



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

Application of Pacific Gas and Electric Company  
for Review and Recovery of Costs Associated with  
the 2019 Kincade Fire and 2021 Dixie Fire under  
AB 1054

(U 39 M)

Application 25-11-001  
(Filed November 14, 2025)

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**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 M)  
REPLY BRIEF**

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## **SUMMARY OF RECOMMENDATIONS**

Pacific Gas and Electric Company (PG&E) respectfully requests that the California Public Utilities Commission (CPUC or Commission) grant PG&E's Application. Specifically, consistent with the presumption of prudence established by the Legislature in Public Utilities Code Section 451.1(c), the Commission should:

- Authorize PG&E to recover the approximately \$713 million in CPUC-jurisdictional costs recorded in PG&E's WEMA as of July 31, 2026, net of insurance and Wildfire Fund payments, to resolve third-party claims arising from the Kincade Fire, including claims filed by individual plaintiffs, subrogated insurers, and public entities;
- Authorize PG&E to recover the approximately \$511 million in CPUC-jurisdictional costs recorded in PG&E's WEMA as of July 31, 2026, net of insurance and Wildfire Fund payments, to resolve third-party claims arising from the Dixie Fire, including claims filed by individual plaintiffs, subrogated insurers, and public entities;
- Confirm PG&E need not reimburse the Wildfire Fund for claims costs paid or eligible to be paid by the Wildfire Fund related to the Kincade and Dixie Fires, with approximately \$1.2 billion in payments received from the Fund as of July 31, 2026 (including \$128 million for Kincade and \$1.16 billion for Dixie);
- Authorize PG&E to recover the approximately \$70 million in CPUC-jurisdictional costs recorded in PG&E's WEMA as of July 31, 2026, to defend and resolve claims arising from the Kincade Fire, including costs for outside counsel, mediations, experts and consultants, e-discovery, and other litigation costs;
- Authorize PG&E to recover the approximately \$155 million in CPUC-jurisdictional costs recorded in PG&E's WEMA as of July 31, 2026, to defend and resolve claims arising from the Dixie Fire, including costs for outside counsel, mediations, experts and consultants, e-discovery, and other litigation costs;
- Authorize PG&E to recover the approximately \$83 million in capital costs and \$245 million in O&M costs recorded in PG&E's CEMA as of June 30, 2026, incurred by PG&E to restore service to customers and to repair or replace facilities damaged by the Kincade and Dixie Fires, and authorize the associated capital revenue requirement of approximately \$73 million and O&M revenue requirement of approximately \$300 million;
- Authorize PG&E to implement its cost recovery proposals for approved costs recorded in PG&E's CEMA and WEMA-Gas (WEMA-G), with approved costs

## **SUMMARY OF RECOMMENDATIONS**

recorded in PG&E's WEMA-Electric (WEMA-E) to be the subject of a future securitization application; and

- Approve as reasonable PG&E's proposals for updating and recovering its WEMA and CEMA costs related to the Kincade and Dixie Fires that were not included in PGE-06, PG&E's August 13, 2026 update of WEMA and CEMA costs.

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**PACIFIC GAS AND ELECTRIC COMPANY’S (U 39 M)  
REPLY BRIEF**

**I. INTRODUCTION**

In this proceeding, the California Public Utilities Commission (Commission) will give meaning and effect to the presumption of prudence established by the Legislature through Assembly Bill (AB) 1054. Pacific Gas and Electric Company’s (PG&E) conduct is presumed prudent in relation to the 2019 Kincade Fire and 2021 Dixie Fire, and there is overwhelming record evidence supporting PG&E’s reasonableness—including PG&E’s extensive prepared testimony and the robust set of stipulated facts agreed to by the parties. The Public Advocates Office at the Commission (Cal Advocates) and Small Business Utility Advocates (SBUA) ask the Commission to find that establishing “serious doubt” sufficient to rebut the presumption is a low bar that can be met merely by unsubstantiated assertions that the utility’s conduct was not reasonable. Their position is fundamentally inconsistent with the Commission’s recognition that the new AB 1054 framework gives rise to “the default presumption . . . that the utility will be entitled to recover all costs and expenses from the fire.”<sup>1</sup> Moreover, even if some imprudence were found, Cal Advocates recognizes that the impact of factors beyond PG&E’s control that exacerbated the damage caused by the fires provides an independent basis for PG&E to recover

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<sup>1</sup> PGE-03, pp. 1-4:28 to 1-5:3 (rebuttal testimony of S. Singh) (quoting California Public Utilities Commission, Senate Bill (SB) 254 Information and Recommendations: Response to Executive Order N-34-25 (Jan. 30, 2026) [hereinafter CPUC Recommendations], p. 18, available at: [https://www.cawildfirefund.com/sites/wildfire/files/documents/2026/cpuc-sb-254-study-information-and-recommendations\\_30jan2026-final.pdf](https://www.cawildfirefund.com/sites/wildfire/files/documents/2026/cpuc-sb-254-study-information-and-recommendations_30jan2026-final.pdf) (accessed Oct. 2, 2026)).

costs. Cal Advocates also recognizes that the Commission can prioritize recovery from the Wildfire Fund by authorizing PG&E to retain and not repay costs paid by the Fund.

With respect to the Dixie Fire, the undisputed record overwhelmingly demonstrates that the presumption of prudence holds and supports full cost recovery consistent with the AB 1054 framework. Cal Advocates' approach to the Dixie Fire is telling—though Cal Advocates vaguely asserts the Commission should disallow “the share of Dixie Fire [WEMA] costs attributable to PG&E’s imprudent conduct related to the ignition,”<sup>2</sup> it makes no specific disallowance proposal and presents no analysis that would support a disallowance related to the Dixie Fire. Cal Advocates' opening brief confirms it has abandoned all but one of its initial critiques related to the Dixie Fire—and that remaining critique is a hindsight-driven criticism of PG&E’s response to the outage on July 13, 2021. Cal Advocates asserts that a “reasonable utility” would have de-energized the circuit, cutting power to customers in response to what was by all appearances a routine outage. This attempt to raise serious doubt fails: Cal Advocates has presented no evidence that *any utility* would have responded to the outage by cutting power to other customers, much less evidence that PG&E’s response was outside the spectrum of reasonable utility practices contemplated by Public Utilities Code section 451.1(b).<sup>3</sup> Cal Advocates' suggestion that the Commission could find serious doubt on the basis of its conclusory and unsupported assertions must be rejected as inconsistent with the AB 1054 framework. Moreover, even under Cal Advocates' misguided view that the Commission could find some imprudence, full cost recovery for the Dixie Fire would still be supported by the uncontroverted expert testimony demonstrating that factors beyond PG&E’s control allowed a relatively small fire to escape initial attack and spread out of control—a principle affirmed by Cal Advocates.

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<sup>2</sup> Cal Advocates Br., p. vi (Summary of Recommendations).

<sup>3</sup> All statutory references are to the Public Utilities Code unless otherwise stated.

With respect to the Kincade Fire, Cal Advocates’ position that the Commission should deny all incremental cost recovery—and even potentially force PG&E to reimburse the Wildfire Fund for amounts paid by the Fund for Kincade Fire claims—is untenable in light of the AB 1054 framework and the extensive record developed in this proceeding. Cal Advocates criticizes the configuration of the subject jumper, but presents no evidence that the configuration deviated from industry practice. Cal Advocates recognizes PG&E’s implementation of its idle facilities standard, yet equates a single “breakdown in execution” to imprudence. And Cal Advocates’ critique of PG&E’s Public Safety Power Shutoff (PSPS) protocol fails based on the parties’ agreed-upon factual stipulations. Cal Advocates’ hindsight-biased and unsupported criticisms do not establish serious doubt or otherwise show that PG&E’s conduct fell outside the spectrum of reasonable utility conduct recognized by Section 451.1(b). And even if the Commission were to find some imprudence with respect to the Kincade Fire, recovery of those costs would still be warranted based on PG&E’s uncontroverted expert testimony that nearly all of the fire’s damage was attributable to extreme winds—an external factor explicitly identified in Section 451.1(b).

Finally, neither Cal Advocates nor SBUA disputes PG&E’s showing as to the reasonableness of PG&E’s WEMA and CEMA costs. PG&E’s cost recovery proposals also are not disputed and should be adopted, including its proposal to address trailing costs through a Tier 2 advice letter process. PG&E proposes to recover the WEMA electric costs, comprising the vast majority of its incremental costs, through securitization, which will be addressed through a separate financing order application. SBUA acknowledges the benefits of securitization to mitigate bill impacts. As requested in the Application, the Commission should authorize normal course rate recovery for the WEMA gas and CEMA costs in this proceeding.

For the reasons set forth herein and in PG&E’s opening brief, PG&E respectfully requests that the Commission grant PG&E’s Application and authorize recovery of the WEMA and CEMA costs related to the Dixie and Kincade Fires.

## II. THE AB 1054 FRAMEWORK GOVERNS THIS PROCEEDING

The parties agree on certain fundamental legal principles at the core of this proceeding. All recognize that PG&E holds a presumption of prudence.<sup>4</sup> Cal Advocates also recognizes that if the presumption holds and no serious doubt is raised, or if the Commission otherwise finds prudence, then the utility's costs are reasonable and the Commission "shall allow" full cost recovery pursuant to Section 451.1(b).<sup>5</sup> The parties further agree that to the extent the Commission finds any imprudence, the Commission should disallow only the portion of costs caused by that imprudence.<sup>6</sup> Finally, the parties recognize that Section 451.1 independently authorizes recovery based on the allocation of costs to factors beyond the utility's control, though SBUA proposes to limit the statutory language in an indefensible manner.<sup>7</sup>

The parties' principal area of dispute is the showing necessary to establish "serious doubt" regarding the reasonableness of the utility's conduct sufficient to rebut the presumption under Section 451.1(c). In this first application of the presumption of prudence under AB 1054, Cal Advocates and SBUA urge the Commission to find that "serious doubt" is a low bar that is easily satisfied. Such a finding would undermine the legislative text, purpose, and history of the AB 1054 framework and should not be accepted.

