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

Joint Application of Pacific Gas and Electric Company (U 39-E), Southern California Edison (U 338-E) and San Diego Gas & Electric Company (U 902-E) Requesting Commission Approval of Proposals for a BCR Calculation Methodology, Audit Methodology, and Cost Recovery Conditions as Specified in Resolution SPD-37.

Application No.26-02-005
(Filed February 9, 2026)

RESPONSE OF PACIFIC GAS AND ELECTRIC COMPANY (U-39-E) TO PRESIDENT REYNOLDS'S QUESTIONS AT THE PREHEARING CONFERENCE

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I. INTRODUCTION

During the March 27, 2026 prehearing conference in this matter, Commission President John Reynolds asked Pacific Gas and Electric Company (PG&E) to respond to three questions on the filing of a 10-year Electrical Undergrounding Plan (EUP) pursuant to Senate Bill (SB) 884 by April 10, 2026. PG&E provides its responses to those questions below. The questions below are from the prehearing conference transcript.

II. RESPONSES TO QUESTIONS

Question 01

Why have you not yet filed Electrical Undergrounding Plans with the Office of Energy Infrastructure Safety?

Answer to Question 01

PG&E has sought to file an EUP since Senate Bill (SB) 884 passed in September 2022 but has been unable to do so because final EUP guidelines have been delayed and have undergone significant changes over the past three years. As explained in more detail below, in late 2022, the Commission and the Office of Energy Infrastructure Safety (Energy Safety) directed the utilities not to submit an EUP until guidelines were adopted. Since that time, the EUP and cost recovery guidelines proposed by Energy Safety and the Commission have received significant stakeholder input and undergone multiple changes. These changes have hindered PG&E's ability to complete an EUP because PG&E must design a 10-year plan that complies with both agencies' requirements. Each time the guidelines are updated, PG&E must evaluate the potential impacts to design and engineering, resource allocations, financing, and operations. PG&E looks forward to finalizing important elements of the Commission's cost recovery guidelines through this proceeding.

Energy Safety and the Commission Instruct the Utilities Not to File Until They Adopt Guidelines

In September 2022, the California Legislature enacted SB 884 and directed the Commission to establish an "expedited utility distribution infrastructure undergrounding program" to reduce wildfire risk and reliability risk associated with outage programs.[1] This program will consist of two phases. In Phase 1, the Office of Energy Infrastructure Safety (Energy Safety) will review an EUP to determine if it substantially increases electric reliability and reduces wildfire risk.[2] In Phase 2, the Commission will review the EUP's costs for conditional approval.[3]

Approximately two months after SB 884 passed, on November 17, 2022, Energy Safety and the Commission issued a joint letter to the IOUs stating that they would develop guidelines for their respective areas of responsibility. In the letter, they instructed that "[g]uidelines must be adopted before plans can be submitted to Energy Safety."[4]

The Commission Adopts Initial Guidelines on March 7, 2024

On March 7, 2024, the Commission adopted Resolution (Res.) Safety Policy Division

1. See Public Utilities (Pub. Util.) Code, § 8388.5(a).

[2] Pub. Util. Code, § 8388.5(d)(2).

[3] Pub. Util. Code, § 8388.5(e).

[4] Office of Energy Infrastructure Safety and Public Utilities Commission letter (Nov. 17, 2022), available at: <https://efiling.energysafety.ca.gov/EFiling/GetPublicDocument.aspx?documentId=53242> (accessed Apr. 8, 2026).

(SPD)-15, establishing a general cost recovery framework and project list data reporting requirements for Phase 2. In alignment with these guidelines, PG&E began working on an EUP even though Energy Safety had not yet issued final guidelines for Phase 1.

The Commission Signals Potential Revisions and Energy Safety Issues Guidelines

On October 14, 2024, the Safety Policy Division (SPD) of the Commission issued Questions for Stakeholders signaling that there might be significant changes to the SPD-15 Guidelines, including the Benefit Cost Ratio (BCR) methodology. For example, questions raised by SPD included whether there should be a BCR threshold and additional justification required for projects with a lower BCR.[5] This change in project selection methodology would impact the EUP screening process and which projects are selected through the Phase 1 EUP filing with Energy Safety. Any methodology changes take time to incorporate into the EUP filing requirements, driving delays in the filing timeline.

