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

Application of Pacific Gas and Electric Company for Recovery of Recorded Expenditures in Memorandum and Balancing Accounts Related to Wildfire and Gas Safety (U39 M).	Application 23-06-008

PACIFIC GAS AND ELECTRIC COMPANY NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.4 of the California Public Utilities Commission's Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) hereby gives notice of the following ex parte communication in the above captioned proceeding.

Nika Kjensli, Chief, Regulatory Relations, PG&E, initiated the oral the oral communication via Webex on Monday, March 2, 2026, at 2:00 PM, with the following persons in attendance: Andrew Klutey, Advisor to Commissioner John Reynolds, and Drew Hodel, Advisor to President Alice Reynolds. Participating for PG&E: Nika Kjensli, Chief, Regulatory Relations; and Andy Abranches, Vice President, Wildfire Mitigation.

SUMMARY:

In the meeting Ms. Kjensli gave an overview of PG&E's request for cost recovery of wildfire mitigation work incurred from 2020 through 2022[1] and how the work was reasonable, critical, and done in compliance with PG&E's Commission-approved wildfire mitigation plan. Ms. Kjensli further stated that the most efficient way to recover the

[1] PG&E's presentation accidentally referred to 2023, which has been corrected.

capital revenue requirement would be via advice letter as proposed in PG&E's February 2nd motion.

Mr. Abranches stated that PG&E's wildfire safety work was done in response to climate change, drought and emergent wildfire risk at that time and PG&E's customers have experienced lasting benefits through a significant reduction in utility-caused wildfires since this work was initiated. A presentation was shared and is attached.

Respectfully submitted,

/s/ Sidney Bob Dietz II
Sidney Bob Dietz II
Director, Regulatory Relations
CPUC Communications
Pacific Gas and Electric Company
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Oakland, CA 94612
Phone: 415-209-3654
E-mail: Sidney.Dietz@pge.com

Dated: March 5, 2026

Wildfire and Gas Safety Costs

Ex Parte Meeting

A.23-06-008

March 2, 2026

Key Messages

1. The Wildfire and Gas Safety Costs (WGSC) proceeding includes cost recovery of PG&E's wildfire mitigation work incurred from 2020 through 2023. The wildfire mitigation work recorded in the Wildfire Mitigation Plan Memorandum Account (WMPMA) and Fire Risk Mitigation Memorandum Account (FRMMA) was reasonable, critical for public safety, done in compliance with PG&E's Commission-approved wildfire mitigation plan, with positive results and benefits for customers.

2. TURN's proposed permanent capital disallowances are contrary to the regulatory compact and would present substantial challenges for PG&E to finance investments critical to wildfire prevention. TURN and Cal Advocates' incrementality arguments have been refuted by the evidence in the record, including by independent reviewers.

3. The proposed Advice Letter process for 2023-2030 capital RRQ, as proposed in PG&E's February 2 motion, is reasonable and appropriate. Granting PG&E's request would save the Commission time and resources of an unneeded separate application proceeding and would save customers approximately $52 million in interest savings.

Summary of Wildfire Safety Work in WGSC Application

The wildfire mitigation work recorded in the WMPMA and FRMMA and requested in Track 1 of WGSC was reasonable and critical for public safety and regulatory compliance.

WGSC Costs were prudently incurred and necessary to mitigate wildfires

- Responding to the pressures of climate change, extreme drought, emergent wildfire risk, regulatory requirements, and to be consistent with state and CPUC policy, PG&E incurred costs as part of a massive emergency response, including detailed inspection of <u>every</u> electric distribution asset in a High Fire Threat District (HFTD), following the unprecedented catastrophic wildfires in 2017-2018. *(PG&E's Reply Brief p. 1/ PGE-06, p. 2-11)*

- This response required significant resources beyond what was contemplated in the 2020 General Rate Case (GRC) and was driven by Legislative directives for Wildfire Mitigation Plans and statutes establishing these cost recovery mechanisms. *(PG&E's Reply Brief p. 1)*

- This work was done in compliance with PG&E's Commission-approved Wildfire Mitigation Plan. *(PG&E's Reply Brief p. 1)*

- The costs at issue have been scrutinized by multiple third parties, including Grant Thornton and Ernst and Young, who found the costs are supported, reasonable, and incremental to PG&E's funding through any other mechanism. *(PG&E's Reply Brief p. 8-12)*

