



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

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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.

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

(U 39 M)

**RESPONSE OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 M)
TO AMENDED SCOPING MEMO AND RULING QUESTIONS**

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Pursuant to the *Assigned Commissioner's Amended Scoping Memo and Ruling* (Ruling), issued January 26, 2026, Pacific Gas and Electric Company (PG&E) respectfully provides this response to the issues and questions raised in the Ruling. The Ruling identifies two new issues regarding the possible elimination of the Wildfire Mitigation Plan Memorandum Account (WMPMA) and Fire Risk Mitigation Memorandum Account (FRMMA) in light of the California Legislature's recent enactment of Senate Bill (SB) 254. The Ruling also poses five specific questions for PG&E and other parties to address.

In brief, the Ruling raises several broad policy and statutory interpretation issues impacting all Commission-regulated utilities and other stakeholders. While PG&E responds to the Ruling here, these broader issues are most appropriately and equitably addressed as part of an all-utility rulemaking proceeding under Article 6 of the Commission's Rules of Practice and Procedure. In regard to the specific issue regarding the continuation of PG&E's WMPMA and FRMMA in this 2027 General Rate Case (GRC), the Commission should continue to authorize PG&E to maintain both accounts through at least 2030 to allow cost-recovery for incremental wildfire mitigation activities outside those approved in PG&E's WMP and GRC, subject to the Commission's review.

I. INTRODUCTION

The WMPMA and FRMMA are necessary and appropriate cost-recovery mechanisms for activities that PG&E and the state's other investor-owned utilities (IOUs) deploy to reduce the

most significant utility-related risk California faces – the threat of utility-caused catastrophic wildfires. The costs recorded to these accounts enable incremental wildfire mitigation investments outside those contemplated in the Wildfire Mitigation Plan (WMP) and GRC that are necessary to advance California state policy to minimize wildfire risk and achieve PG&E’s stand that utility-caused catastrophic wildfires shall stop. These memorandum accounts, mandated by the Legislature through SB 901¹ (and re-stated in Assembly Bill (AB) 1054²), have enabled PG&E to implement various technology and wildfire mitigation strategies that have reduced risk, increased reliability, and made customers safer. The accounts also have provided PG&E flexibility to develop and advance innovative mitigation strategies and recover incremental costs between GRC and WMP submissions as our understanding of wildfire risk and effective mitigation measures has evolved over the last several years. For example, PG&E piloted Enhanced Powerline Safety Settings (EPSS) in 2021, incurring costs that were not forecasted as part of our 2020 GRC or proposed in our 2021 WMP. But for the WMPMA and FRMMA, PG&E would not have the ability to recover costs for investments that were not

¹ Sen. Bill No. 901 (2017-2018 Reg. Sess.) added to Public Utilities Code (Pub. Util. Code), § 8386 the following:

(e) The commission shall approve each plan within three months of its submission, unless the commission makes a written determination, including reasons supporting the determination, that the three-month deadline cannot be met and issues an order extending the deadline. Each electrical corporation's approved plan shall remain in effect until the commission approves the electrical corporation's subsequent plan. At the time it approves each plan, the commission shall authorize the utility to establish a memorandum account to track costs incurred to implement the plan.

(j) 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. The commission shall review the costs in the memorandum accounts and disallow recovery of those costs the commission deems unreasonable.

² Assem. Bill No. 1054 (2019-2020 Reg. Sess.) amended the memorandum account language, deleting sections (e) and (j), and creating Pub. Util. Code, § 8386.4 as follows:

(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.

