

SETTLEMENT AGREEMENT AND GENERAL RELEASE

This Settlement Agreement and General Release (the “Agreement”) is made by and between the County of Shasta and the County of Tehama (collectively, the “Public Entities” and each a “Public Entity”), on the one hand, and Pacific Gas and Electric Company and PG&E Corporation (collectively “PG&E”), on the other hand. The Public Entities and PG&E shall be referred to collectively as the “Parties,” and each as a “Party.” This Agreement is made with reference to the following facts.

I. **RECITALS**

A. The Public Entities have made a demand upon PG&E with respect to damages (the “Demand”) that allegedly resulted from the 2020 Zogg Fire, which ignited on September 27, 2020 and burned in Shasta and Tehama Counties (the “Zogg Fire”), and the Public Entities filed a complaint in the Superior Court of the State of California, County of San Francisco, Case No. CGC-20-588433, on December 10, 2020 (the “Complaint”), concerning the same event.

B. PG&E expressly denies violating any applicable statute, ordinance, rule, regulation, policy, order, or other law. PG&E asserts that it is not in any way liable for any damages claimed by the Public Entities in connection with the Demand or Complaint, but desires to resolve the issues raised in the Demand and Complaint to avoid continuing and significant costs of involvement in the dispute.

C. The Public Entities’ claims included monies and benefits obligated, paid or given, or sought to be obligated, paid or given, to the Public Entities from the California Governor’s Office of Emergency Services (“OES”) and the Federal Emergency Management Agency (“FEMA”) relating to or arising out of the Zogg Fire, including, but not limited to, those sought under the FEMA Public Assistance (PA) grant program for

Major Disaster Declaration DR-4569 (“DR-4569”). A known and current list of those projects is included in Exhibit A, attached hereto, which is subject to ongoing developments and updates as the Public Entities continue their work with FEMA and OES. In coordination with FEMA and OES, and as part of the Parties’ settlement negotiations, the Public Entities sought recovery from PG&E for the costs, or anticipated costs, associated with the projects included in Exhibit A. As set forth in Paragraph II.D below, it is the intention of the Parties that this settlement also satisfy all FEMA and OES interests in those Exhibit A project costs, as to all Parties herein.

D. By entering into this Agreement, the Public Entities and PG&E agree that the Parties’ resolution of the issues raised in the Demand and Complaint, which resolution is set forth in this Agreement, is reasonable, fair, just, and in the best interests of the Public Entities, PG&E and the public.

E. The foregoing recitals are an essential part of this Agreement.

II. SETTLEMENT TERMS

A. Payment to the Public Entities by PG&E

In consideration of and in return for the promises and covenants undertaken and the releases given by the Parties:

PG&E shall pay the Public Entities a total of TWELVE MILLION THREE HUNDRED AND SIXTY THOUSAND DOLLARS (\$12,360,000.00) (the “Settlement Sum”). Payment of the Settlement Sum shall be made as follows:

Payment of the Settlement Sum shall be paid to Baron & Budd PC- BB Escrow on or before June 29, 2021, provided that the Effective Date of this Agreement is on or before May 25, 2021. Payment shall be made by wire transfer, and such information shall be provided by Public Entities, by and through their attorneys Baron & Budd P.C.

under separate cover on or before June 1, 2021. Baron & Budd P.C. and the Public Entities shall have the sole responsibility to ensure that the Settlement Sum is allocated between the Public Entities in whatever manner the Public Entities have agreed to between themselves (the “Allocation”).

B. Dismissal with Prejudice

The Public Entities hereby irrevocably authorize its attorneys, Baron & Budd P.C., to execute a Request for Dismissal of Complaint dismissing the Complaint, as defined in Paragraph I.A above, with prejudice (the “Request for Dismissal”). Counsel for the Public Entities will sign the Request for Dismissal and deliver the executed Request for Dismissal to counsel for PG&E before June 29, 2021. PG&E is authorized to file the Request for Dismissal after PG&E has paid the Settlement Sum as set forth in Paragraph II.A. above.

