

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

Agenda ID# 23509
RESOLUTION E-5393
June 12, 2025

R E S O L U T I O N

Resolution E-5393. Agreement With Wal-Mart Real Estate Business Trust and Walmart Inc. for Relocation of PG&E's Electric Transmission and Electric Distribution Public Utility Facilities, in Accordance with Electric Rule No. 15.I.3, the Exceptional Cases Provision

PROPOSED OUTCOME:

- Approves the Tier 3 Advice Letter 7513-E filed by Pacific Gas and Electric (PG&E), which includes an agreement to relocate electric transmission and electric distribution facilities (PG&E Relocation Project) to accommodate Wal-Mart Real Estate Business Trust, a Delaware statutory trust, and
- Walmart Inc.'s, a Delaware corporation, (collectively referred to as Wal-Mart) expansion of an existing commercial retail store, fuel station and other future retail uses (Wal-Mart Project).
- Approves the agreement, referred to as the Actual Cost Contract (ACC), which memorializes the terms and conditions governing the relocation of PG&E's facilities in conflict with the Wal-Mart Project.

SAFETY CONSIDERATIONS:

- Work to relocate overhead electric utility facilities will conform to all current and applicable laws, Commission regulations, and industry and PG&E safety requirements as discussed in this Resolution and documented in the agreement.

ESTIMATED COST:

- Under the ACC, Wal-Mart is requesting to pay for the work on an actual cost basis. Wal-Mart will pay the estimated cost upfront, but after the relocation is completed, PG&E will true-up the final costs in a final invoice. The final invoice will reflect the full actual cost of the relocation work, with appropriate credit for the initial payment received from Wal-Mart.

By Advice Letter 7513-E, filed on February 20, 2025.

SUMMARY

This Resolution approves the PG&E relocation agreement with Wal-Mart to accommodate the Wal-Mart Project. The ACC governs the terms and conditions between Wal-Mart and PG&E regarding the relocation of PG&E's facilities that conflict with the Wal-Mart Project in Butte County. PG&E requests approval under Electric Rule No. 15.I.3 for the proposed ACC.

BACKGROUND

Relocation work is governed by Electric Rule 15.I.1, which states that any relocation or rearrangement of PG&E's existing facilities, at the request of, or to meet the convenience of an applicant or customer, and agreed upon by PG&E, normally shall be performed by PG&E. In addition, the applicant or customer shall be responsible for the costs of all related relocation, rearrangement and removal work.

The ACC with Wal-Mart entails a substantial scope of work for the PG&E Relocation Project. Performing such a large-scale utility relocation on an estimated cost basis creates a risk that the cost estimate may not accurately capture the cost that will be incurred for the PG&E Relocation Project. For example, should the cost estimate later be determined to be lower than the actual costs incurred, PG&E would bear those additional costs that exceeded the cost estimate. Alternatively, should the cost estimate be higher than the actual costs, Wal-Mart would bear more than the amount PG&E actually incurred to perform the work.

Under the ACC, PG&E is accommodating Wal-Mart's request to pay for the work on an actual cost basis. Wal-Mart will pay the current, estimated cost of the PG&E Relocation Project upfront, similar to the Work Performance Agreement, but after the relocation work is completed, PG&E will true-up the final costs in a final invoice. The final invoice will reflect the full and actual cost of the relocation work, with appropriate credit for the initial advance and the remainder of the estimated cost received from Wal-Mart.

Scope of the PG&E Relocation Project

Wal-Mart submitted a relocation request to PG&E to relocate PG&E's Notre Dame-Butte 115kV electric transmission pole line with Notre Dame 1101 12kV electric distribution underbuild so that Walmart can expand its existing commercial retail store, construct a fuel station and other retail facilities on its property. The scope of work associated with the PG&E Relocation Project is for PG&E to relocate four wood poles from the existing electric right-of-way and replace them with steel structures in a new right-of-way; reframe one wood pole in the existing right-of-way; install one new steel

structure in the existing right-of-way; and replace one wood pole with a steel structure in the existing right-of way so that Walmart can move forward with its Wal-Mart Project. Where PG&E needs to relocate facilities in a new alignment/right-of-way on the Property, Wal-Mart has already provided PG&E with adequate replacement land rights. The current, estimated cost of this work under the ACC is \$1,190,740.00. The Income Tax Component of Contributions (ITCC) is 24% of the estimated cost of the work and comes out to \$285,778.00.

Wal-Mart has already paid \$500,000.00 in engineering advances that will be subtracted from the current, estimated cost of the PG&E Relocation Project. The remainder of the current, estimated cost and the ITCC tax is to be paid by Wal-Mart when the ACC is executed. The PG&E Relocation Project is anticipated to start summer 2025 but Wal-Mart and PG&E recognize that the ACC is subject to Commission approval before construction can start.

Agreement Terms

Design, Procurement and Construction by PG&E

PG&E is responsible for the design, procurement of supplies, construction and removal of its utility facilities.

Compliance with Permits

Wal-Mart shall acquire all governmental approvals and permits in order for PG&E to undertake the work necessary to relocate, remove or rearrange PG&E's facilities.

Land Rights for the Relocated Facilities

For PG&E's Relocation Project to accommodate the Walmart Project, some of PG&E's facilities needed to be relocated to different locations on Walmart's Property. In this case, Wal-Mart is required to obtain satisfactory replacement land rights. Wal-Mart has provided an acceptable replacement easement to PG&E, at no cost to PG&E, and that corresponds with PG&E's existing rights-of-way.

