

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



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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. (39 M.)

Application No. 25-11-001
(Filed November 14, 2025)

SMALL BUSINESS UTILITY ADVOCATES' REPLY BRIEF



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I. INTRODUCTION

In accordance with Rule 13.12 of the California Public Utilities Commission's (Commission) *Rules of Practice and Procedure* and the Administrative Law Judge's *Email Ruling Taking Evidentiary Hearings Off Calendar and Setting Procedural Requirements and Modifications* of August 17, 2026, Small Business Utility Advocates (SBUA) submits this reply brief regarding the *Application of Pacific Gas & Electric Company* (PG&E) to recover costs recorded in its Wildfire Expense Memorandum Account and Catastrophic Event Memorandum Account in connection with the 2019 Kincade Fire and the 2021 Dixie Fire.

II. ARGUMENT IN REPLY TO CAL ADVOCATES AND PG&E'S BRIEFS

A. Cal Advocates' Testimony and Argument Demonstrated Serious Doubt About the Prudence of PG&E's Conduct

In its Opening Brief, Cal Advocates correctly and thoroughly describes the legal background and context of reasonableness review under Section 451.1. To rebut the presumption of reasonableness that PG&E is entitled to due to possessing a safety certification at the time of the fires, opponents must raise a "serious doubt as to the reasonableness of the electrical corporation's conduct."¹ The threshold of "serious doubt" is below the level of evidence a party

¹ Pub. Util. Code § 451.1(c).

must show to ultimately rebut a utility's claim of meeting its reasonableness burden by a preponderance of the evidence.

The serious doubt standard appears similar to the "fair argument" test applied by California courts to determine the need for an agency to prepare an environmental impact report to assess potentially-significant environmental effects under the California Environmental Quality Act (CEQA). There, fair argument, is equated with "substantial evidence," which is a traditional administrative law standard. Substantial evidence exists "even though other conclusions might also be reached."² As in CEQA, which is a procedural statute for informed decision-making, the Commission's first step is

to see if the record shows substantial evidence of *a fair argument* that there may be a significant effect. In other words, the agency is not to weigh the evidence to come to its own conclusion about whether there will be a significant effect. It is merely supposed to inquire, *as a matter of law*, whether the record reveals a fair argument. It *does not resolve conflicts in the evidence* but determines only whether substantial evidence exists in the record to support the prescribed fair argument.³

As Cal Advocate shows, and SBUA's brief discussion below, the record clearly presents the Commission with a serious doubt as to the reasonableness of PG&E's conduct concerning both fires.

B. PG&E's Imprudence Caused the Kincade and Dixie Fires

1. Kincade Fire (October 23, 2019): PG&E Failed to Ensure that the Geysers #9 Line was Maintained in a Safe Configuration

Cal Advocates is correct that the critical issue whether PG&E imprudently ignited the Kincade Fire by allowing "an energized unconventional jumper configuration for more than

² 14 CCR 14 § 15384(a).

³ *Berkeley Hillside Preservation v. City of Berkeley* (2015) 60 Cal.4th 1086, 1104 (internal citations and punctuation omitted) (emphasis in original).

thirteen years in a Tier 3 HFTD without establishing through an engineering evaluation that the configuration could safely withstand the conditions to which PG&E subjected it.”⁴

SBUA concurs that a utility has an affirmative duty to ascertain that the configuration of its equipment will be safe. Cal Fire’s Sawmill Fire investigation report, provided to PG&E in March 2018, identified the risk of low-cycle fatigue.⁵ PG&E was on notice of the need to exercise competent engineering judgement to ask the questions that would have led to appropriate precautions.⁶ When an energized line fails, ignited a conflagration, a utility may not shift the burden to opponents to identify the violation of a specific standard applicable to this unusual circumstance.⁷ “Compliance with minimum standards or approved procedures does not automatically establish prudence.”⁸

SBUA also concurs that PG&E acted imprudently in failing to de-energize the Geysers #9 high voltage transmission line in extreme wind conditions when it did not serve any customers.⁹ If the Commission agrees with Cal Advocates that its PSPS decision-making was imprudent, then the factors that triggered the need for PSPS should not then be used to limit its responsibility as factors beyond PG&E’s control (see discussion in part (C)(1) below).