C. Public Entities’ Released Claims

In consideration of and in return for the promises and covenants set out herein, and for other good and valuable consideration, the Public Entities, on their own behalf, and on behalf of any of their agents, insurers, attorneys, and assigns (collectively, the **“Public Entity Releasers”**), **fully and forever release, acquit, and discharge PG&E**, its agents, parents, subsidiaries and affiliates, and each of their past and/or present representatives, directors, officers, members, shareholders, employees, contractors, partnerships, companies, agents, insurers, attorneys, executors, heirs, contractors, and successors (collectively, the **“PG&E Releasees”**), and all other persons or entities who may have caused or contributed to the damages alleged in the Demand and/or the Complaint (collectively the **“Released Parties”**) from any and all claims, demands,

contracts, losses, damages, actions, causes of action, suits, debts, promises, liabilities, obligations, costs, expenses, attorneys' fees, indemnities or duties, whether known or unknown, fixed or contingent, accrued or not yet accrued, matured or not yet matured, anticipated or unanticipated, of any kind whatsoever that arise out of or relate to, directly or indirectly, the allegations made in the Demand and/or the Complaint or the transactions, occurrences, acts or omissions that are the subject matter of the Demand and/or the Complaint, as well as any other existing known or unknown claims for liability and/or injunctive relief arising out of the Zogg Fire as of or at any time prior to the Effective Date.

In consideration of and in return for the promises and covenants set out herein, and for other good and valuable consideration, PG&E, on its own behalf, and on behalf of any of its agents, insurers, attorneys, and assigns (collectively, the "PG&E Releasers"), fully and forever release, acquit, and discharge the Public Entities and their officials, officers, agents, representatives, departments, agencies, employees, contractors, insurers, and attorneys (collectively, the "Public Entity Releasees") from any and all claims, demands, contracts, losses, damages, actions, causes of action, suits, debts, promises, liabilities, obligations, costs, expenses, attorneys' fees, indemnities or duties, whether known or unknown, fixed or contingent, accrued or not yet accrued, matured or not yet matured, anticipated or unanticipated, of any kind whatsoever that arise out of or relate to, directly or indirectly, the allegations made in the Public Entities' Demand and/or Complaint or the transactions, occurrences, acts or omissions that are the subject matter of the Demand and/or Complaint, as well as any other existing known or unknown claims for liability and/or injunctive relief arising out of the Zogg Fire as of or at any time prior to the Effective Date.

Notwithstanding any other provision in this Agreement, nothing herein releases or discharges any of the Parties' obligations, commitments, indemnities, representations or warranties made in this Agreement or prevents the enforcement of obligations, commitments, indemnities, representations or warranties made in this Agreement.

D. OES/FEMA Subrogation and Insurance Subrogation

This Agreement encompasses and includes claims for the FEMA eligible work and financial assistance to the Public Entities provided by OES under at least DR-4569. After the Public Entities coordinated with FEMA and OES, it is the Parties' intention that the Allocation of the Settlement Sum referenced in Paragraph II.A to the Public Entities shall also satisfy all FEMA interests and OES interests, respectively, in the potential liability of PG&E for costs of FEMA reimbursements and OES financial assistance to Public Entities under DR-4569 and leaves no basis for FEMA or OES to directly pursue from PG&E these or any other costs related to the Public Entities' claims against PG&E. The Public Entities and PG&E agree that this Agreement and the Settlement Sum represent a fair, reasonable, and just amount of compensation for the claimed, disputed damages, and that the Public Entities made commercially reasonable efforts to pursue claims to recover the monies and benefits obligated, paid or given or sought to be obligated, paid or given, to or by the Public Entities by FEMA and/or OES. The Public Entities and PG&E agree that the Public Entities made commercially reasonable efforts to secure the Settlement Sum through litigation and the Demand, which includes those monies and benefits obligated, paid or given, or sought to be obligated, paid or given, by OES and FEMA. Notwithstanding any other term of this Agreement, the Parties

understand and agree that FEMA and/or OES reserve the right to pursue any other claims against PG&E related to DR-4569 that were not included in the Public Entities' claims against PG&E. The letters from FEMA and OES attached and incorporated to this Agreement as Exhibits B and C, respectively, reflect the procedures agreed to by FEMA and OES with the Parties.

a. Other Subrogation and Insurance

The Public Entities hereby represent that they have not subrogated or assigned, and shall not subrogate or assign, any claims or rights to anyone relating to or arising out of the Zogg Fire that related to any monies that the Public Entities have demanded or requested from PG&E or any monies that PG&E has agreed to pay. Moreover, the Public Entities and PG&E acknowledge and agree that the Public Entities did not demand or request, nor did PG&E agree to pay, any monies to settle any claims relating to any funds that the Public Entities have received or claimed as of the date of this Agreement from any insurance companies or carriers, any pooled risk insurance programs, any joint power insurance authority, or any other insurance program. Notwithstanding any other term in this Agreement, the Parties agree that this Agreement in no way affects, interferes with, or releases any rights that any of the Public Entities' insurance companies, re-insurance companies, or carriers, pooled risk insurance programs, joint power insurance authorities, or other insurance programs (collectively, "Insurer") may have against PG&E for payments or claims made to date, including, but not limited to, any insurance provider subrogation claims against PG&E or any other third party.

