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

Application of Pacific Gas and Electric
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Electric and Gas Service Effective on
January 1, 2027.

(U 39 M)

Application No. 25-05-009
(Filed May 15, 2025)

**MOTION OF PACIFIC GAS AND ELECTRIC COMPANY
(U 39 M) FOR AN ORDER TO MAKE NEW REVENUE REQUIREMENTS AND
ASSOCIATED RATEMAKING MECHANISMS EFFECTIVE JANUARY 1, 2027**

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Dated: January 12, 2026

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I. INTRODUCTION AND SUMMARY OF RELIEF SOUGHT

Pursuant to Rule 11.1 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission or CPUC), Pacific Gas and Electric Company (PG&E) requests that the Commission issue an order to make January 1, 2027 the effective date of any new revenue requirements, tariff revisions, and ratemaking mechanisms approved by the Commission in PG&E's 2027 General Rate Case (GRC), even if the Commission issues a decision after that date.

The adopted schedule for PG&E's 2027 GRC calls for a Commission decision after January 1, 2027. As a result, an order making new revenue requirements adopted by the Commission effective January 1, 2027 is necessary to leave both ratepayers and shareholders relatively indifferent to the precise date that the final decision is adopted, reduce incentives for any party to achieve gains that could be realized through further delay in the effective date of the proceeding, and allow time for parties, the public, and the Commission to review and analyze the record.

II. BACKGROUND

On May 15, 2025, PG&E filed its 2027 GRC Phase 1 Application, and served supporting testimony seeking to increase gas distribution, transmission and storage, electric distribution, and generation base revenue requirements effective January 1, 2027. PG&E's 2027 GRC seeks the smallest percentage test year revenue requirement increase since our 2017 GRC, reflecting the

success of various affordability initiatives underway at PG&E. PG&E requests a test year 2027 revenue requirement increase of 8.0 percent, compared to authorized revenue for 2026 at present rates, and attrition year increases of 6.1 percent for each attrition year from 2028-2030.

PG&E proposed a Track1 procedural schedule that called for a final Commission decision by December 2, 2026. The schedule proposed by PG&E was consistent with the Rate Case Plan set forth in Decision (D.) 20-01-002, and reflected its strong preference for a Commission decision prior to the start of 2027. The July 31, 2025 *Assigned Commissioner's Scoping Memo and Ruling* (Scoping Memo) adopted the following Track 1 procedural schedule:

Event	Date
Service of Alternatives to PG&E's Bridge Program	6 weeks after Scoping Memo
Service of PG&E's Response to Alternatives to PG&E's Bridge Program	8 weeks after Scoping Memo
Public Participation Hearings	October-November 2025
2025 recorded expenditures served by PG&E	March 13, 2026
Intervenors' prepared direct testimony served	February 13, 2026
Prepared rebuttal testimony served	March 31, 2026
Case Management Conference Statement and Motions for Settlement filed and served	April 13, 2026
Status conference	April 21, 2026
Evidentiary hearings	Starting April 27, 2026
Opening briefs	June 19, 2026
Reply briefs – matter submitted	July 10, 2026
Proposed decision	March 2027
Commission decision	May 2027

The schedule adopted in the Scoping Memo will result in a Commission decision at least several months after January 1, 2027.

III. REQUEST TO ESTABLISH A JANUARY 1, 2027 EFFECTIVE DATE

A. Establishment Of A January 1, 2027 Effective Date In This Proceeding Is Consistent With Commission Precedent

The Commission has granted PG&E’s request for an effective date of the first day of the test year in each of PG&E’s recent GRCs.¹ The Commission also has a long history of adopting interim revenue requirement accounting mechanisms for other utilities, including in their recent GRCs.² The relief sought in this motion is consistent with the Commission’s long-standing policy objectives to ensure that affected parties are indifferent—from a financial perspective—to the timing of the Commission’s final decision. As the Commission stated in PG&E’s 2014 GRC: “Adopting the relief requested in PG&E’s motion will leave both ratepayers and shareholders relatively indifferent to the precise date that the final decision is delivered.”³ In PG&E’s 2020 and 2023 GRCs, the Commission similarly determined that granting PG&E’s motion for an effective date of January 1 of the test year was appropriate and would leave parties financially indifferent as to the final decision date.⁴ Approval of this request in advance of the test year would avoid any potential bar against retroactive ratemaking.⁵

B. The Commission Should Approve An Interest Rate Equal To The Three Month Commercial Paper Rate For Any Undercollections Or Overcollections

PG&E requests that the Commission issue an order that the adopted revenue requirements shall include interest, based on a Federal Reserve three-month commercial paper

¹ D.02-12-073, pp. 7-8; D.06-10-033, pp. 3-4; D.10-11-018, p. 4; D.13-04-023, pp. 3-4; D.16-03-009, p. 5, Ordering Paragraph (OP) 2; D.19-11-004, pp. 7-8, OPs 1 and 2; D.22-06-033, p. 7, OPs 1 and 2.

² See *Administrative Law Judges’ Ruling Granting Southern California Edison Company’s Motion to Establish a Memorandum Account*, A.19-08-013 (Nov. 23, 2020); and *Administrative Law Judge’s Ruling Granting Motion to Establish General Rate Case Memorandum Accounts*, A.17-10-007 (June 7, 2018)).

³ D.13-04-023, p. 3; *see also* D.03-05-076, pp. 5-6.

⁴ D.19-11-004, p. 6, Findings of Fact (FOF) 7 and 8; D.22-06-033, p. 6, FOF 6.