(b)(1) The commission shall consider whether the cost of implementing each electrical corporation's plan is just and reasonable in its general rate case application. 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. The commission shall review the costs in the memorandum accounts and disallow recovery of those costs the commission deems unreasonable.

included in the then-existing revenue requirement for this highly effective mitigation strategy.³ PG&E was able to utilize the FRMMA to initially record EPSS costs. Once EPSS was included in the approved 2022 WMP, PG&E continued this work and utilized the WMPMA to record the costs. The FRMMA and WMPMA achieved exactly what they were intended to do – allow cost recovery for reasonable, customer-benefitting wildfire mitigation activities incremental to approved revenue requirements in the GRC. These accounts adhere to well-established cost-of-service ratemaking principles and are subject to reasonableness review by the Commission, protecting customers.

While SB 254 permits the Commission discretion on whether to authorize a utility to establish a memorandum account to track costs incurred for wildfire risk mitigation once WMP and GRC submissions are aligned,⁴ PG&E opposes closure of these accounts because this alignment is not in place. Though SB 254 requires *future* WMPs to be aligned and incorporated into GRCs, the relevant periods between *currently-pending* WMP and GRC submissions are still misaligned. For PG&E, this misalignment will continue for multiple years until at least its 2031 GRC, when PG&E will submit a WMP covering the same period as the 2031 GRC – 2031-2034. Further contributing to this misalignment, technology and wildfire mitigation strategies continue to evolve faster than the cadence of a GRC cycle. The currently-existing multi-year lag between WMP/GRC submissions and the fast pace of innovations necessitates a continued mechanism for utilities to record unforeseen and incremental costs to a memorandum account.

PG&E supports the Commission’s efforts to assess the overall affordability picture and acknowledges that the existence of memorandum accounts may complicate that assessment. There are other solutions available to provide a clearer affordability picture without eliminating the WMPMA and FRMMA or adding administrative processes that would inhibit the flexibility

³ EPSS, with a BCR of 33.9 (See Exhibit (PG&E-4), p. 6-29) and as of 2024 has achieved more than a 72% reduction in CPUC-reportable ignitions when enabled on primary distribution lines, compared to the 2018-2020 average.

⁴ Pub. Util. Code, § 8386.4.

for utilities to nimbly make incremental and unforeseen wildfire investments that mitigate risk and protect customers.

In Section II, we summarize the legislative background leading up to SB 254. This background provides important context that the Commission should consider in regard to the continuation of the WMPMA and FRMMA. In Section III, we address the two new scoping issues. In Section IV, we address the Ruling’s five specific questions.

II. BACKGROUND

In 2018 and 2019, the California Legislature adopted substantial reforms to reduce the incidence and severity of utility-sparked wildfires through SB 901 and AB 1054, including greater oversight of investor-owned utility WMPs,⁵ as well as a mandate for the Commission to authorize—and PG&E to establish—memorandum accounts to track the costs for investments made to reduce wildfire risk that exceed its revenue requirement.⁶

Despite these legislative efforts and utilities’ wildfire mitigation work over the past five years, unprecedented drought and winds have continued to cause devastating wildfires across the state, including in early 2025 to the Los Angeles area in a wildfire that took the lives of 12 people, destroyed more than 15,000 structures, and challenged the adequacy of the Wildfire Fund.⁷ SB 254 was adopted in recognition that climate change continues to reshape wildfire risk, and that California must evaluate new models to comprehensively mitigate this risk. The legislation also mandates a comprehensive assessment that analyzes and develops “long-term reforms that protect access to insurance, reduce litigation costs, provide fair and expeditious compensation to claimants, support wildfire mitigation, safety, and community resilience, and ensure large electrical corporations are accountable for safety and also have the financial health to attract low-cost capital on behalf of ratepayers” (Comprehensive Assessment).⁸ The oversight

⁵ See Legislative Findings of Sen. Bill No. 254 (2025-2026 Reg. Sess.), Section 1(i)-(j).

⁶ See *supra*, footnotes 1 and 2.

⁷ See Legislative Findings of Sen. Bill No. 254 (2025-2026 Reg. Sess.), Section 1(i)-(k).