The Public Entities represent and warrant that the Public Entities have received \$0 as of the date of this Agreement from any Insurers for claims that relate,

directly or indirectly, to damages sustained during the Zogg Fire. The Public Entities further represent and warrant that they will not pursue any new claims with Insurers that relate, directly or indirectly, to damages sustained during the Zogg Fire, and will promptly withdraw any pending unpaid Claims with Insurers that relate, directly or indirectly, to damages sustained during the Zogg Fire.

E. Compensation for Economic Loss

The Parties stipulate and agree that the Settlement Sum is compensation solely for economic loss suffered by the Public Entities as a result of the Zogg Fire.

F. Waiver of Statutory Rights

The Parties expressly waive any rights they may have under California Civil Code § 1542, as well as under any other state or federal statute or common law principle of similar effect. California Civil Code § 1542 provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

The **Parties** acknowledge that they may later discover facts different from or in addition to those which they or their attorneys now know or believe to be true. It is the intention of the Parties to fully, finally and forever settle and release all claims included in the releases set forth in Paragraph II.C hereof arising out of the allegations set forth in the Demand, the Complaint and the Zogg Fire. **The releases provided in this Agreement shall remain in effect notwithstanding the discovery or existence of any additional or different facts related to the Zogg Fire.**

G. Composition of Settlement Sum

The Settlement Sum was determined by the Parties solely in relation to the actual damage and losses suffered by the Public Entities allegedly as a result of the Zogg Fire (such as pavement fatigue, staff labor, lost municipal services and hazardous trees). No portion of the Settlement Sum was agreed to and paid in respect of fines, penalties, double or treble damages, exemplary damages, investigation costs, attorneys' fees, experts' costs or other litigation costs.

H. Further Assurances

The Parties shall perform any further acts, and execute and deliver any documents, which may be reasonably necessary to carry out the intent of this Agreement.

I. Costs and Expenses

The Parties agree to pay their own costs and expenses, including attorneys' fees, experts' fees and other litigation costs, incurred in connection with the prosecution, defense, and settlement of the Demand and Complaint which are the subject of this Agreement. The Parties hereby expressly waive any right to recover attorneys' fees, experts' fees or other litigation costs that may otherwise exist in their favor with respect to the claims included in the releases set forth in Paragraph II.C hereof, expressly including any claimed right to shift the burden of such costs and fees to the opposing party through any state or federal cost or fee shifting statutes or rules. This paragraph does not alter the allocation of such costs and fees between the Public Entities as previously agreed between the Public Entities in their allocation agreement.

J. Integration

This Agreement constitutes the final, complete, and exclusive agreement and understanding between the Public Entities and PG&E and supersedes all prior or contemporaneous written or oral agreements. The Public Entities and PG&E expressly acknowledge that they have not relied on any representations, warranties, agreements, arrangements, or understandings not expressly contained in this Agreement to define the terms of or to interpret this Agreement.

K. Mediation Communications Privilege and Confidentiality

Consistent with California Evidence Code Sections 1119 and 1152, any and all privileged communications, information, and documents obtained by one Party from another, related and leading up to, including during any and all parts of a mediation and settlement negotiation process, including the preparation of this Agreement, are confidential, and will not be disclosed to any third party without the prior written consent of the Parties, except (a) to enforce any term of this Agreement; (b) to the extent required to be disclosed in mandatory filings with the U.S. Securities and Exchange Commission; (c) to the extent required or necessary to receive legal, tax, or accounting advice or to energy regulators or auditors where it is reasonably determined by the Party that disclosure is necessary to fulfill a legal obligation or regulatory requirement; (d) as otherwise required by law including, but not limited to, the California Public Records Act (Cal. Govt. Code section 6250 et seq.); (e) to the extent required to be disclosed in mandatory filings with the U.S. Internal Revenue Service or otherwise requested by the U.S. Internal Revenue Service; (f) to the extent such terms have already been publicly disclosed as permitted by this paragraph; (g) to the extent any such communications, information, and/or documents

were or are independently obtained, rather than obtained solely through the mediation and settlement negotiation process; and (h) as required to effectuate the covenants of the Parties herein. Prior to any Party's initial press release, that Party shall permit the other Parties to review a draft of such press release and shall in good faith consider any edits proposed by the other Parties. Breach by one Public Entity of this provision shall not constitute a breach by any other Public Entity.

