



COM/JR5/jds 04/10/2026

FILED

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

04/10/26

01:28 PM

A2602005

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

Application 26-02-005

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This scoping memo and ruling sets forth the issues, the schedule, the category of the proceeding, and other matters necessary to scope this proceeding pursuant to Public Utilities Code (Pub. Util. Code) Section 1701.1 and Article 7 of the Rules of Practice and Procedure (Rules) of the California Public Utilities Commission (Commission).¹

This proceeding arises from Senate Bill (SB) 884 (Stats. 2022, Ch. 819), which directs the Commission to establish an expedited program for the undergrounding of electric distribution infrastructure by large electric utilities. The statute is intended to substantially reduce wildfire risk and improve system reliability, including by reducing the need for Public Safety Power Shutoffs

¹ All Section references are to the Pub. Util. Code, unless otherwise indicated.

(PSPS), Enhanced Powerline Safety Settings (EPSS) outages, and other outage programs.²

1. Background

On February 9, 2026, Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) (Joint IOUs) filed an Application, *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; Request For Expedited Schedule* (Application).³ The Joint IOUs served a copy of this Application on the SB 884 Notification List⁴ and the Commission's service lists for the following proceedings: Application (A.) 25-05-009, A.23-05-010, A.22-05-016, and Rulemaking (R.) 18-10-007.⁵ The Joint IOUs filed this Application pursuant to the Commission's directive in Resolution SPD-

² Pub. Util. Code Sections 8388.5(a), (c)(2), and (d)(2).

³ All documents filed in this proceeding are available on the Commission's website at Docket Card by searching A2602005.

⁴ SB 884 Notification List is a list of interested participants and parties to the Commission's process resulting in Resolution SPD-15, *Senate Bill (SB) 884 Program: CPUC Guidelines, Program for Expediting the Undergrounding of Distribution Equipment of Large Electrical Corporations* (March 8, 2024) and Resolution SPD-37, *Update and Revision of Senate Bill 884 Program: CPUC Guidelines, Program for Expediting the Undergrounding of Distribution Equipment of Large Electrical Corporations* (December 4, 2025). These documents are available on the Commission's website.

⁵ Joint IOUs Application at 47. A.25-05-009, 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 (filed May 15, 2025); A.23-05-010, Application of Southern California Edison Company (U 338-E) For Authority to Increase Its Authorized Revenues for Electric Service In 2025, Among Other Things, and to Reflect That Increase in Rates (filed May 12, 2023); A.22-05-016, Application of San Diego Gas & Electric Company (U 902 M) for Authority, Among Other Things, to Update its Electric and Gas Revenue Requirement and Base Rates Effective on January 1, 2024 (filed May 16, 2022); and Rulemaking 18-10-007, Order Instituting Rulemaking to Implement Electric Utility Wildfire Mitigation Plans Pursuant to Senate Bill 901 (2018) (filed October 25, 2018).

37 to further address certain issues related to the implementation of the SB 884 program, as set forth in Commission Resolution SPD-15 and Resolution SPD-37 (collectively, Resolutions). These issues are described in Resolution SPD-37 as follows:

“...how [Benefit-Cost] Ratios ([BCR]) must be calculated; whether large electrical corporations’ proposed audit methodology is adequate; and whether any additional conditions should be placed on what costs are allowed to be recovered through the one-way balancing account adopted in Resolution SPD-15.”⁶

SB 884 and the Resolutions provide rules for optional 10-year undergrounding proposals that large electrical corporations are permitted to file with the Commission as part of the multi-agency review and approval process set forth in SB 884 and codified in Pub. Util. Code Section 8388.5.⁷

On March 8, 2024, in accordance with subsection (a) of Pub. Util. Code Section 8388.5, the Commission addressed certain processes relevant to SB 884 in Resolution SPD-15. The Commission further addressed matters related to SB 884 implementation on December 4, 2025, in Resolution SPD-37.⁸

⁶ Resolution SPD-37, *Update and Revision of Senate Bill 884 Program: CPUC Guidelines, Program for Expediting the Undergrounding of Distribution Equipment of Large Electrical Corporations* (December 4, 2025) at 2. (Citations omitted).

⁷ Pub. Util. Code Section 8388.5 provides, in part: “The commission shall establish an expedited utility distribution infrastructure undergrounding program consistent with this section.” (b) Only a large electrical corporation may participate in the program.”