2. Dixie Fire (July 13, 2021): PG&E Should Have De-Energized the Third-Phase of its Circuit Pending Confirmation that it was Not Impacted by Whatever Triggered Fuses on the Other Two Phases

⁴ Cal Advocates Opening Brief at 35.

⁵ Id. at 33.

⁶ Id. at 39, 44.

⁷ Id. at 38.

⁸ Proposed Decision Authorizing Liberty Utilities to Recovery of Costs Related to the 2020 Mountain View Fire, A.25-06-017, p.36 (June 22, 2026), *available at* <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M609/K173/609173512.PDF>.

⁹ Cal Advocates Opening Brief at 45.

The Dixie Fire prudence analysis can be distilled to a fairly simple issue: Did PG&E act imprudently when fuses for two out of three phases of a high fire hazard circuit were tripped due to phase-to-phase faults, PG&E could not determine the cause of the phase-to-phase fault that tripped the fuses and knew a high-impedance fault would not trigger the fuse on the third phase or the automatic reclosures, yet decided not to de-energize the third phase from its control center for over 10 hours while PG&E faced various problems locating the fault even though only four downstream users were served by the circuit? SBUA agrees with Cal Advocates PG&E's failure to de-energize was unreasonable.

Cal Advocates lists obvious risk factors: "a Tier 2 HFTD, the middle of a fire season, a remote canyon corridor with seven major wildfires in the preceding two decades – including the Camp Fire, ignited within 10 miles less than three years earlier[.]"¹⁰ Cal Fire reported: "It is common and historic knowledge that the Highway 70 corridor is known for extreme fire danger and poor access. . . It is also common knowledge that the month of July in Butte County and surrounding areas is peak fire season[.]"¹¹ The Safety and Enforcement Division's (SED) investigation concluded: "Had PG&E responded to the alarm in a reasonably prompt manner, considering the extreme fire danger, poor access, and history of previous wildfires, the Dixie Fire could have been prevented."¹²

Prior to the fire, PG&E ranked the affected circuit as the 11th most hazardous circuit out of 3,635 circuits for probability of ignition from equipment failure, placing it in the top 1/3 of 1% of circuits, and 568 out of 3074 ranked circuits, or in the top 19%, in terms of probability of ignition

¹⁰ Id. at 27.

¹¹ SED Report at 45.

¹² Id.

from vegetation contact, which is what caused the Dixie Fire.¹³ PG&E should have had a low threshold for proactive de-energization.

Notably, de-energization likely would not have impact any customers because some had already lost power for unrelated reasons and one possessed battery backup.¹⁴ Even if PG&E did not know the status of all four users at the time of the fire, if it was a consideration in deciding whether to initiate de-energization, PG&E could have, but did not, simply called them to determine their backup capabilities and their power status.¹⁵

Cal Advocates points out that PG&E received anomalous data indicating risk of a high impedance fault.¹⁶ PG&E possessed all the information to put together a picture of an extremely dangerous developing situation.¹⁷ PG&E contends:

Many fault conditions are fully mitigated when one or two fuses on a line operate—including, for example, vegetation or balloon contact with a single phase, an animal or a branch connecting two phases, or line-to-line contact between two phases.¹⁸

However, these example occurrences do not establish that two out of three phases tripping is *evidence of a safe situation* when PG&E was unable to verify the cause of the fuses tripping.

PG&E’s troubleshooters had an obscured view from a distance due to a closed bridge.¹⁹ The troubleshooter could not see what caused the phases to trip. It is not correct to conclude that “everything appeared normal.”²⁰ To the contrary, PG&E should have treated it as high-risk

¹³ Resolution SED-8, Jan. 25, 2024, Attachment B, SED Report at 45; *see also* Cal Advocates Opening Brief at 21.

¹⁴ *See* Cal Advocates Opening Brief at 24 (Fig. 1).

¹⁵ *Id.* at 25.

¹⁶ *Id.* at 28-29, 25 fn. 124.

¹⁷ *Id.* at 29.

¹⁸ PG&E Opening Brief at 28.

¹⁹ *Id.* at 25.

²⁰ *Id.* at 26.

scenario where a likely line contact (a potentially-dangerous event) had occurred, with no ability to confirm that the open phase was not impacted.

