



**BEFORE THE PUBLIC UTILITIES COMMISSION**

**OF THE**

**STATE OF CALIFORNIA**

**FILED**

02/06/26

04:59 PM

A2505009

**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. (U 39 M)**

**Application 25-05-009**

**(Filed May 15, 2025)**

**ENERGY PRODUCERS AND USERS COALITION  
AND CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION  
JOINT RESPONSE TO AMENDED SCOPING MEMO AND RULING QUESTIONS**

Nora Sheriff  
Samir A. Hafez  
Buchalter LLP  
425 Market Street, 29th Floor  
San Francisco, CA 94105-2491  
415.227.3551 office  
415.227.0770 fax  
nsheriff@buchalter.com

Counsel for the California Large Energy  
Consumers Association and the Energy  
Producers and Users Coalition

February 6, 2026

## TABLE OF CONTENTS

	Page
<b>I. INTRODUCTION.....</b>	<b>2</b>
<b>II. RESPONSES .....</b>	<b>4</b>
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?.....	4
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? .....	8
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? .....	10
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? .....	11
5.     Are there other issues the Commission should consider with regard to the cited new provision of SB 254?.....	13
<b>III. CONCLUSION.....</b>	<b>14</b>

**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. (U 39 M)**

**Application 25-05-009  
  
(Filed May 15, 2025)**

**ENERGY PRODUCERS AND USERS COALITION  
AND CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION  
JOINT RESPONSE TO AMENDED SCOPING MEMO AND RULING QUESTIONS**

The Energy Producers and Users Coalition (EPUC)<sup>1</sup> and the California Large Energy Consumers Association ([CLECA](#))<sup>2</sup> submit these responses to the five questions posed to Pacific Gas and Electric Company (PG&E) and parties in the California Public Utilities Commission's (Commission) January 26, 2026 *Assigned Commissioner's Amended Scoping Memo And Ruling*.<sup>3</sup>

---

<sup>1</sup> EPUC represents the electricity end-use interests of the following companies in this proceeding: California Resources Corp., Chevron U.S.A. Inc., PBF Holding Company, Phillips 66 Company, and Tesoro Refining & Marketing Company LLC.

<sup>2</sup> CLECA member companies produce goods essential for daily life, including critical infrastructure, oxygen for hospitals, and food distribution. CLECA members represent the steel, cement, industrial and medical gas, beverage, minerals processing, cold storage, and pipeline transportation industries. Their aggregate electric demand is about 500 Megawatts, which is equivalent to the electricity consumption of approximately 470,000 average California households. CLECA members are large, high load factor and high voltage industrial electric customers in California for whom the price of electricity is essential to their competitiveness and for whom the reliability of electricity service is critically important. For both reasons, CLECA member companies have participated for decades in the Base Interruptible Program (BIP), providing reliability demand response to the grid in times of need. (For more information, please go to [CLECA.org](#)).

<sup>3</sup> *Assigned Commissioner's Amended Scoping Memo And Ruling*, Application (A.) 25-05-009, Jan. 26, 2026 (Amended Scoping Memo).

## I. INTRODUCTION

The Amended Scoping Memo expands the scope of this General Rate Case (GRC) proceeding to implement certain statutory changes enacted through Senate Bill (SB) 254 (Stats. 2025, Ch. 119).<sup>4</sup> SB 254's amendments to Public Utilities Code Section 8386.4 replace the prior mandatory framework for recording to and recovering costs from wildfire mitigation memorandum accounts.<sup>5</sup> As amended, Section 8386.4 grants the Commission discretion to authorize electric corporations to establish such memorandum accounts, narrowly limits the category of recordable wildfire costs, and requires the Commission to disallow unreasonable costs.<sup>6</sup> Because SB 254 was enacted as an urgency statute, its amendments to section 8386.4 took effect upon the date of enactment, on September 19, 2025.<sup>7</sup> The Amended Scoping Memo confirms that the relevant provision governing memorandum account authorization contains no delayed operative date, and therefore applies immediately in this GRC.<sup>8</sup>

Given SB 254's urgency designation, the Amended Scoping Memo appropriately recognizes that the Commission must apply this new statutory framework in this GRC proceeding. Specifically, the Commission seeks to determine whether PG&E should continue tracking wildfire mitigation costs that exceed GRC-authorized amounts in new or existing memorandum accounts during the 2027-2030 GRC period. To facilitate this, the Amended

---

<sup>4</sup> Amended Scoping Memo at 2-3.