⁸ Legislative Findings of Sen. Bill No. 254 (2025-2026 Reg. Sess.), Section 1(q).

and preparation of the Comprehensive Assessment, codified in Public Utilities Code Section 719, will be led by the California Earthquake Authority.²

In addition to requiring a Comprehensive Assessment, SB 254 made the following interdependent revisions to the Public Utilities Code that are relevant to the Ruling:

- WMP/GRC Alignment:
 - Requires electrical corporations to submit WMPs to the Office of Energy Infrastructure Safety (OEIS) every four years (PUC § 8386(b)), rather than on a 3-year cycle;
 - Requires each electrical corporation to submit preliminary WMPs one year before its GRC filing, or concurrent with the filing of its Risk Assessment Mitigation Phase (RAMP) application, beginning January 1, 2027 (PUC § 8386(c));
 - Requires that WMPs cover the same period as the utility's GRC period (PUC § 8386(c));
 - Requires OEIS to approve or deny WMPs within nine months of submission (PUC § 8386.3(a)(1)(A)(c));
 - Requires each electrical corporation to file the OEIS-approved WMP in its GRC, or if no plan has been approved, the preliminary WMP originally submitted to OEIS, along with testimony and forecast costs necessary to complement the plan. (PUC § 8386.4(b)(1); and
 - Requires each electrical corporation to submit a revised WMP that conforms to the Commission's revenue authorization within 45 days of its GRC decision. OEIS may approve or request additional modifications to the WMP. (PUC § 8386.4(b)(3).
- Use of Memorandum Accounts: Grants the Commission discretion to authorize utilities to establish a memorandum account to track unforeseen and incremental wildfire risk mitigations cost not included in existing revenue requirements (PUC § 8386.4(a)(2)), rather than mandating authorization of memorandum accounts to track costs incurred to implement WMPs or for fire risk mitigation that are not otherwise covered in revenue requirements.

On January 26, 2026 (the same day the Ruling was issued), OEIS issued its proposed schedule for the submission of WMPs under Public Utilities Code Section 8386(b). Under the submission schedule, all electric utilities will submit a base WMP in 2027 covering 2028-2031.

² See SB254 – Natural Catastrophe Resiliency Study, available at: <<https://www.cawildfirefund.com/sb-254-natural-catastrophe-resilience-study>> (accessed Feb. 3, 2026).

In 2028, PG&E will submit a base WMP covering 2031-2034 (aligned with its 2031 GRC). As a result, the alignment between PG&E's WMP and GRC will not occur until PG&E's 2031 GRC, and continuation of the WMPMA and FRMMA will remain necessary.

III. PG&E'S RESPONSE TO NEW SCOPING ISSUES

The Ruling adds two new issues to the scope of this proceeding:

1. 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?
2. 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?

Neither issue is unique to PG&E's GRC. Rather, both apply to all utilities that submit WMPs and seek cost recovery for wildfire mitigation activities in a GRC or separate proceeding. Adding these issues to the scope of PG&E's GRC—without regard to other utilities—is administratively inefficient and creates the risk of inconsistent rules being applied to similarly-situated utilities. Therefore, PG&E respectfully urges that the Commission explore these issues in an all-utility rulemaking proceeding, rather than piecemeal in each utility's rate case.

In the interim, the Commission should continue to authorize PG&E to maintain the WMPMA and FRMMA through at least 2030 to allow cost-recovery for incremental wildfire mitigation activities outside those approved in PG&E's WMP and GRC, subject to the Commission's review. PG&E supports the Commission's issuing specific cost-recovery guidance and establishing a streamlined administrative process that promotes timely cost recovery and consistent rulings regarding the recoverability of costs.