L. Ambiguities Not Construed Against Drafter

The Parties acknowledge that the normal rule of construction that any ambiguities are to be construed against the drafting party shall not apply to this Agreement.

M. Severability

If a provision of this Agreement is held to be illegal or invalid by a court of competent jurisdiction, such provision shall be deemed severed and deleted. Such severance and deletion shall not affect the validity of the remaining provisions of the Agreement, provided, however, that the release, waiver, and payment provisions set forth in Paragraphs A, B, C, D, and F of this Section shall not be severable. The Parties acknowledge and agree that the provisions of Paragraphs A, B, C, D, and F of this Section are of the essence of this Agreement, and, if they are held unenforceable for any reason, at any time, this Agreement shall be deemed null and void. In such event, the Parties shall execute a new Settlement Agreement within 30 calendar days (the "Agreement Period") with the intention to effectuate the terms and conditions herein, including the purpose and intention of Paragraphs A, B, C, D, and F of this Section. Should the Parties be unable to execute a new Settlement Agreement during the Agreement Period, the Parties agree that any amounts paid to the Public Entities by PG&E pursuant to the terms hereof shall be

repaid to PG&E within 30 days of the expiration of the Agreement Period, or upon other terms agreed upon by the Parties at that time, and no releases or waivers shall have effect, and any court dismissals, with or without prejudice, and any statute of limitations, whether or not expired, shall have no effect on the Parties' ability to reinstitute and pursue litigation in a court of law provided that the Parties initiate litigation within 60 days following the expiration of the Agreement Period. None of the Parties shall cause, or support any efforts to cause, any language or section in the Agreement to be held illegal or invalid by any court.

N. Waiver or Modification

No waiver shall be binding unless executed in writing by the Party making the waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver.

No supplement, modification or amendment to this Agreement shall be binding unless in writing and executed by all the Parties. This Agreement cannot be modified by oral or implied promises or representations.

O. No Admission

This Agreement does not constitute, and shall not be deemed to constitute or imply, an admission or concession of any fact in issue in any pending or threatened civil litigation, or any liability or obligation whatsoever.

P. Compromise

This Agreement constitutes a compromise of the Demand and Complaint that are in dispute between the Parties. Neither the execution of this Agreement nor any

acts undertaken pursuant to this Agreement shall be construed as an admission or evidence of any liability or wrongdoing whatsoever on the part of any party, which liability or wrongdoing is hereby expressly denied and disclaimed by that respective Party. Neither this Agreement, nor the fact of its execution, nor any of its provisions, shall be offered or received in evidence in any action or proceeding of any nature or otherwise referred to or used in any manner in any court or other tribunal, except in a proceeding to enforce the terms of the Agreement.

Q. Successors

The provisions of this Agreement shall be deemed to extend to and inure to the benefit of the Parties' respective successors-in-interest, assigns, transferees, grantees, administrators and representatives, and to extend to and obligate the Parties' respective successors-in-interest, assigns, transferees, grantees, administrators and representatives.

R. California Law

This Agreement in all respects shall be interpreted, enforced and governed by and under the laws of California.

S. Arbitration

Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in Sacramento before one arbitrator. The arbitration shall be administered by JAMS pursuant to its Streamlined Arbitration Rules and Procedures. Judgment on the Award may be entered in any court having jurisdiction. This clause shall

not preclude the Parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction.

T. Attorneys' Fees

In the event arbitration and/or litigation is commenced to enforce any of the provisions hereof or to obtain declaratory relief in connection with any of the provisions hereof, each party shall bear its own attorneys' fees, costs and expenses.

U. Non-Assignment

The Parties represent and warrant that the Parties have not assigned or transferred or purported to assign or transfer to any person, firm, entity, or corporation any claim, demand, right, damages, liability, account, action, cause of action, or any other matter released.

V. No Third-Party Rights

This Agreement is made for the benefit of the Parties and their successors and permitted assigns only, and neither this Agreement nor any provision hereof shall be construed or deemed to give rise to rights or obligations in any other person or entity.

