

Decision 26-02-004 February 5, 2026

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric
Company for Recovery of Recorded
Expenditures Related to Wildfire
Mitigation, Catastrophic Events, and
Other Recorded Costs. (U39M)

Application 23-12-001

**DECISION GRANTING, IN PART, REQUEST BY PACIFIC GAS
AND ELECTRIC COMPANY FOR RECOVERY OF
WILDFIRE MITIGATION, VEGETATION MANAGEMENT,
CATASTROPHIC EVENTS, AND OTHER COSTS**

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Attachment A: Settlement Agreement

**DECISION GRANTING, IN PART, REQUEST BY PACIFIC
GAS AND ELECTRIC COMPANY FOR RECOVERY OF
WILDFIRE MITIGATION, VEGETATION MANAGEMENT,
CATASTROPHIC EVENTS, AND OTHER COSTS**

Summary

This decision authorizes Pacific Gas and Electric Company (PG&E) to recover \$1.607 billion in revenue requirement for costs it incurred in 2022 for wildfire mitigation, vegetation management, and catastrophic events, along with other amounts in various memorandum accounts related to the COVID pandemic, disconnections, climate adaptation and other matters. This decision approves an uncontested settlement agreement regarding all costs requested for recovery, except the costs for vegetation management. This decision denies recovery of \$172.5 million in vegetation management costs. PG&E is directed to submit a Tier 1 Advice Letter to recover the amounts authorized, with offsetting of the amount already collected in rates by PG&E under the interim rate relief granted in Decision 24-09-003.

The proceeding is closed.

1. Background

On December 1, 2023, Pacific Gas and Electric Company (PG&E) filed Application (A.) 23-12-001, *Application of Pacific Gas and Electric Company (U 39 M) for Recovery of Recorded Expenditures Related to Wildfire Mitigation, Catastrophic Events, and Other Recorded Costs; Request for Expedited Schedule* (Application).¹ On December 1, 2023, PG&E also filed a motion for interim rate recovery, subject to

¹ All pleadings filed in this proceeding are available on the Commission's website at *Docket Card* by searching A2312001.

refund, *Motion of Pacific Gas and Electric Company (U39M) for Wildfire Mitigation and Catastrophic Events Interim Rates*. As detailed below, in D.24-09-003 (Interim Decision), the Commission approved of PG&E's request for interim rate recovery of 55% of the approximately \$2.1 billion – the total requested amount – over 17 months and denied PG&E's request to recover additional amounts as interim rates above 55% beyond the 17-month period.

On December 1, 2023, PG&E submitted prepared direct testimony in support of the Application.² Prior to filing this Application, PG&E engaged Ernst & Young LLP (Ernst & Young) to review the costs at issue recorded to the Wildfire Mitigation Balancing Account (WMBA), Vegetation Management Balancing Account (VMBA), and (3) Catastrophic Events Memorandum Accounts (CEMA).³

In total, PG&E's Application seeks approval to recover costs of approximately \$2.1 billion. The majority of costs sought for recovery were incurred in 2022 relating to vegetation management and wildfire mitigation activities, plus activities over the course of several years (2015-2023) in response to catastrophic government-declared emergency events.⁴ PG&E recorded these costs in the WMBA, VMBA, and CEMAs.⁵

² The prepared testimony submitted by PG&E and parties is available on the Commission's website at *Commission's E-Filed Documents Search Form* under the drop-down menu at *Supporting Document*.

³ PGE-01, Appendix A and B (Ernst & Young reports.)

⁴ Application at 4-5.

⁵ Application at 4-5.

PG&E also seeks approval to recover costs recorded in the following eight memorandum accounts for years 2015-2023⁶: (1) COVID-19 Pandemic Protections Memorandum Account (CPPMA); (2) Disconnections Memorandum Account (DMA); (3) Emergency Consumer Protections Memorandum Account (ECPMA); (4) California Consumer Privacy Act Memorandum Account (CCPAMA); (5) Percentage of Income Payment Plan Memorandum Account (PIPPMA); (6) Residential Rate Reform Memorandum Account (RRRMA); (7) Microgrids Memorandum Account (MGMA); and (8) Climate Adaptation Vulnerability Assessment Memorandum Account (CAVAMA).⁷

PG&E's Application requests, among other things, that the Commission find pursuant to Public Utilities Code (Pub. Util. Code) Sections 451, 454, 454.9, 701, and 8386.4(b), Decision (D.) 20-12-005, and other related authorities, that these wildfire mitigation costs, vegetation management costs, catastrophic event-related costs, and other costs are "just and reasonable."⁸

On January 8, 2024, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) and The Utility Reform Network (TURN) filed protests to PG&E's Application. On January 18, 2024, PG&E filed a reply to the protests.⁹

⁶ Not all memorandum accounts are for years 2015-2023; most costs sought for recovery are for 2022.

