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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company to Recover in Customer Rates the Costs to Support Extended Operation of Diablo Canyon Power Plant from January 1 through December 31, 2027, and for Approval of Planned Expenditures of 2027 Volumetric Performance Fee (U39E).	Application 26-03-031

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

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

1. Procedural Background

Pacific Gas and Electric Company (PG&E) filed Application (A.) 26-03-031 on March 27, 2026. In A.26-03-031, PG&E requests the California Public Utilities Commission (Commission) review and approve the following:

1. Diablo Canyon Power Plant (DCPP) net revenue requirement from the Record Period of $595 million to be effective in rates on January 1, 2027, including the following forecasts and their underlying financial assumptions and calculations, subject to updates in the Fall Update:
    a. Operations and maintenance costs (including expenses, project costs, and statutory costs and fees, as well as associated escalation),

   b. Operating expenses that would be amortized through 2030 (i.e., nuclear fuel procurement),
   c. Resource Adequacy substitution capacity costs, and
   d. Netting of California Independent System Operator revenues for the period from January 1, 2027, to December 31, 2027.
2. The statewide Diablo Canyon Non-Bypassable Charge.
3. PG&E's 2027 Volumetric Performance Fees (VPF) plan and proposed spending priorities for the expenditures.
4. Determination that PG&E's testimony satisfies all the regulatory requirements from Decision (D.) 23-12-036, D.24-12-033, D.25-06-002, and D.25-12-007.

On April 27, 2026, a protest was filed by CAlifornians for Renewable Energy, Inc (CARE). On April 28, 2025, a protest was filed by San Luis Obispo Mothers for Peace. On April 29, 2026, responses were filed by Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), Coalition of California Utility Employees (CUE), and the Alliance for Nuclear Responsibility (A4NR), and protests were filed by California Community Choice Association (CALCCA), Public Advocates Office at the California Public Utilities Commission (Cal Advocates), and The Utility Reform Network (TURN). On May 11, 2026, a reply was filed by PG&E.

A prehearing conference was held on May 22, 2026, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. After considering the application, protests, responses, reply, and discussion at the prehearing conference, I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo. I have also determined that no environmental and social justice issues have been raised at this time.

2. Issues

The issues to be determined or otherwise considered are:

1. Whether PG&E's forecast cost of operations and requested net revenue requirement of $595 million over the Record Period for DCPP is reasonable, including the following forecasts and their underlying financial assumptions and calculations, subject to PG&E updating these forecasts in the Fall Update:
    a. Operations and maintenance costs (including expenses, project costs, and statutory costs and fees, as well as associated escalations);
    b. Resource Adequacy (RA) substitution capacity forecast and true-up costs;
    c. Operating expenses that would be amortized through 2030 (e.g., nuclear fuel procurement);
    d. Netting of California Independent System Operator (CAISO) revenues for the period from January 1, 2027, to December 31, 2027;
2. Whether the calculation of the non-bypassable charge and rate proposals by PG&E, SCE, and SDG&E comply with D.23-12-036 and should be approved.
3. Whether PG&E's proposed volumetric performance fees (VPFs) spending plan for the January 1, 2027 to December 31, 2027 period complies with Pub. Util. Code Section 712.8(s)(1) and all Commission requirements and should be approved.
4. Whether it is reasonable for PG&E to reclassify $26 million in costs originally included in the Diablo Canyon Transition and Relicensing Memorandum Account to the Diablo Canyon Extended Operations Balancing Account, as described in PG&E's testimony;
5. Whether PG&E's testimony satisfies all the regulatory requirements set forth, including D.23-12-036, D.24-12-033, D.25-06-002, and D.25-12-007.

The following issues are out of scope:

1. Whether the Commission should review VPF spending plans beyond evaluating whether they comply with Pub. Util. Code Section 712.8(s) requirements and procedural requirements from D.23-12-036 and D.25-06-002.

2. Whether the Commission should review historical DCPP costs.
3. Whether the Commission should modify the escalation method for Fixed Management Fees adopted in D.25-12-007.
4. Whether the operation of DCPP is cost effective.

At this time, the cost effectiveness review will not be included in the scope of issues in this proceeding. Neither event contemplated in Pub. Util. Code Section 712.8(c)(2)(B) has occurred that would require a review of the current expiration date. The Nuclear Regulatory Commission (NRC) extended the DCPP license without conditions,[1] and the Diablo Canyon Independent Safety Committee (DCISC) has not recommended any unexpectedly expensive upgrades.[2] Thus there are no NRC license conditions nor DCISC recommendations the Commission must review in an forecast proceeding to determine whether they require costs that are "too high to justify" under Pub. Util. Code Section 712.8(c)(2)(B).[3]

Similarly, PG&E as the operator of DCPP, has not triggered a review of cost effectiveness by notifying the Commission of excessive DCPP operating costs pursuant to Pub. Util. Code Section 712.8(k).

The Commission has the authority to evaluate continued DCPP operations for cost effectiveness, imprudence, or both pursuant to Pub. Res. Code Section

[1] https://www.nrc.gov/docs/ML2602/ML26022A077.pdf

[2] https://www.dcisc.org/download/library/annual-reports/35th-annual-report-93.pdf

[3] D.23-12-036 directed PG&E to immediately file a Tier 3 Advice Letter to reevaluate DPCC retirement dates in response to the following events: (a) the NRC approves retirement dates that are earlier than approved in D.23-12-036; (b) the NRC's conditions of license become known; and/or (c) the $1.4 billion loan authorized in SB 846 is terminated. (D.23-12-036 at 135 (Ordering Paragraph 3)).