<sup>5</sup> Former Pub. Util. Code §§8386.4(a)-(b)(1) (AB 1054, Stats. 2019, ch. 79), repealed and replaced by SB 254 (Stats. 2025, ch. 119); Amended Scoping Memo at 1 ("[SB 254] modified the conditions for recording to and recovering costs from wildfire mitigation memorandum accounts").

<sup>6</sup> Pub. Util. Code §§8386.4(a)(1)-(2) (as amended by SB 254 §57).

<sup>7</sup> SB 254 §75.

<sup>8</sup> Amended Scoping Memo at 1, FN 1.

Scoping Memo adds two new scoped issues to the GRC proceeding.<sup>9</sup> In addition, it poses five questions addressing whether PG&E's Wildfire Mitigation Plan Memorandum Account (WMPMA) and Fire Risk Mitigation Memorandum Account (FRMMA) should remain open, and whether any new accounts should be authorized.<sup>10</sup>

As demonstrated below, the Commission should order both existing accounts closed immediately, and should decline to authorize PG&E to track above-authorized wildfire mitigation costs in any accounts. SB 254 requires PG&E to forecast and manage routine, known, and reasonably anticipated wildfire mitigation expenditures within its GRC revenue requirement.<sup>11</sup> Under this new statutory framework, memorandum account treatment is allowed only for those rare wildfire mitigation costs that cannot reasonably be forecast, and that exceed the activities already funded in the utility's revenue requirement.<sup>12</sup> Retaining or replacing PG&E's existing memorandum accounts would be improper, as doing so would undermine SB 254's objectives of protecting ratepayers from further upward rate pressures caused by unreasonable utility overspending. SB 254 requires the Commission to promote prudent utility implementation of authorized wildfire mitigation efforts, and constrains above-authorized wildfire-related spending to only those costs which are proven unforeseen and incremental to authorized costs.<sup>13</sup>

---

<sup>9</sup> Amended Scoping Memo at 3.

<sup>10</sup> *Id.* at 3-4.

<sup>11</sup> Pub. Util. Code §8386.4(a)(1).

<sup>12</sup> *Id.* at (a)(2).

<sup>13</sup> *Id.*

## II. RESPONSES

- 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?**

Yes. The Commission should direct PG&E to close the WMPMA and FRMMA; these accounts were created to track broad categories of planned wildfire-related spending, not the narrow category of costs allowed under the newly implemented statutory standard. Historically, SB 901 and AB 1054 created a mandatory, broad system of memorandum accounts tied to wildfire mitigation plans (WMPs) and other fire-risk-mitigation costs not reflected in rates. SB 254 replaces that structure with an approach through which wildfire mitigation costs must be forecasted, proposed, and approved within the GRC. Post-SB 254, memorandum accounts now exist only at the Commission's discretion, and only for genuinely unforeseen and incremental wildfire-related costs. This narrowed standard reflects the Legislature's intent to promote transparency, limit after-the-fact cost recovery, and protect ratepayers from open-ended liability for WMP implementation costs.

Under prior law, Pub. Util. Code Section 8386.4(a) required the Commission to authorize each electric utility to establish a WMPMA upon approval of its Wildfire Mitigate Plan (WMP).<sup>14</sup> Former Section 8386.4(b) language required each electric utility to maintain a separate account to track fire-risk-mitigation costs not otherwise included in revenue requirement, which authorized creation of the FRMMA.<sup>15</sup> Pursuant to those former statutory mandates, PG&E

---

<sup>14</sup> Former Pub. Util. Code §8386.4(a) (AB 1054, Stats. 2019, ch. 79), repealed and replaced by SB 254 §54.