⁷ Application at 14 and 9-12.

⁸ All section references are to the Pub. Util. Code, unless otherwise specified.

⁹ PG&E January 18, 2024 Reply to Protests.

On January 29, 2024, PG&E modified its motion for interim rates by filing a second motion, *Supplemental Motion for Wildfire Mitigation and Catastrophic Events Interim Rates* (January 29, 2024 Supplemental Motion).¹⁰

On January 29, 2024, Small Business Utility Advocates (SBUA) filed a motion for party status. The Administrative Law Judge (ALJ) granted this motion on January 31, 2024.

On February 9, 2024, a prehearing conference was held to identify issues of law and fact, determine the need for evidentiary hearings, set the schedule for resolving the proceeding, and address other matters as necessary.¹¹ The topic of PG&E's revised interim rate request filed on January 29, 2024 was also discussed.

On February 13, 2024, TURN filed a response in opposition to PG&E's January 29, 2024 Supplemental Motion. On February 23, 2024, PG&E filed a reply to TURN.¹²

On April 19, 2024, Commissioner Douglas issued the *Assigned Commissioner's Scoping Memo and Ruling* (Assigned Commissioner's Scoping Memo), which set forth the issues, need for hearings, schedule, category, and other matters necessary to scope this proceeding pursuant to Pub. Util. Code

¹⁰ TURN and Cal Advocates also filed motions for party status and responses to PG&E's December 1, 2024 motion for interim rates. PG&E filed a reply to these responses. The Commission addressed the pleadings related to the motions for interim rates in D.24-09-003, as further described herein.

¹¹ The transcript of the prehearing conference is available at the *Docket Card* on the Commission's website.

¹² PG&E February 23, 2024 Reply.

Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

On August 6, 2024, the ALJ issued a proposed decision on PG&E's January 29, 2024 Supplemental Motion for interim rate relief. Subsequently, parties filed comments under Pub. Util. Code Section 311.

On September 12, 2024, the Commission adopted D.24-09-003 granting, in part, PG&E's January 29, 2024 Supplemental Motion for interim rate relief.¹³ In D.24-09-003, the Commission approved of PG&E's request for interim rate recovery of 55% of the approximately \$2.1 billion total requested, over 17 months, and denied PG&E's request to recover additional amounts as interim rates above 55% beyond the 17 months.¹⁴ In D.24-09-003, the Commission made no determination on PG&E's request set forth in this Application regarding, among other things, whether the total amount requested, approximately \$2.1 billion (approximately \$1.6 billion in expense and \$558 million in capital), are "just and reasonable" under Pub. Util. Code Section 451 and related authorities.¹⁵

On November 1, 2024, TURN, Cal Advocates, and SBUA submitted prepared direct testimony.

¹³ D.24-09-003, *Decision Granting, in Part, Motion by Pacific Gas and Electric Company for Wildfire Mitigation and Catastrophic Events Interim Rates* (September 12, 2024).

¹⁴ D.24-09-003, *Decision Granting, in Part, Motion by Pacific Gas and Electric Company for Wildfire Mitigation and Catastrophic Events Interim Rates* (September 12, 2024) at 15-17.

¹⁵ D.24-09-003, *Decision Granting, in Part, Motion by Pacific Gas and Electric Company for Wildfire Mitigation and Catastrophic Events Interim Rates* (September 12, 2024) at 17, the Commission stated "[T]he rate recovery granted to PG&E here is subject to refund with interest, meaning should the Commission later find a lesser amount "just and reasonable" under Section 451 and related authorities, PG&E must return the difference to ratepayers with interest at the earliest opportunity."

On December 2, 2024, PG&E and SBUA submitted prepared rebuttal testimony. Parties filed several motions regarding prepared testimony, which were addressed by ALJ Rulings. On January 10, 2025, PG&E and TURN submitted prepared sur-rebuttal testimony.

On January 14, 2025, PG&E filed a notice of meet & confer, as required by Rule 3.9.

On February 5, 2025, the ALJ held a status conference to discuss the need for evidentiary hearings and other procedural matters. At the status conference, parties informed the ALJ that cross examination was needed and, as a result, requested that evidentiary hearings remain on the calendar.

On February 11 and 12, 2025, evidentiary hearings were held. Following these hearings, parties requested several extensions to the briefing schedule to pursue settlement discussions. The ALJ granted these requests.

On May 22, 2025, SBUA submitted a Motion to move Exhibit SBUA-04 into the record, consisting of responses to data requests sent by SBUA to PG&E regarding tree management work.

On June 2, 2025, PG&E, TURN, SBUA, and Cal Advocates filed a *Joint Motion for Approval of Settlement Agreement* (Joint Motion for Settlement). The motion included a Settlement of disputed issues regarding all costs, except the costs recorded in the VMBA.