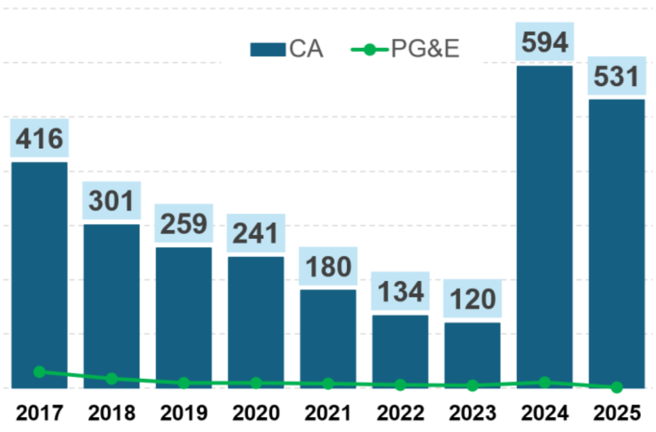
Customer SafetyBenefits

This work, including PG&E's Enhanced Powerline Safety Settings (EPSS) program, has made a real difference in driving down reportable ignitions, leading to no significant wildfires in 2023, 2024, and 2025.

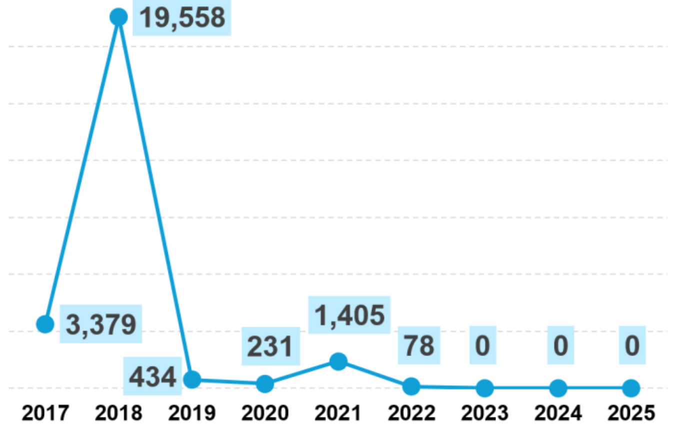
Customer Benefits

- As a result of the work, PG&E customers saw corresponding benefits in wildfire safety. Ignitions per 10,000 overhead circuit miles decreased from 2020 to 2022 after wildfire mitigation activities ramped up. *(PG&E's Reply Brief p. 2)*

- Included in WGSC is PG&E's Enhanced Powerline Safety Settings (EPSS) program, which has been highly effective in preventing wildfires, in concert with the suite of mitigations that PG&E has implemented and is seeking recovery for.



1: As Reported By CAL FIRE through 12/31/2025.
2: EPSS Implemented Mid-2021



1: 2022 structure figures include the Mosquito Fire. The cause of this fire is under investigation.

- In 2022, our service territory experienced 31 percent more days with elevated wildfire risk, relative to 2018-2020. Yet, in 2022 the acres impacted by utility-caused wildfires, which accounts for the severity of ignitions, decreased by 99 percent relative to the 2018-2020 average. *(PG&E's Reply Brief p. 2/PG&E's 2023 WMP (Mar. 27, 2023), p. 468, Section 8.1.8.1.1.)*

- More recent data shows these trends continuing, with no significant wildfires attributable to PG&E equipment in 2023, 2024, and 2025.

Intervenor Arguments

Intervenor arguments recommending permanent capital disallowances and incrementality-premised disallowances are contrary to the record and would harm PG&E's wildfire mitigation efforts.

