STATE OF CALIFORNIA GAVIN NEWSOM, GOVERNOR

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

FILED
04/30/26
03:38 PM
A2602005

April 30, 2026

Patti Poppe
Chief Executive Officer
Pacific Gas and Electric Corporation
300 Lakeside Drive, Suite 210
Oakland, CA 94612

Sumeet Singh
Chief Executive Officer
Pacific Gas and Electric Company
Executive Vice President, Energy Delivery
300 Lakeside Drive, Suite 210
Oakland, CA 94612

Re: SB 884 Undergrounding Program and Electric Undergrounding Plan (EUP) Filing — Application 26-02-005

Dear Ms. Poppe and Mr. Singh:

Thank you for PG&E's April 10, 2026 response to the questions I raised at the March 27 prehearing conference in Application 26-02-005.

As you know, Application 26-02-005 relates to a critically important program for California's ratepayers—the SB 884 program—which, unlike the general rate case (GRC), offers an expedited review process and a unique long-term planning window designed to get the right undergrounding projects, in the right places, on the grid quickly and at least cost to ratepayers. The ten-year planning horizon in the SB 884 program, as compared to the GRC's four-year cycle, should, in theory, enable greater economies of scale, improved financing terms, and a more stable workforce—all of which should accrue to the benefit of ratepayers.

For that reason, I appreciate PG&E's confirmation, in its April 10 response, that it intends to pursue the SB 884 pathway for implementation beginning in 2028. At the same time, I am concerned that PG&E does not intend to file its undergrounding plan with the Office of Energy Infrastructure Safety (Energy Safety) until Q3 of this year.

PG&E first announced its intention to underground 10,000 miles of electric infrastructure nearly five years ago, in July 2021. SB 884 was signed into law in September 2022. The Commission adopted its initial SB 884 rules in March 2024. The Office of Energy Infrastructure Safety (Energy Safety) adopted its SB 884 rules in February 2025. And when the Commission refined its SB 884 rules in December 2025, I made clear my own expectation that the Commission would work toward enabling a decision on PG&E's expedited undergrounding plan by the end of 2027, so that 2028 undergrounding would be funded through the SB 884 process. Achieving that outcome requires a concerted effort across all parties, including PG&E. PG&E's failure to file an Electric Undergrounding Plan (EUP) with Energy Safety risks undermining that timeline.

PG&E has had nearly five years to develop its EUP, and its delay in filing an EUP with Energy Safety complicates the company's pending general rate case—where PG&E has now included a proposed extension mechanism (beyond the one year of undergrounding funding it requested for 2027) to address the possibility of delays in the EUP process. This extension mechanism potentially puts months of undergrounding at issue in the GRC docket that could have been handled in an SB 884 review process.

In that context, I remain surprised and concerned that PG&E has not yet filed an EUP with Energy Safety and instead anticipates filing its EUP in the third quarter of 2026.

PG&E asserts that filing an EUP with Energy Safety in Q3 2026 may still enable implementation in 2028. However, this timeline risks undermining the primary potential benefits of the program. PG&E's own testimony in its GRC states that gaps in funding can result in the suspension of in-flight projects, the loss of experienced contractors, and the erosion of program efficiencies—ultimately increasing costs to customers and delaying wildfire risk reduction. Filing its EUP in Q3 of 2026 could increase the likelihood of precisely the kind of disruption PG&E has identified as problematic.

Furthermore, PG&E's response as to why it has not yet filed does not match the urgency that PG&E has consistently emphasized, and it raises questions about how PG&E is characterizing the role of the regulatory process in relation to its ability to act.

For example, PG&E's response states that it has sought to file an EUP "since Senate Bill (SB) 884 passed in September 2022," while at the same time it also indicates that it did not begin working on an EUP until after the Commission adopted Resolution SPD-15 in March 2024. This is difficult to reconcile. But more broadly, PG&E's explanation places significant weight on the evolution of the program guidelines, which seems to suggest that the regulatory process has been the primary constraint on PG&E's filing.

While I recognize that the SB 884 program has been refined over time, the core structure of the program—including the respective roles of Energy Safety and the Commission—has been in place for some time, and the statutory 20-month review timeline has remained unchanged since the statute was enacted in September 2022. In that context, the explanation provided does not fully account for the timing of PG&E's actions.

Application 26-02-005—the Commission's Phase 1 proceeding—is not a gating step to filing an EUP with Energy Safety. The longer PG&E takes to submit its EUP, the greater the risk of delay not only to the overall SB 884 process, but also to the Commission's ability to aid its work in this proceeding by way of reference to real-world project data.

As the Commission made clear in Resolution SPD-37, adopted nearly five months ago, the Commission's Phase 1 proceeding is intended to operate in parallel with utility filings at Energy Safety and to be aided by real-world project data submitted through those filings. For that reason, the Commission explicitly directed that, upon filing an EUP with Energy Safety, utilities must provide relevant project data into this proceeding to support our evaluation of the cost-effectiveness methodologies, audit approaches, and cost recovery standards that will ultimately govern billions of dollars of investment. In short, the SB 884 framework assigns distinct roles to utilities, Energy Safety, and the Commission, and places the initial responsibility squarely on utilities to initiate the process through timely EUP filings.

Finally, I recognize that PG&E included one year of undergrounding funding for 2027 in its GRC (the "Undergrounding Bridge Program") to maintain continuity and support an orderly transition to the SB 884 framework in 2028, and that PG&E has also proposed an extension mechanism to address the possibility of delays in the EUP process. In that context, I would note that whether undergrounding proposals are ultimately evaluated in the GRC or through the SB 884 program, the Commission is fundamentally asking the same question: whether undergrounding represents a prudent and cost-effective means for reducing wildfire and reliability risk, particularly in comparison to available alternatives.

I note the importance of ensuring that undergrounding proposals are evaluated consistently across proceedings, regardless of the forum in which they are presented. Whether in an SB 884 review process, a GRC, or another separate filing, the fundamental question this Commission must answer is the same: whether a utility's proposed undergrounding is a prudent use of ratepayer dollars. This Commission has developed robust quantitative risk analytics to help resolve that question, and the utility should expect to carry the burden of demonstrating the prudency of undergrounding projects regardless of the proceeding that will review those projects.

For these reasons, I encourage PG&E to file its EUP as soon as possible, in line with the company's own stated urgency around advancing undergrounding, to reduce the risk of any funding gap and support a timely transition of undergrounding funding decisions into the SB 884 framework beginning in 2028.

Sincerely,

John Reynolds, President
California Public Utilities Commission

cc:
CPUC Commissioner Darcie L. Houck
CPUC Commissioner Karen Douglas

CPUC Commissioner Matthew Baker
CPUC Commissioner Christine Harada
CPUC Executive Director, Leuwam Tesfai

(End Attachment 1)