IV. PG&E'S RESPONSE TO QUESTIONS

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?***

The Commission should not direct PG&E to close its existing WMPMA and FRMMA memorandum accounts, or otherwise stop recording costs to these accounts, at this time.

a. Closure Of The WMPMA And FRMMA In The Near-Term Is Unlawful

Closure of the WMPMA and FRMMA prior to the alignment of the WMP and GRC submission cycles is inconsistent with the framework adopted in SB 254. The California Legislature enacted SB 254 to better align the WMP-GRC submission process, and the discretion provided to the Commission regarding the use of wildfire mitigation accounts is based on achieving that alignment. Currently, the state's IOUs submit WMPs every three years, and not in sequence with their respective GRCs. As a result, GRC-authorized revenue requirements may not cover all of the wildfire mitigation activities contained in an approved WMP. SB 254 aims to eliminate the timing mismatch, by requiring each IOU to submit a WMP one year prior to their respective GRC submissions so that an approved WMP can be incorporated in the IOU's GRC and the period covered by the WMP and GRC align.¹⁰ It is with this alignment in mind that the Legislature granted the Commission discretion to determine whether a memorandum account is needed.¹¹ In other words, the alignment between WMP and GRC submission schedules contemplated by SB 254¹² is a necessary precondition before the Commission should exercise any discretion regarding closure of the WMPMA and FRMMA. For the Commission to exercise any discretion now would be inconsistent with the SB 254 framework. To be clear, PG&E is not challenging the Commission's general authority regarding the WMPMA and FRMMA. Rather, PG&E is urging that before exercising any discretionary authority under SB 254 to eliminate the WMPMA and FRMMA, the WMP-GRC alignment envisioned in SB 254 must be in place; otherwise the Commission would be taking an action inconsistent with the SB 254 framework.

The GRC and WMP alignment will not occur for PG&E until the 2031 GRC submission. In the near-term, PG&E must be able to rely on the existing authorized ratemaking approach as of our 2023 and 2027 GRC applications: our revenue requirement requests are based on the best

¹⁰ Pub. Util. Code, § 8386 (c).

¹¹ It is axiomatic that we must read statutes as a whole, giving effect to all their provisions. *Jurcoane v. Superior Court*, 93 Cal.App.4th 886, 893 (2001).

¹² Pub. Util. Code, § 8386 (b), (c); Pub. Util. Code, § 8386.3 (a)(1)(A)(c); Pub. Util. Code, § 8386.4 (b)(1); and Pub. Util. Code, § 8386.4 (b)(3).

information available at the time our GRC submissions, and a memorandum account ensures PG&E will be able to continue to meet WMP commitments for the duration of the 2023 and 2027 GRC periods.

b. Evolving Catastrophic Wildfire Risks Necessitate Memorandum Accounts

Even if the Commission disagrees with PG&E's position above and concludes that SB 254 grants the Commission discretion to close the WMPMA and FRMMA during the 2027 GRC period, PG&E recommends the Commission exercise discretion to keep the accounts open. The WMPMA and FRMMA remain critical for enabling necessary investments to mitigate wildfire risks. As declared by the Legislature in SB 254, Section 1:

(a) Climate change is driving an increase in the frequency and severity of extreme weather events globally and in California, including heatwaves, droughts, flooding, and a significant increase in the incidence and severity of catastrophic wildfires. These extreme weather events impose profound risks to public health, natural resources, infrastructure, and California's economy.

(b) In California, wildfires have grown significantly more intense and destructive in recent years, with 15 of the 20 most destructive wildfires on record occurring in the last 10 years. The 2025 wildfire season is already surpassing previous years in acreage burned and destruction. As of July 15, 2025, 4,195 wildfires had burned 201,295 acres, dramatically higher than the five-year average of 116,218 acres by this point in the year. For comparison, as of July 15, 2024, 3,629 wildfires had burned 77,925 acres.

