

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. (U39M)

Application 25-05-009

**COMMENTS OF THE PUBLIC ADVOCATES OFFICE ON ASSIGNED  
COMMISSIONER'S AMENDED SCOPING MEMO AND RULING**

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## I. INTRODUCTION

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) provides the following comments pursuant to the January 26, 2026 *Assigned Commissioner’s Amended Scoping Memo and Ruling* (Amended Scoping Memo). The Amended Scoping Memo adds two issues to the scope of Pacific Gas and Electric Company’s (PG&E) general rate case (GRC). The new issues relate to Senate Bill (SB) 254,<sup>1</sup> which “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.”<sup>2</sup> The Amended Scoping Memo requests comments on five questions regarding SB 254 issues that are now within the scope of this proceeding.<sup>3</sup>

These comments provide preliminary responses to three of the questions presented in the Amended Scoping Memo. Cal Advocates will provide more detailed responses to the questions in the Amended Scoping Memo through further record development in testimony and briefs.<sup>4</sup>

## II. THE AMENDED SCOPING MEMO ADDS ISSUES THAT ARE CRITICAL AND PERTINENT TO THE SCOPE OF PG&E’S GRC

The Amended Scoping Memo reflects the significant changes made by SB 254 to the mechanisms for allowing electric utilities to recover costs related to wildfire mitigation activities. Previously, SB 901<sup>5</sup> and Assembly Bill (AB) 1054,<sup>6</sup> required the

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<sup>1</sup> SB 254 (Becker) Energy (Stats. 2025, Ch. 119), relevant provision codified as Public Utilities (Pub. Util.) Code Section 8386.4 (a)(2).

<sup>2</sup> Amended Scoping Memo at 1- 2, citing Pub. Util. Code Section 8386.4(a)(2).

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

<sup>4</sup> Cal Advocates plans to address wildfire mitigation memorandum accounts as a policy issue in its testimony, which will be served on February 13, 2026. *Assigned Commissioner’s Scoping Memo and Ruling*, July 31, 2025 at 19.

<sup>5</sup> SB 901 (Dodd) Wildfires (Stats. 2018, Ch. 626), relevant provisions codified as Pub. Util. Code Section 8386 (e) and (j) .

<sup>6</sup> AB 1054 (Holden) Public utilities: wildfires and employee protection (Stats. 2019, Ch. 79), relevant provisions codified as Pub. Util. Code Sections 8386.4 (a) and (b)(1).

Commission to authorize an electrical corporation to establish memorandum accounts to track costs incurred to implement its wildfire mitigation plans<sup>7</sup> and fire risk reduction activities.<sup>8</sup> Pursuant to SB 901, the Commission authorized PG&E to establish its fire risk mitigation memorandum account (FRMMA) to begin on January 1, 2019 and its wildfire mitigation plan memorandum account (WMPMA) to begin on June 5, 2019.<sup>9</sup>

SB 254 eliminates the prior requirements to establish wildfire mitigation balancing accounts. Instead, SB 254 provides the Commission the discretion to allow an electric utility to establish a memorandum account to record wildfire mitigation costs, with the caveat that the costs must be “incremental and unforeseen to the wildfire risk mitigation programs and activities authorized in the electrical corporation’s revenue requirement.”<sup>10</sup>

SB 254’s requirement that any costs recovered through memorandum accounts must be “incremental and unforeseen to the wildfire risk mitigation programs and activities authorized in the electrical corporation’s revenue requirement” recognizes that utilities should generally recover their costs through their GRCs. GRCs allow utilities to request the revenue requirement needed to provide safe and reliable service to their customers, based on forecasts and budgets approved by the Commission. The discipline of an authorized budget approved through the GRC process protects ratepayers from unfettered and unrestrained spending by utilities and promotes rate transparency. Thus, SB 254 reflects the recognition that cost recovery through memorandum accounts should be reserved for situations when it is not possible to predict costs during a GRC or to control those costs between GRC applications.

The discipline of GRC ratemaking was not feasible when SB 901 and AB 1054 were enacted. PG&E was mid-cycle in its 2019 GRC and the wildfire mitigation work as specified in SB 901 and AB 1054 had not been developed or foreseen in that GRC’s 2015

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<sup>7</sup> Amended Scoping Memo at 2, citing AB 1054’s creation of prior Pub. Util. Code Section 8386.4(a).

<sup>8</sup> Amended Scoping Memo at 2, citing AB 1054’s creation of prior Pub. Util. Code Section 8386.4(b)(1).

<sup>9</sup> Amended Scoping Memo at 2.

<sup>10</sup> Amended Scoping Memo at 2, citing Pub. Util. Code Section 8386.4(a)(2).

application. Thus, the absence of authorized wildfire mitigation funding from PG&E's 2019 GRC required memorandum account treatment for wildfire mitigation costs because those costs were not considered in the Commission's adoption of PG&E's 2019 revenue requirements.

### **III. RESPONSES TO AMENDED SCOPING MEMO'S QUESTIONS**

The Amended Scoping Memo requests that PG&E and the other parties address the following five questions. Cal Advocates provides its preliminary observations below, and will provide more detailed responses and its supporting analysis in its February 13, 2026 testimony.

- (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 direct PG&E to stop recording costs in its WMPMA and FRMMA effective January 1, 2027. The Commission authorized these accounts in January and June 2019,<sup>11</sup> so PG&E has had more than five and a half years of implementing wildfire mitigation activities and deterministic risk assessments. This experience should allow PG&E to forecast ongoing wildfire activities and propose a revenue requirement in this GRC.

The Commission should close the existing WMPMA and FRMMA accounts once the costs recorded through December 31, 2026 have been considered and discharged.

- (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?**

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<sup>11</sup> Amended Scoping Memo at 2.

The Commission should require PG&E to adhere to the GRC process for wildfire mitigation costs, given that PG&E has had more than five and half years to implement and manage wildfire mitigation activities. Safely operating and maintaining its system for the benefit of its customers is at the core of PG&E's business and necessarily should be part of its GRC budgeting.

- (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?**

The Commission should require PG&E to adhere to the GRC process for wildfire mitigation costs, given that PG&E has had more than five and half years to implement and manage wildfire mitigation activities. Safely operating and maintaining its system for the benefits of its customers is at the core of PG&E's business and necessarily should be part of its GRC budgeting.

- (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?**

Cal Advocates' February 13, 2026 testimony will include specific recommendations on the requirements for implementing SB 254's “foreseeable and incremental” standard.

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

Cal Advocates plans to address this question in briefing, since it appears to raise legal questions of statutory interpretation.

#### IV. CONCLUSION

Cal Advocates supports the Amended Scoping Memo's additional issues and will provide detailed responses to the questions posed to parties in the Amended Scoping Memo in its February 13, 2026 testimony. If the Commission requires additional information, Cal Advocates would welcome the opportunity to provide supplemental testimony or address these issues further during evidentiary hearings.

Respectfully submitted,

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