Safety

The actual work performed under this Agreement (design and engineering) presents no specific safety risks to the public or employees and will not sacrifice PG&E's provision of safe and reliable utility service to its customers. All designs and specifications produced will conform to all current and applicable Commission, industry and Company safety requirements and will be performed by PG&E or its contractors or subcontractors.

NOTICE

A copy of PG&E Advice Letter 7513-E was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

PG&E Advice Letter 7513-E was not protested.

DISCUSSION

1. **A Relocation Agreement has been executed for PG&E facilities relocation work required to accommodate the Wal-Mart Project.** The Relocation Agreement establishes Wal-Mart and PG&E obligations regarding the relocation of PG&E facilities. PG&E, and its contractors or subcontractors, will be responsible for the design and engineering, procurement of supplies, construction, and removal of the utility facilities.

Wal-Mart is responsible for acquiring all governmental approvals and permits required for PG&E to undertake the work necessary to relocate or rearrange PG&E's facilities. Wal-Mart is required to obtain satisfactory replacement land rights. Wal-Mart has provided an acceptable replacement easement to PG&E, at no cost to PG&E, and that corresponds with PG&E's existing rights-of-way.

2. **Wal-Mart has requested the relocation work to be performed by PG&E be invoiced at actual cost.** This request deviates from the payment structure outlined in the Work Performance Agreement used for regular relocation projects and is reflected in the Relocation Agreement. As defined in the Relocation Agreement, "Actual Costs" will be determined in accordance with the uniform system of accounts prescribed for utility companies by the Public Utilities Commission of the State of California and PG&E's regularly established accounting practices and will include, but shall not be limited to, the following charges: survey costs, acquisition of land rights, labor and payroll taxes, materials and supplies, transportation, stores and tool expense, supervision and overheads, including allowance for funds used during construction, and an allowance for worker's compensation and public liability and property damage insurance, and estimated federal and state taxes.
3. **The billing arrangements specified in the Relocation Agreement are appropriate for the work required to accommodate the Wal-Mart Project.** Providing a cost

estimate that becomes a set contract price is common practice in fee for service arrangements. However, developing a set price cost estimate for large-scale construction carries inherent risk that, even if accurate within a few percentage points over or under actual cost, the equivalent dollar amount under or over actual expense may be significant. If developing a contracted price that accounts for this uncertainty and protects against cost overruns typical to large construction projects, PG&E's estimated cost would likely need to be set conservatively high--as any prudent organization would do when performing projects of this magnitude. Despite this precaution, over the course of work actual costs may still exceed the cost estimate.

It is reasonable that Wal-Mart should pay what it costs to relocate PG&E's facilities to accommodate its own work, and no more. The risk of Wal-Mart overpaying if contracting with PG&E to perform the work at a set price is significant, and the payment terms for large projects with greater cost impacts than normal relocation work should be considered carefully.

Within a reasonable time after completion of the work, PG&E shall submit an invoice to Wal-Mart for the actual net cost. Wal-Mart will reimburse PG&E for the actual net cost which PG&E has incurred in effecting the rearrangement of PG&E's facilities. Within thirty (30) days after receipt of PG&E's invoice for any additional amount due, Wal-Mart shall reimburse PG&E for the amount billed. If it is determined that the actual net cost is less than any amount previously paid by Wal-Mart under this relocation agreement, PG&E shall reimburse Wal-Mart the amount of the difference between the amount paid and the actual net cost, without interest.

The Relocation Agreement requirements stipulate detailed accounting of project costs by PG&E and reporting through an itemized invoice. This serves to appropriately document expenses and aid in transparency.

4. **The performance of relocation work on an actual cost basis at the request of a governmental agency has been approved by the Commission in other matters.** As PG&E notes in its advice letter, Resolution E-5149 approved relocation agreements to accommodate the California Department of Water Resources' (CDWR) levee projects. PG&E accommodated CDWR's request to pay for the relocation work on actual costs. The relocation agreements allowed for progress billing throughout the course of work.

Also, Commission Resolution G-3498 approved relocation agreements for work performed at the request of the California High-Speed Rail Authority, with

deviations to utility-company Rules allowing reimbursement on actual costs as required by the California High Speed Rail Act. Like Resolution E-5149, invoicing was on a progress bill basis for actual costs incurred.

Additionally, the Commission also approved Advice Letter 5762-E, which approved relocation agreements for work performed at the request of the Santa Clara County Valley Transportation Authority. PG&E entered into two master agreements to address the billing procedures and allocation of costs associated with the relocation of PG&E's facilities to accommodate rail and rapid transit projects. The responsibility for utility relocation costs varied depending on the property rights for PG&E's facilities, and progressive billing was structured to proportionally share costs on an actual cost basis.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review is being waived.

FINDINGS

1. On February 20, 2025, PG&E Filed AL 7513-E, a tier 3 Advice Letter seeking approval of A Relocation Agreement executed for PG&E facilities relocation work required to accommodate the Wal-Mart Project.
2. Wal-mart has requested that the relocation work to be performed by PG&E be invoiced at actual cost.
3. The billing arrangements specified in the Relocation Agreements are appropriate for the work required to accommodate the Wal-Mart Project.
4. The performance of relocation work on an actual cost basis at the request of a governmental agency has been approved by the Commission in other matters.

THEREFORE IT IS ORDERED THAT:

1. The relocation agreement, Actual Cost Contract, for the PG&E Relocation Project submitted by PG&E in Advice Letter 7513-E is approved in accordance with Electric Rule No 15.I.3, the Exceptional Cases Provision.

This Resolution is effective today.

The foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on June 12, 2025; the following Commissioners voting favorably thereon:

Commissioner Signature blocks to be added
upon adoption of the resolution

Dated June 12, 2025, at <Voting meeting location>, California.