COM/CHG/abb 7/20/2026

FILED
07/20/26
04:04 PM
R2604016

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Refine the Risk-Based Decision-Making Framework for Electric and Gas Utilities.	Rulemaking 26-04-016

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

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

1. Factual and Procedural Background

This rulemaking is the Commission's latest examination of the process for energy utilities to engage in the risk-based decision-making framework (RDF) to ensure their safety spending mitigates important risks to life, property and reliability. The prior Rulemaking, (R.) 20-07-013, led to the issuance of many RDF decisions and was closed in August 2025. The Order Instituting Rulemaking (OIR) for this proceeding summarizes the issues the Commission will consider as follows:

> First, this proceeding will explore how the Commission should develop and incorporate risk tolerance into the Risk-Based Decision-Making Framework to improve the assessment of utility risk mitigation proposals in the General Rate Case [GRC]. Second, this proceeding will consider modifying the schedule for the Safety Policy Division's (SPD) evaluations of Risk Assessment Mitigation Phase [RAMP] filings to allow for additional time for SPD to complete the

> evaluation, as well as other procedural milestones. Third, this proceeding will consider improvements to Benefit-Cost Ratio [BCR] methodology adopted and revised in several decisions issued in R.20-07-013. Fourth, this proceeding will assess the feasibility of extending Risk Spending Accountability Reports filing requirements to Alpine Natural Gas Operating Company No. 1, LLC and West Coast Gas Company, Inc. OIR at 2.

The OIR names as respondents Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), Southern California Gas Company (SCG), Bear Valley Electric Service (BVES)/Liberty Utilities (CalPeco Electric), Inc. (Liberty)/PacifiCorp d.b.a. Pacific Power (PacifiCorp) (collectively), Southwest Gas Corporation (Southwest Gas), West Coast Gas Company, Inc. (WCG), and Alpine Natural Gas Operating Company No. 1, LLC. (Alpine). On June 8, 2026, each respondent, individually or collectively, commented on the OIR. California Public Advocates Office (Cal Advocates), the Utility Reform Network (TURN), Mussey Grade Road Alliance (MGRA) and Indicated Shippers/Energy Producers and Users Association (EPUC) filed comments on June 8, 2026, as well.

By ruling dated June 10, 2026, the Administrative Law Judge (ALJ) directed respondents to answer the questions in Appendix A to the OIR if they had not done so in their June 8, 2026, comments. In response, PG&E, SCE, Alpine, WCG and, collectively, BVES/Liberty/PacifiCorp filed answers on June 11, 2026. PG&E, SCE, SDG&E/SCG (jointly), Cal Advocates, TURN, MGRA and EPUC filed reply comments on June 16, 2026.

A Prehearing Conference (PHC) was held on June 17, 2026, to address the proceeding's scope, determine the need for hearing, set the schedule for resolving the matter, and address other necessary matters. After considering the record and discussion at the PHC, I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo.

2. Issues

The issues to be determined are set forth below. I have determined that no environmental and social justice (ESJ) issues have been raised at this time.

RAMP Schedule and Process and SMJU Reporting (Track 1)

Issue 1: Should the Commission modify the Rate Case Plan to allow SPD more time to complete its evaluation of a utility's RAMP application?

a. Should the structure of the formal schedule allow parties the option to provide informal comments on RAMP filings in addition to formal comments on RAMP filings and SPD evaluation report?

b. Should other schedule and/or process changes be made to the RAMP framework?

Issue 2: Should the Commission require Alpine and WCG to file Risk Spending and Accountability Reports (RSAR) based on the requirements applied to other utilities in Decision (D.) 22-10-002, to create a mechanism for these utilities to comply with California Public Utilities Code section 591?

RDF BCR Calculations (Track 2)

Issue 3: Should the Commission make improvements to the BCR methodology adopted in R.20-07-013?

a. Should the Commission require all utilities to use the same methodology for the BCR associated with utility spending on risk mitigation?

b. Should the Commission adopt a standard method to treat Operations and Maintenance (O&M) expenses in the calculation of BCRs?

c. Should O&M cost that is eliminated or avoided as a result of a utility investment be treated as a benefit in the numerator of the BCR, as a reduction in costs in the denominator, or in some other manner?

d. Should the time horizon of costs in the BCR equation be the four-year GRC period, the life of the relevant asset, or other range?

e. Should the Commission require BCR calculations to be based on an estimated ratepayer Present Value Revenue Requirement (PVRR) to evaluate the cost implications of investments or programs over the life of utility assets?

f. Should the Commission examine how other industries, academics, government agencies or others calculate cost efficiency to inform the Commission's BCR in this proceeding? If so, which approaches should the Commission consider, and how should they inform the RDF?

g. Should a BCR be at least 1.0 or higher (so that benefits at least equal costs, if not exceeding them) to allow a utility to make an investment? Should other, non-quantifiable factors be relevant to investment outcomes?

h. Should statutorily required compliance activities be granted an exception from a BCR of at least 1.0 or higher?

