BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

FILED
11/10/26
08:00 AM
A2306008

Application of Pacific Gas and Electric Company for Recovery of Recorded Expenditures in Memorandum and Balancing Accounts Related to Wildfire and Gas Safety (U39 M).	Application 23-06-008

PACIFIC GAS AND ELECTRIC COMPANY NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.4 of the California Public Utilities Commission's Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) hereby gives notice of the following ex parte communication in the above captioned proceeding.

Nika Kjensli, Chief, Regulatory Relations, PG&E, initiated the oral communication via Webex on Tuesday, November 3, 2026, at 11:30 AM, with the following persons in attendance: Amanda Singh Birmingham, Chief of Staff and Victor Smith, Deputy Chief of Staff to Commissioner Houck. Participating for PG&E: Nika Kjensli, Chief, Regulatory Relations and Andy Abranches, Vice President, Wildfire Mitigation.

SUMMARY:

At the meeting Ms. Kjensli and Mr. Abranches expressed their appreciation of the proposed decision (PD), which recognizes that PG&E's wildfire mitigation work was necessary for public safety, compelled by new legislation, and was performed under extraordinary operational conditions, and the PD appropriately authorizes recovery for a substantial majority of the wildfire mitigation costs at issue. Likewise, the PD rejects some of the more extreme recommendations suggested by parties. Mr. Abranches explained two limited issues where minor

modifications would ensure that ongoing wildfire mitigation work can continue to be supported and financially feasible and would help ensure rate smoothing efforts for customers can be realized in 2027. He noted that the PD's permanent treatment for capital disallowance should be limited to a specific timeframe instead of the entire life of the asset, which has a negative impact on ongoing wildfire mitigation work and is not supported by the PD's findings. Mr. Abranches also recommended that the PD be modified to allow PG&E to recover 2020 – 2022 costs over a 12 – 24-month period instead of a 12-month period. This minor modification to Conclusion of Law (COL) 130 is critical to ensuring that the approved costs are implemented into rates during the planned rate change in January 2027 instead of being a stand-alone rate change that is inconsistent with lower interest costs for ratepayers and PG&E's rate smoothing goals.

Ms. Kjensli emphasized the need for a final decision by the November 19th voting meeting, noting that a decision by this date should give PG&E the minimum time necessary to file the required Tier 2 Advice Letter and implement into rates by January 2027.

During the meeting, Ms. Kjensli shared a presentation which is attached to this notice.

Respectfully submitted,

/s/ Jennifer Kalafut

Jennifer Kalafut
Director, Regulatory Relations Advocacy
CPUC & OEIS Communications
Pacific Gas and Electric Company
300 Lakeside Drive
Oakland, CA 94612
Phone: 510-254-1425
E-mail: Jennifer.Kalafut@pge.com

Dated: November 6, 2026

Wildfire and Gas Safety Costs (WGSC)
Proposed Decision
Ex Parte Meeting

3

Application No. A.23-06-008 | Filed: June 2023

November 2026

PG&E Appreciates the Proposed Decision

The PD finds PG&E's work was necessitated by new legal, policy, and wildfire conditions. PG&E supports the PD's reasonableness review and seeks limited adjustments for a November 19 Decision.

SUPPORT

What PG&E Appreciates About the Proposed Decision

- ✓ **Does not adopt TURN's blanket permanent disallowance proposal** [1]

  Maintains case-specific review instead of a broad, across-the-board approach.

- ✓ **Applies the established reasonableness standard** [2]

  Does not base disallowance solely on historical wildfire safety failures.

- ✓ **Avoids duplicative ratemaking penalties** [3]

  Does not adopt TURN's request for additional penalties.

- ✓ **Acknowledges the need for wildfire mitigation work** [4]

  Supports enhanced powerline safety settings (EPSS), hardening, automation, remote grid, information technology systems, generation, data and analytics, and mapping.

- ✓ **Provides a constructive overall framework**

  The core findings and recovery framework of the PD should be retained.

REFINE

1 Remove Permanent Treatment for Capital Disallowance

Limit capital disallowances to an explicit timeframe, with remaining rate base in the 2031 GRC rather than permanently excluded.