The need for innovation and strategic agility in wildfire preparedness and prevention will continue as climate change continues to increase wildfire risks and our understanding of those risks evolve. As highlighted in PG&E's 2026-2028 WMP, the rapidly-evolving wildfire risk can outpace mitigations, requiring PG&E to adjust mitigation activities to respond to emerging ignition risk.¹³ We regularly engage in working groups with other IOUs to exchange information on wildfire mitigations and discuss best practices.¹⁴ We also continue to engage researchers and industry innovators to examine deployable technologies that will reduce or eliminate wildfire

¹³ PG&E Wildfire Mitigation Plan R3 2026-2028 (Dec. 30, 2025), p. 7, available at: <https://www.pge.com/en/outages-and-safety/safety/community-wildfire-safety-program.html#accordion-99016a73ab-item-4366b98ea7> (accessed Feb. 5, 2026).

¹⁴ *Id.*, pp. 7-8.

risk, such as the 2025 Innovation Pitch Fest.¹⁵ In the near term, the California Earthquake Authority is preparing a natural catastrophe resiliency study (mandated by SB 254) which may include new recommendations for utilities' wildfire mitigation strategies.¹⁶ However, our ability to deploy any emergent wildfire-mitigation strategies and respond to evolving risks would be limited if the Commission prematurely eliminates the cost-recovery mechanisms provided in the WMPMA and FRMMA. Memorandum accounts, such as the WMPMA and FRMMA, provides us the flexibility to adjust our wildfire mitigation work and recover any incremental costs, subject to the Commission's reasonableness review.

c. GRC And WMP Submission Alignment Likely Will Not Eliminate The Need For Memorandum Accounts

As discussed above, SB 254's requirement for WMPs to align with GRC submissions affirms the continued need for wildfire risk mitigation memorandum accounts. For PG&E, this alignment will not occur until the 2031 GRC cycle. A recent OEIS letter regarding WMP Submission Schedules (dated January 26, 2026) establishes that PG&E will submit its base WMP covering 2031-2034 in May, 2028. OEIS will review this WMP prior to PG&E's submission of its 2031 GRC one year later in May, 2029. PG&E is required to incorporate the OEIS-approved WMP (or if not yet approved, the submitted WMP) in the 2031 GRC, with testimony establishing the forecast costs necessary to implement the plan.¹⁷

Even under this sequencing, the potential for continued misalignment between PG&E's WMP and GRC for the 2031-2034 period exists. It is still possible, for example, that a GRC forecast may not reflect the approved WMP. For example, Public Utilities Code Section 8386.4(b)(1) contemplates that OEIS may not approve a WMP in time to be included in GRC

¹⁵ See PG&E Corporation – PG&E's 2025 Innovation Pitch Fest Seeks Breakthrough Technologies to Shape the Energy Future, available at: <<https://investor.pgecorp.com/news-events/press-releases/press-release-details/2025/PGEs-2025-Innovation-Pitch-Fest-Seeks-Breakthrough-Technologies-to-Shape-the-Energy-Future/default.aspx>> (accessed Feb, 3, 2026).

¹⁶ Pub. Util. Code, § 719.

¹⁷ Pub. Util. Code, § 8386.4(b)(1).

submission, and Section 8386.4(b)(3) contemplates that OEIS may request modifications to the revised WMP submitted by the utility to align with the revenue authorized by the Commission.

In addition, the WMP-GRC sequencing does not account for the possible development of new strategies or adjustments mid-cycle. For example, PG&E's 2031 GRC forecast for 2031-2034 will be based on wildfire technology and mitigation strategies considered during the 2028-2029 WMP-review process. It is conceivable, if not likely, that technology or mitigation strategies will evolve prior to commencement of GRC test year 2031, and certainly by the GRC attrition years 2032-2034. This evolution may require investments that are incremental to what was included and approved in the WMP and GRC for the 2031-2034 period. As discussed above, PG&E's piloting of EPSS in 2021 provides an example of a new strategy not initially included in a WMP or GRC. It also is possible that a utility may need to adjust wildfire mitigation activities mid-cycle during the period covered by the WMP and GRC, in order to respond to evolving conditions. Increased tree mortality resulting from drought conditions or infestations provides an example of this possibility. These type of uncertainties warrant continuation of the WMPMA and FRMMA.