W. Execution in Counterparts and Fax Signatures

This Agreement may be executed in duplicate originals and/or in counterparts, but it is agreed that there is only one Agreement. The Parties agree that all genuine copies of this Agreement, such as photocopies, may be used as though originals in the absence of a bona fide challenge to the authenticity of the copy. Also, the Parties agree to accept fax signatures.

X. Effective Date

This Agreement shall become effective upon execution and delivery by counsel for the Public Entities to counsel for PG&E of an actual wet signature of all Public Entity-side signatories. The Public Entities shall make every reasonable effort to provide such signatures on or before May 25, 2021.

Y. No Other Claims

With the exception of any claim already asserted, the Public Entities represent and warrant that they are aware of no other departments, offices, districts, agencies or other entities, for which the Public Entities' legislative or governing bodies control or serve as the legislative or governing body, that may have claims or potential claims for damages allegedly caused by the Zogg Fire alleged in the Complaint or Demand, including claims that have not already been made. The Public Entities agree to indemnify and hold PG&E harmless for any such claim, demand, right, damage, debt, liability, account, action, cause of action, cost or expense, including attorneys' fees actually paid or incurred, arising out of or in any way connected with any such claim, if known to any of the Public Entities or of which any of the Public Entities should reasonably have been aware, except for claims by any such persons, entities, districts, or agencies, which have already been asserted against PG&E or of which PG&E has already been put on notice.

Z. Opportunity to Consult Counsel

The Parties acknowledge that each has read this Agreement, that each fully understands its rights, privileges and duties under the Agreement, and that each enters this Agreement fully and voluntarily. The Parties further acknowledge that they have had an

opportunity to consult with attorneys and relevant subject-matter experts of their own choice to explain the terms of this Agreement and the consequences of signing it.

AA. Voluntary and Knowing Release

The Public Entities, on the one hand, and PG&E, on the other hand, hereby represent to each other:

1. that they have discussed their claims and the advisability of signing this Agreement with counsel of their choosing and that counsel has reviewed this Agreement;
2. that they have made such investigation of the facts pertaining to the claims and the settlement of those claims as they deem necessary;
3. that they have carefully read all of the provisions of this Agreement;
and
4. that they voluntarily enter into this Agreement.

BB. This Agreement shall be binding and enforceable.

CC. This Agreement is enforceable pursuant to the terms of this Agreement and California Code of Civil Procedure section 664.6.

DD. All parties agree to cooperate fully and execute any and all supplementary documents and to take all additional actions that may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement.

EE. Signatory Authority

Each person signing this agreement represents and warrants that he/she has the authority to bind the Party or Parties on behalf of which he/she signs to the provisions of this Agreement.

I HAVE READ THE FOREGOING SETTLEMENT AGREEMENT AND RELEASE
AND I ACCEPT AND AGREE TO THE PROVISIONS CONTAINED THEREIN AND
HEREBY EXECUTE IT VOLUNTARILY AND WITH FULL UNDERSTANDING OF
ITS CONSEQUENCES.

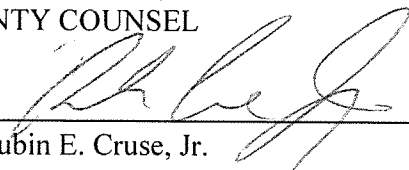
Signatures on the following pages.

DATED: May 25, 2021

COUNTY OF SHASTA

RUBIN E. CRUSE, JR.
COUNTY COUNSEL

By


Rubin E. Cruse, Jr.

DATED: May 25, 2021

COUNTY OF TEHAMA

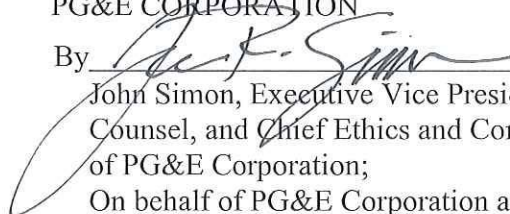


By: Richard Stout
Tehama County Counsel

DATED: MAY 25, 2021

PACIFIC GAS AND ELECTRIC COMPANY and
PG&E CORPORATION

By

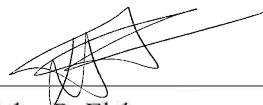

John Simon, Executive Vice President, General
Counsel, and Chief Ethics and Compliance Officer
of PG&E Corporation;
On behalf of PG&E Corporation and
Pacific Gas and Electric Company

APPROVED AS TO FORM:

DATED: May 25, 2021

BARON & BUDD, P.C.