### A. Creating Serious Doubt Requires More Than Unsupported Assertions About What a Reasonable Utility Would Do

Cal Advocates argues that the "serious doubt" requirement is a "modest production threshold" that is "relatively easy to trigger."<sup>8</sup> SBUA similarly contends that "[t]he threshold to

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<sup>4</sup> Cal Advocates Br., pp. 1–2; SBUA Br., p. 1.

<sup>5</sup> See Cal Advocates Br., pp. 5, 8, 14–15; see also Comments of the Public Advocates Office on the Proposed Decision Granting, In Part, Liberty Utilities' Request for Cost Recovery Related to the Mountain View Fire, A.25-06-017 (July 13, 2026), p. 3 ("Section 451.1 is unambiguous that if a utility acted prudently in incurring wildfire costs, then by definition the costs are just and reasonable and shall be recovered.").

<sup>6</sup> See, e.g., Cal Advocates Br., p. 31; SBUA Br., p. 3 ("Section 451.1 recognizes that a utility may be entitled to only partial recovery based on the surrounding circumstances. Cost recovery must not be an all-or-nothing proposition.").

<sup>7</sup> Cal Advocates Br., p. vi.

<sup>8</sup> *Id.* at p. 9.

overcome a presumption of prudence is not high.”<sup>9</sup> These characterizations suggest that virtually any intervenor protest or submission contesting a cost recovery application could eliminate the statutory presumption. That view cannot be reconciled with the text, purpose, and history of the AB 1054 framework. It also conflicts with Cal Advocates’ own recognition that serious doubt requires “a specific, record-based” showing.<sup>10</sup>

In context, “serious doubt” means that a challenging party must present specific and substantiated evidence that could support a reasoned conclusion that the utility’s conduct falls outside the spectrum of reasonable conduct contemplated by Section 451.1(b). At a minimum, a challenger must present credible evidence of an industry standard, regulation, or widespread industry practice to show that the utility’s conduct was not “consistent with actions [of] a reasonable utility . . . under similar circumstances.”<sup>11</sup> That construction follows directly from the text and purpose of Sections 451.1(b) and (c).

As Cal Advocates recognizes, AB 1054 was enacted by the Legislature “to provide ‘more certainty in the cost recovery process in order to restore the regulatory compact.’”<sup>12</sup> A critical component of the framework is the presumption of prudence, reserved only for a utility that had satisfied the rigorous requirements to hold a safety certification at the time of the ignition.<sup>13</sup> The AB 1054 presumption drives the Commission’s recent recognition that the “default presumption”

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<sup>9</sup> SBUA Br., p. 3.

<sup>10</sup> Cal Advocates’ statements addressing the meaning of “serious doubt” are inconsistent. On the one hand, Cal Advocates correctly recognizes that “serious doubt” requires a record-based showing of imprudence that is cognizable under the substantive standard in Section 451.1(b). *E.g.*, Cal Advocates Br., p. 12 (“Read as written, the plain language of Section 451.1(c) asks whether the record raises a specific, record-based doubt regarding whether PG&E acted as a reasonable utility would have.”). At the same time, Cal Advocates wrongly contends the “serious doubt” requirement is minimal and perfunctory. *E.g.*, *id.* at 9 (“a production threshold” (capitalization altered)); *id.* at 12 (“Any more demanding interpretation of the threshold is not supported by the language of the statute.”).

<sup>11</sup> Pub. Util. Code § 451.1(b).

<sup>12</sup> Cal Advocates Br., p. 4; *see also* Pub. Util. Code § 451.1(c); PGE-01, p. 1-13:13–15 (opening testimony of S. Singh).

<sup>13</sup> PGE-01, pp. 1-2:20 to 1-3:22, 1-14:4–13.

in cost recovery proceedings arising from a catastrophic wildfire after AB 1054 “is that the utility will be entitled to recover all costs and expenses from the fire.”<sup>14</sup>

SBUA states it “is unaware of any decision in which a utility that sparked a wildfire achieved full recovery.”<sup>15</sup> That history is precisely *why* the Legislature enacted AB 1054 and *what* it sought to remedy; it is not a basis to ignore AB 1054’s reforms and to repeat that history. AB 1054 materially changed the framework for wildfire cost recovery, in particular by adopting the presumption of prudence, and this is the first proceeding to involve that presumption.<sup>16</sup> Crediting intervenors’ proposed low threshold for creating “serious doubt” would risk making the presumption meaningless—and the Legislature’s handiwork futile.

The statute’s requirement to “create[] a serious doubt” demands more. “Serious” means “weighty; important”—e.g., “serious violation of rules.”<sup>17</sup> To create “serious doubt,” therefore, an intervenor must do more than proffer unsubstantiated assertions that a “reasonable utility” would have done something different. An intervenor must present evidence with sufficient probative weight to materially unsettle a conclusion of reasonableness under the Section 451.1(b) standard, creating “serious doubt” regarding whether the utility’s conduct fell within the “spectrum” of “actions that a reasonable utility would have undertaken in good faith under similar circumstances.”<sup>18</sup> The record supporting the presumption also informs the extent and

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<sup>14</sup> PGE-03, pp. 1-4:28 to 1-5:3 (rebuttal testimony of S. Singh) (quoting CPUC Recommendations, p. 18).

<sup>15</sup> SBUA Br., p. 3.

<sup>16</sup> Both SBUA and Cal Advocates highlight pre-AB 1054 precedent in ways inconsistent with the new cost recovery framework. For instance, SBUA quotes a 2008 Commission decision for its claim—contrary to the plain language of Section 451.1(c)—that “[i]ntervenors do not have the burden of proving the unreasonableness of the utility’s showing.” SBUA Br., p. 2. And Cal Advocates begins its discussion of the applicable burden of proof by emphasizing that “[t]he burden rests heavily upon a utility”—again, *quoting* pre-AB-1054 precedent—in requesting rate relief. Cal Advocates Br., p. 7.

<sup>17</sup> *Serious*, Black’s Law Dictionary (12th ed. 2024); *see also Serious*, Merriam-Webster Dictionary, available at: <<https://www.merriam-webster.com/dictionary/serious>> (accessed Oct. 2, 2026) (“not easily answered or solved”).

<sup>18</sup> Pub. Util. Code § 451.1(b). Cal Advocates does not appear to dispute that “serious doubt” is tied to the statutory standard under which unreasonableness must be shown. Cal Advocates Br., p. 12 (describing “serious doubt” as involving question “whether PG&E acted as a reasonable utility would have”); *see also id.* at 11 (describing “serious doubt” as involving conduct “that proximately caused the ignition”).

number of evidentiary contentions needed to establish serious doubt, notwithstanding Cal Advocates' claim that "one" instance of "failure" "satisfies the standard."<sup>19</sup>

Where, as here, the utility has presented a robust evidentiary showing as to the reasonableness of its actions, a challenger cannot create serious doubt simply by arguing that a different course of conduct was conceivable. As illustration, when PG&E has overwhelmingly demonstrated that the information available to PG&E on the day of the Dixie Fire indicated a routine outage, Cal Advocates cannot create "serious doubt" merely by asserting that, in its opinion, a reasonable utility would have de-energized the Bucks Creek 1101 Circuit in response to the outage.<sup>20</sup> That PG&E *could have* taken some other action is a truism insufficient to create serious doubt, and Cal Advocates has presented no evidence of any legal requirement, industry standard, or peer utility practice that could support a determination that PG&E's conduct fell outside the spectrum of reasonableness. A finding of serious doubt under these circumstances would fatally undermine the presumption and the Legislature's intended purpose for the AB 1054 framework.

Federal Energy Regulatory Commission (FERC) decisions reflect a meaningful construction of the "serious doubt" threshold that surpasses the "modest production threshold" urged by Cal Advocates.<sup>21</sup> FERC has recognized that a challenger does not raise serious doubt merely by claiming that a utility "should have" acted differently, regardless of whether that alternative would have been "a better approach."<sup>22</sup> Additionally, the serious doubt threshold is measured with reference to the governing imprudence standard under FERC precedent.<sup>23</sup>

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<sup>19</sup> Cal Advocates Br., p. 11.

<sup>20</sup> See *infra* Section III.A.1.

<sup>21</sup> Cal Advocates Br., p. 9; PGE-01, pp. 1-24:18 to 1-26:15 (opening testimony of S. Singh); PGE-03, pp. 1-7:1 to 1-8:2 (rebuttal testimony of S. Singh).

<sup>22</sup> *Entergy Servs., Inc.* (2010) 130 FERC ¶ 61,023, P 57.

<sup>23</sup> *CORE Elec. Corp.* (2023) 184 FERC ¶ 61,084, PP 47–48 (no serious doubt where "[c]omplainants have failed to support the Complaint with evidence showing that a reasonable utility in PSCo's position, based on the information available to PSCo" would have acted differently); *id.* at P 49 (considering how evidence illuminates conduct that would have been taken by "a reasonable utility in PSCo's position").

Cal Advocates raises the concern that a meaningful “serious doubt” threshold risks placing the burden on a challenging party in the first instance.<sup>24</sup> But Section 451.1(c) is clear: A utility with a safety certification does not bear the burden of demonstrating reasonableness under Section 451.1(b) in the first instance, and *only after* serious doubt is created does such utility assume “the burden of dispelling” that doubt.<sup>25</sup> To be sure, an intervenor seeking to raise serious doubt need not conclusively establish the utility was unreasonable—but it must present a substantiated and probative basis for the Commission to find that the utility’s conduct fell outside the “spectrum of possible practices, methods, or acts” encompassed by reasonable conduct.<sup>26</sup>

**B. Costs Allocated to Factors Beyond PG&E’s Control Should Be Recovered Independent of Prudence**

Section 451.1(b) provides that “[c]osts and expenses in the application may be allocated for cost recovery in full or in part taking into account factors both within and beyond the utility’s control that may have exacerbated the costs and expenses, including humidity, temperature, and winds.” Cal Advocates and PG&E are aligned that factors “beyond the utility’s control” provide

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<sup>24</sup> Cal Advocates Br., p. 11 (arguing that giving meaning to “serious doubt” risks “ask[ing] the challenging party to prove the merits of the case”). Cal Advocates also notes that FERC has observed that “[s]erious doubt . . . ‘may not be so demanding that it effectively reverses the statutory burden of proof.’” Cal Advocates Br., p. 10 (quoting *Potomac-Appalachian Transmission Highline, LLC* (2017) 158 FERC ¶ 61,050, P 100). In that context, FERC was referring to Section 205(e) of the Federal Power Act, which explicitly places the burden of proof on the utility from the outset. 16 U.S.C. § 824d(e) (“At any hearing involving a rate or charge sought to be increased, the burden of proof to show that the increased rate or charge is just and reasonable shall be upon the public utility.”). Section 451.1, by contrast, indicates the burden is *not* on a utility that had a safety certification at the time of the relevant ignition in the first instance.