On February 20, 2025, Energy Safety issued final guidelines for Phase 1 of the SB 884 undergrounding program. These guidelines established requirements that are generally aligned with SPD-15. Between October 2024 and June 2025, the Commission solicited input from stakeholders about the Commission SB 884 Guidelines and held workshops and technical working groups to align the Phase 2 guidelines under SPD-15 with the EUP Guidelines issued in February 2025.

During this period, PG&E continued to prepare an EUP. PG&E anticipated submitting an EUP in 2025 for approval in 2027 for a 2028 program start. This was reflected in the testimony of PG&E's Test Year 2027 GRC, which was filed on May 15, 2025.[6] However, PG&E also recognized that utilities must include applicable Commission data requirements in the Phase 1 application with Energy Safety at the time of filing.[7] With the Commission signaling additional changes to its guidelines, PG&E and other utilties could not submit an EUP to Energy Safety

[5] Questions for Stakeholders Regarding the CPUC SB-884 Guidelines, (Oct. 14, 2024), pp. 4-5.

[6] A. 25-05-009, PG&E 2027 GRC Prepared Testimony, Exhibit (PG&E-4), p. 7-11, lines 1-9.

[7] See Energy Safety's 10-Year Electrical Undergrounding Plan Guidelines, (Feb. 20, 2025), p. 18.

without risk of failing to comply with either agency's requirements.

The Commission Revises the SB 884 Project List Data Requirements

On July 24, 2025, SPD issued revised SB 884 Project List Data Requirements Guidelines and Data Templates. Notably, the revised data requirements deviated substantially from the Energy Safety Guidelines and from feedback provided by PG&E. The deviations included changes to the BCR methodology; for example, a provision treating a mitigation's cost savings as a "benefit" and including those savings in the BCR numerator—an approach that had not been discussed in the Technical Working Groups.[8] These revisions required recalculation of analyses that had been developed for an EUP filing based on the prior version of the SPD guidelines and made it impractical for PG&E to submit an EUP in the immediate future.

PG&E provided feedback regarding the revised SB 884 Data Requirements through data request responses and participation in the Technical Working Groups. PG&E also reiterated its recommendations for the SB 884 Data Requirements in SPD-37 Opening Comments.[9]

The Commission Issues Draft Revised EUP Guidelines in Resolution SPD-37

On August 15, 2025, Draft Resolution SPD-37 was published. The initial version of Res. SPD-37 introduced a new BCR methodology and extensive data reporting requirements that also deviated from Res. SPD-15, the Energy Safety Guidelines, and the Risk Based Decision Making (RDF) R.20-07-013 framework. For example, Draft SPD-37 prohibited utilities from using risk averse scaling and excluded cost savings from the denominator of the BCR and standard reliability and public safety risks from consideration.[10] Draft Res. SPD-37 also introduced comprehensive changes to cost recovery requirements.[11]

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[8] See SB 884 Project List Data Requirements Guidelines, (July 24, 2025), Table 1: Data Set, Net_OM_Costs_PV .

[9] Pacific Gas and Electric Company's Opening Comments on Draft Resolution SPD-37, (Sept. 4, 2025), Appendix A, available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/safety-policy-division/documents/opening_comments_for_draft_resolution_spd37_090425.pdf> (accessed Apr. 8, 2026).

[10] Res. SPD-37, (Dated Sept. 18, 2025), p. 31.

[11] Res. SPD-37, (Dated Sept. 18, 2025), pp. 18-20.

To comply with the new requirements introduced in Draft Res. SPD-37, PG&E would have needed to make significant adjustments to planning and EUP development to ensure that undergrounding projects selected would still meet the cost recovery requirements in the Phase 2 cost recovery application. For example, incorporating O&M cost savings as a "benefit" in the numerator, alters the BCR calculations and outputs, and this requirement could alter the recommended mitigations selected in Screen 3 of the project acceptance framework in the EUP. The impacts of the new requirements were such that on September 4, 2025, PG&E stated in Opening Comments on Draft Resolution SPD-37 that it was unlikely to be able to file an EUP if significant changes were not made to the Draft Resolution requirements.[12]

The Commission Adopts SPD-37 EUP Guidelines and Asks the Utilities to Initiate This Proceeding