⁸ Resolution SPD-15, *Senate Bill (SB) 884 Program: CPUC Guidelines, Program for Expediting the Undergrounding of Distribution Equipment of Large Electrical Corporations* (March 8, 2024) and Resolution SPD-37, *Update and Revision of Senate Bill 884 Program: CPUC Guidelines, Program for Expediting the Undergrounding of Distribution Equipment of Large Electrical Corporations* (December 4, 2025).

Furthermore, on February 20, 2025, in accordance with subsections (c) and (d) of Pub. Util. Code Section 8388.5, the Office of Energy Infrastructure Safety (Energy Safety) issued its *10-Year Electrical Undergrounding Plan Guidelines*. Because SB 884 establishes a dual review and approval process involving both the Commission and Energy Safety, large electrical corporations must comply with both Commission and Energy Safety requirements if they elect to seek approval for undergrounding plans pursuant to SB 884

The Joint IOUs' Application seeks to address matters that, according to the Joint IOUs, the Commission determined in Resolution SPD-37 required further refinement. Accordingly, the Joint IOUs present proposals on the following topics in the Application, which can be broadly described as (1) the Benefit-Cost Ratio, (2) the Audit Framework, and (3) the Additional Cost Recovery Conditions.⁹

On March 16, 2026, protests and responses were filed by the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), Mussey Grade Road Alliance (MGRA), California Broadband & Video Association, Cellco Partnership LLC d/b/a Verizon Wireless, MCIMetro Access Transmission Services, LLC, and Pacific Bell Telephone Company d/b/a AT&T California (collectively, the Communications Providers), the Energy Producers and Users Coalition (EPUC), and the Coalition of California Utility Employees (CUE). The Utility Reform Network (TURN) filed a protest on March 13, 2026.

On March 26, 2026, the Joint IOUs filed a reply to the protests and responses.

⁹ These capitalized terms are further explained in Resolution SPD-37.

A prehearing conference was held on March 27, 2026 to identify any disputed issues of law and fact, determine the need for evidentiary hearings, set the schedule for resolving the matter, and address other matters as necessary.

After considering the relevant pleadings and the discussion at the prehearing conference, I determine the issues and procedural schedule for this proceeding, as set forth below.

2. Issues

During this proceeding, topics previously addressed by the Commission in Resolution SPD-15 and Resolution SPD-37 may be revised. To the extent these resolutions are revised, the Commission is acting consistently with Pub. Util. Code Section 1708 by providing notice and opportunity to be heard to all parties that participated in those underlying proceedings.

The issues to be determined or otherwise considered are as follows:

1. **Benefit-Cost Ratios.** What standardized methodology should be adopted for calculating Benefit-Cost Ratios (BCRs) for applications filed by large electrical corporations for review pursuant to Pub. Util. Code Section 8388.5 (optional 10-year electrical undergrounding plans) that will assess cost efficiency and reasonably account for costs, benefits, discounting, risk treatment, and related inputs in a manner consistent with the Commission's Risk-Based Decision-Making Framework (RDF), including any refinements necessary to address wildfire mitigation and reliability impacts associated with PSPS, EPSS, and other outage programs?
2. **Audit of Costs Recorded to Balancing Account.** What audit and accountability framework should be adopted to verify costs are properly recorded by a large electrical corporation to the balancing account associated with work performed pursuant to Pub. Util. Code Section 8388.5?
3. **Additional Cost Recovery Conditions.** What additional conditions, if any, are necessary to ensure that any costs

recorded to the balancing account by an electric utility are just and reasonable?

No environmental and social justice issues have been raised at this time.

3. Service of Ruling

A copy of this ruling is served on the same list used by the Joint IOUs, referred to as the SB 884 Notification List (the lists used in Resolutions SPD-15 and SPD-37) and service the lists of A.25-05-009, A.23-05-010, A.22-05-016, and R.18-10-007. In addition, a copy of this ruling is served on the service list for R.20-07-013.¹⁰ Benefit-Cost Ratios (BCRs) were addressed in R.20-07-013 (the RDF proceeding), which has concluded. The BCR methodology issues in this proceeding arise in the distinct context of the SB 884 program. The concept of the BCR was initially developed in that proceeding and this proceeding builds on the foundational concepts in the RDF proceeding by tailoring additional detail to support the nuances of the novel SB 884 program.

4. Need for Evidentiary Hearing

No evidentiary hearings are needed in this proceeding, consistent with the positions of all parties and the discussion at the prehearing conference.