<sup>25</sup> Pub. Util. Code § 451.1(c); Cal Advocates points out that “[w]here Section 451.1(c) speaks more specifically than the FERC counterpart, the statute [Section 451.1] controls.” Cal Advocates Br., p. 11; *see also id.* at 10 (“FERC decisions do not bind this Commission, but they illuminate what is considered sufficient to raise serious doubt.”). Section 451.1(c) states in relevant part: “*An electrical corporation bears the burden to demonstrate, based on a preponderance of the evidence, that its conduct was reasonable pursuant to subdivision (b) unless it has a valid safety certification pursuant to Section 8389 for the time period in which the covered wildfire that is the subject of the application ignited. . . . Once serious doubt has been raised, the electrical corporation has the burden of dispelling that doubt and proving the conduct to have been reasonable*” (emphasis added).

<sup>26</sup> Pub. Util. Code § 451.1(b).

a path to recovering costs under Section 451.1(b) that is separate from prudence.<sup>27</sup> Put another way, even if the Commission finds some imprudence, costs that would otherwise be disallowed may be recovered if they were exacerbated by factors beyond the utility’s control, such as humidity, temperature, or winds.<sup>28</sup>

Cal Advocates recommends allocating costs to these external factors only with respect to the Dixie Fire.<sup>29</sup> But Cal Advocates’ rationale is based on statutory language that equally supports allocating costs to external factors with respect to the Kincade Fire. Cal Advocates emphasizes that “the allocation should be limited to external factors PG&E actually substantiated.”<sup>30</sup> As described in PG&E’s opening brief and herein,<sup>31</sup> PG&E’s uncontroverted expert testimony has fully substantiated its showing that factors beyond its control exacerbated the costs of both fires, including at least \$1.86 billion in damage costs across both fires.<sup>32</sup>

SBUA incorrectly argues that external factors are “not a valid basis” for cost recovery because factors such as drought, dryness, and winds “were foreseeable.”<sup>33</sup> SBUA’s position is indefensible in light of the statutory language and context. The statute’s text expressly authorizes recovery of costs that are attributable to factors such as “humidity, temperature, and

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<sup>27</sup> See Cal Advocates Br., p. vi (with respect to Dixie Fire, “reduce th[e] share” of “costs attributable to PG&E’s imprudent conduct related to the ignition . . . only to the extent PG&E substantiates, on th[e] record, factors beyond its control that exacerbated the costs”); *id.* at p. 31 (external factors “do not neutralize imprudent conduct . . . but only adjust how much of the resulting loss PG&E’s ratepayers should bear”).

<sup>28</sup> Section 451.1(b) also refers to “factors . . . within” the utility’s control, which relate to the utility’s conduct in relation to the ignition that the Commission assesses under Section 451.1(b).

<sup>29</sup> Cal Advocates Br., p. vi; *id.* at p. 30 (“Cal Advocates does not dispute that factors outside PG&E’s control affected the course of the [Dixie] fire.”).

<sup>30</sup> *Id.* at p. 31.

<sup>31</sup> See PG&E Br., p. 46; *infra* Sections III.B, IV.B.

<sup>32</sup> PG&E Br., p. 46 & n.246. As noted in PG&E’s opening brief, PG&E’s expert updated his analysis based on settlement data through May 31, 2026, which increased this estimate to approximately \$1.98 billion across both fires. *Id.*

<sup>33</sup> SBUA Br., p. 7; *see id.* at pp. 3–6.

winds,” regardless of whether such factors were foreseeable.<sup>34</sup> The legislative history likewise establishes that the allocation language in Section 451.1 was specifically designed to account for the role of external factors such as climate change and wind—factors that are broadly understood to increase the damage caused by fire.<sup>35</sup> The undisputed record amply supports the allocation of costs to winds and climate change, consistent with the statutory language.<sup>36</sup>

**C. The Commission Should Authorize PG&E to Retain and Not Repay Costs Paid by the Wildfire Fund for Each Fire**

Cal Advocates is aligned with PG&E in its description of the purpose of the California Wildfire Fund, which “supports the creditworthiness” of California’s investor-owned utilities by providing access to funds to pay wildfire claims; and the capitalization of the Fund with significant monetary contributions from PG&E customers and shareholders, including around \$5 billion being contributed by PG&E customers and \$6.7 billion by PG&E shareholders.<sup>37</sup>

As set forth in PG&E’s opening brief and herein, PG&E’s statutory presumption of prudence and robust showing support the recovery of all costs at issue in this proceeding, including all costs paid or eligible to be paid by the Fund. To the extent there were any disallowance of costs in this proceeding, however, Cal Advocates and PG&E agree that any such disallowance “should be applied first to the incremental WEMA costs recorded for each fire.”<sup>38</sup> Prioritizing recovery of Fund amounts—by allowing PG&E to retain and not reimburse the Fund for amounts paid by the Fund—serves customers because any “disallowance applied to the

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<sup>34</sup> Pub. Util. Code § 451.1(b).

<sup>35</sup> PG&E Br., pp. 18–19; *see* PGE-03, p. 1-6:7–23 (rebuttal testimony of S. Singh); *see* Senate Bill 901 Commission Report (June 17, 2019), Appendix II at p. 2 (“[T]he current system for allocating costs associated with catastrophic wildfires—often caused by utility infrastructure, but exacerbated by drought, climate change, land-use policies, and a lack of forest management—is untenable both for utility customers and for our economy.”); Assembly Bill 1054, Senate Floor Analysis (as amended July 5, 2019) at p. 20 (“Unfortunately climate change has created a new reality in California – wildfires are increasingly more dangerous and destructive.”).

<sup>36</sup> *See* PG&E Br., pp. 45–51; *see infra* Sections III.B, IV.B.

<sup>37</sup> PG&E Br., pp. 20–21; Cal Advocates Br., pp. 12–13.

<sup>38</sup> Cal Advocates Br., p. 16.

incremental WEMA balance is removed from customer bills, whereas the disallowance applied to Fund-reimbursed costs does not yield any rebate or savings to ratepayers.”<sup>39</sup> While Cal Advocates caveats that any “disallowance should not be applied to the costs reimbursed by the Fund for that fire, unless the Commission explicitly finds that specified *Fund-reimbursed costs* for that fire were not just and reasonable,” that hypothetical does not apply here.<sup>40</sup> The Wildfire Fund Administrator previously approved the amounts paid by the Fund with respect to the Kincade and Dixie Fires, and Fund-approved amounts are not subject to further reasonableness review by the Commission.<sup>41</sup> The record is devoid of evidence that would otherwise suggest specified Fund-paid amounts were not reasonable.

PG&E strongly disagrees with Cal Advocates’ recommendation that the Commission should require PG&E shareholders to reimburse the Wildfire Fund for amounts paid in connection with the Kincade Fire.<sup>42</sup> Approximately \$128 million of the approximately \$910 million in total Kincade Fire WEMA costs set forth in PGE-06 have been paid by the Wildfire Fund.<sup>43</sup> The record amply supports recovery of those and the other Kincade Fire costs, and the

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<sup>39</sup> *Id.* at p. 17.

<sup>40</sup> *Id.* at p. 16 (italics in original).

<sup>41</sup> PGE-02, pp. 5-1:27 to 5-2:1 (citing Pub. Util. Code § 3292(f)(1)).

<sup>42</sup> Cal Advocates Br., p. vi (recommending that the Commission “require the appropriate shareholder reimbursement to the Fund for the Kincade Fire”); *but see id.* at p. 32 (“If the Commission finds” that the “costs already reimbursed to PG&E by the Wildfire Fund . . . are not just and reasonable, PG&E would be obligated to reimburse the Fund under Section 3292(h), subject to the applicable liability cap.” (emphasis added)). Although Cal Advocates references the statutory liability cap in AB 1054, the cap is not implicated in this proceeding because the total Kincade-fire-related costs in this proceeding eligible for payment by the Fund are ~\$128 million. *Compare* Pub. Util. Code § 3292(h)(2)(C)(ii)(I)(ia) (“Twenty percent of the electrical corporation’s total transmission and distribution equity base, including, but not limited to, its Federal Energy Regulatory Commission (FERC) assets, as determined by the administrator for the calendar year in which the ignition of the covered wildfire occurred.”); *see also* California Wildfire Fund, Participating Utility Companies, Appendix 1, available at: <<https://www.cawildfirefund.com/participating-utility-companies>> (calculating liability cap for PG&E for 2024 as ~\$3.842 billion) (accessed Oct. 2, 2026).

<sup>43</sup> *See* Cal Advocates Br., p. 15 (citing PGE-06, p. 3 Table 3 (PG&E’s Further Cost Update Dated August 13, 2026)).