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 authorize PG&E to continue recording costs to existing memorandum accounts (WMPMA and FRMMA) for the reasons discussed above. These accounts provide PG&E the opportunity to recover the cost of investments to safely and reliably serve our customers, as wildfire risks continue to evolve.

While SB 254 amended Public Utilities Code Section 8386.4 from *mandating* authorization to granting the Commission *discretion* to authorize wildfire-investment related memorandum accounts once GRC-WMP alignment occurs, the WMPMA and FRMMA are necessary and appropriate cost-recovery mechanisms for incremental wildfire mitigation activities not recovered in approved GRC revenue requirements. Further, the WMPMA and

FRMMA meet the Commission’s general criteria for when authorization of a memorandum account is appropriate, including that:

- the costs at issue were caused by an event of an exceptional nature outside of the utility’s control;
- the expenses could not have been included in utility’s GRC forecast;
- the utility is already incurring, or is about to incur, the costs and such costs will occur before the utility’s next GRC;
- the costs are substantial and not speculative;
- the costs are incremental and not already recovered in rates; and
- ratepayers will benefit by the memorial account treatment.¹⁸

These criteria are met here. Of note, wildfire risk is driven by climate change and severe weather (drought conditions, record temperatures, high wind events, etc.) – events of exceptional nature outside of a utility’s control. In addition, as the industry’s collective understanding of wildfire risk increases, fire-weather conditions persist, and innovative wildfire mitigation strategies continue to advance, a utility cannot reasonably forecast all wildfire mitigation activities and costs for a GRC cycle. A utility’s mid-cycle adjustments to wildfire mitigation workplans (including development of new wildfire technologies and strategies) may become necessary and should not wait until those plans can be included in a future WMP and GRC. The lack of timely cost recovery should not encumber a utility from pursuing those plans. Customers (and Californians generally) benefit from memorandum account treatment.

In sum, the WMPMA and FRMMA enable PG&E to effectively implement wildfire mitigation strategies that reduce risk, enhance safety, and increase reliability for customers while allowing PG&E an opportunity to recover prudent costs consistent with cost-of-service principles. Customers remain protected through subsequent reasonableness review of recorded costs.

¹⁸ See P.21-07-012, *Administrative Law Judge’s Ruling Denying Request to Establish Memorandum Account to Track Costs*, p. 4 (September 6, 2024), referring to the Commission’s Standard Practice U-27-W Section D.

That said, PG&E would support updating the memorandum accounts to align with current statute (Public Utilities Code Section 9396.4, as modified by SB 254). This update would essentially modify and merge the WMPMA and FRMMA into a single account.

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?*

PG&E supports the establishment of a streamlined administrative process that: (1) allows for the timely recovery of any unforeseen and incremental wildfire mitigation costs exceeding costs approved in a GRC, and (2) promotes consistent rulings regarding the recoverability of costs. PG&E acknowledges the Commission's efforts in completing reasonableness reviews of the IOUs' various reasonableness review application for costs recorded to the IOUs' respective wildfire mitigation accounts. PG&E's general observation is that these proceedings have been fraught with delays (in some cases multiple years) and potentially inconsistent rulings regarding similar costs across utilities. The administrative process utilized by the Commission going forward should seek to address these concerns.

To the extent this question is seeking input regarding PG&E's ability to record costs to an approved memorandum account, PG&E opposes any additional process that would require Commission approval of recording specific costs before they are incurred. Rather, the approved tariffs should define cost-eligibility requirements so that PG&E can track and record costs as incurred, subject to an after-the-fact reasonableness review and/or audit. Requiring authorization to record costs would slow PG&E's ability to deploy the technology or mitigation strategy.