Permanent treatment of long-lived safety infrastructure is not supported by the PD's finding of no imprudence or utility error and would increase long-term customer costs.[5]

2 Modify Conclusion of Law 130 to Benefit Customers[6]

Recovery of 2020-2022 costs over 12-24 months beginning January 1, 2027, is consistent with Commission practice, and supports affordability and rate stability.

Removal of uncertainty will avoid higher borrowing costs paid by customers[7] *and avoid stand-alone rate changes.*

Questions?

Appendix

The PD Correctly Finds PG&E's Work Was Necessitated by New Legal, Policy, and Wildfire Conditions

PG&E's Wildfire and Gas Safety Cost (WGSC) work was undertaken to comply with State law and Commission directives and to address an unparalleled wildfire threat confronting California that ramped up rapidly. In response, PG&E developed, implemented, and now maintains durable, long-term solutions that have and will continue to minimize the risk of catastrophic wildfires.

1. UNEXPECTED & RAPID CHANGING RISK LED TO NECESSARY WORK AND NEW MANDATES
2. DUE TO THE TIMING OF THE 2020 GRC FORECAST, WILDFIRE MITIGATION COSTS WERE NOT INCLUDED
3. PG&E DEVELOPED, INVESTED IN, AND MAINTAINED WILDFIRE MITIGATION ACTIVITIES OVER A SHORT TIMEFRAME. PD FOUND NO PAST IMPRUDENCE.

The investments made through the WGSC activities have removed risk from our system, made our infrastructure safer and more resilient, and paved the way for a sustainable future in which the facilities that serve our customers are better adapted to this new environment.

- In response to the Wildfire mitigation and risk landscape dramatically and rapidly changed in the mid-2010's, the California legislature enacted SB 901 and AB 1054.
- SB 901 and AB 1054 mandated wildfire mitigation work and requirements; and established an after-the-fact review process for costs associated with this work, reflecting a good-faith framework for implementing these requirements.
- Due to the unforeseen rapid change in wildfire risk and due to timing, PG&E did not have the opportunity to include wildfire mitigation costs related to SB 901 and AB 1054 in its 2020 GRC forecast.
- The reasonableness review of the costs presented in this Application should focus on decisions made during 2020-2022 work execution. **No showing of past imprudence was found.**

Therefore, the PD should be revised to remove the permanent capital disallowance treatment.

Permanent Capital Disallowances Should Be Removed

The permanent disallowances are unsupported by the record and contrary to Commission directives and state legislation. [1]

Proposed Decision	The Facts
Permanent Capital Disallowance *The PD permanently excludes **~$291M** of capital investment from rate base:* *- Pole Replacement **$119M*** *- Overhead Non-Pole **$167M*** *- Idle Facilities **$5M***	• Commission precedent **limits permanent disallowances to clear, identifiable utility errors or failures**. • The PD **does not find** that the permanently disallowed capital expenditures resulted from **utility errors or failures**, that **a prudent operator would not have done the capital work**, or that **the assets are not used and useful**. • Imposing a permanent capital disallowance **premised solely on the unit costs** for these programs would be **against the weight of Commission authority**, is **contrary to bedrock ratemaking principles**, and would **erode investor confidence and harm customers**. It is a bedrock principle of cost-of-service ratemaking that used and useful assets should be part of a utility's rate base.



57%	$167M	Overhead Non-Pole
41%	$119M	Pole Replacement
2%	$5M	Idle Facilities

Rate Implementation

Recover 2020-2022 costs over 12-24 months and complete recovery by December 31, 2028. Aligning implementation with planned rate changes is critical for preserving rate stability and flexibility.

Minor modification of Conclusion of Law 130 is critical to ensure approved WGSC Track 1 2020-2022 costs are **implemented into rates during a planned rate change in 2027**, and to **align the amortization period with a planned future rate change**.[1]

This modification would **support the Commission's key goal of rate smoothing**,[2] **avoid an unnecessary stand-alone rate change**, and is consistent with **five decades of Commission precedent** for both PG&E[3] and other IOUs.[4] Commission policy and precedent overwhelmingly support **amortization over a period not to exceed 24 months**.[5]

This approach is **routinely implemented via advice letter**, as in the February 2026 decision for the 2023 WMCE (**D.26-02-004**).[6]

Conclusion of Law 130

130. PG&E should be authorized to collect in rates over a 12-to-24 month period to end on or before December 31, 2028 any over- or under-collection of the 2020-2022 revenue requirements resulting from the ~~$1.769 billion of~~ costs approved in this decision when compared to the revenue requirement the Interim Rate Relief Decision authorized to collect in rates.