By


John P. Fiske
Attorney for Public Entity Plaintiffs

DATED: May 25, 2021

CRAVATH, SWAINE & MOORE LLP

By


Kevin J. Orsini
Attorney for Pacific Gas and Electric Company and
PG&E Corporation

EXHIBIT A

Table 1. Zogg Fire Summary of FEMA/CalOES Projects

<i>Program</i>	# of Projects	Project Totals	FEMA Cost Share	CalOES Cost Share	Local Cost Share	Net Costs (including FEMA/CalOES cost share for FEMA projects only)
FEMA PA - Pending	4	\$309,897	\$234,121	\$56,832	\$18,944	\$309,897
FEMA PA - Obligated	2	\$189,741	\$142,306	\$35,577	\$11,859	\$189,741
CalOES CDAA - Pending	1	\$5,477	\$0	\$4,108	\$1,369	\$1,369
FEMA/CalOES Totals	7	\$505,115	\$376,427	\$96,516	\$32,172	\$501,008

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Zogg Fire - FEMA PA Projects

Applicant	Project #	Title	Category	Description	Eligibility Status	Total Project Cost (Less Insurance Coverage)	FEMA Cost Share Percentage	FEMA Cost Share	CalOES Cost Share	Local Cost Share
Shasta County	164131	Fire debris removal	A	Fire debris removal	Obligated	\$58,731.79	75%	\$44,049	\$11,012	\$3,671
Shasta County	164515	Archer Road Bridge at Andrews Creek & South Fork Road Bridge	C	Archer Road Bridge at Andrews Creek & South Fork Road Bridge	Obligated	\$131,009.65	75%	\$98,257	\$24,564	\$8,188
Shasta County	164093	Sign Damage	C	Sign Damage	Pending	\$8,421.39	75%	\$6,316	\$1,579	\$526
Shasta County	161605	Emergency Protective Measures	B	EPM - OT, Mutual Aid, equipment and expenses	Pending	\$289,945.57	75%	\$217,459	\$54,365	\$18,122
Shasta County	175102	Labor, materials and towing expenses for damaged police vehicles	E	Labor, materials and towing expenses for damaged police vehicles	Pending	\$4,735.98	75%	\$3,552	\$888	\$296
Shasta County		Admin costs associated with FEMA PA	Z	Admin costs associated with FEMA PA work	Pending	\$6,794.02	100%	\$6,794	\$0	\$0
Shasta County Subtotal						\$499,638		\$376,427	\$92,408	\$30,803

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Zogg Fire - CalOES CDAA Only Projects

Applicant	Project #	Title	Category	Description	Eligibility Status	Total Project Cost (Less Insurance Coverage)	CalOES Cost Share Percentage	CalOES Cost Share	Local Cost Share
Shasta County	161605	Emergency Protective Measures	B	EPM - LAC costs ineligible for FEMA PA	Pending	\$5,477	75%	\$4,108	\$1,369
Shasta County Subtotal						\$5,477		\$4,108	\$1,369

EXHIBIT B



FEMA

May 21, 2021

John Fiske
Baron & Budd, P.C.
11440 West Bernardo Court, Suite 265
San Diego, CA 92127

Dear Mr. Fiske:

This letter is in response to your May 20, 2021 letter outlining the terms of a proposed settlement agreement between Shasta County and Pacific Gas and Electric (PG&E) in relation to the Zogg Fire, which was included in the President's major disaster declaration DR-4569 administered by the Federal Emergency Management Agency (FEMA).¹ Shasta County is receiving FEMA financial assistance, through the California Governor's Office of Emergency Services (Cal OES), as a result of the Zogg Fire. Your client, Shasta County, has presented legal claims for damages to PG&E, which include costs either reimbursed or eligible for reimbursement under the FEMA Public Assistance (PA) grant program.

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) authorizes FEMA to provide grants through the PA program to state and local governments, upon a declaration of a major disaster by the President. Federal assistance under the Stafford Act is supplemental. Section 312 of the Stafford Act, in particular, requires FEMA to assure that recipients of Federal assistance do not receive a duplication of benefits from any other source, including claims against potentially liable third parties. FEMA has been working with Cal OES and your clients to ensure these entities satisfy their obligation to avoid a duplication of benefits under Section 312 of the Stafford Act.