Commission should affirm in this proceeding that PG&E need not repay the Fund for any Fund-reimbursed amounts.<sup>44</sup>

### **III. THE COMMISSION SHOULD AUTHORIZE FULL COST RECOVERY FOR THE DIXIE FIRE**

The undisputed record in this proceeding overwhelmingly supports full cost recovery for the Dixie Fire. Cal Advocates' opening brief confirms that it has abandoned all but one of its critiques related to the Dixie Fire,<sup>45</sup> and it now relies solely on its critiques of PG&E's outage response to argue that serious doubt has been raised. This final attempt to raise serious doubt fails in light of the lack of any record evidence substantiating Cal Advocates' critiques and the robust stipulated facts demonstrating PG&E's prudence. Thus, the presumption of prudence holds, and PG&E is entitled to full cost recovery. Even under Cal Advocates' misguided view that the Commission could find some imprudence, Cal Advocates concedes that factors beyond PG&E's control impeded the initial attack on the Dixie Fire and allowed the fire to spread out of control, which independently supports full cost recovery.

#### **A. Cal Advocates Has Not Raised Serious Doubt Regarding the Reasonableness of PG&E's Conduct in Relation to the Dixie Fire**

As PG&E's opening brief explained, the parties' agreed-upon factual stipulations conclusively establish PG&E's prudence in relation to the Dixie Fire.<sup>46</sup> Notwithstanding that

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<sup>44</sup> SBUA does not address recovery of Fund-paid costs.

<sup>45</sup> Following the parties' factual stipulations, Cal Advocates no longer asserts any imprudence relating to PG&E's vegetation management, PG&E's implementation of a systemwide fast trip program, or any other basis. Cal Advocates' opening brief describes alleged violations identified by the Commission's Safety and Enforcement Division (SED) related to the Dixie Fire. Cal Advocates Br., pp. 20–22. Those alleged violations should be given no weight in this proceeding: They were not litigated or decided by the Commission; PG&E vigorously disputed the alleged violations related to ignition of the fire; and PG&E's prepared testimony in this proceeding definitively refuted them. *See* PGE-01, pp. 3B-27:9 to 3B-32:24 (opening testimony of W. Manheim). Cal Advocates offered no testimony or other evidence supporting SED's alleged violations or disputing PG&E's testimony refuting them. Moreover, the Administrative Consent Order (ACO) resolving SED's investigation, which was submitted by SED and PG&E and approved by the Commission, affirmed that "neither the fact of the ACO nor its specific contents are admissible as evidence of fault or liability in any other proceeding." Resolution SED-8 (Jan. 25, 2024), p. 4.

<sup>46</sup> PG&E Br., pp. 22–24.

undisputed record, Cal Advocates makes one last attempt to raise serious doubt by asserting two variants of its hindsight-biased critique of PG&E’s response to the outage on July 13, 2021.<sup>47</sup> First, Cal Advocates asserts, with no supporting evidence of other utility practices, that a “reasonable utility” would have de-energized the line in response to the outage. Second, Cal Advocates asserts that PG&E should have maintained separate outage response procedures for High Fire-Threat Districts (HFTD). Neither argument withstands scrutiny, and thus the presumption of prudence holds and supports full cost recovery.

**1. The record overwhelmingly demonstrates that all information available to PG&E before the Dixie Fire indicated a routine outage that did not justify de-energizing additional customers**

As demonstrated in PG&E’s opening brief, the undisputed record shows that on July 13, 2021, PG&E diligently followed its procedures providing for a same-day response to a routine outage.<sup>48</sup> PG&E personnel were authorized to de-energize distribution lines if doing so was determined appropriate based on known safety hazards or emergencies—but here, all available information indicated a routine outage.<sup>49</sup> There was no indication of any hazard or emergency until the troubleshooter arrived on site at approximately 4:50 p.m., at which time he took immediate steps in response.<sup>50</sup>

Notwithstanding the undisputed evidence establishing PG&E’s prudence, Cal Advocates asserts without record support that, in Cal Advocates’ opinion, a “reasonable utility” would have de-energized the line in response to the outage.<sup>51</sup> Cal Advocates concedes that the information available to PG&E was “normal” and “looked routine.”<sup>52</sup> Thus, Cal Advocates’ sole basis for asserting that PG&E should have de-energized the circuit is that, despite the absence of any

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<sup>47</sup> See Cal Advocates Br., pp. 23–29.

<sup>48</sup> PG&E Br., pp. 25–29.

<sup>49</sup> PGE-01, pp. 2-34:32 to 2-35:1 (opening testimony of R. Robinson); PGE-03, p. 3B-10:6–9 (rebuttal testimony of R. Robinson).

<sup>50</sup> PGE-03, p. 3B-10:14–18 (rebuttal testimony of R. Robinson).

<sup>51</sup> Cal Advocates Br., p. 25.

<sup>52</sup> *Id.* at pp. 28–29.

actual information indicating a hazard, PG&E should have “draw[n] the inference” of a safety hazard based on the “[n]ormal-looking data.”<sup>53</sup> Cal Advocates provides no support or explanation showing how this makes any sense, let alone that it was the required course of conduct such that any other approach falls outside the spectrum of reasonableness. Under Cal Advocates’ extreme view, PG&E should have de-energized thousands of additional customers in the two months preceding the Dixie Fire because it should have inferred the potential for a safety hazard from any of the nearly 600 unplanned outages in HFTDs from fuse operations.<sup>54</sup>

Cal Advocates presents no evidence that *any* utility would have de-energized additional customers based on the inference of a potential hazard despite “normal” data, or would otherwise have responded differently to the outage on July 13, 2021. Cal Advocates served extensive discovery on Southern California Edison (SCE) and San Diego Gas & Electric Company (SDG&E) in this proceeding and did not even pose those outage response questions to them. The procedures provided by SCE and SDG&E in response to data requests on other topics indicate they similarly called for investigation of outages and would not de-energize additional customers absent a known safety hazard or Red Flag Warning or PSPS type condition.<sup>55</sup> Indeed, SDG&E’s policy noted with respect to de-energizing circuits for public safety that “[i]t is expected, but not required, that [a Red Flag Warning] will be in effect when such a decision to de-energize a circuit is made,”<sup>56</sup> and there was no Red Flag Warning on the Bucks Creek 1101 Circuit the day of the Dixie Fire.<sup>57</sup> Cal Advocates presents no evidence whatsoever that PG&E’s

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<sup>53</sup> *Id.* at p. 28. Cal Advocates baselessly claims that PG&E’s “operator made an assumption that the circuit had returned to normal without thorough verification.” *Id.* To the contrary, undisputed record evidence demonstrates the operator did not make assumptions and diligently evaluated available information—he carefully analyzed the conditions on the line, performed a thorough review of data through SCADA and PG&E’s Outage Management Tool, and dispatched a troubleshooter to investigate. PGE-01, p. 3B-19:20–26 (opening testimony of R. Robinson and S. Holder).

<sup>54</sup> PGE-03, p. 3B-14:14–18 (rebuttal testimony of R. Robinson).

<sup>55</sup> *See* PG&E Br., p. 29 & n.148 (citing PGE-01, p. 3B-15:3–11 (opening testimony of R. Robinson)).

<sup>56</sup> PGE-04, Atch19-12, § 9.12.3.

<sup>57</sup> PGE-08, p. 3 (Dixie Factual Stipulations).

response fell outside the “spectrum of possible practices, methods, or acts” of a reasonable utility—let alone evidence sufficient to create serious doubt.<sup>58</sup>

Moreover, Cal Advocates’ claim that a “reasonable utility” would have de-energized additional customers in response to the outage on July 13, 2021, is directly contrary to its position in other proceedings before the Commission that proactive de-energization should be used sparingly, and only when justified.<sup>59</sup> For instance, in the proceeding addressing PG&E’s Energy Resources Recovery Account for 2021 (A.22-02-015), Cal Advocates advocated for fast trip outages to be treated just like PSPS de-energizations for purposes of calculating unrealized revenues due to PSPS as a means to ensure that utilities “are implementing de-energizations as a method of last resort so that the potential harm caused to the public as a result of the loss of electric power is minimized” and because “the result is the same to the customer.”<sup>60</sup> Cal Advocates emphasized in that proceeding that the Commission reviews the use of PSPS “to ensure that utility decisions to shut off power to prevent wildfires are only made when *absolutely necessary* and are based on *actual and substantiated conditions*,”<sup>61</sup> in stark contrast to Cal Advocates’ position here that a “reasonable utility” would de-energize customers based on a mere “inference” from “[n]ormal-looking data.”<sup>62</sup> Cal Advocates further highlighted the

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<sup>58</sup> Pub. Util. Code § 451.1(b).

<sup>59</sup> PGE-03, pp. 3B-13:13 to 3B-14:1 & n.50 (rebuttal testimony of R. Robinson); *see also* Opening Brief of the Public Advocates Office on Pacific Gas & Electric Company’s 2021 Record Year Public Safety Power Shutoff Unrealized Sales and Revenue Calculations (Cal Advocates Br. in A.22-02-015), pp. 11–13, A.22-02-015 (filed Dec. 7, 2023) (describing public safety impacts of de-energization events intended to reduce wildfire risk).

<sup>60</sup> Cal Advocates Br. in A.22-02-015, p. 13. The Commission ultimately struck Cal Advocates’ proposal as beyond the scope of the ERRA proceeding given the proceeding involved application of the Commission’s previously approved calculation methodology, which did not consider fast trip outages. *See* Administrative Law Judge’s Ruling Granting PG&E’s Motion to Strike the Testimony of the Public Advocates Office, A.22-02-015 (filed Feb. 9, 2024).

<sup>61</sup> Cal Advocates Br. in A.22-02-015, p. 10 (first emphasis in original; second emphasis added) (quoting D.21-06-014).

<sup>62</sup> *See, e.g.*, Cal Advocates Br., pp. 24–25 (arguing “[d]e-energizing required no confirmation, only the inference from outage reports and load data PG&E already had”); *id.* at p. 29 (“Normal-looking data was exactly what this hazard would produce, so the data’s normalcy proved nothing.”).