25548.3(c)(5)(C), and it may be in ratepayers' best interest to do so.[4] But as to this proceeding, the Commission's experience conducting two DCPP cost forecast proceedings substantiates our prior conclusion that, "[t]he accelerated timeframe of an (Energy Resource Recovery Account)-like cost forecast proceeding is unlikely to allow the time required to conduct a broader cost-effectiveness review."[5] If cost-effectives is ultimately not scoped into this proceeding, the Commission may consider the cost effectiveness of DCPP in a future proceeding for this purpose, among others, in 2027.

5. Whether DCPP charges for the liquidated damages account pursuant to Pub. Util. Code Section 712.8(g) are reasonable.

PG&E does not propose to collect monies to fund the liquidated damages account, and there are no related costs to review for reasonableness. However, PG&E is hereby directed to include a statement on the disposition of interest accrued in the liquidated damages account in the appropriate application where PG&E's return any unused funds in the liquidated damages account to ratepayers is considered.

3. Need for Evidentiary Hearing

The need for evidentiary hearing will be determined by the assigned Administrative Law Judge (ALJ) and further instructions provided at the status conference.

4. Schedule

The following schedule is adopted here and may be modified by the ALJ as required to promote the efficient and fair resolution of the application:

Event	Date (all in 2026)

[4] D.23-12-036 at 127, Conclusion of Law 15.

[5] D.25-07-041 at 17.

Intervenors' prepared direct testimony served	July 17
Prepared rebuttal testimony served	August 14
Rule 13.9 Meet and Confer	By August 24
Meet and Confer Report, Deadline to Request Evidentiary Hearings	August 28
Evidentiary hearing (if needed)	Week of September 14
Opening briefs	October 1
Market Price Benchmarks issued	October 1
Update to prepared testimony ("Fall Update") served	By October 8
Comments on Fall Update	October 20
Reply briefs	October 22
Reply comments on Fall Update; matter submitted	October 27
Proposed decision	Expected October 30
Comments on proposed decision	20 days after proposed decision
Reply comments	5 days after comments on proposed decision
Oral arguments	Quarter 4 2026
Commission decision	Expected December 3

Pursuant to Rule 13.9, parties must meet and confer no later than 10 calendar days after the submission of rebuttal testimony. The purpose of the August 24, 2026 Meet and Confer is to ascertain whether, pursuant to Rule 13.8(c), the parties stipulate to the receipt of prepared testimony into evidence without direct or cross examination or other need to convene an evidentiary hearing or, in the alternative, the parties' resources, readiness and needs for the effective remote conduct of the evidentiary hearing, including estimates of time requested for cross-examination and identification of anticipated exhibits.

Parties must jointly file a Report of the Meet and Confer, as well as a List of Stipulated and Disputed Facts, according to the schedule set above. In the Report of the Meet and Confer, parties must indicate whether the evidentiary hearing is still needed at the time.

If the evidentiary hearing is still needed, the List of Stipulated and Disputed Facts must include a list of anticipated exhibits, a list of witnesses requested for cross examination, and estimates of time requested for cross examination of each witness. To ensure timely case management, parties should work together to finalize the exhibit and witness lists, to the extent possible, and ensure that the Report includes the following, if evidentiary hearings are still necessary:

1. A spreadsheet listing all the exhibits and links to the uploaded exhibits: Pursuant to Rule 13.7(f), parties should upload the set of final exhibits to the Commission's Supporting Documents Platform using the Electronic Filing System on the Commission's website.
2. A witness list, including, for each witness being offered: (1) name, (2) short description of testimony being offered, (3) to the extent possible, identification of materially disputed factual issue(s) in the proceeding to which the testimony is being offered, and (4) estimated cross examination time.

The proceeding will stand submitted upon the filing of reply comments on the Fall Update, unless the ALJ requires further evidence or argument. Based on this schedule the proceeding will be resolved within 18 months as required by Pub. Util. Code Section 1701.5.

5. Alternative Dispute Resolution (ADR) 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.[6]

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

6. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination[7] that this is a ratesetting proceeding. Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Rules.

7. 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 on the Commission's daily calendar. Where

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[6] https://www.cpuc.ca.gov/PUC/adr/.

[7] Resolution ALJ-176-3562 at page 1.

feasible and appropriate, this matter was incorporated into engagements conducted by the Commission's External Affairs Division with local governments and other interested parties.

8. Intervenor Compensation

Pursuant to Public Utilities 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 by June 22, 2026, 30 days after the May 22, 2026, prehearing conference.

9. 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.

10. 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.

11. Filing, Service, and Service List

The official service list has been created and is on the Commission's website. 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.[8]

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 electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Although Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents, parties are directed to only serve the ALJ electronically in this proceeding.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors 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 encourages those who seek information-only status on the service list to consider the Commission's subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters.

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[8] 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-judgedivision/documents/additiontoservicelisttranscriptordercompliant.pdf

Notifications can be for a specific proceeding, a range of documents, and daily or weekly digests.

12. 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.

13. Assignment of Proceeding

Karen Douglas is the assigned Commissioner, and Jack Chang is the assigned ALJ and Presiding Officer 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 hearing may be needed.
4. The Presiding Officer is ALJ Jack Chang.
5. The category of the proceeding is ratesetting.

Dated June 16, 2026, at San Francisco, California.

/s/ KAREN DOUGLAS
Karen Douglas
Assigned Commissioner