<sup>15</sup> Former Pub. Util. Code §8386.4(b)(1) (AB 1054, Stats. 2019, ch. 79), repealed and replaced by SB 254 §54.

established the FRMMA to record costs associated with wildfire mitigation efforts that were not included in its 2017 GRC or other applications.<sup>16</sup> PG&E's AL 5419-E indicated that such costs would include those incurred for system hardening, expanded automation, improved detection capabilities, and additional vegetation-management work.<sup>17</sup> Subsequently, PG&E established the WMPMA<sup>18</sup> to track WMP implementation costs that were not otherwise recovered in rates, while leaving the FRMMA open to capture additional wildfire-mitigation activities.<sup>19</sup>

These accounts reflected the prior statutory requirement that the Commission "shall authorize" such memorandum accounts at the time of WMP approval,<sup>20</sup> and that utilities "shall establish" accounts for fire risk mitigation costs not included in revenue requirements.<sup>21</sup> As the Amended Scoping Memo explains, SB 254 eliminates these mandatory provisions and instead establishes a new standard; the Commission *may* authorize memorandum account treatment only for wildfire mitigation costs that are *unforeseen* and *incremental* to the activities funded in the utility's revenue requirement.<sup>22</sup> The WMPMA and FRMMA, which both allow the utilities to record broad categories of wildfire-related spending, are thus fundamentally incompatible with this new statutory standard.

---

<sup>16</sup> PG&E Advice Letter (AL) 5419-E, *Fire Risk Mitigation Memorandum Account Pursuant to Senate Bill 901*, Nov. 1, 2018 (Approved Mar. 12, 2019, effective Jan. 1, 2019).

<sup>17</sup> AL 5419-E at 2.

<sup>18</sup> PG&E Advice Letter 5555-E, *Wildfire Mitigation Plan Memorandum Account Pursuant to Senate Bill 901 and CPUC Decision 19-05-037*, Jun. 5, 2019 (Approved Aug. 8, 2019, effective Jun. 5, 2019).

<sup>19</sup> *Id.* at 2.

<sup>20</sup> Former Pub. Util. Code § 8386.4(a) (AB 1054, Stats. 2019, ch. 79), repealed and replaced by SB 254 (Stats. 2025, ch. 119).

<sup>21</sup> Former Pub. Util. Code § 8386.4(b)(1) (AB 1054, Stats. 2019, ch. 79), repealed and replaced by SB 254 (Stats. 2025, ch. 119).

<sup>22</sup> Pub. Util. Code §8386.4(a)(2) (as amended).

The Legislature's choice to enact SB 254 as an urgency statute is also significant. SB 254 found that wildfire-related infrastructure upgrades, prevention activities, and post-fire liabilities are driving significant upward pressure on utility rates and worsening ratepayer affordability pressures.<sup>23</sup> SB 254's urgency provision concluded that immediate action was necessary "to ensure the provision of reliable and affordable electricity to ratepayers," and "to protect California consumers from high electricity bills."<sup>24</sup> While other provisions of SB 254 contain explicit effective dates,<sup>25</sup> Section 8386.4(a) does not.<sup>26</sup> Accordingly, this provision of SB 254 became operative immediately and must now be applied to the current GRC proceeding.

Notably, the Commission reached a nearly identical conclusion about the ratepayer harms associated with the utilities' wildfire mitigation spending several months prior to SB 254's passage, in its February 18, 2025 Response to Executive Order (EO) N-5-24.<sup>27</sup> Specifically, the Commission found that wildfire risk mitigation costs are a primary driver of ratepayer bill increases,<sup>28</sup> totaling approximately \$24 billion in ratepayer collections between 2019 and 2024.<sup>29</sup> The Commission further found that reliance on multiple venues for wildfire-related cost recovery has reduced transparency and increased above-authorized spending.<sup>30</sup> To help

---

<sup>23</sup> SB 254 § 1 (e), (m).

<sup>24</sup> SB 254 §75.

<sup>25</sup> *See, e.g.*, Pub. Util. Code §8386.4(b) (as amended).

<sup>26</sup> Amended Scoping Memo at 1.

<sup>27</sup> California Public Utilities Commission, *CPUC Response to Executive Order N-5-24*, Feb. 18, 2025 (CPUC Response to EO N-5-24).

<sup>28</sup> CPUC Response to EO N-5-24 at 6.

<sup>29</sup> CPUC Response to EO N-5-24 at 22 ("As noted above, between 2019 and 2024, IOUs collected approximately \$24 billion from ratepayers to pay for wildfire mitigation costs and insurance premiums. The WMPs have dramatically improved the way electrical utilities in California understand and reduce the risk of utility-caused wildfire. However, the cost of implementing these plans has resulted in associated wildfire mitigation-related rate pressures") (internal citations omitted).