Commission’s role in ensuring “such [de-energization] events are not conducted in an ineffective or haphazard way because of the *potential of such events to endanger the public health and safety*,”<sup>63</sup> a consideration Cal Advocates effectively ignores here in dismissively asserting other customers on the Bucks Creek 1101 Circuit were not “critical customer[s].”<sup>64</sup>

**2. Cal Advocates’ new claim that PG&E’s procedures were deficient because they did not specifically differentiate HFTD outages does not withstand scrutiny**

Cal Advocates claims for the first time in its opening brief that PG&E “treat[ed] every outage identically” because it did not have “HFTD-differentiated” procedures.<sup>65</sup> This argument is flatly contradicted by the record. It is undisputed that PG&E’s procedures applied across its service area, including in HFTDs,<sup>66</sup> and those procedures appropriately calibrated PG&E’s outage response based on the type and circumstances of the outage.

For example, PG&E Utility Procedure TD-2700P-09 set forth required responses to specified SCADA alarms with assigned priority levels ranging from Priority 1 (lowest) to Priority 10 (highest).<sup>67</sup> If PG&E received a higher priority alarm, including an outage from a circuit breaker operation, PG&E’s policies required immediate action.<sup>68</sup> Lower priority alarms—including the alarm on July 13, 2021, indicating a transient fault on the Bucks Creek 1101 Circuit followed immediately by confirmation the circuit had returned to normal<sup>69</sup>—required operators to analyze the situation and take action as needed.<sup>70</sup> PG&E’s dispatch procedures also differentiated response procedures, distinguishing immediate safety issues like

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<sup>63</sup> Cal Advocates Br. in A.22-02-015, pp. 9–10 (emphasis in original) (quoting D.21-06-014).

<sup>64</sup> Cal Advocates Br., p. 24; *see also* PGE-03, p. 3B-13:11–13 (rebuttal testimony of R. Robinson) (citing CA-06-E, p. 10).

<sup>65</sup> Cal Advocates Br., pp. 26–27.

<sup>66</sup> PGE-08, p. 2 (Dixie Factual Stipulations).

<sup>67</sup> PGE-01, p. 2-35:10–14 (opening testimony of R. Robinson).

<sup>68</sup> *Id.* at p. 2-35:15–17.

<sup>69</sup> *Id.* at pp. 3B-17:12–15, 3B-19:7–15 (opening testimony of D. Erwin); *see also* CA-05-E, p. 5.

<sup>70</sup> PGE-01, p. 2-35:17–19 (opening testimony of R. Robinson).

downed wires, which required an immediate response, from non-emergency electric outages that called for a same-day response.<sup>71</sup>

PG&E's procedures also appropriately differentiated outages by requiring distribution operators to gather and evaluate information and respond accordingly.<sup>72</sup> PG&E distribution operators "are authorized to de-energize lines if determined to be appropriate based on known facts and circumstances" to ensure safe operation,<sup>73</sup> and troubleshooters are authorized to de-energize distribution lines without advance coordination with distribution operators "to protect life or property during emergencies."<sup>74</sup> Had there been an indication of an emergency or safety hazard prior to the troubleshooter's arrival on site on July 13, 2021, PG&E personnel would have de-energized the circuit.<sup>75</sup> But as demonstrated by undisputed record evidence, there was no such indication.<sup>76</sup>

**B. The Factors Beyond PG&E's Control That Enabled the Dixie Fire to Spread Out of Control as Acknowledged by Cal Advocates Independently Support Full Cost Recovery**

Cal Advocates recognizes that external factors "bear on the allocation of costs" under Section 451.1(b)<sup>77</sup> and recommends the Commission "reduce" any disallowed costs "to the extent PG&E substantiates, on this record, factors beyond its control that exacerbated the costs."<sup>78</sup> Thus, even under Cal Advocates' unsupported view that the Commission should find some imprudence related to the Dixie Fire, the impact of factors beyond PG&E's control supports full cost recovery.

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<sup>71</sup> *Id.* at p. 3B-20:16–18 & n.20.

<sup>72</sup> *Id.* at pp. 2-34:30 to 2-36:3.

<sup>73</sup> *Id.* at pp. 2-34:32 to 2-35:1.

<sup>74</sup> *Id.* at p. 3B-24 n.26.

<sup>75</sup> *Id.* at pp. 2-34:32 to 2-35:1, 3B-19:26 to 3B-20:7, 3B-23 n.25.

<sup>76</sup> *See supra* Section III.A.1; PG&E Br., pp. 24–29; PGE-01, p. 3B-18:22–24 (opening testimony of R. Robinson).

<sup>77</sup> Cal Advocates Br., p. 31.

<sup>78</sup> *Id.* at p. vi.

Uncontroverted record evidence and expert analysis demonstrate that factors beyond PG&E's control thwarted the initial suppression and containment efforts and caused the fire's historic spread and destruction, enabling a relatively small fire to spread out of control and become the largest single-origin fire in California history.<sup>79</sup> Indeed, Cal Advocates affirms that "the fire's escape was driven by factors outside PG&E's control or CAL FIRE's control."<sup>80</sup> Cal Advocates further acknowledges that "a closed county bridge delayed the troubleshooter's access to the site in the afternoon of July 13, 2021," "remote and inaccessible terrain" "hindered [firefighters] in their initial suppression efforts," and "a sighting of an unmanned, unidentified drone' . . . forced air resources to be grounded during the critical early hours."<sup>81</sup> PG&E's expert concludes that, without these impediments, "all or nearly all of the Dixie Fire's claim damages could have been avoided."<sup>82</sup>

The record also establishes that extreme weather and fuel conditions drove the extraordinary spread and destruction of the Dixie Fire, which was an outlier compared to the other recorded fires in this area.<sup>83</sup> These conditions, combined with firefighter resource constraints, blunted the effectiveness of firefighting efforts.<sup>84</sup> PG&E's expert analysis shows that approximately \$1.12 billion in damages could have been avoided or substantially reduced if firing operations had been successful, including \$611 million in damages from the destruction in Greenville alone.<sup>85</sup> Cal Advocates presented no contrary evidence on these points.

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<sup>79</sup> PGE-02, pp. 4-37:4 to 4-70:16 (opening testimony of D. Schulte and C. Lautenberger).

<sup>80</sup> Cal Advocates Br., p. 30 (referring to Cal Fire's investigation).

<sup>81</sup> *Id.* (citing PGE-01, p. 1-10 n.17 (opening testimony of S. Singh)).

<sup>82</sup> PGE-02, p. 4-43:16–19 (opening testimony of D. Schulte). Even SBUA—which erroneously argues that certain external factors like winds and climate change should not be factored into cost recovery because they are "foreseeable"—does not challenge the significance of these external factors unique to the Dixie Fire. *See* SBUA Br., p. 4.

<sup>83</sup> PGE-02, pp. 4-43:20 to 4-46:12 & Table 4-4 (opening testimony of C. Lautenberger).

<sup>84</sup> *Id.* at pp. 4-47:1 to 4-51:7, 4-53:4 to 4-54:8, 4-56:3–4 (opening testimony of D. Schulte and C. Lautenberger).

<sup>85</sup> *Id.* at pp. 4-59:17 to 4-60:5, 4-60, Figure 4-31, and 4-61, Table 4-7 (opening testimony of C. Lautenberger). The updated analysis by PG&E's expert based on settlement data through May 31, 2026,

#### **IV. THE RECORD FULLY SUPPORTS PG&E'S REQUEST TO RECOVER ITS COSTS RELATED TO THE KINCADE FIRE**

There are two independent bases for granting cost recovery for the Kincade Fire. First, Cal Advocates has not raised serious doubt or otherwise established imprudence by PG&E, and thus the record fully supports PG&E's request to recover its costs related to the Kincade Fire. Second, factors beyond PG&E's control, including strong winds and Red Flag Warning conditions, exacerbated the damage caused by and the costs associated with the Kincade Fire, which further supports PG&E's request to recover its Kincade Fire costs even if the Commission were to find some imprudence.

##### **A. PG&E Has a Presumption of Prudence and the Record Further Demonstrates PG&E's Prudence in Relation to the Kincade Fire**

Cal Advocates fails to meaningfully engage with the record developed in this proceeding and largely ignores the parties' agreed-upon factual stipulations, which show that PG&E's conduct with respect to the Kincade Fire was prudent. Cal Advocates has not raised serious doubt or otherwise presented probative evidence of any imprudence on the part of PG&E in relation to the Kincade Fire.

##### **1. The record overwhelmingly demonstrates that PG&E prudently constructed, inspected, and maintained the subject jumper consistent with industry standards and PG&E policies**

Cal Advocates concedes that the Tower 001/006 jumper configuration "met all PG&E design criteria requirements, including with respect to wind mitigation,"<sup>86</sup> and that it did not "violate[] any specific PG&E standard, peer utility standard, industry standard, or established industry practice."<sup>87</sup> Cal Advocates nevertheless contends the configuration was so unusual that

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increased this number to approximately \$1.23 billion, with approximately \$687 million attributable to losses in the town of Greenville. PGE-03, p. 1-13:2-6 & n.46 (rebuttal testimony of S. Singh). That Greenville was destroyed *three weeks* after the Dixie Fire's ignition further underscores the fire's extraordinary intensity and spread. PGE-02, p. 4-57:3-7 (opening testimony of C. Lautenberger) (explaining that large-loss wildfires typically see the greatest structural damage within the first few hours or days of ignition).

<sup>86</sup> PGE-09, p. 2 (Kincade Factual Stipulations).

<sup>87</sup> PGE-04, p. Atch1-5 (Cal Advocates' Response to KincadeDixieAB1054\_DR\_PGE\_CalAdvocates\_004, Question 8); *see also* Cal Advocates Br., p. 37.

a reasonable utility would have conducted an engineering evaluation and failure analysis, without any known failure or identified problem to evaluate.<sup>88</sup> Cal Advocates has not presented any record evidence that other utilities in the industry refrained from using configurations similar to the subject jumper or would have conducted the specific pre-incident analysis it now demands. In addition, consistent with practice in the industry, PG&E mitigated the risk of failure through a robust inspection and maintenance program. The record demonstrates that PG&E's inspection and maintenance program was designed to detect fatigue-induced failure and in fact identified and remediated almost all issues of jumper fatigue prior to failure—as shown by the paucity of other jumper fatigue incidents in PG&E's grid. Cal Advocates has not raised serious doubt regarding the prudence of PG&E's construction, inspection, or maintenance of the subject jumper.