On June 2, 2025, PG&E, TURN, and SBUA also filed opening briefs addressing the remaining issues on the VMBA. On June 23, 2025, PG&E, TURN, and SBUA filed reply briefs. An Order Extending Statutory Deadline was issued on November 23, 2025, extending the statutory deadline to March 27, 2026.

2. SBUA May 22, 2025 Motion

SBUA's May 22, 2025 Motion consists of information provided by PG&E in response to SBUA data requests that the parties agreed during evidentiary hearings would be utilized as opposed to cross-examination. No party protested the motion. SBUA's motion is therefore granted, and SBUA-04 is entered into the evidentiary record.

3. Submission Date

This matter was submitted on June 23, 2025 upon the filing of reply briefs.

4. Standard of Review

Pub. Util. Code Section 451 provides, in relevant part, as follows: "All charges demanded or received by any public utility, or by any two or more public utilities, for any product or commodity furnished or to be furnished or any service rendered or to be rendered shall be just and reasonable." Pursuant to Pub. Util. Code Section 454(a):

"[A] public utility shall not change any rate or so alter any classification, contract, practice, or rule as to result in any new rate, except upon a showing before the commission and a finding by the commission that the new rate is justified."

4.1. Just and Reasonable Rates

Pub. Util. Code § 451 provides that "all charges demanded or received by any public utility ... shall be just and reasonable." Pub. Util. Code § 454(a) requires that "... a public utility shall not change any rate or so alter any classification, contract, practice, or rule as to result in any new rate, except upon a showing before the commission and a finding by the commission that the new rate is justified."

4.2. Burden of Proof

It is well-established that an applicant, such as PG&E, must carry the burden of proving that it is entitled to the relief it is seeking. Thus, PG&E initially has the burden of affirmatively establishing the reasonableness of its position on each individual issue in its application.¹⁶ Although the utility bears the ultimate burden to prove the reasonableness of the relief it seeks and the costs it seeks to recover, the Commission has held that when other parties propose a different result, they too have a “burden of going forward” to produce evidence to support their position and overcome the utility’s evidence.¹⁷

4.3. Prudent Manager Standard

The Commission has longstanding requirements for a showing that the utility meets a prudent manager standard.¹⁸ Under that standard, a utility has the burden to affirmatively prove that it reasonably and prudently operated and managed its system.¹⁹ This means a utility must show that its actions, practices, methods, and decisions show reasonable judgment in light of what it knew or should have known at the time, and in the interest of achieving safety, reliability,

¹⁶ D.21-08-036, *Decision on Test Year 2021 General Rate Case for Southern California Edison Company* (August 19, 2021) at 9, citing to D.09-03-025, *Alternate Decision of President Peevey on Test Year 2009 General Rate Case for Southern California Edison Company* (March 13, 2009) at 8; D.06-05-016, *Opinion on Southern California Edison Company’s Test Year 2006 General Rate Increase Request* (May 11, 2006) at 7.

¹⁷ D.21-08-036, *Decision on Test Year 2021 General Rate Case for Southern California Edison Company* (August 19, 2021) at 10; D.20-07-038 at 3-4; D.87-12-067 at 25-26, 1987 Cal. PUC LEXIS 424, *37.

¹⁸ See, D.18-07-025, *Order Denying Rehearing of Decision (D.) 17-11-033* (July 12, 2018) at 4-6.

¹⁹ See, e.g., D.87-06-021, 24 Cal. PUC 2d at 486.

and reasonable cost.²⁰ In considering whether a utility acted prudently, the Commission has held that the standard of proof the applicant must meet is that of a preponderance of the evidence.²¹ Preponderance of the evidence usually is defined “in terms of probability of truth, *e.g.*, ‘such evidence as, when weighed with that opposed to it, has more convincing force and the greater probability of truth.’”²²

No party disputes application of the prudent manager standard to these wildfire mitigation costs. TURN however argues that the facts of this application also require that PG&E have exercised “proportionately greater care” where large amounts of money, greater levels of uncertainty, or high degrees of risk are involved.²³ TURN states that what critically matters is the “prudence of the utility’s actions, which the utility has the burden of proving, regardless of the testimonies of other parties.”²⁴ SBUA argues that these costs are subject to “enhanced review” and as such are required to display much more granularity than provided by PG&E in its testimony and workpapers, in contravention to past Commission decisions that have reviewed wildfire mitigation costs.²⁵ PG&E

²⁰ See, *e.g.*, D.87-06-021, 24 Cal. PUC 2d at 486.

²¹ D.19-05-020 at 7; D.15-11-021 at 8-9; D.14-08-032 at 17.

²² D.08-12-058 at 19, *citing to* Witkin, Calif. Evidence, 4th Edition, Vol. 1 at 184.