<sup>30</sup> *Id.* at 23-24 ("Currently, electrical utilities request wildfire mitigation funding through multiple mechanisms at the CPUC, including GRCs, memorandum accounts for the recovery of WMP costs, and,



alleviate rate pressures, the Commission recommended that the Legislature amend the Public Utilities Code to require that utilities integrate all forecastable WMP costs into the GRC process.<sup>31</sup>

SB 254 effectively implements this recommendation by shifting all routine and reasonably anticipated wildfire mitigation expenditures into the utilities' GRC revenue requirement process, reserving memorandum account treatment for only proven unforeseen and incremental costs.<sup>32</sup> Given this statutory change, the continued operation of PG&E's WMPMA and FRMMA is no longer consistent with law. Moreover, allowing PG&E to continue recording above-authorized wildfire mitigation costs to these accounts costs would be fundamentally inconsistent with the Commission's recommendation and the Legislature's express intent for addressing wildfire mitigation-related rate pressures.

Importantly, this new, narrow standard promotes ratepayer affordability by improving the Commission's ability to safeguard accurate forecasts, enforce cost discipline, and holistically assess the prudence of PG&E's wildfire mitigation spending during the GRC cycle. As this Commission has observed, the GRC process "is the most transparent available process and requires the highest levels of cost justification."<sup>33</sup> However, the prior statutory framework

---

prospectively, additional applications for large electrical undergrounding plans. The multiple streams of funding for wildfire mitigation decrease transparency, complicate oversight, and reduce accountability, leading to increased rates").

<sup>31</sup> *Id.* at 24 ("The Public Utilities Code could be amended to require utilities to integrate WMP costs into the normal planning and budgeting process (their GRC) instead of treating it as a stand-alone activity. While the CPUC could still authorize utilities to track and recover WMP implementation costs that exceed GRC-authorized amounts, utilities would need to include their entire forecasted amounts in GRC applications. This modification would reduce ratepayer costs by allowing CPUC review of planned expenditures before work is completed and help ensure that utilities choose the most cost-effective mitigations").

<sup>32</sup> Pub. Util. Code §§8386.4(a)(1)-(2) (as amended).

<sup>33</sup> CPUC Response to EO N-5-24 at 24.

allowed the utilities to seek recovery of above-authorized costs outside the GRC, through fragmented, after-the-fact reasonableness reviews which “unnecessarily drive up costs and decrease transparency of wildfire-related spending.”<sup>34</sup> By requiring PG&E to present all planned wildfire-mitigation activities in its GRC forecast, the Commission can evaluate proposed program designs, cost drivers, and more cost-effective alternatives before costs are incurred.

Thus, the FRMMA and WMPMA no longer serve any lawful or useful function and, if left open, these accounts would undermine the shared affordability objectives of the Legislature and the Commission. Accordingly, the Commission should direct PG&E to close its existing WMPMA and FRMMA immediately, and cease recording costs to those accounts. Doing so would help shield ratepayers from excessive over-collections and unnecessary rate increases by limiting PG&E’s ability to circumvent Commission oversight via the GRC process.

**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?**

The Commission should not exercise its discretion to utilize new or existing memorandum accounts for WMP implementation costs during this GRC period. Under well-established cost-of-service principles, utilities are expected to forecast and prudently manage costs within their authorized revenue requirements. As the Commission has recognized, utilities “have matured to the point where they can be expected to incorporate their wildfire mitigation planning into the GRC process.”<sup>35</sup> Indeed, PG&E has implemented multiple WMPs across

---

<sup>34</sup> CPUC Response to EO N-5-24 at 24.

<sup>35</sup> CPUC Response to EO N-5-24 at 24 (“While the WMP process to date has successfully driven electrical utilities to rapidly improve how they understand and address wildfire risk, utilities have matured to the

several years; through this experience, PG&E has accumulated substantial operational knowledge and data regarding program costs, material and labor needs, contractor dynamics, and implementation challenges. PG&E therefore has more than sufficient knowledge and experience to develop reasonable and accurate forecasts for its WMP implementation during the GRC period.

Notably, PG&E's testimony in this GRC shows that PG&E has now categorized almost 50% of its wildfire risk mitigation activities as "controls" instead of "mitigations," and the majority of the controls are further distinguished as "foundational" activities.<sup>36</sup> PG&E's wildfire activity classification scheme testifies to the maturation of its wildfire mitigation efforts over recent GRC cycles, and implies a step-change reduction in the uncertainty of activity scope and cost. It is imperative that the Commission hold PG&E to account for any wildfire overspending, but especially on controls and foundational activities.