*Jumper Configuration.* Cal Advocates has not raised serious doubt regarding the prudence of PG&E's configuration of the subject jumper. Undisputed record evidence shows that the configuration was based on the expert judgment of experienced PG&E linemen. The crew was led by a Transmission Supervisor and Crew Foreman, each of whom had more than three decades of experience in electric line construction, inspection, and maintenance.<sup>89</sup> They determined, based on their training and experience, that the line should be reconfigured by disconnecting the jumpers on Tower 001/006 from the Geysers Units 9/10 switchyard and maintaining the jumper conductors, including the support insulators that mitigate sway, to support safe and efficient reconnection of Units 9/10 to the Geysers #9 Line in the future.<sup>90</sup> They did so because, had they not maintained the jumpers, reconnecting Units 9/10 would have required installing splices on the highly tensioned span between Towers 001/006 and 001/007, as

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<sup>88</sup> Cal Advocates Br., p. 35.

<sup>89</sup> PGE-03, pp. 3A-4:18 to 3A-5:1 (rebuttal testimony of C. Gill). The crew lead, a Transmission Supervisor, served as a senior work methods specialist for PG&E, which involved close coordination with PG&E's testing lab to investigate the cause of component failures and then develop training for personnel on work methods to prevent such failures in the future. *Id.* at p. 3A-5 n.15.

<sup>90</sup> *Id.* at pp. 3A-4:18 to 3A-5:29.

well as new conductor between those splices and Units 9/10, adding a potential failure point and making the reconstruction project far more dangerous for work crews.<sup>91</sup> Cal Advocates concedes the configuration “allow[ed] the plant to be more easily and safely reconnected in the future.”<sup>92</sup> And Cal Advocates has not identified any utility that would have performed this disconnection work in a different manner or that would not similarly rely on the professional judgment and experience of its personnel in performing line construction and maintenance.

Cal Advocates asserts that “the central imprudence of PG&E’s conduct” was that PG&E did not conduct “an engineering evaluation” of the configuration.<sup>93</sup> Nothing indicated to PG&E that such an evaluation was necessary prior to the Kincade Fire. Since the failure mechanism that ultimately manifested was not known before the fire, Cal Advocates’ position appears to be that prudence requires a utility to conduct detailed engineering analyses of every potential failure mechanism (whether known or not) on every component of every structure, including when it performs minor disconnection work.<sup>94</sup> Cal Advocates claims its recommendation is simply to “evaluat[e] a foreseeable risk” rather than “predict[] the exact failure,”<sup>95</sup> yet the latter is precisely what Cal Advocates seeks to impose as the measure of prudence. Cal Advocates states that “a reasonable utility would have recognized the need to evaluate the conductor fatigue under wind-driven vibration and attachment points under cyclic loading.”<sup>96</sup> That is the exact in-depth failure analysis PG&E’s Applied Technology Services department performed *after* the Kincade Fire once the failure mechanism manifested and became known. Cal Advocates cites no industry

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<sup>91</sup> *Id.* at p. 3A-5:11–29.

<sup>92</sup> Cal Advocates Br., p. 36; PGE-03, pp. 3A-4:18 to 3A-5:10 (rebuttal testimony of C. Gill).

<sup>93</sup> Cal Advocates Br., p. 35.

<sup>94</sup> *See id.* at pp. 36–37. Cal Advocates describes the detailed nature of the engineering evaluation that it believes should be standard before performing construction work as including “asset-specific engineering evaluation of [a configuration’s] mechanical performance (including limited restraint and increased susceptibility to wind-driven movement), fatigue life of the conductor under sustained wind loading, [and] the detectability of progressive fatigue at locations obscured from visual inspection, such as within the attachment hardware.” *Id.*

<sup>95</sup> *Id.* at p. 38.

<sup>96</sup> *Id.*

literature or other evidence suggesting that the failure stemmed from an already-identified risk or was otherwise reasonably foreseeable. Thus, the pre-fire analysis Cal Advocates now recommends would have “require[d] PG&E to predict the exact failure” before it occurred, which Cal Advocates itself concedes “[p]rudence does not require.”<sup>97</sup>

Cal Advocates’ inability to put forward evidence that other utilities in the industry either prohibited configurations similar to the subject jumper or would have conducted specific pre-incident engineering evaluations and failure analyses is telling. Cal Advocates served numerous data requests on SCE and SDG&E in this proceeding.<sup>98</sup> Rather than ask SCE and SDG&E whether they used jumper configurations similar to the subject jumper, Cal Advocates simply asserts, without support, that the configuration was so “unusual” that a reasonable utility would not have used it without an engineering evaluation.<sup>99</sup> Cal Advocates did specifically ask whether SDG&E performed “failure risk studies (for example, estimating a 10-year jumper wear-out risk),” and SDG&E responded that, like PG&E, it uses “inspections and patrols . . . to evaluate the condition of infrastructure and completes correct[ive] actions in alignment with GO95 timelines for conditions identified.”<sup>100</sup> Thus, Cal Advocates’ own record evidence contradicts its position and indicates other utilities would *not* have performed the engineering evaluation and failure analysis it now insists should be the measure of prudence. Cal Advocates’ unsupported critiques ring hollow and cannot raise serious doubt or otherwise support a conclusion that PG&E’s conduct fell outside the spectrum of reasonableness under Section 451.1(b).

*Inspections and Maintenance.* Finally, Cal Advocates has not raised serious doubt regarding the prudence of PG&E’s inspections and maintenance of the subject jumper. In fact, Cal Advocates acknowledged that the facilities associated with the Kincade Fire were regularly inspected, including by drone inspection in May 2019 and climbing inspection in February 2019,

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<sup>97</sup> *Id.* at p. 40.

<sup>98</sup> See CA-02-SA, Atchs. 13–20; PGE-04, Atchs. 3–4, 8–11, 13–14, 19–20; PGE-11.

<sup>99</sup> Cal Advocates Br., pp. 36–37.

<sup>100</sup> CA-02-SA, Atch. 18, p. 117.

and no issues were identified.<sup>101</sup> Cal Advocates’ brief ignores that concession. Cal Advocates has not identified any systemic failure to identify jumper fatigue prior to failure or identified any inspection methodology that it contends PG&E should have but did not use. Even so, Cal Advocates now criticizes PG&E because, according to Cal Advocates, PG&E’s inspections “were not designed to detect the failure mechanism” and “were not capable of identifying fatigue . . . within attachment hardware.”<sup>102</sup>

Cal Advocates’ critique of PG&E’s inspections program is flatly contradicted by the record. Cal Advocates does not contend that PG&E’s numerous and detailed inspections of Tower 001/006 in 2019 missed any visible sign that the subject jumper would fail. Among other inspections in 2019, it is undisputed that in the months before the fire the subject jumper was inspected by drone and in a climbing inspection, both of which were extensively documented with photographs of tower components, including the subject jumper.<sup>103</sup> Expert analysis of those photographs confirms that there was no visible sign that the jumper would fail. This makes sense. As Cal Advocates stipulated, “[t]he separation point was located within the solid metal shoe, which obscured the failure location prior to separation.”<sup>104</sup>

Unable to show that PG&E missed any visible sign of failure, Cal Advocates suggests that there must be a systemic flaw in PG&E’s inspections. That is flatly contradicted by the record. As detailed extensively in PG&E’s testimony (which Cal Advocates largely ignores), PG&E’s inspection methods were specifically designed to detect—and did detect—fatigue failures. For example, PG&E used infrared inspections, which can identify fatigue in areas that “are not visible to the naked eye” by identifying “hot spots” caused by temperature differentials along conductors; this method can identify “degraded connections and equipment . . . before they

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<sup>101</sup> PGE-09, p. 3 (Kincade Factual Stipulations).

<sup>102</sup> Cal Advocates Br., p. 40.

<sup>103</sup> PGE-09, p. 3 (Kincade Factual Stipulations).

<sup>104</sup> *Id.*

fail.”<sup>105</sup> PG&E’s 2019 Wildfire Safety Inspection Program (WSIP) also included climbing and drone inspections that gave inspectors a close view of the attachment hardware on the jumper.<sup>106</sup> Close visual inspections can identify fatigue requiring repair on a variety of components, such as when a conductor exhibits moderate to severe bird-caging or has significant broken stranding near its attachment hardware.<sup>107</sup> PG&E linemen were specifically directed to look for signs of such fatigue.<sup>108</sup> That these methods cannot perfectly detect fatigue within attachment hardware in every instance does not indicate any imprudence. Cal Advocates has not shown that any utility used an inspection method that PG&E failed to use that would have identified the fatigue on the subject jumper.<sup>109</sup>

Cal Advocates baselessly asserts that PG&E “failed to recognize that its inspections were insufficient” following previous wildfire incidents and “failed to make the necessary changes and take preventive measures prior to the Kincade Fire.”<sup>110</sup> Yet PG&E’s 2019 WSIP inspection program was developed in direct response to the 2018 Camp Fire and other wildfire incidents.<sup>111</sup> This revamped inspection program was informed by a detailed Failure Modes and Effects Analysis study conducted by PG&E in 2018, which studied and identified how and where electric assets were most likely to fail and the relative likelihood that those failures could lead to

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<sup>105</sup> PGE-01, p. 2-21:14–32 (opening testimony of C. Gill); *see also id.* at pp. 2-19:29 to 2-20:26.

<sup>106</sup> *Id.* at p. 2-19:19–28.

<sup>107</sup> PGE-03, p. 3A-16:13–15 (rebuttal testimony of C. Gill).

<sup>108</sup> *Id.* at pp. 3A-17:7 to 3A-18:6. PG&E’s guidance to inspectors was conservative, directing inspectors to report signs of fatigue, including bird-caging, long before they present a risk of failure. *Id.* at p. 3A-18 n.66 (“PG&E criteria are designed to identify and tag conditions for maintenance early, long before they present risk of failure. For example, Commission General Order 95, Section 44.3, requires that conductors be repaired at a safety factor of 1.33, which would require repair or replacement of a conductor in which 33 percent of strands are broken. PG&E Electric Transmission Preventive Maintenance Manual (ETPM) Table 6 requires repair at just 5 percent, far before General Order 95 identifies a risk of failure.”).