SED's investigations and findings, approved by the Commission in Resolution SED-8, also provided bases for liability, such as failure to identify and remediate the hazardous 65-foot-tall Douglas Fir that fell on the line and failure to access the site location.²¹

C. The Commission Should Not Reduce PG&E's Responsibility for Costs Caused by Foreseeable Factors that are Beyond its Control but in Response to Which it Could have Taken Precautions to Prevent their Harmful Impact

Section 451.1(b) states:

Costs 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.

The word "may" means the Commission can choose, but is not required, to reduce responsibility due to factors outside of PG&E's control. It is bad policy and creates inappropriate incentives to reduce a utility's responsibility due to factors that were foreseeable and themselves reflect known risks that should have motivated the utility to take additional precautions that could have prevented the wildfire. SBUA concurs with Cal Advocates that the authorization in Section 451.1(b) to adjust liability is not novel and "is consistent with prior practice because the Commission has always been able to weigh aggravating and mitigating circumstances."²²

Cal Advocates' Opening Brief includes a page detailing factors outside of PG&E's control that contributed to the severity of the fires.²³ Cal Advocates takes the position that "To the extent that factors beyond PG&E's control substantially contributed to the Dixie Fire's spread and losses,

²¹ See Cal Advocates Opening Brief at 19-22.

²² Id. at 8.

²³ Id. at 30.

Cal Advocates does not recommend requiring shareholders to reimburse the Fund.”²⁴ However, the lack of control is not alone a sufficient basis for limiting PG&E’s liability. Cal Advocates presents a middle ground by contending that the Commission reduce PG&E’s share of responsibility “only to the extent PG&E carries its burden of substantiating, on this record, the genuinely external factors.”²⁵ Unfortunately, Cal Advocates does not explain what is meant by “genuinely external.” Nor does it take a clear stand on whether or not the record would support a conclusion favoring PG&E.

SBUA interprets “genuinely external factors” to mean factors that PG&E did not need to consider when deciding on the level of caution it should exercise to prevent ignition under the circumstances. If “genuinely external factors” are merely factors over which PG&E in fact lacked control, SBUA disagrees that this test is sufficient to justify a reduction. SBUA also does not concur that further analysis is needed.

As explained in SBUA’s Opening Brief, even genuinely external factors should not reduce responsibility if these are the same factors that put PG&E on notice of the need for heightened care in the first place.²⁶ PG&E should have, in advance, adjusted its conduct in light of these known risks. The Commission retains wide discretion and should avoid creating perverse incentives by reducing responsibility in response to foreseeable external, risks to which a utility failed to prepare.

1. The Risk of High Winds that would Propel a Wildfire was a Factor that PG&E Should have Considered as a Basis to De-Energize the Circuit and Prevent Ignition

²⁴ Id. at vi.

²⁵ Id. at 31.

²⁶ SBUA Opening Brief at 5-6.

The Kincade Fire ignited during a period of high winds with gusts up to 50 miles per hour.²⁷ PG&E explains that the fire spread was significantly exacerbated by increasing windspeeds after ignition and further extreme windspeeds three and four days later.²⁸ PG&E presents pages of testimony with models of various wind levels to demonstrate that had wind speeds been lower, the Kincade Fire would not have spread quickly, in addition to more aerial assets being able to safely and effectively deploy against it.²⁹ On its own, this information is meaningless. Conspicuously, PG&E offers no testimony about the conditional probability or forecasting of winds of the observed magnitude given the conditions PG&E aware of at the time declined to initiate a PSPS.³⁰ PG&E stood up its emergency operations center in the days before the Kincade Fire in response to forecasts of dangerous winds.³¹ If increasing winds were an expected occurrence in the coming days, then it is not appropriate to reduce PG&E's responsibility specifically because a foreseeable risk, which Cal Advocates and SBUA contends PG&E should have responded to with de-energization, materialized.

2. PG&E Fails to Justify or Quantify the Impact of One Lost Hour of Aerial Suppression on the Dixie Fire Spread

PG&E argues that “a closed bridge, and an unauthorized drone sighting materially hampered the critical initial fire suppression” the Dixie Fire.³² SBUA questions the propriety of factoring in the closed bridge because this impediment also delayed PG&E's troubleshooters from accessing the area, which meant that PG&E was aware that if the third phase was delivering current

²⁷ PG&E-01, 3A-Atch01-15; *see also* p.4-28.