Endnotes

Slide 2 Footnotes:

[1] WGSC Proposed Decision, p. 36-37.
[2] WGSC Proposed Decision, p. 12-14, 28, 34, 35, 47-48, 51-53, 68.
[3] WGSC Proposed Decision, p. 164-166, FOF 125 and 164.
[4] WGSC Proposed Decision, p. 120-146.
[5] PG&E WGSC Proposed Decision Opening Comments, p.4-5.
[6] PG&E's suggested modification of Conclusion of Law 130 is consistent with decades of Commission precedent setting a 12-month amortization period because it mitigates cost impacts for customers. *See, e.g.*, D.26-02-004, pp. 80, 90 (ordering 12-month amortization period implemented by Tier 1 Advice Letter); D.22-11-019, p. 9 (affirming "12-month amortization period is *just and reasonable to… prevent even larger potential increases in the future due to delayed cost recovery*") (emphasis added); D.20-12-038, p. 18 (rejecting TURN amortization period of 36 months, instead adopting 12-month period to "*reduce rate volatility and increase affordability*") (emphasis added); D.83-06-007, 1983 Cal. PUC LEXIS 1043, p. *10 (adopting 12-month amortization period for sake of "stabilizing rates").
[7] PG&E WGSC Proposed Decision Opening Comments, p.14.

Slide 6 Footnotes:

[1] PG&E WGSC Proposed Decision Opening Comments, p.7.

Slide 7 Footnotes:

[1] PG&E WGSC Proposed Decision Opening Comments, p.14.
[2] D.22-11-019, p. 9 (affirming "12-month amortization period is ***just and reasonable to… prevent even larger potential increases in the future due to delayed cost recovery***," declining to adopt intervenor recommendation or 22-month amortization) (emphasis added); *see also* D.26-02-004, p. 80 (approving 12-month amortization supported by TURN and Cal Advocates as "consistent with past authorizations" for PG&E wildfire-related cost recovery).
[3] *See, e.g.*, D.83-06-007, 1983 Cal. PUC LEXIS 1043, p. *10 (adopting 12-month amortization period for sake of "stabilizing rates"); D.83-06-005, 1983 Cal. PUC LEXIS 1045, p. *8 (rejecting amortization periods shorter than 12-months to ensure PG&E "rate stability").
[4] *See, e.g.*, D.24-08-015, p. 12 (authorizing for SCE a 12-month amortization period because it "promotes timely refund of the… overcollection"); D.97-09-118, 1997 Cal. PUC LEXIS 874, pp. *2-4 (adopting 12-month authorization for SoCalGas).
[5] *See, e.g.,* D.20-12-038, p. 18 (declines to adopt TURN amortization period of 36 months, instead adopting 12-month amortization to "reduce rate volatility and increase affordability"); D.21-10-022, pp. 15-16 (rejecting PD's 36-month amortization period and instead ordering 12-month amortization); D.22-11-019, p. 9 (rejecting 22-month amortization); *see also* D.21-02-014, pp. 7-8 (adopting 22 month amortization period).
[6] 2023 WMCE Decision (D.26-02-004) Ordering Paragraph 7: "Pacific Gas and Electric Company (PG&E) shall reflect in the Tier 1 Advice Letter authorized in Ordering Paragraph 5 an amortization period of at least 12 months for operations and maintenance expense. Regarding capital expenditures, PG&E shall amortize the appropriate capital-related revenue requirement through 2026 over the same amortization period. PG&E shall seek recovery for revenue requirements for 2027 and beyond that are associated with the capital expenditures presented in this Application in its 2027-2030 general rate case, Application 25-05-009, and/or future general rate cases."