ineligible issuers under Rule 405 as a result of the judgment of conviction. We respectfully request the Division of Corporation Finance to make that determination.

Please contact me at 202-663-6644 if you should have any questions regarding this request.

Sincerely,

Meredith B. Cross