Where a FEMA applicant for assistance has available to it a potential other source of funding from insurance coverage or a potentially liable third party, FEMA requires the applicant make a "commercially reasonable" effort to collect from that potential source of funding. In other words, a FEMA applicant must make an effort to collect from a potential other source of funding as if it was without other recourse (*i.e.*, FEMA assistance) under the circumstances. Based on the information provided in your May 20, 2021 letter, FEMA concludes with respect to the legal obligation to avoid duplication that the proposed settlement amount and methodology set forth in your letter is commercially reasonable. The pro rata allocation of the settlement related to the PA eligible work included in the claim (minus reasonable attorney fees and other reasonable costs) will satisfy your clients' obligations under section 312 of the Stafford Act with respect to its potential claims against PG&E.

¹ Tehama County was also a party to the settlement agreement but was not a designated area under DR-4569 and, thus, did not receive FEMA assistance for the Zogg Fire.

Final adoption of the proposed settlement agreement by all parties and the pro rata allocation of the settlement related to the FEMA eligible work will satisfy all FEMA interests in the potential liability of PG&E for costs of Shasta County eligible for FEMA reimbursement and leave no basis for FEMA to directly pursue from PG&E these or any other costs related to Shasta County's claims against PG&E. With respect to continued delivery of FEMA's PA program, FEMA will continue supporting the State and County through the usual and customary PA process. All other regulations and policies regarding administration of the PA program will continue to apply.

FEMA reserves the right to pursue any other claims against PG&E related to DR-4569 that were not included in Shasta County's claims, including but not limited to: the federal share of direct assistance provided by FEMA to the State and public entities; the federal share of financial assistance provided by FEMA to the State, public entities not a party to the settlement agreement, and individuals impacted by the disasters; and FEMA's costs for administering its disaster assistance programs.

If you have any questions, please contact Region IX Regional Counsel John-Paul Henderson at 510-627-7055 or johnpaul.henderson@fema.dhs.gov.

Sincerely,



Robert J. Fenton
Regional Administrator



John-Paul Henderson
Regional Counsel

Cc: Mark Ghilarducci
Director, Cal OES

Alex Pal
Chief Counsel, Cal OES

EXHIBIT C



May 24, 2021

John Fiske
Baron & Budd, P.C.
11440 West Bernardo Court, Suite 265
San Diego, CA 92127

Dear Mr. Fiske:

This correspondence is in response to your May 20, 2021 letter regarding the impending settlement of legal claims between Shasta County and Tehama County (the Counties), as identified in that letter, and Pacific Gas & Electric (PG&E) in relation to the Zogg Fire, which was included in FEMA's Fire Management Assistance Grant number DR-4569. The Counties received state and federal assistance as a result of the Zogg Fire. The Counties' claims against PG&E include costs that have been reimbursed, or are eligible for reimbursement, under Public Assistance (PA) grant program administered by FEMA and the California Governor's Office of Emergency Services (Cal OES).

Cal OES has been working in close coordination with FEMA on this matter, as both the Stafford Act and the California Disaster Assistance Act require your clients to avoid receiving a duplication of benefits and to cooperate in efforts to avoid such a duplication. Cal OES understands FEMA has determined your client's proposed settlement satisfies requirements under Section 312 of the Stafford Act with respect to duplication of benefits, as set forth in FEMA's letter dated May 21, 2021.

Cal OES has reviewed your letter outlining the terms of a proposed settlement agreement between the public entities and PG&E and the pro rata allocation of the settlement related to the PA eligible work included in the claim. This proposed settlement would satisfy your client's obligations under California Code of Regulations, title 19, section 2910(a)(3) with respect to recovering costs from a negligent third party.



Upon final adoption of the proposed settlement agreement by all parties, the pro rata allocation of the settlement for the Counties' eligible Public Assistance work will satisfy Cal OES's interests in the potential liability of PG&E as it relates to the Counties and the claims they have submitted in relation to the Zogg Fire.

Cal OES expressly reserves the right to pursue any other claims against PG&E related to the Zogg Fire that were not included in the above referenced claims. If you have any questions, please contact me at (916) 845-8973 or Alex.Pal@caloes.ca.gov. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Alex Pal". The signature is stylized with a large, looped "A" and a cursive "Pal".

Alex Pal
Chief Counsel
Cal OES