Intervenor Arguments	PG&E's Position
Disallowances on the basis of reasonableness should be permanently excluded from rate base (TURN)	**Permanent Capital Disallowances, as proposed by TURN, are not necessary.** *(PG&E Reply Brief p. 75-76)* • A permanent capital disallowance would severely harm PG&E's financial health and ability to serve customers by creating regulatory uncertainty, eroding investor confidence, and making it more difficult and expensive for PG&E to fund critical wildfire risk reduction work. *(PG&E Opening Brief P. 173;PGE-06, p. 1-24)* • A principle of utility cost of service ratemaking holds that used and useful assets should be part of a utility's rate base, and TURN has not argued that the facilities underlying PG&E's capital investments are not used and useful. *(D.84-09-089, 16 CPUC 2d 205, 1984 Cal. PUC LEXIS 1013, p. 55 ("Over the years, this Commission has closely adhered to the 'used and useful' principle, which requires that utility property be actually in use and providing service in order to be included in the utility's ratebase"); D.20-12-005, p. 380, FOF 301; Pub. Util. Code, § 454.8 ("[W]hen the commission has found and determined that the addition or extension is used and useful, the commission shall consider a method for the recovery of these costs that would be constant in real economic terms over the useful life of the facilities"))* • Wildfire mitigation costs have already been extensively disallowed and penalized *(See D.20-05-019)* and further permanent capital penalties and disallowances are inappropriate. *(PG&E Reply Brief p. 76)*
PG&E has not demonstrated its costs are incremental (TURN, Cal Advocates)	**PG&E's Has Provided Compelling Evidence that the Costs at Issue are Incremental.** • PG&E's incrementality verification process included a pre-application quality assurance review, order tracking to prevent double-booking, GRC spend analysis to verify that only costs above GRC-authorized levels were included, and independent reviews by EY and Grant Thornton, all of which confirms incrementality. *(PG&E Opening Brief p. 25-35)* • TURN's unit-based criticism ignores the fundamental changes in wildfire mitigation activities post-GRC *(PG&E Opening Brief p. 35-42),* while Cal Advocates' category-based approach disregards PG&E's need to reprioritize spending in response to emergent wildfire risks and overall GRC overspending *(PG&E Opening Brief p.46-49)* • Two independent audit firms, EY and Grant Thornton, reviewed PG&E's Track 1 costs and concluded that the costs at issue were incremental to GRC funding and properly recorded. Intervenors' criticisms do not address or refute the auditors' findings. *(PG&E Opening Brief p. 57-59)* • Track 2 costs were also reviewed by the Commission's own Utility Audit Branch. (PG&E Opening Brief p. 176)

Recovery of 2023-2030 Capital RRQ

The proposed Advice Letter process for stranded RRQ, as proposed in PG&E's February 2 motion, is reasonable and appropriate, as it would benefit all parties and save ratepayers money.

Intervenor Arguments	PG&E's Position
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A separate application proceeding is needed to consider PG&E's 2023-2030 RRQ (Cal Advocates)	**An Advice Letter process would benefit all parties and save ratepayers money.** • This streamlined approach will be beneficial for all parties, including the Commission, as it will save time and resources, compared to filing a separate application, which could add two years to the process. • The advice letter approach will provide savings to customers. Assuming that PG&E is able to put the trailing capital RRQ into rates one year sooner using the proposed advice letter route (instead of filing an additional application), we estimate that the interest savings for customers would be ~$52 million *(PG&E Motion, p 7).*

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PG&E®

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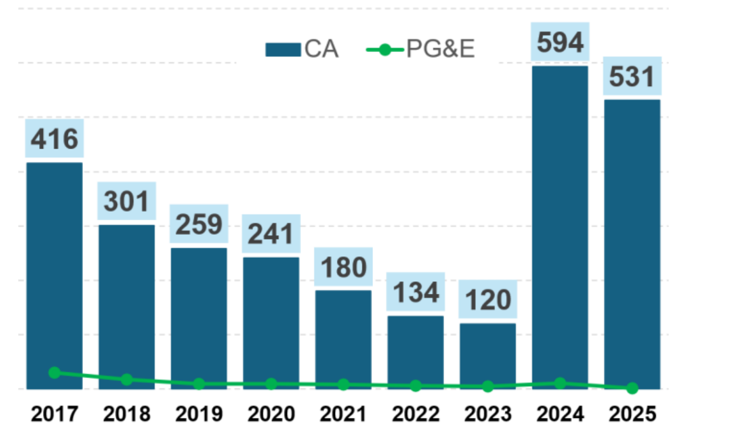

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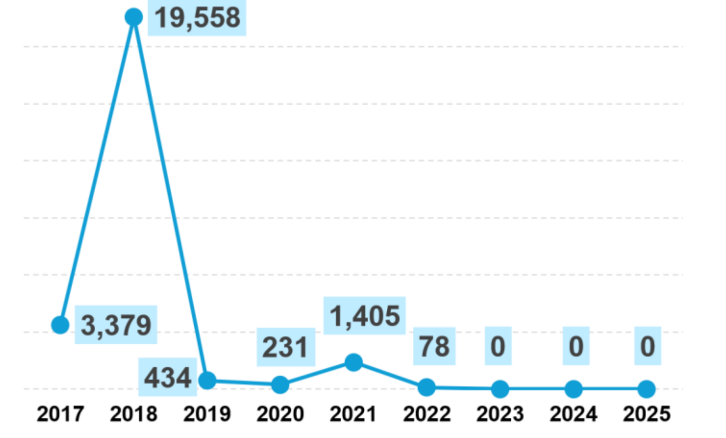

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