Under the revised statutory framework, WMP implementation costs that PG&E can reasonably forecast or manage within the authorized revenue requirement must remain subject to GRC review. Because SB 254 limits memorandum account treatment to costs that are truly unforeseen and incremental, and given PG&E's extensive experience in implementing its WMP, memorandum account treatment is likely unnecessary. Planned or predictable changes in scope, labor, materials, or contracting must be incorporated into PG&E's forecast and managed within its GRC-authorized revenue requirement.

---

point where they can be expected to incorporate their wildfire mitigation planning into the GRC process.").

<sup>36</sup> Exhibit PG&E-4, Chapter 3, Appendix B, pp. 3-AtchB-1 – 3-AtchB-6 (presenting 45 Wildfire Controls and 48 Wildfire Mitigations).

Importantly, allowing PG&E to record above-authorized WMP implementation costs in either an existing or new memorandum account would erode PG&E's incentive to manage these costs in a reasonable and efficient manner. It would also undermine the Commission's ability to hold PG&E accountable for controlling its spend on wildfire-mitigation programs and activities in a prudent and reasonable manner. Such an outcome would run directly counter to the Commission's statutory duty to ensure just and reasonable rates, longstanding ratemaking principles, and SB 254's express focus on ratepayer affordability and cost discipline. Given these critical policy concerns, the Commission should decline to authorize memorandum account tracking of costs exceeding PG&E's authorized revenue requirement for WMP implementation during the GRC period. Instead, the Commission should require PG&E to prudently manage its costs within the revenue requirement authorized in this GRC.

**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?**

As noted above, concerns about ratepayer affordability and cost discipline strongly support requiring PG&E to forecast and manage all planned wildfire-mitigation costs within its GRC-authorized revenue requirement, rather than relying on post-hoc cost-tracking mechanisms. If PG&E nevertheless believes that a memorandum account is necessary, it must seek authorization in this GRC, not through the advice letter process. The GRC is the appropriate forum for determining whether any category of wildfire mitigation cost is so narrow, specific, and genuinely unforeseeable that it could not have been reasonably incorporated into PG&E's forecast. The burden must rest squarely on PG&E to provide a

detailed justification identifying the precise category of costs incurred, the factual basis for asserting that the costs were unforeseeable, and an explanation of why such costs could not be managed within its authorized revenue requirement.

Only after PG&E meets this burden of proof should the Commission consider whether memorandum account treatment is appropriate; that Commission consideration should be undertaken through a separate PG&E application process, not an advice letter process. This approach aligns with SB 254's requirement that memorandum account authorization remain a strictly limited exception to the GRC process.

**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?**

Yes. If, despite the concerns noted above, the Commission is inclined to authorize memorandum account treatment, it must adopt clear and enforceable requirements to ensure that any recorded costs satisfy Section 8386.4(a)(2)'s narrow standard. Specifically, PG&E must be required to make an affirmative showing, in a formal application proceeding, that a cost is truly unforeseen and incremental to its GRC-authorized revenue requirement. To preserve the integrity of the GRC process, the Commission must adopt a stringent evidentiary framework, with clear guardrails, that mitigates the risk of such accounts becoming a vehicle for evading GRC review. PG&E must demonstrate, through contemporaneous documentation and a detailed showing, that it could not reasonably anticipate or mitigate each recorded cost through prudent planning, historical experience, project pacing, or sound engineering judgment. PG&E must also demonstrate that the costs are fully outside the scope of GRC-

approved programs, budgets, and work volumes, and that PG&E could not complete the work by redirecting existing resources authorized for a related work category.

The Commission's long-standing treatment of costs recorded to the Catastrophic Event Memorandum Account (CEMA) is instructive here. Utilities rely on the CEMA for tracking and resolving recovery of costs associated with unforeseen catastrophic events that are incremental to amounts already authorized in rates.<sup>37</sup> However, the Commission has clarified that recovery of CEMA costs through rates is not guaranteed by the fact that the costs are associated with a catastrophic event. Instead, the Commission examines the requested costs "in the context of the company's overall rate structure and specific circumstances surrounding the case" to establish whether the costs are incremental and reasonable.<sup>38</sup>

