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

Application of Pacific Gas and Electric Company to Revise Its Electric Marginal Costs, Revenue Allocation, and Rate Design.

(U 39 M)

Application No. 24-09-014
(Filed September 30, 2024)

THIRD SETTLEMENT STATUS REPORT OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 M)

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I. INTRODUCTION

Pursuant to the June 17, 2026, Ruling[1/] adopting the modified proceeding schedule proposed in the uncontested June 9, 2026, Joint Motion,[2/] Pacific Gas and Electric Company (PG&E) hereby submits this Third Status Report to summarize the parties' ongoing negotiations and their progress toward settlement of the primary track of PG&E's 2023 General Rate Case Phase II (GRC II).[3/] The summaries of subgroup settlement status reflect activities as of August 4, 2026, when the draft version of this status report was circulated for party review.[4/] The preceding Second Status Report was filed on July 10, 2026.[5/] PG&E submits this Third Status Report to apprise the Commission regarding subsequent settlement progress on behalf of itself and the parties to this proceeding.[6/]

1/ Administrative Law Judge's Ruling Modifying Schedule, pp. 2-3 (setting dates for filing of settlement status reports) (Ruling).

2/ Joint Motion to Modify Schedule with Status Report on Settlement, pp. 6-7, 12 (proposing "additional Settlement Status Reports to be filed and served by PG&E on July 10, August 7, September 4, and October 2, 2026.") (Joint Motion).

3/ *See id.*, p. 10 (describing status report process). The primary track of this GRC II includes all issues except Real-Time Pricing Rate Design, which is proceeding on a bifurcated track, governed by a different CPUC schedule.

4/ The number of settlement conferences is, however, updated through the date of filing.

5/ Additional details regarding the settlement process provided in the Joint Motion are incorporated by reference. *See* Joint Motion, pp. 3-5.

6/ *See* Joint Motion, pp. 1-2. PG&E filed the Joint Motion on behalf of itself and Agricultural Energy Consumers Association (AECA), California Community Choice Association (CalCCA), California Public Advocates Office at the CPUC (Cal Advocates), California Farm Bureau

II. STATUS OF SETTLEMENT TALKS

The parties have made further progress toward settlement. Some contested issues are nearing settlement in principle, as discussed below in Sections II.A.7. Moreover, while this update covers the same topics presented in the Second Settlement Update, the parties recently formed a ninth subgroup to address marketing, education, and outreach (ME&O), as described in Section II.A.9. There are eight other settlement subgroups: Marginal Costs and Revenue Allocation (MCRA), Residential Rate Design (RRD), Commercial and Industrial Rate Design (C&I), Agricultural Rate Design (AgRD), Streetlighting Rate Design (Streetlights), Business Electric Vehicle Rate Design (BEV), Economic Development Rate Design (EDR), and Fees for Community Choice Aggregators (CCAs) and Direct Access (DA) customers (CCA/DA Fees).[7/]

Since the Second Status Report, the parties have maintained a steady settlement cadence, resulting in the total number of settlement conferences increasing substantially from 30 to 53.[8/] The MCRA settlement subgroup remains the primary focus because settled marginal cost values are needed as inputs for revenue allocation and rate design. Furthermore, all but one of the subgroups have held at least one settlement conference; the remaining subgroup, Streetlights, plans to commence settlement discussions in mid-August.

The progress of subgroup settlement activities is presented below in Table 1, followed by brief summaries for each subgroup.

Federation (CFBF), California Large Energy Consumers Association (CLECA), Energy Producers and Users Coalition (EPUC), Federal Executive Agencies (FEA), Small Business Utility Advocates (SBUA), and The Utility Reform Network (TURN) (collectively Supporting Parties). California League of Food Processors (CLFP), California Manufacturers and Technology Association (CMTA), Calstart, Inc. (CalStart), Electrify America, LLC (Electrify America), NRG EVgo Services LLC (EVgo), Natural Resources Defense Council (NRDC), Solar Energy Industries Association (SEIA), and Western Manufactured Housing Communities Association (WMA) did not oppose. Joint Motion, p. 2; *see also id*., p. 4 & fn.7 (identifying parties "active in settlement").

7/ *Id*., pp. 4-5.

8/ Between the June 9 Joint Motion and July 10 Second Status Report, the number of settlement conferences increased from 17 to 30.

TABLE 1: PROGRESS OF SETTLEMENT DISCUSSIONS			
	Subgroup Cumulative Settlement Conferences Held as of Date		
Subgroup	**June 9, 2026**	**July 10, 2026**	**August 7, 2026**
MCRA	11	16	22
RRD	3	5	8
C&I	-	1	7
AgRD	-	2	4
Streetlights	-	-	- (*Mid-August start*)
BEV	-	1	1
EDR	3	3	6
CCA/DA Fees	-	2	4
ME&O	-	-	1
Total	**17**	**30**	**53**

A. SUMMARIES BY ISSUE AREA

Eight of the nine subgroups are engaged in concurrent settlement negotiations, while the final subgroup will begin its discussions in mid-August. These subgroups continue to work towards achieving agreements in principle on contested issues and have already identified numerous uncontested issues. PG&E is working diligently with the parties participating in each of the settlement subgroups to narrow the contested issues as much as possible through negotiated, arms-length settlement agreements.

Each subgroup's settlement progress is briefly summarized below, subject to the limitations Rule 12.6 places on the disclosure of the confidential substantive content of each subgroup's settlement discussions.