5. Staff White Paper

Attached to this ruling is the *Staff White Paper on Benefit-Cost Ratio Methodology* (White Paper) prepared by Commission staff for consideration in this proceeding. Parties may file and serve comments on the White Paper as part of the comment and briefing schedule below.

¹⁰ R.20-07-013, *Order Instituting Rulemaking to Further Develop a Risk-Based Decision-Making Framework for Electric and Gas Utilities* (July 16, 2020).

6. Schedule

The Joint IOUs request an accelerated schedule and provide support for this request in Attachment A to the Application.¹¹ The Joint IOUs' initially proposed schedule included a specific cutoff date for discovery by intervenor parties and did not include evidentiary hearing dates. The Joint IOUs stated at the prehearing conference that evidentiary hearings will not be necessary and that written comments are sufficient.¹²

Regarding the Joint IOUs' arguments in support of an accelerated schedule at Attachment A to the Application, the Joint IOUs urge acceleration in part due to PG&E's pending General Rate Case (GRC), A.25-05-009. PG&E states that it included only a 2027 cost forecast for undergrounding in the GRC rather than forecasts for the entire four-year GRC cycle of 2027-2030, "with the expectation that it will transition undergrounding work from the GRC to the EUP beginning in 2028."¹³

As discussed at the prehearing conference, this proceeding does not create a gating step that must be resolved before an electric utility may file an Electric Undergrounding Plan (EUP) with Energy Safety. SB 884 establishes distinct and complementary roles for Energy Safety and the Commission, and electric utilities may proceed with EUP filings before Energy Safety independent of the outcome of this proceeding.

At the prehearing conference, PG&E indicated it expects to file its EUP in the third quarter of 2026 and that it intends to transition undergrounding work

¹¹ Joint IOUs Application at 44.

¹² Joint IOUs Application at 44.

¹³ Joint IOUs Application at A-1.

from the GRC to the EUP beginning in 2028, consistent with a shift from the 2027 GRC bridge proposal to SB 884-based cost recovery.

This proceeding is structured to support that timeline and does not alter the expectation that PG&E file its EUP with Energy Safety as soon as possible. The Commission will consider the IOUs' forthcoming responses to the questions posed at the prehearing conference in determining whether any additional clarification is warranted.

Intervenor parties recommend that this proceeding's schedule provide "an opportunity for intervenors to provide detailed counterproposals and comments, an opportunity for all parties to file reply comments, and an opportunity for both intervenors and the Joint IOUs to file opening briefs on all proposals."¹⁴ Cal Advocates states, "The Joint IOUs' proposed procedural schedule does not provide an opportunity for intervenors to present counterproposals."¹⁵ Similar to the Joint IOUs, the intervenor parties state that evidentiary hearings are not needed in this proceeding.¹⁶

An accelerated schedule is adopted in this proceeding that generally reflects the timeline proposed by the Joint IOUs but includes adjustments to provide additional time for intervenor parties to develop and present counterproposals and written comments. This approach reflects the discussion at the prehearing conference and the parties' filings, which indicate general

¹⁴ Cal Advocates March 16, 2026 Protest at 6.

¹⁵ Cal Advocates March 16, 2026 Protest at 5 and fn. 16, citing to *Joint Application of the Public Advocates Office, the Utility Reform Network, and Mussey Grade Road Alliance for Rehearing of Resolution SPD-37* filed January 9, 2026 at 7-10.

¹⁶ Reporter's Transcript (March 27, 2026 prehearing conference) at 30-33.

alignment on an expedited schedule structure, with limited differences related to the timing of intervenor submissions, reply periods, and discovery.

The issues scoped above for this proceeding will be addressed through written filings and will not include prepared testimony or time for evidentiary hearings, consistent with the position of all parties. To provide an opportunity for intervenor parties to develop a robust record, no discovery cutoff is adopted, notwithstanding the Joint IOUs' proposal to include such a cutoff.¹⁷

The adopted schedule may be modified by the assigned Commissioner or Administrative Law Judge (ALJ) as necessary to promote the efficient and fair resolution of the Application, and is as follows:

Schedule for A.26-02-005

Event	Date
Joint IOUs Application with Proposal	February 9, 2026
Prehearing Conference	March 27, 2026
Scoping Memo and Commission Staff White Paper	April 10, 2026
Counterproposals by Intervenor Parties with Comments on Joint IOUs Proposal	June 9, 2026
Reply Comments (All Parties)	July 7, 2026
Concurrent Opening Briefs	August 7, 2026
Concurrent Reply Briefs <i>[matter submitted]</i>	September 7, 2026
Proposed Decision	October 2026

¹⁷ Reporter's Transcript (March 27, 2026 prehearing conference) at 35-41.