Critically, to determine incrementality, the Commission will "compare CEMA costs to authorized recovery for similar expenditures."<sup>39</sup> If a new activity is completed by redirecting existing resources in a related work category, the Commission will find that no incremental cost was incurred, despite the activity itself being incremental, or unforeseen.<sup>40</sup> This approach makes clear that an activity's novelty or unexpected nature, by itself, does not establish

---

<sup>37</sup> D.22-05-010, *Order Modifying Decision 21-07-029 And Denying Rehearing Of The Decision, As Modified*, Rulemaking (R.) 17-06-024, May 9, 2022 at 4; Resolution E-3238, *Order Authorizing All Utilities to Establish Catastrophic Event Memorandum Accounts, as Defined, to Record Costs Resulting from Declared Disasters*, July 24, 1991 at Ordering Paragraph 1.

<sup>38</sup> D.24-07-013, *Decision Authorizing San Diego Gas & Electric Company To Recover Costs Incurred From 2014 To 2022 Related To Eight Catastrophic Events*, A.22-10-021, Jul. 16, 2024 at 17; D.01-02-075, A.99-03-049, Feb. 22, 2001 at 12.

<sup>39</sup> D.24-05-037, *Decision Authorizing Southern California Edison Company to Recover Costs related to 2019 Winter Storms, 2020 Heatwaves, and 2020 Fires Recorded in the Catastrophic Memorandum Account*, A.22-03-018, June 4, 2024 at 10 (citing D.21-08-024, *Decision Authorizing Southern California Edison Company to Recover Costs Related to 2017-2018 Drought in Catastrophic Event Memorandum Account, and Denying Without Prejudice Costs Related to 2017 Catastrophic Firestorms*, A. 19-07-021, Aug. 24, 2021 at 20).

<sup>40</sup> *Id.* (quoting D.23-02-017, *Decision Approving Settlement*, A.20-09-019, Feb. 8, 2023 at 27).

incrementality, and that utilities cannot use memorandum accounts to remedy deficient forecasting or project and cost-management practices.

These principles provide the appropriate template for evaluating any costs PG&E might attempt to record under Section 8386.4(a)(2). Like the CEMA, SB 254 authorizes memorandum account tracking only for truly unforeseen and incremental costs. The Commission must enforce that requirement rigorously by requiring a well-documented showing that PG&E was truly unable to forecast the requested cost in the GRC, that the claimed incremental cost is actually above authorized budgets, and that the cost was prudently incurred. If PG&E cannot affirmatively establish these elements, the Commission must deny the request with prejudice. Applying this established approach here will prevent SB 254 memorandum accounts from becoming an open-ended mechanism for PG&E to shift ordinary or forecastable expenses onto ratepayers. Moreover, this approach will uphold SB 254's intent by creating a strong incentive for PG&E to operate within its GRC-authorized revenue requirement, thereby promoting the provision of safe, reliable, and affordable electricity to ratepayers.

**5. Are there other issues the Commission should consider with regard to the cited new provision of SB 254?**

Yes. The Commission should consider that the Legislature enacted SB 254 as an urgency statute based, in part, on its recognition of the need to tighten oversight of wildfire mitigation spending that was a primary cause of the current California utility rate affordability crisis. This context reinforces that the Legislature intended to narrow, not broaden, the availability of memorandum accounts. Critically, this limitation aligns with the Commission's own recognition

that the excessive use of regulatory accounts, both for wildfire mitigation spending<sup>41</sup> and more broadly, does not promote prudent utility cost management, and ultimately harms ratepayers.<sup>42</sup> Accordingly, to mitigate those concerns, the Commission must ensure that its determinations in this GRC appropriately limit the conditions for recording and subsequently recovering cost overruns from memorandum and balancing accounts.

### III. CONCLUSION

The California Large Energy Consumers Association and the Energy Producers and Users Coalition appreciate the opportunity to provide these comments.

Respectfully submitted,

BUCHALTER LLP

By:



Nora Sheriff

Counsel for the California Large Energy  
Consumers Association and the Energy  
Producers and Users Coalition

February 6, 2026

---

<sup>41</sup> CPUC Response to EO N-5-24 at 24-25.

<sup>42</sup> See D.24-12-074, *Decision Addressing The 2024 Test Year General Rate Cases Of Southern California Gas Company And San Diego Gas & Electric Company*, A.22-05-015/016, Dec. 23, 2025 at 850.