In its most recent RAMP and GRC filings, PG&E used a PVRR multiplier to support its calculation of a BCR.[1] To aid in the Commission's consideration of making improvements to the BCR calculations PG&E shall file and serve a summary report on its use of the PVRR multiplier along with a copy of its most recent PVRR workpaper in this proceeding no later than February 1, 2027. At a minimum, the summary report shall:

[1] For details *see* PG&E's 2024 Risk Assessment and Mitigation Phase (RAMP), Chapter 2 at 2-54-2-55 and the workpaper labeled RM-RMCBR-13 PVRR_Charge2020run.xlsx that was submitted as part of PG&E's 2024 RAMP Application (A.24-05-008). *See* also the workpaper labeled WP 1-12_PVRR.xlsx that was submitted as part of PG&E's 2027 General Rate Case Application (A.25-05-009).

- Describe each of the spreadsheets in PG&E's workpaper and how they contribute to an estimated calculation of PVRR for both capital and O&M risk mitigation investments,
- Outline how the PVRR multiplier is integrated into the calculation of a BCR for both capital and O&M risk mitigation investments.

Risk Tolerance (Track 3)

Issue 4: Should the Commission adopt a risk tolerance standard or framework for the RDF? If so, what standard or framework should the Commission adopt? To be clear, in this context, a standard would be a rule that utilities must meet; a framework could be more flexible.

a. Whether the Commission should adopt a risk tolerance requirement based on a set standard that all utilities must meet, or a framework that provides flexibility. How should this risk tolerance standard or framework inform risk mitigation investments in RAMP and GRC Phase 1 applications?

b. Whether the Commission should focus risk tolerance only on catastrophic risks such as large wildfires, gas explosions or other risks that present serious danger to life, property and reliability.

c. Whether the Commission should develop a risk tolerance standard or framework by examining how other industries handle significant risks.

d. Whether and how the Commission should incorporate Risk Scaling as part of the Risk Tolerance standard or framework.

e. Whether the Commission should adopt a benchmark that reflects the level of common risks California utility customers face in their everyday lives to inform a risk tolerance standard or framework. If so, what should such a benchmark include? How should such a benchmark inform a risk tolerance standard or framework? How should this benchmark inform risk mitigation investments in RAMP and GRC Phase 1 applications?

f. Whether there are benchmarks other than common risks the Commission should examine instead, such as other long-tail or catastrophic risks.

g. Whether the Commission should consider affordability in reaching a decision on risk tolerance, and if so, how.

The utilities conducted a joint utility survey on approaches to risk tolerance pursuant to D.25-08-032, ordering paragraph 4. To aid in the Commission's consideration of risk tolerance, the utilities shall file and serve that survey in this proceeding no later than July 31, 2026. If parties wish to file comment on the survey, they may file and serve comments no later than August 18, 2026.

To further assist this discussion, for the issues listed for this track, I ask SPD to develop a proposal by November 16, 2026, for party comment on and Commission consideration of risk tolerance.

3. Need for Evidentiary Hearing

The OIR in this proceeding determined that hearings were not required. There are no issues of material disputed fact. This scoping memo affirms the determination that hearings are not required, but any party that asserts a hearing is necessary may make a motion seeking such hearing. The motion shall address the following requirements:

i. The disputed issues of material fact that require an evidentiary hearing;

ii. Why each such issue can only be resolved by an evidentiary hearing; and

iii. As to each disputed issue of material fact, how the party proposes to address it in an evidentiary hearing.

Any such motion shall be filed no later than November 13, 2026, for Track 1, April 15, 2027, for Track 2, and April 23, 2027, for Track 3.

4. Schedule

The following schedule is adopted here and may be modified by the assigned Commissioner or ALJ to promote the efficient and fair resolution of the application.

TRACK 1: SMJU REPORTING AND RAMP SCHEDULE (Q4 2026)	
Opening Comments	Oct. 23, 2026
Reply Comments	Nov. 6, 2026
Motion(s) for Evidentiary Hearing (optional)	Nov. 13, 2026
Target Proposed Decision on RAMP Schedule, SMJU Reporting: Q1-2027	
TRACK 2: BCR REFINEMENTS (Q1 2027)	
Staff Proposal Treatment of O&M; PG&E PVRR Summary	Feb. 1, 2027
Workshop: Staff Proposal O&M; PG&E PVRR Treatment of O&M	Feb. 8, 2027
Opening Comments on Treatment of O&M Expenditures, Inclusion of a PVRR Multiplier	Mar. 15, 2027
Reply Comments on Treatment of O&M Expenditures, Inclusion of a PVRR Multiplier	Mar. 29, 2027
Motion(s) for Evidentiary Hearing (Optional)	April 15, 2027
Target Proposed Decision on BCR Refinements: Q2-2027	
TRACK 3: RISK TOLERANCE (Q4-2026-Q1-2027)	
Utilities File and Serve Utility Survey on Risk Tolerance	Jul. 31, 2026
Comments on Utility Survey	Aug. 18, 2026
Risk Tolerance Staff Proposal	Nov. 16, 2026
Workshop on Risk Tolerance Staff Proposal	Nov. 30, 2026
Opening comments on Risk Tolerance Staff Proposal	Dec. 8, 2026
Reply comments on Risk Tolerance Staff Proposal	Dec. 29, 2026
Revised Risk Tolerance Staff Proposal	Jan. 21, 2027
Risk Tolerance Party Proposals (optional)	Feb. 12, 2027
Workshop(s) on Risk Tolerance Party Proposal(s)	Feb. 22, 23, 24, 2027
Opening comments on Risk Tolerance Party Proposal(s)	Apr. 12, 2027
Reply comments on Risk Tolerance Party Proposal(s)	Apr. 19, 2027
Motion(s) for Evidentiary Hearing (optional)	Apr. 23, 2027
Target Proposed Decision on Risk Tolerance: Q4-2027	

