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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2027. (U39M.)

Application 25-05-009

ASSIGNED COMMISSIONER'S AMENDED SCOPING MEMO AND RULING

1. Introduction

Senate Bill (SB) 254 (Stats. 2025, Ch. 119)¹ modified the conditions for recording to and recovering costs from wildfire mitigation memorandum accounts. The relevant prior statutes, Senate Bill (SB) 901 (Stats. 2018, Ch. 626) and Assembly Bill (AB) 1054 (Stats. 2019, Ch. 79), required the Commission to authorize an electrical corporation to establish a memorandum account to track costs incurred to implement its wildfire mitigation plan (WMPMA), and allowed each electrical corporation to establish a fire risk mitigation memorandum account (FRMMA).

SB 254 now gives the Commission discretion to allow a utility to establish a memorandum account to record wildfire mitigation costs and explicitly states that the costs recorded must be incremental and unforeseen. Specifically, the relevant provision of the statute now provides:

¹ SB 254's provisions discussed herein took effect on the date of the statute's enrollment, September 19, 2025, since it was an urgency statute. (Other provisions of the statute explicitly state other effective dates, but the provision here does not.)

Public Utilities Code (Pub. Util. Code) § 8386.4(a)(2): In the commission's discretion, each electrical corporation may establish a memorandum account to track costs incurred for wildfire risk mitigation that are unforeseen and incremental to the wildfire risk mitigation programs and activities authorized in the electrical corporation's revenue requirements. The commission shall review the costs in the memorandum accounts and disallow recovery of those costs the commission deems unreasonable.

Prior to this change, AB 1054 provided:²

Pub. Util. Code § 8386.4(a): At the time of approval of an electrical corporation's wildfire mitigation plan, the commission shall authorize the electrical corporation to establish a memorandum account to track costs incurred to implement the plan.

Pub. Util. Code § 8386.4(b)(1): Each electrical corporation shall establish a memorandum account to track costs incurred for fire risk mitigation that are not otherwise covered in the electrical corporation's revenue requirements.

Pursuant to SB 901, the Commission authorized Pacific Gas & Electric (PG&E) to establish a FRMMA beginning January 1, 2019,³ and a WMPMA beginning June 5, 2019.⁴

This ruling adds interpretation of the new SB 254 provisions to the scope of this proceeding and seeks input on questions relevant to how to interpret and implement the new statute. PG&E shall and other parties may respond to the questions no later than February 6, 2026.

² The same requirements appeared in SB 901's equivalent provisions.

³ On November 1, 2018, PG&E submitted Advice Letter 5419-E to open a Fire Risk Mitigation Memorandum Account to track costs incurred beginning January 1, 2019, for fire risk mitigation activities not otherwise covered in revenue requirement. On March 12, 2019, Energy Division approved PG&E's request with an effective date of January 1, 2019.

⁴ On June 5, 2019, PG&E submitted Advice Letter 5555-E to establish a Wildfire Mitigation Plan Memorandum Account to track incremental wildfire-related costs incurred while implementing approved programs within the 2019 Wildfire Mitigation Plan. On August 8, 2019, Energy Division approved PG&E's request with an effective date of June 5, 2019.

2. New Scope

The following issues are added to the scoping memo of July 31, 2025. The other issues in the scoping memo are unchanged.

Should the Commission determine whether PG&E may continue to track costs incurred for wildfire risk mitigation to the WMPMA and FRMMA that are unforeseen and incremental to the wildfire risk mitigation programs and activities authorized in PG&E's revenue requirements in this GRC decision?

Should the Commission provide guidance for what costs may be tracked in these or other memorandum accounts the Commission may authorize, as "unforeseen" and/or "incremental" and thus eligible for submission in future cost recovery applications?

3. Questions to Parties

PG&E shall and other parties may address the following questions in response to this scoping ruling.

1. Should the Commission direct PG&E to close its existing WMPMA and FRMMA memorandum accounts, or otherwise stop recording costs to existing memorandum accounts that exceed PG&E's GRC authorization of the revenue requirement necessary to implement its WMP?
2. Should the Commission exercise its discretion to authorize PG&E to establish new memorandum accounts, or allow PG&E to continue recording costs to existing memorandum accounts, for costs exceeding PG&E's GRC authorization for wildfire mitigation plan implementation during the GRC period?
3. Should the Commission direct PG&E to seek Commission authorization to record unforeseen and incremental wildfire mitigation costs, if necessary, through an appropriate administrative process in the future? Should the Commission specify an administrative process (e.g., via Advice Letter filing, Application, or other administrative process) in this GRC?

4. Should the Commission adopt any requirements or guidance to demonstrate that costs recorded to memorandum accounts are “unforeseen and incremental” to the programs and activities authorized in this GRC?
5. Are there other issues the Commission should consider with regard to the cited new provision of SB 254?

IT IS RULED that:

1. The amended scope of this proceeding is described above and is adopted.
2. No other change is made to the scoping memo issued on July 31, 2025 in this proceeding.
3. PG&E shall and other parties may respond to the questions listed above no later than February 6, 2026.

This order is effective today.

Dated January 26, 2026, at San Francisco, California.

/s/ JOHN REYNOLDS

John Reynolds
Assigned Commissioner