<sup>109</sup> Cal Advocates Br., pp. 40–41.

<sup>110</sup> *Id.* at pp. 44–45.

<sup>111</sup> PGE-01, p. 2-17:9–16 (opening testimony of C. Gill).

an ignition.<sup>112</sup> Based on that study, PG&E implemented WSIP, which introduced new inspection methodologies including drone inspections, expanded climbing inspections, mandatory photographic documentation, and standardized checklists specifically designed to identify the failure modes most likely to lead to ignition.<sup>113</sup> The subject jumper was repeatedly inspected in 2019 under PG&E's new, industry-leading WSIP.

Contrary to Cal Advocates' assertions that these inspection methods are inadequate to identify potential failures, the undisputed record shows that the 2019 WSIP inspections identified approximately 62,000 repairs on PG&E transmission assets, including more than 1,000 conditions requiring immediate attention and more than 10,000 conditions requiring expedited attention.<sup>114</sup> Cal Advocates identifies just four instances over a 15-year period in which a jumper failed at or near a connection point on PG&E's system, all from before PG&E's WSIP.<sup>115</sup> Such a small number of failures over PG&E's more than 18,000 circuit miles of electric transmission lines indicates that PG&E's robust inspection and maintenance program identifies and remediates almost all such failures before they occur.<sup>116</sup>

On this record, Cal Advocates has not raised serious doubt or otherwise presented undisputed evidence of any imprudence regarding PG&E's construction, inspection, and maintenance of the jumper.

**2. Cal Advocates has identified only a single “breakdown in execution” of PG&E’s idle facilities standard, which cannot raise serious doubt**

As Cal Advocates concedes, at the time of the fire, PG&E had “an established process for identifying and managing idle transmission facilities.”<sup>117</sup> Cal Advocates has not identified any

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<sup>112</sup> *Id.* at p. 2-17:19–21.

<sup>113</sup> *Id.* at p. 2-17:9–13, 17–19.

<sup>114</sup> *Id.* at pp. 2-17:30 to 2-18:6.

<sup>115</sup> PG&E Br., pp. 35–36.

<sup>116</sup> *Id.*

<sup>117</sup> Cal Advocates Br., p. 41; PGE-09, p. 1 (Kincade Factual Stipulations) (“PG&E had a formal standard for identifying and managing idle transmission facilities.”).

inadequacies in PG&E’s written standard, which met or exceeded regulatory requirements and was consistent with practices in the industry.<sup>118</sup> Cal Advocates further acknowledges that PG&E personnel were actively implementing its idle facilities standard in the years before the fire<sup>119</sup> and had identified and investigated “seventy-two potentially idle transmission facilities” as of October 2019<sup>120</sup>—all actions demonstrating PG&E’s prudence.

Thus, Cal Advocates’ basis for arguing imprudence reduces to the claim that PG&E must have been imprudent because, in this one instance, PG&E did not identify the last three spans of the Geysers #9 Line as “idle” under its policy.<sup>121</sup> This single alleged failure cannot cast reasonable doubt—let alone serious doubt—on PG&E’s conduct. As Cal Advocates impliedly concedes, it has found *no other instance* in which PG&E purportedly failed to identify and investigate a potentially idle transmission facility<sup>122</sup>—and, instead, found dozens of instances in which PG&E *did* identify such facilities consistent with its policy.<sup>123</sup> This is, then, a paradigmatic example of a single “breakdown in execution.”<sup>124</sup> Precedent supports that an isolated mistake cannot establish serious doubt about a utility’s prudence.<sup>125</sup>

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<sup>118</sup> PG&E Br., p. 39.

<sup>119</sup> Cal Advocates Br., p. 41 (describing the work of “PG&E’s Transmission Line Asset Strategy (TLAS) group”).

<sup>120</sup> *Id.* at pp. 41–42.

<sup>121</sup> *Id.* at p. 42 (arguing PG&E was imprudent because its “procedure failed to identify an energized facility that had served no operational purpose for more than a decade”).

<sup>122</sup> Instead of identifying other allegedly “missed” idle facilities, Cal Advocates’ brief discusses another purportedly similar set of transmission spans that *were* identified by PG&E as potentially idle, *see id.* at pp. 42–43 (discussing the Penn Zier Tap)—which further supports that, with the exception of the Geysers #9 spans, PG&E’s standard worked to identify and investigate potentially idle facilities.

<sup>123</sup> *Id.* at pp. 41–42 (acknowledging that “[a]t the time of the Kincade Fire, [the TLAS] spreadsheet contained seventy-two potentially idle transmission facilities”).

<sup>124</sup> PG&E Br., p. 41.

<sup>125</sup> PGE-01, p. 1-26:9–10 & nn.92, 95 (opening testimony of S. Singh) (citing *Pac. Gas & Elec. Co.* (2020) 173 FERC ¶ 61,045, P 180 (Initial Decision) (“[A]ny mistakes made by PG&E in developing this significant transmission project ‘do not constitute the kind of mismanagement that should raise serious doubts about the prudence of their expenditures.’”)); *see also San Diego Gas & Elec. Co.* (2014) 146 FERC ¶ 63,017, PP 55–56 (concluding that one regulatory violation was “insufficient to cast serious doubt” and noting that “utilities are not expected to be infallible”).

Cal Advocates’ transparent attempt to turn this single instance into a “persistent failure . . . for nearly 5,000 days”<sup>126</sup> does not withstand scrutiny, particularly when it fails to engage with the unique characteristics of the last three spans of the Geysers #9 Line. Most notably, as part of these proceedings, Cal Advocates has stipulated that “Calpine never provided formal notice of termination under the GSFA [Generator Special Facilities Agreement] related to Units 9/10”—a necessary precursor to removing the relevant interconnection facilities—“and continued to pay for interconnection service” for Units 9/10 at the time of the Kincade Fire.<sup>127</sup> Yet nowhere in its brief does Cal Advocates contend with the import of this stipulated fact: PG&E had an ongoing contractual obligation under tariff to provide interconnection service for Geysers Units 9/10 via the Geysers #9 spans.<sup>128</sup> Instead, Cal Advocates complains that PG&E allowed the at-issue spans to remain in place “for over a decade despite serving no operational function”<sup>129</sup>—ignoring that doing so was required under the GSFA.

Finally, Cal Advocates has not shown that any other utility would have addressed the Geysers #9 spans differently than PG&E, let alone that PG&E fell outside the spectrum of reasonableness under Section 451.1(b). As part of these proceedings, Cal Advocates served extensive data requests on SCE and SDG&E about their policies for idle transmission facilities.<sup>130</sup> Yet Cal Advocates did not ask whether SCE or SDG&E would have de-energized

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<sup>126</sup> Cal Advocates Br., p. 43.

<sup>127</sup> PGE-09, p. 2 (Kincade Factual Stipulations).

<sup>128</sup> PGE-03, pp. 3A-8:8–11, 3A-24:6–12 (rebuttal testimony of C. Gill).

<sup>129</sup> Cal Advocates Br., p. 43 (arguing this shows a “persistent failure of PG&E’s [idle facilities] process to perform its intended function each and every day for nearly 5,000 days”). Cal Advocates also questions PG&E’s prudence based on its ACO with SED, under which PG&E agreed to remove certain abandoned transmission facilities. *See id.* This argument is irrelevant because, as Cal Advocates has already stipulated, the Geysers #9 spans were never identified as potentially idle, *see* PGE-09, p. 2 (Kincade Factual Stipulations) (“The subject spans were not identified as potentially idle prior to the Kincade Fire . . .”), a necessary first step in PG&E’s process before PG&E could investigate whether the spans needed to be removed, *see* PGE-01, p. 2-13:9–30 (opening testimony of C. Gill). Moreover, the ACO explicitly stated that it is not admissible as evidence of fault or liability in any Commission proceeding, such as this one. PGE-01, p. 1-34:13–19 (opening testimony of S. Singh) (citing Kincade Settlement Agreement, p. 7); *see also* Resolution SED-6 (Dec. 2, 2021).

<sup>130</sup> PG&E Br., p. 42 n.228.

or removed spans in the unique circumstances presented by the Geysers #9 spans. The responses that SCE and SDG&E did provide suggest that those utilities did not have a clear policy for a situation, like this one, in which a generator customer had gone offline but had not terminated the relevant interconnection agreement, and do not establish that they would have done anything differently than PG&E.<sup>131</sup>

On this record, Cal Advocates has not raised serious doubt or otherwise presented undisputed evidence of any imprudence by PG&E.

### **3. Cal Advocates' critiques fail to undermine PG&E's industry-leading PSPS program and are belied by the record**

Cal Advocates' brief begins from the mistaken premise that PG&E did not adapt its PSPS program to recognize the risk of ignition from transmission lines following the 2018 Camp Fire and other wildfires.<sup>132</sup> This is belied by the undisputed record. The parties' agreed-upon factual stipulations establish that in late 2018 after the Camp Fire, PG&E expanded its PSPS program to include *all* transmission lines traversing Tier 2 and 3 HFTDs (rather than only facilities up to 70kV).<sup>133</sup> And PG&E established comprehensive, nuanced criteria in designing its 2019 transmission PSPS criteria.<sup>134</sup> Cal Advocates does not specify any perceived deficiency with PG&E's criteria or identify alternative criteria that another utility used but PG&E did not.<sup>135</sup> Nor could it: Cal Advocates has conceded that pursuant to the new, expanded PSPS program, "PG&E de-energized more high voltage transmission lines than its peer utilities" in 2019.<sup>136</sup>

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<sup>131</sup> PG&E Br., pp. 42–43. Both utilities confirmed that they "did not have a standardized checklist requiring evaluation of upstream [transmission line] segments" when "a generating facility disconnected from the grid." See PGE-04, p. Atch8-1 (SCE's Response to CalAdvocates-SCE-A2511001-005, Question 2(a)); CA-02-SA, p. 116 (CALPA-SDGE-A2511001-005, Question 2(a)).