²⁸ *Id.* at 4-28; *see also* PG&E Opening Brief at 49-50.

²⁹ PG&E-01 at 4-29 to 4-36.

³⁰ SBUA Opening Brief at 6.

³¹ PG&E-01 at 3A-13.

³² PG&E Opening Brief at 45

to dry vegetation (the dangerous potential development that motivated PG&E to attempt to investigate the circuit), the resulting fire would be inaccessible to ground crews. While the closure was out of PG&E's control, it was known to PG&E and should have been considered as a factor in favor of de-energization.

Unexpected drone intrusion is a valid category of event for reducing responsibility but PG&E provides insufficient data to quantify any reduction. For the first several hours, a closed bridge prevented firefighting vehicles from reaching the Dixie Fire so a ground crews on foot sought to suppress it without tankers or fire hoses.³³ Even with this limitation, those firefighters were able to keep the fire spread to two acres with the assistance of fire suppression aircraft that arrived on site within 30 minutes.³⁴ Then, approximately, an hour before sunset, CalFire grounded aerial suppression assets due to the sighting of an unidentified drone. PG&E claims: "The lost hour of additional aerial suppression due to the drone sighting could have doubled the amount of retardant dropped on the fire."³⁵ This contention is not verified. More importantly, the implications of drone intrusion are not demonstrated in the record.

PG&E reports that at "the time of the Dixie Fire, Cal Fire's standard practice was to ground air support thirty minutes after sunset."³⁶ Without air support, the fire grew to 60 acres overnight and then exploded in size over the next two days.³⁷ While PG&E does state the truism that had fire engines and air assets been able to extinguish the fire, it would not have grown out of control,³⁸

³³ Id. at 47.

³⁴ Id.

³⁵ PG&E-01 at 4-42.

³⁶ Id. at 4-43.

³⁷ Id.

³⁸ Id. at 4-43, ln. 16-19.

PG&E does not directly contend, nor establish, that *but for the bridge closure and drone sighting*, sufficient assets would have been deployed to extinguish the fire before nightfall.

PG&E allowed the high impedance fault to remain energized for 10 hours with the result that the ignition occurred in the late afternoon. Before sunset, engines had reached the fire but nighttime firefighting is challenging. The limitations on firefighting capabilities and technologies in 2021 is not a valid external factor that limits PG&E's responsibility. Even if flights had not been grounded an hour early, there is a strong likelihood that the fire would have gotten out of control anyway overnight due to Cal Fire's nighttime flight safety policy. PG&E fails to provide the Commission factual information from which it can quantify any cost reduction in light of the drone intrusion.

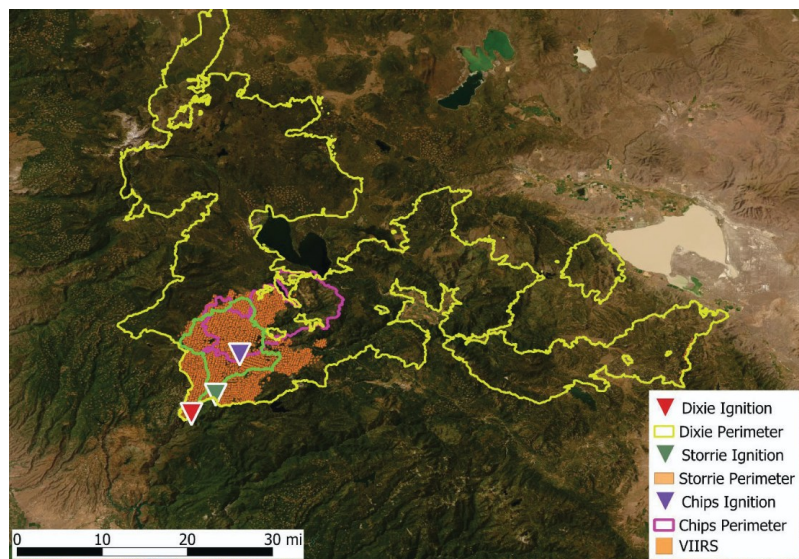
3. The Dixie Fire Spread Out of Control Due to Well-Known Factors that Should Not Reduce PG&E Responsibility