⁵ D.03-05-076, p. 6.

rate.⁶ This is consistent with the Commission’s decisions in other GRCs.⁷ The Commission found in PG&E’s 2020 GRC that approving interest at this rate to account for any differences in the revenue requirement is appropriate:

Allowing the memorandum account to accrue interest, with the Federal Reserve three-month commercial paper rate set as the interest rate, is fair and reasonable. Therefore, we authorize PG&E to record interests accrued in the GRCMA and to use the Federal Reserve three-month commercial paper rate as the interest rate.⁸

The Commission also approved the three-month commercial paper rate in PG&E’s 2023 GRC “to keep PG&E and its ratepayers relatively indifferent to the timing of the Commission’s final decision in this proceeding.”⁹ The same reasoning should apply here. Approval of the three-month commercial paper rate should be authorized to make PG&E’s customers and shareholders financially indifferent to the timing of the Commission’s final decision in this proceeding.

C. The Commission Should Authorize PG&E To Track Its Existing and Final Revenue Requirements In Three Previously-Authorized Memorandum Accounts

PG&E requests that the Commission authorize PG&E to track existing revenue requirements, interest, and the new revenue requirement in three memorandum accounts: the gas distribution and electric General Rate Case Memorandum Accounts (GRCGDMA and GRCEMA, respectively) and the General Rate Case Gas Transmission and Storage Memorandum Account (GRCGTSMA).

In PG&E’s 2020 GRC, the Commission required PG&E to establish memorandum accounts¹⁰ in its decision on PG&E’s motion for a January 1, 2020 effective date. The Commission stated:

⁶ See Federal Reserve Statistical Release H.15, Selected Interest Rates (Daily) - H.15 (Release Date January 9, 2026), Commercial Paper Rate, Non-Financial, Three-Month, available at: <<http://www.federalreserve.gov/releases/h15/>> (accessed January 9, 2026).

⁷ This rate was also approved by the Commission for PG&E’s 2017, 2020, and 2023 GRCs. See D.16-03-009, p. 6, OP 3; D.19-11-004, pp. 7-8, OP 2; and D.22-06-033, p. 8, OP 5.

⁸ D.19-11-004, p. 4.

⁹ D.22-06-033, p. 4.

¹⁰ D.19-11-004, pp. 7-8, OPs 1 and 2.

These memorandum accounts provide a transparent tracking of the difference in revenue requirements and the interests accrued on the difference. Thus, we direct PG&E to establish a GRC memorandum account (GRCMA)¹¹ to record the difference in the revenue requirement that is effective since the beginning of the test year, January 1, 2020, and the final revenue requirement adopted in this GRC.

... .

The GRCMA, with its provision of accrued interest, protects both PG&E shareholders and ratepayers from a financial gain or loss associated with the delay of the final decision, and allows both shareholders and ratepayers to be financially indifferent to the precise date of when the final decision is issued. Furthermore, the GRCMA allows us to consider various ways to amortize the difference in revenue requirements accrued in the account during the time of the delay so that we can minimize the rate shock caused by the delay of the final decision. It also will reduce incentives for any party to achieve gains that could be realized through delay in the effective date of the proceeding's outcome, and will allow time for parties, as well as decision makers, to perform critical review and analysis of the record.¹²

The Commission later ordered PG&E to amortize its 2020 GRC increase for the period of January 1, 2020 to March 1, 2021 through the these two memorandum accounts.¹³ Consistent with these decisions, PG&E proposes that the GRCDMA and GRCEMA again be approved by the Commission to track any over- or under-collection in PG&E's gas distribution and electric distribution and generation revenue requirements, respectively, effective January 1, 2027.

PG&E proposes that the Commission authorize it to continue to use the GRCGTSMA to allow tracking of under or overcollections related to approved GT&S revenue requirements associated with any delayed implementation of this GRC. The GRCGTSMA¹⁴ was approved by the Commission for this same purpose in multiple GT&S rate cases.¹⁵ Because GT&S revenue

¹¹ The accounts were originally named the General Rate Case Memorandum Accounts (GRCMAs). Advice Letter 4628-G/6641-E changed the accounts' names to General Rate Case Gas Distribution Memorandum Account (GRCDMA) and General Rate Case Electric Memorandum Account (GRCEMA).

¹² D.19-11-004, pp. 3-4.

¹³ D.20-12-005, pp. 411-12, OP 3.b.

¹⁴ The account was originally named the Gas Transmission & Storage Memorandum Account (GTSMA). Advice Letter 4628-G/6641-E changed the account's name to General Rate Case Gas Transmission & Storage Memorandum Account (GRCGTSMA).

¹⁵ D.19-09-025, pp. 292-293; see also D.16-06-056, pp. 12-13, 395-396; and D.14-06-012, p. 8, OP 4.

requirements are accounted for separately and recovered from different customers, for simplicity, PG&E proposes to retain the GRCGTSMA. Consistent with its decision in PG&E's 2020 GRC, the Commission found it reasonable for PG&E to continue to use these three memorandum accounts in its 2023 GRC to "provide[] transparency on the ratemaking impact of the final decision."¹⁶

If this motion is approved, PG&E proposes to file any necessary changes to the preliminary statements for the GRCGDMA, GRCEMA, and GRCGTSMA by a Tier 1 advice letter.

IV. CONCLUSION

For the foregoing reasons, the Commission should grant PG&E's motion to make January 1, 2027 the effective date for any new revenue requirements for the 2027 test year and associated tariff revisions and ratemaking mechanisms approved in this proceeding, even if the Commission issues a final decision after that date. In addition, the Commission should order that adopted revenue requirements shall include interest, based on a Federal Reserve three-month commercial paper rate, and that PG&E can use the existing GRCGDMA, GRCEMA, and GRCGTSMA for recording of the 2027 GRC revenue requirements.

Respectfully Submitted,

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¹⁶ D.22-06-33, p. 4.