As stated above, PG&E understands the need for the Commission and stakeholders to have a more real-time view of the costs that are being recorded to these accounts and to potentially offer real-time feedback on overall spending. PG&E proposes that the Commission address this issue as part of an all-utility rulemaking, in which the parties can explore ideas on process, expectations, and feedback from the Commission and stakeholders (including OEIS). In

addition, PG&E recommends that the Commission explore streamlining the administrative process to promote timely decisions that: 1) limit interest accruals; and 2) reduce rate shock and promote rate smoothing.

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?*

As the term “unforeseen and incremental” is specific to the memorandum account contemplated in Public Utilities Code Section 8386.4(a)(2), PG&E interprets this question to be referring specifically to the WMPMA and FRMMA, and not more broadly.¹⁹ Also, as stated previously, PG&E urges the Commission to address this question as part of a broader rulemaking proceeding, so that a uniform standard is developed across utilities.

In general, PG&E supports Commission requirements or guidelines that can provide greater clarity for all stakeholders on the recoverability of investments tracked in the memorandum account set forth in PUC § 8386.4(a)(2). As set forth in PG&E’s Wildfire and Gas Safety Costs proceeding (A.23-06-008), PG&E proposes that “incremental” work includes: (1) emergent work – a category of work not forecasted in a GRC; and (2) “increased” work – a category of work forecasted in a GRC, but the magnitude or pace of that work was accelerated in a manner that exceeds the authorized revenue requirements.²⁰ This definition of incrementality addresses both the technology innovation and mitigation strategy changes that a utility may adopt to address evolving wildfire risks that are not included in the utility’s authorized revenue requirements.

PG&E preliminarily proposes that “unforeseen” costs be determined based on whether a prudent utility manager would have known that the emergent work or increased work would be needed at the time the forecast was developed. Unforeseen costs would include, at a minimum,

¹⁹ For example, Exhibit (PG&E-10), Table 16-1 summarizes the accounts that PG&E proposes to continue with no modifications as part of the 2027 GRC, such as the Dimmable Streetlight Implementation Memorandum Account, Distribution Resources Plan Tools Memorandum Account, and Gas Statutes Regulations and Rules Memorandum Account.

²⁰ See A.23-06-008, Opening Brief of Pacific Gas and Electric Company (November 5, 2024), p. 29.

costs incurred to comply with laws, rules or regulations that were not enacted at the time of forecasting, fire threat map changes occurring after forecasting, and technologies that were not known or not commercially viable at the time of forecasting. Unforeseen costs may also include the need for “increased” work (per the incrementality definition) to effectuate a new wildfire mitigation strategy that was not contemplated at the time of forecasting.

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

As noted above, SB 254 is the start to broader policy reforms to address catastrophic wildfire risk. The statute requires the CEA to conduct a Comprehensive Assessment of factors contributing to wildfire risk and mitigations, from land-use, to insurance, to the utility sector.²¹ In addition, the statute foreshadows that additional legislative action will occur based on the recommendations presented in the CEA’s assessment.²² PG&E respectfully urges the Commission to consider that ongoing reforms associated with the outcome of this assessment may require utilities to update their wildfire mitigation strategies. The assessment may also lead to broader cost-allocation reforms, such as whether the cost responsibility of certain wildfire investments that benefit all Californians are appropriate for recovery in utility rates. PG&E recommends that any determination regarding the use of wildfire-related memorandum accounts, at a minimum, be made after the Comprehensive Assessment is complete.

V. CONCLUSION

PG&E respectfully requests that the Commission consider addressing these topics as a Rulemaking involving all utilities, and not within PG&E’s 2027 GRC.

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²¹ See Pub. Util. Code, § 719 and SB254 - Natural Catastrophe Resilience Study, available at: <<https://www.cawildfirefund.com/sb-254-natural-catastrophe-resilience-study>> (accessed Feb. 3, 2026).

²² Pub. Util. Code, § 719 (c).

Respectfully Submitted,

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