In contrast with the unexpected drone issue, contending that “extreme drought and fuel conditions and other external factors caused the fire to generate its own weather” is not a valid type of external condition that can justify reduction in responsibility.³⁹ PG&E attempts to use the fact that the 2000 Storrie Fire and 2012 Chips Fire, which each ignited in almost the exact same location, burned a much smaller footprint, as proof that the Dixie Fire was an “unprecedented” anomaly.⁴⁰ Here is PG&E's map showing the location of those fires' starting point and their spread:⁴¹

³⁹ PG&E Opening Brief at 45.

⁴⁰ PG&E-01 at 4-44.

⁴¹ Id. at 4-45.



But this history actually tells the opposite story as claimed by PG&E. PG&E acknowledges that “Less than two decades later, however, wildfires causing damage many times greater than that amount are now more common occurrence.”⁴² The multi-year drought conditions and worsening climate change impacts were well-known to PG&E. Here is the context provided in PG&E’s own Opening Brief:⁴³

The Dixie Fire ignited during an exceptionally dry and hot summer. Just two months before the fire, in May 2021, Governor Newsom declared a state of emergency due to extreme drought. These historically dry weather conditions created historic levels of dry fuel. The lack of fire history in the area, coupled with the limited fuel treatments performed on public lands in the two decades before the Dixie Fire, increased the fuel loads.

PG&E failed to take adequate precautions in the face of these immediate, dangerous conditions and two infamous fires in nearly the exact same location, one of which was, at that time, “the largest wildfire settlement in history.”⁴⁴ PG&E knew that a fire in this remote location with steep terrain would make it very difficult to combat a fire once it starts. It is entirely foreseeable

⁴² Id. at 4-44, ln 15-17.

⁴³ PG&E Opening Brief at 48.

⁴⁴ PG&E-01 at 4-44, ln.14-15.

that an ignition a location where 20 years previously the wildfire with the most expensive settlement occurred presented conditions that could generate a much worse wildfire, one that would break records and become “the largest single-origin fire in California history.”⁴⁵

PG&E explains that high wind conditions and the inability to draw on regional firefighting resources due to other, simultaneous wildfires across the western states during peak fire season, enabled the fire to jump containment lines, generating its own weather systems from heat intensity and growing to 1,000,000 acres.⁴⁶ These underlying facts are undisputed. Nor is it disputed that climate change, drought, weather, Cal Fire air deployment policies and availability of mutual aid firefighting assets are all factors beyond PG&E’s control. However, PG&E does not establish that these events were *unforeseeable* at the time that ignition occurred. The high risk of the development of precisely these worsening conditions and limitations is why PG&E was on heightened notice of a duty to de-energize its circuit when two phases had tripped and PG&E crews were unable to determine the cause of the fault. There is nothing inequitable about holding PG&E fully responsible for the Dixie Fire, and doing so is consistent with public policy considerations.

4. The Commission Must Reject Climate Change as a Basis to Reduce PG&E Responsibility

PG&E argues: “climate change exacerbated the damage caused by both fires[.]”⁴⁷ As explained in SBUA’s Opening Brief: “Climate change is the world we now live in and PG&E’s testimony only shows that these trends have been obvious well before 2019.”⁴⁸ The Commission

⁴⁵ PG&E Opening Brief at 46.

⁴⁶ Id. at 48-49.

⁴⁷ Id. at 45, 50-51.

⁴⁸ SBUA Opening Brief at 4.

must speak clearly, declaring that PG&E cannot blame a permanent and long-standing condition for its fires.

III. CONCLUSION

SBUA concurs with Cal Advocates that PG&E did not act prudently with respect to the fires. SBUA requests that, in this precedent-setting proceeding, the Commission clearly state that when a utility fails to respond protectively to prevent harm from foreseeable, external factors, the Commission will not reduce the utility's responsibility under Section 451.1(b) for costs ultimately caused by those conditions. More specifically, exacerbating fire conditions due to the impacts of global climate change is not a valid basis for seeking reduced responsibility.

Respectfully submitted,

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