<sup>132</sup> Cal Advocates Br., p. 45 ("PG&E . . . failed to make the necessary changes and take preventative measures prior to the Kincade Fire.").

<sup>133</sup> PGE-09, p. 3 (Kincade Factual Stipulations).

<sup>134</sup> PGE-03, pp. 3A-31:9 to 3A-32:10 (rebuttal testimony of S. Holder); *see also* PGE-09, p. 4 (Kincade Factual Stipulations) (recognizing PG&E's "multi-factor PSPS protocol" "[a]t the time of the Kincade Fire").

<sup>135</sup> Cal Advocates Br., p. 45.

<sup>136</sup> PGE-09, p. 3 (Kincade Factual Stipulations).

Indeed, it is undisputed that PG&E temporarily de-energized 292 transmission lines for PSPS in 2019 alone; SCE and SDG&E combined de-energized *just nine*.<sup>137</sup> No other utility in the industry had more “expansive” 2019 transmission PSPS criteria than PG&E.<sup>138</sup> Thus, PG&E did exactly what Cal Advocates asserts “a reasonable utility would have” done: “design[] expansive and nuanced PSPS criteria to adequately address transmission-line wildfire ignition risk through de-energization.”<sup>139</sup>

It also remains undisputed that PG&E appropriately executed its transmission PSPS protocol on October 23, 2019. Cal Advocates concedes that the Geysers #9 Line was not de-energized because it “did not meet the criteria for de-energization under PG&E’s transmission PSPS protocol.”<sup>140</sup> Cal Advocates also has not shown that any other utility would have de-energized the Geysers #9 Line under the circumstances. Thus, Cal Advocates has not raised serious doubt concerning PG&E’s prudence, and the record conclusively supports prudence with respect to the October 23, 2019 PSPS event.

**B. PG&E’s Uncontroverted Showing on the Impact of Winds Supports Cost Recovery Even if There Were a Finding of Some Imprudence**

Cal Advocates concedes that recovery from customers is appropriate in light of factors beyond PG&E’s control that exacerbated the costs of the fire with respect to the Dixie Fire. The same legal basis and logic support the recovery of costs for the Kincade Fire based on PG&E’s

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<sup>137</sup> PGE-03, p. 3A-31:3–8 & n.129 (rebuttal testimony of S. Holder).

<sup>138</sup> In fact, while PG&E de-energized 29 230 kV transmission lines in 2019, neither SCE nor SDG&E de-energized any 230 kV or above lines in 2019. *Id.* at p. 3A-31:5–7 & n.128.

<sup>139</sup> Cal Advocates Br., pp. 44–46.

<sup>140</sup> PGE-09, p. 4 (Kincade Factual Stipulations). Cal Advocates notes that PG&E’s Operability Assessment risk model assessed the risk of an ignition on the Geysers #9 line as “near zero.” Cal Advocates Br., p. 46. Yet Cal Advocates has not provided any evidence to demonstrate unreasonableness based on the information available at the time. Indeed, it is undisputed that “[i]n 2019, transmission PSPS was a new and evolving frontier.” PGE-03, p. 3A-28:21 (rebuttal testimony of S. Holder). No investor-owned utility had a transmission PSPS program prior to 2018, and the Commission’s initial transmission PSPS guidelines were adopted only in May 2019. *Id.* at pp. 3A-28:21 to 3A-29:2, 3A-31 n.128.

undisputed expert testimony, which demonstrates that nearly all of the damage from the Kincade Fire was due to the uncontrollable impact of winds.

Section 451.1 explicitly identifies “winds” as a factor “beyond the utility’s control” that “may have exacerbated the costs and expenses” of a fire.<sup>141</sup> As set forth in PG&E’s expert testimony, the Kincade Fire ignited during a wind event that spanned from October 23 to October 24, 2019,<sup>142</sup> followed by a second wind event that spanned from October 26 to October 28, 2019.<sup>143</sup> The vast majority of the fire’s footprint burned during these days,<sup>144</sup> and Red Flag Warnings were in effect during both events.<sup>145</sup> Uncontroverted expert analysis shows that approximately \$741 million in claims costs, or around 63 percent of the total damages incurred, was attributable to the second extreme wind event alone.<sup>146</sup> And without the first extreme wind event, the fire would have stayed contained within an area of approximately 1,400 acres within the first 24 hours and suppression could have avoided nearly all of the damage.<sup>147</sup> Thus, undisputed evidence demonstrates that, absent these extreme conditions, the damage costs from the fire would have been significantly reduced or avoided.<sup>148</sup>

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<sup>141</sup> Pub. Util. Code § 451.1(b).

<sup>142</sup> PGE-02, p. 4-25:3–4 (opening testimony of C. Lautenberger).

<sup>143</sup> *Id.* at p. 4-25:4–6.

<sup>144</sup> *Id.* at p. 4-25:1–2; *see also id.* at p. 4-14:5–12 (opening testimony of L. Westerling) (explaining that fire growth during the five days with the driest and windiest conditions accounted for more than 80 percent of the total Kincade Fire acreage).

<sup>145</sup> *Id.* at p. 4-25:6–7 (opening testimony of C. Lautenberger).

<sup>146</sup> *Id.* at pp. 4-36:1 to 4-37:3. The updated analysis by PG&E’s expert based on settlement data through May 31, 2026, increased this number to approximately \$750 million. PGE-03, p. 1-12:24–28 & n.45 (rebuttal testimony of S. Singh).

<sup>147</sup> PGE-02, p. 4-34:15–19 (opening testimony of C. Lautenberger).

<sup>148</sup> *Id.* at pp. 4-34:7 to 4-37:3.

**V. NO PARTY DISPUTES THE REASONABLENESS OF PG&E’S WEMA AND CEMA COSTS**

Neither Cal Advocates nor SBUA disputes the reasonableness of the amount of PG&E’s WEMA and CEMA costs.<sup>149</sup> PG&E has demonstrated that the settlement and litigation costs recorded in its WEMA are reasonable and that its CEMA costs are incremental and reasonable.<sup>150</sup> Cal Advocates specifically recognizes that the CEMA costs are “entirely incremental,”<sup>151</sup> and no party disputes the long-term customer value of the repaired facilities. Accordingly, the Commission should find these costs just and reasonable.

**VI. NO PARTY DISPUTES THE REASONABLENESS OF PG&E’S COST RECOVERY PROPOSALS**

Neither Cal Advocates nor SBUA disputes the reasonableness of PG&E’s cost recovery proposals, including the Tier 2 advice letter process to address trailing costs related to the Kincade and Dixie Fires, and thus the Commission should adopt them. As described in PG&E’s opening brief, PG&E proposes to recover the vast majority of its incremental costs—approximately \$1.37 billion of WEMA electric costs—through securitization.<sup>152</sup> SBUA affirms that “securitization is a better approach to manage rate shock.”<sup>153</sup> While SBUA is correct that PG&E plans to file a separate financing order application for securitization of the WEMA electric costs eligible for securitization under Section 850 *et seq.*,<sup>154</sup> SBUA wrongly suggests that it is “premature to address rate recovery in this proceeding.”<sup>155</sup> The Application specifically requests that the Commission authorize normal course rate recovery for the WEMA gas costs and CEMA costs since they are not part of PG&E’s securitization proposal, and the Commission

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<sup>149</sup> See generally PGE-02, Chapter 5 (opening testimony of W. Manheim); PGE-06, pp. 1–6 (PG&E’s Further Cost Update Dated August 13, 2026).

<sup>150</sup> See *id.*

<sup>151</sup> Cal Advocates Br., pp. 9, 19, 32.

<sup>152</sup> PG&E Br., p. 56. WEMA electric costs are eligible for securitization under Section 850 *et seq.*

<sup>153</sup> SBUA Br., p. 6.

<sup>154</sup> *Id.* at p. 7.

<sup>155</sup> *Id.*

should do so in this proceeding. No party has rebutted PG&E's showing that normal course rate recovery is the appropriate means of recovering these costs.<sup>156</sup> In addition, the Commission should adopt PG&E's proposed Tier 2 advice letter process for review and approval of its trailing WEMA and CEMA costs not included in Exhibit PGE-06, which no party contests.<sup>157</sup>

Further, the Commission should authorize PG&E to retain all claims costs paid or eligible to be paid by the Wildfire Fund. As described in Section II.C, PG&E and Cal Advocates are aligned that the Commission can and should prioritize recovery from the Fund, which has no incremental customer impact. With respect to the Dixie Fire, Cal Advocates recognizes there should be no reimbursement to the Fund absent a Commission "find[ing] that specified Fund-reimbursed costs were not just and reasonable," which caveat does not apply on this record.<sup>158</sup> With respect to the Kincade Fire, while Cal Advocates erroneously suggests PG&E should be required to reimburse the Fund because PG&E should not recover any costs related to that fire,<sup>159</sup> that position is untenable under the AB 1054 framework and the record evidence supporting cost recovery for the Kincade Fire.<sup>160</sup> Thus, the Commission should authorize PG&E to retain Fund payments for eligible claims paid or to be paid related to the Kincade Fire.<sup>161</sup>

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<sup>156</sup> See generally PGE-07.

<sup>157</sup> PG&E Br., p. 58. As explained in PG&E's opening brief, this proposal is consistent with the Commission's approval of a Tier 2 advice letter process for trailing claims in prior wildfire cost recovery proceedings. *Id.* & n.343.

<sup>158</sup> Cal Advocates Br., p. 48; see *supra* Section II.C.

<sup>159</sup> Cal Advocates Br., p. 47.

<sup>160</sup> See *supra* Section IV.

<sup>161</sup> See *supra* Section II.C.

## VII. CONCLUSION

Based upon the foregoing, and the evidence in the record, PG&E respectfully requests that the Commission grant the Application and authorize PG&E to recover its costs related to the 2019 Kincade Fire and 2021 Dixie Fire.

Respectfully submitted,

*/s/ Joel B. Crane*

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