Commission vote <i>[no sooner than 30 days after Proposed Decision]</i>	November 19, 2026
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The proceeding will stand submitted upon the filing of concurrent reply briefs, unless the assigned Commissioner requires further evidence or argument.

The proceeding will be resolved within the statutory deadline of 18 months set forth in Pub. Util. Code Section 1701.5.

7. Alternative Dispute Resolution Program and Settlements

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website and Resolution ALJ-185.¹⁸

8. Category of Proceeding and Ex Parte Restrictions

While this ruling confirms the Commission's preliminary determination regarding the category of the proceeding in Resolution ALJ-176-3577 that this proceeding is categorized as a quasi-legislative, this ruling also decides that ex parte communications will be restricted and must be reported pursuant to Article 8 of the Rules.

Under the Commission's Rules of Practice and Procedure, ex parte communications are allowed without restriction or reporting requirement in a proceeding categorized as quasi-legislative but, at the same time, Rule 8.2(d) acknowledges the assigned Commissioner's authority to impose ex parte

¹⁸ This document can be found on the Commission website at:
<https://www.cpuc.ca.gov/PUC/adr/>

restrictions and reporting requirements, stating “the assigned Commissioner may issue a ruling to restrict or prohibit ex parte communications in a quasi-legislative, ratesetting, or catastrophic wildfire proceeding or to require reporting of ex parte communications in a quasi-legislative proceeding.” Intervenor parties state that ex parte reporting requirement will, among other things, enhance the transparency of the process.¹⁹

Upon consideration of this matter, I find that the ex parte notice and reporting requirements set forth in Article 8 of the Commission’s Rules of Practice and Procedure will apply to this proceeding.

9. Public Outreach

Pursuant to Public Utilities Code Section 1711(a), where feasible and appropriate, before determining the scope of the proceeding, the Commission sought the participation of those likely to be affected, including those likely to derive benefit from, and those potentially subject to, a decision in this proceeding. This matter was noticed in the Commission’s Daily Calendar. Where feasible and appropriate, this matter was incorporated into engagements conducted by the Commission’s External Affairs Division with local governments and other interested parties.

10. Intervenor Compensation

Pursuant to Pub. Util. Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation within 30 days after the prehearing conference.

¹⁹ Counsel for Cal Advocates at 26. See also, Counsel for EPUC “I think, critical for the ratepayers to have visibility into ex parte meetings with decisionmakers.” Reporter’s Transcript (March 27, 2026 prehearing conference) at 27.

11. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the *Add Public Comment* button on the *Public Comment* tab of the online Docket Card for the proceeding.

12. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/public-advisors-office> or contact the Commission's Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

13. Filing, Service, and Service List

The Commission's official service list is posted on the Commission's website.

This service list is updated during the proceeding, as needed. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.²⁰

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using

²⁰ The form to request additions and changes to the Service list may be found at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

electronic mail, transmitted no later than 5:00 p.m., on the date scheduled for service to occur.

While Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents, no paper copies should be provided to the ALJ in this proceeding, unless instructed otherwise. The electronic copy is sufficient.

Likewise, when serving documents on Commissioners or their advisor staff, whether or not they are on the official service list, only provide electronic service. Parties must not send paper copies of documents to Commissioners or their advisor staff, unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the *Information Only* category of the official service list pursuant to Rule 1.9(f).

The Commission also offers a subscription service that sends individual notifications to each subscriber of formal e-filings accepted by the Commission. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

14. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission. Please add “@cpuc.ca.gov” to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

15. Assignment of Proceeding

President John Reynolds is the assigned Commissioner, and Regina DeAngelis is the assigned ALJ for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. Evidentiary hearings are not needed.
4. The category of the proceeding is quasi-legislative and ex parte communications are restricted and must be reported pursuant to Article 8 of the Commission's Rules of Practice and Procedure.

Dated April 10, 2026, at San Francisco, California.

/s/ PRESIDENT JOHN REYNOLDS

President John Reynolds
Assigned Commissioner