



May 1, 2023

We have just published the Fire Victim Trust Annual Report for 2022 ([link](#)), and in this month's Trustee Update we are providing an overview of the report in Q&A format based on a recent interview with Tim Jorstad, the Trust's Chief Financial Officer. Unless you're an accountant, the report can be hard to follow, and we wanted to make it as easy as possible to access the most important data contained in the document.



The numbers paint a clear picture of the progress of the Trust in compensating fire survivors during 2022. We continued to add to assets with five stock sales during the year and distributing proceeds to fire survivors while carefully managing administration costs. We also came in under our expense budget in 2022!

I am happy to report our progress continues in 2023. Looking at current performance, as of April 28, 2023, the Trust has issued Determination Notices on 96% of submitted CQs and paid \$9.07 billion to claimants. The percentage of CQs with accepted Determination Notices has passed 84%.

Thanks,

Cathy Yanni

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### **What does the Annual Report communicate?**

The 2022 Annual Report covers the period from January 1, 2022 to December 31, 2022. The report shows how the Trust manages its assets – including cash, US Treasuries, and PG&E stock – the cost of managing them and how much the Trust has paid to fire victims. As a public document, the report holds the Trust accountable for its stewardship of the assets that are held on behalf of fire survivors. We file this report annually with the Bankruptcy Court and publish a copy on the Trust's public website.

The 2022 Annual Report shows that an independent auditor (BDO LLP, USA) reviewed the Trust's internal controls and policies (and adherence to each), third-party confirmations of the Trust's asset balances, claims processing and payments, US Treasuries management and safekeeping, insurance coverage and various major expenses incurred by the Trust. BDO's opinion states that the Trust's financial statements fairly present the Trust's financial condition.

### **What are highlights from the 2022 Annual Report?**

During 2022, the Trust completed five separate stock sales totalling 230 million shares and adding approximately \$3.1 billion to the Trust's assets. These funds helped make new distributions to claimants throughout 2022 and allowed us to increase the *pro rata* payment percentage from 45% to 60% effective January 30, 2023. The Trust continues to hold 127.7 million shares of stock.

<b><u>Sale Date</u></b>	<b><u>Shares Sold</u></b>
1/31/22	40 million
4/14/22	60 million
10/4/22	35 million
10/27/22	35 million
12/12/22	60 million

### **What were the Trust's expenses for the year? What is included in that number?**

The expense to administer the Trust in 2022 was \$96 million, 27 percent less than budgeted. As a percentage of the value of the fund in 2022, our annual administrative overhead costs averaged just about 0.65 percent. Expenses disclosed in the Annual Report include fees for the Trustee and staff, Trust attorneys, Claims Administrator and claims processing; financial professionals' costs; consultant expenses; and insurance. We expect expenses to decrease in 2023 as the Trust moves into its final phase.

### **Are there any changes in this year's report?**

While the 2022 report is similar to the prior year, we added more detail to expense reporting with 14 new categories including fees for the Trustee and staff, Trust attorneys, Claims Administrator and claims processing; financial professionals costs; consultant expenses; and insurance.

**What are the Trust’s tax obligations?**

The Trust complies with tax and reporting requirements based on its status of a grantor trust. The Trust does not have to pay income tax because of its grantor trust status. Instead, the Trust’s income and expenses are combined with and reported on PG&E Corporation’s income tax returns.

**Why does the Trust invest in US Treasuries?**

The cash held in the Trust is invested in US Treasuries to ensure we maintain funds in a risk-free asset, are completely liquid to pay claims, and keep earning money on the asset before it is distributed to fire survivors, all in accordance with the Trust’s Investment Policy. In 2022, the Trust earned \$44 million on its Treasury portfolio that was an increase year over year as interest rates rose.

**Is there enough money to pay all of the fire survivors?**

The bankruptcy laws, court order, and the Trust Documents require that we administer claims and pay eligible Fire Victims each an equal proportion of their awards. This is what we mean when we use the term *pro rata*. No matter whether your claim is the first claim to receive a notice or the last one, you will receive the same *pro rata* percentage as everyone else. With the Trust’s cash assets, we know we can safely pay all claimants at least 60% of their awards even before selling additional stock.

**When will the Trust increase the *pro rata* percentage again?**

Because the timing of *pro rata* increases depends on many variables, including stock market conditions, claims processing, and determination notice acceptances, we don’t know when the next *pro rata* increase will occur. We continue working closely with our financial advisors to determine the appropriate timing to sell stock while keeping internal focus on finalizing all claim determinations.

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