On December 10, 2025, the Commission approved Resolution SPD-37 Rev.3, which aligned more closely with Resolution SPD-15 and created a path for issuing final cost recovery guidelines through this proceeding, as discussed below. In adopting SPD-37, the Commission removed several requirements from the Draft Resolution including the O&M requirements in the BCR calculation and project-level audit requirements.[13] Removal of these requirements provides PG&E with a more realistic opportunity to file an EUP, subject to the outcome of the critical open issues in this proceeding (described below) and any future updates to reporting requirements made by the Commission.[14]

In SPD-37, the Commission instructed the utilities to submit a Phase 1 Joint Application proposing a BCR methodology, audit requirements, and other cost considerations for future EUPs within 60 days.[15] The utilities filed this Phase 1 Joint Application (A.26-02-005) on

[12] Pacific Gas and Electric Company's Opening Comments on Draft Resolution SPD-37, (Sept. 4, 2025), p. 1-2.

[13] See e.g. Res. SPD-37, (Issued Dec. 10, 2025), Attachment B, SB 884 Program: CPUC Guidelines (Rev 3 Redlined Version), pp. 5-6, and 14.

[14] See Res. SPD-37, (Issued Dec. 10, 2025), p. 37, Ordering Paragraph 11.

[15] Res. SPD-37, (Issued Dec. 10, 2025), p. 25.

February 9, 2026. PG&E did not anticipate this additional CPUC Phase 1 process (which had not been articulated in SB 884), including the time needed to prepare and file the Joint Application when PG&E filed the 2027 GRC. The scope and schedule of this Phase 1 proceeding are currently pending. Despite key issues remaining unresolved, PG&E is moving forward to develop an EUP based on the BCR direction provided in SPD-37[16] as indicated in the Joint IOU Application.

Conclusion

As indicated in response to Question 2 below, PG&E is moving quickly and expects to file an EUP in Q3 2026. The EUP will be based primarily on the RDF methodology for BCR calculations approved most recently in Decision 25-08-032 of the RDF proceeding and described in the Joint IOU Application in this proceeding.[17] At the same time, PG&E recognizes that there is risk in filing an EUP before this Joint IOU Application proceeding is resolved and the finalization of Project List Data Requirements Guidelines. Any modifications adopted in this Phase 1 proceeding to the Joint IOU proposals, which are aligned with the RDF and Energy Safety guidelines, could materially affect development of the EUP, including the treatment of key analytical inputs (such as BCR metrics) that inform the scope and prioritization of EUP undergrounding work.

Question 02

When do you expect to file your plan with Energy Safety?

Answer to Question 02

PG&E expects to file an EUP in Q3 2026.

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[16] Res. SPD-37, (Issued Dec. 10, 2025), p. 7, fn. 13.

[17] This approach is consistent with Res. SPD-37, (Issued Dec. 10, 2025), p. 7, fn. 13.

Question 03

How does your expected timeline align with the expectation when SPD-37 was adopted if PG&E's decisions, beyond those tied to 2027, should be made in the Senate Bill 884 venue and not in the general rate case?

Answer to Question 03

PG&E recognizes the tight timeline associated with implementing the EUP with a targeted start year of 2028. As indicated in PG&E's response to Question 02 above, PG&E anticipates filing the EUP in Q3 2026. Consistent with the approximately 20-month review timeline established by Senate Bill 884, PG&E anticipates Energy Safety and Commission approval of the EUP by the first or second quarter of 2028, enabling implementation in the 2028 program year. In practical terms, if approval occurs in Q2 2028 (the EUP base year), the EUP can still be implemented in 2028, provided there is no interruption in the work pipeline or funding authority during the transition from the GRC to the EUP.

To provide continuity of undergrounding work and avoid a gap prior to EUP approval, PG&E included one year of undergrounding funding for 2027 work in the 2027 GRC (referred to as the "Undergrounding Bridge Program"). The Bridge Program is intended to maintain progress during the interim period between proceedings and support an orderly transition to the EUP in 2028. Consistent with PG&E's 2027 GRC opening[18] and rebuttal testimony,[19] PG&E also proposed an annual extension process to allow undergrounding funding in the GRC to continue beyond 2027, if necessary, in the event there are significant delays in the EUP process.

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[18] A. 25-05-009, PG&E 2027 GRC Prepared Testimony, Exhibit (PG&E-4), p. 7-52 to p. 7-55.

[19] A. 25-05-009, PG&E 2027 GRC Rebuttal Testimony, Exhibit (PG&E-16), p. 7-66 to p. 7-70.

Respectfully Submitted,

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