For each track, the proceeding will stand submitted upon the filing of the last set of reply comments for that track, 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 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.[2]

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

The OIR preliminarily categorized this proceeding as quasi-legislative. This Scoping Memo confirms the Commission's preliminary determination that this is a quasi-legislative proceeding. Accordingly, ex parte communications are allowed without restriction.

7. Public Outreach

Pursuant to Pub. Util. 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

---

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

derive benefit from, and those potentially subject to, a decision in this proceeding. This matter was noticed on 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. In addition, the Commission served the OIR on the service lists for the following proceedings:

- **R.20-07-013**: Order Instituting Rulemaking to Further Develop a Risk-Based Decision-Making Framework for Electric and Gas Utilities.
- **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, (U 39 M).
- **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.
- **A.22-05-015/016**: Application of Southern California Gas Company (U904G) for Authority, Among Other Things, to Update Its Gas Revenue Requirement and Base Rates Effective on January 1, 2024.
- **A.22-08-010**: Application of Bear Valley Electric Service, Inc. (U913E) for Authority to, Among Other Things, Increase Rates and Charges, and Authorized Revenues, for Electric Service Effective January 1, 2023.
- A.**24-09-010**: Application of Liberty Utilities (CalPeco Electric) LLC (U 933-E) for Authority to Among Other Things, Increase Its Authorized Revenues for Electric Service, Establish Marginal Costs, Allocate Revenues, and Design Rates, as of January 1, 2025.
- **A.22-05-006**: In the Matter of the Application of PacifiCorp (U901E), for an Order Authorizing a General Rate Increase Effective January 1, 2023.

- **A.24-05-002**: Application of West Coast Gas Company to Revise Its Gas Rates and Tariffs (U910G).
- **A.25-05-010/013**: Application of Southern California Gas Company (U904G) to Submit Its 2025 Risk Assessment and Mitigation Phase Report.
- **A.24-05-008**: Application of Pacific Gas and Electric Company (U 39 M) to Submit Its 2024 Risk Assessment and Mitigation Phase Report.
- **A.22-05-013**: Application of Southern California Edison Company (U338E) Regarding 2022 Risk Assessment Mitigation Phase.
- **A.26-02-005**: Joint Application of Pacific Gas and Electric Company (U39E), Southern California Edison (U338E) and San Diego Gas & Electric Company (U902E) Requesting Commission Approval of Proposals for a BCR Calculation Methodology, Audit Methodology, and Cost Recovery Conditions as Specified in Resolution SPD-37.

8. 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 by July 17, 2026, 30 days after the PHC.

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.[3]

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. Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents.

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).

---

[3] 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

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 tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. 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 e-mails from the Commission. Please add "@cpuc.ca.gov" to your e-mail safe sender list and update your e-mail screening practices, settings and filters to ensure receipt of e-mails from the Commission.

13. Assignment of Proceeding

Christine Harada is the assigned Commissioner and Sarah R. Thomas is the assigned ALJ.

IT IS RULED that:

1. The scope of this proceeding is described above and adopted.
2. The schedule of this proceeding is set forth above and adopted.
3. Evidentiary hearing is not needed.
4. A party may make a motion for evidentiary hearing meeting the requirements of this scoping memo no later than November 13, 2026, for Track 1, April 15, 2027, for Track 2, and April 23, 2027, for Track 3.
5. The category of the proceeding is quasi-legislative.

6. The respondent utilities that participated in a joint utility survey on approaches to risk tolerance conducted pursuant to D.25-08-032, ordering paragraph 4, shall file and serve that survey in this proceeding no later than July 31, 2026. If parties wish to file comments on the survey, they may file and serve comments no later than August 18, 2026.

7. PG&E shall file and serve a summary report on its use of the PVRR multiplier along with a copy of its most recent PVRR workpaper in this proceeding no later than February 1, 2027. The summary report shall:

   a. Describe each of the spreadsheets in PG&E's workpaper and how they contribute to an estimated calculation of PVRR for both capital and O&M risk mitigation investments; and

   b. Outline how the PVRR multiplier is integrated into the calculation of a BCR for both capital and O&M risk mitigation investments.

Dated July 20, 2026, at San Francisco, California.

/s/ CHRISTINE HARADA
Christine Harada
Assigned Commissioner