1. Marginal Cost and Revenue Allocation

The settlement parties have been meeting at least weekly since mid-April, so far resulting in 22 total meetings. This subgroup, which is continuing to have fruitful discussions and pursue agreements in principle, is the largest in scope and involves almost every party to the proceeding. Parties have continued to make movement towards a consensus, with every party making one or more concessions from their original positions in testimony. Parties remain very engaged and intend on reaching a comprehensive MCRA settlement consensus, although many details are unresolved. At the request of parties, PG&E has performed a running total nearly one hundred different scenarios to help parties identify promising combinations and assess trade-offs essential to finding potential compromises.

2. Residential Rate Design

The RRD settlement discussions have focused on baseline quantities and tier differentials, which are the only two contested RRD issues that are not dependent on having a settlement agreement on MCRA. RRD discussions have primarily been with TURN and Cal Advocates, as these are the only two parties that presented different proposals on the two sub-issues identified above. Eight settlement meetings have been held thus far. PG&E has run several RRD scenarios to help the parties assess potential compromise combinations. PG&E is optimistic that some level of alignment with TURN and Cal Advocates can be reached on the two issues discussed to date.

3. Commercial and Industrial Rate Design

The C&I subgroup commenced its settlement negotiations on July 1, 2026, and reached consensus about what sub-issues are not contingent on the conclusion of the MCRA negotiations and may be settled independently of the other C&I rate design issues. The parties have agreed that two of PG&E's proposals are uncontested, and are working hard to explore potential compromises on the contested issues that are not dependent on completion of the MCRA discussions.

Six C&I settlement conferences have been held since the Second Status Report for a total of seven: three all-party conferences and four targeted side meetings regarding narrow issues with fewer interested parties. All intervenor proposals and PG&E's non-rate design proposals have been discussed and research has been conducted that has led to progress toward potential compromises. In addition to PG&E's two proposals that were uncontested, three other proposals from two intervenors have seen consensus towards settlement.

4. Agricultural Rate Design

On June 16, 2026, PG&E initiated settlement discussions regarding AgRD proposals with AECA and CFBF. An early focus of these discussions is the contested AgRD issues that appear not to be dependent on the conclusion of MCRA discussions. Such issues include: (1) PG&E's proposed change to the Demand Charge Rate Limiter (DCRL) and (2) CFBF's proposed agricultural pump test credit.

Four settlement meetings have been held to date. The initial process of identifying contested and uncontested issues has been completed. Additional analyses and scenarios related to the DCRL and pump test credit were provided, and a couple of alternative ideas and proposals related to the DCRL have been exchanged. The parties have scheduled a future settlement discussion and will continue to work hard to explore potential compromises on contested issues.

5. Streetlighting Rate Design

The first Streetlighting Rate Design settlement conference is planned for mid-August.

6. Business Electric Vehicle Rate Design

Because many issues within BEV rate design are dependent upon marginal cost values, the BEV parties have preferred to wait until those values are further refined through the MCRA subgroup. Although the parties in the full BEV subgroup have not begun to hold BEV rate design meetings since early July, smaller subgroups have already met to discuss what changes may be feasible given PG&E's billing system limitations. The parties plan to resume meetings by mid-August to further explore potential BEV rate design compromises.

7. Economic Development Rate

The EDR settlement subgroup is close to reaching a settlement in principle after six settlement conferences. The EDR subgroup consists of PG&E, Cal Advocates, CalCCA, CFLP, CLECA, CMTA, EPUC, FEA, SBUA, TURN and Walmart. Since July 10, the parties met three times regarding proposed changes to the EDR rate. The EDR settlement subgroup will continue to meet to discuss PG&E's proposed term sheet that integrates preliminarily agreed-upon terms, and work on settling the one outstanding contested item.

8. Community Choice Aggregation and Direct Access Program Fees

The CCA/DA Fees settlement subgroup, which consists of PG&E and CalCCA, held four settlement meetings on June 17, July 7, July 21, and August 4. The parties have reached a preliminary agreement on two of the contested items. The parties are continuing to work hard in good faith to explore potential compromises on the two remaining contested issues which are hoped to become part of a final, comprehensive DA/CCA Fees settlement.

9. Marketing Education and Outreach

An ME&O subgroup was recently added that consists of PG&E and TURN. During the first settlement meeting on July 23, the parties discussed TURN's concerns regarding aspects of PG&E's proposed ME&O plan. PG&E is evaluating the feedback from TURN as well as the potential for solutions and compromise. A follow-up settlement meeting is expected to be held by mid-August.

III. NO ISSUES PRESENTLY REQUIRE ALTERNATIVE DISPUTE RESOLUTION

PG&E continues to believe there are not likely to be any issues that would benefit from the assignment of a neutral ALJ from the CPUC's ALJ Division's Alternative Dispute Resolution (ADR) Program. No party has expressed interest in ADR.

IV. CONCLUSION

Since the Second Status Report (filed on July 10), the parties have made meaningful additional progress toward settlement of contested issues. The interested parties remain actively engaged in productive settlement discussions and appear to be nearing agreements in principle on EDR.

PG&E and the other parties appreciate this opportunity to update the ALJ and the Commission on the status of ongoing settlement discussions and look forward to providing the

Fourth Settlement Status Report on September 4, 2026.[9/]

Respectfully Submitted,

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9/ Ruling, p. 2; Joint Motion, pp. 11-12.