²³ TURN Opening Brief, at 3.

²⁴ TURN Opening Brief, at 4, citing D.87-12-067.

²⁵ SBUA Opening Brief, at 5-7.

in response states that no recent decisions have utilized an enhanced standard of review beyond the typical prudent manager standard.²⁶

TURN and SBUA have not shown the need for an application of a higher standard in this instance. In both PG&E's previous VMBA²⁷ and in SCE's 2021 VMBA application,²⁸ the usual prudent manager standard was applied. The same standard should be applied here.

4.4. Wildfire Mitigation Costs

Regarding the weight of a Commission-approved Wildfire Mitigation Plan within the context of the review of costs incurred related to wildfire mitigation activities set forth in Wildfire Mitigation Plans, the Commission stated in 2019 that:

"Approval of the WMP does not determine whether, at the time an IOU seeks recovery for the costs of carrying out its plan, the IOU complied with the prudent manager standard. Indeed, approval of a WMP here is not dispositive of an IOU's ultimate cost recovery for the operations and maintenance costs of hardening its system, managing vegetation, increasing situational awareness and taking the other steps to mitigate wildfire risk."²⁹

This Commission applied this standard in D.21-08-036, when the Commission rejected the electric utility's contention that costs of activities "performed in compliance with the approved WMP should be considered *per se*

²⁶ PG&E Reply Brief, at 5.

²⁷ D.20-12-005.

²⁸ D.24-06-025.

²⁹ D.19-05-036, *Guidance Decision on 2019 Wildfire Mitigation Plans Submitted Pursuant to Senate Bill 901* (June 3, 2019) at 20.

reasonable and recoverable from ratepayers.”³⁰ The Commission relied upon the above quoted decision, D.19-05-036, and affirmed that it had made “abundantly clear” that assessing the reasonableness of costs for cost recovery purposes is not part of the WMP review process.³¹ The Commission concluded:

“Therefore, the Commission’s ratification of the Office of Infrastructure Safety’s approval of specific activities within a WMP does not indicate the costs of those activities are just and reasonable, nor does it preclude the Commission from determining the appropriate costs for recovery based on the expected pace or scope of a utility’s forecasted WMP activities.”³²

Based on the above, and as the Commission stated in D.23-11-069 (the PG&E 2023-2026 general rate case (GRC)), “The Commission’s ratification of an approved WMP does not authorize rate recovery....”³³

5. Issues Before the Commission

The issues in the scope of this proceeding to be determined or otherwise considered are as follows:³⁴

³⁰ D.21-08-036, *Decision on Test Year 2021 General Rate Case for Southern California Edison Company* (August 19, 2021) (SCE 2021-2023 GRC) at 251.

³¹ D.21-08-036, *Decision on Test Year 2021 General Rate Case for Southern California Edison Company* (August 19, 2021) (SCE 2021-2023 GRC) at 251.

³² D.21-08-036, *Decision on Test Year 2021 General Rate Case for Southern California Edison Company* (August 19, 2021) (SCE 2021-2023 GRC) at 251.

³³ D.23-11-069 *Decision on Test Year 2023 General Rate Case for Pacific Gas and Electric Company* (November 16, 2023) at 862, Conclusion of Law 86.

³⁴ *Assigned Commissioner’s Scoping Memo and Ruling* (February 15, 2024) at 6-7.

1. Whether the Commission should find PG&E's requested cost recovery of approximately \$909.9 million,³⁵ mostly incurred in 2022³⁶ and/or recorded in PG&E's WMBA and VMBA, incremental, just and reasonable, and properly recoverable as expense and capital in revenue requirement?
2. Whether the Commission should find PG&E's requested cost recovery, which were incurred and/or recorded in PG&E's CEMAs of approximately \$917 million,³⁷ and which are in large part for the 2022 August-September Heat Event, the 2022-2023 December-January Winter Storms, and the 2023 February-March Storms, incremental, just and reasonable, and properly recoverable in revenue requirement?
3. Whether the Commission should find the costs incurred and/or recorded in PG&E's eight memorandum accounts, totaling approximately \$32 million, as incremental, just and reasonable, and properly recoverable in revenue requirement?
4. Whether the Commission should approve PG&E's proposed method to recover the revenue requirement reflected by these costs as recorded in the WMBA, VMBA, CEMAs, and the eight additional memorandum accounts, totaling approximately \$2.01 billion in customer rates over the proposed amortization period?
5. Whether PG&E accurately and sufficiently demonstrated compliance with the affordability metrics pursuant to D.22-08-023 and the effects of this Application on the affordability metrics?

³⁵ Application at 14 (Table 2 Revenue Requirement): Total VMBA \$833,496,000 + WMBA \$76,384,000 = \$909,880,000.

³⁶ The Scoping Memo incorrectly listed the years as 2020-2021.

³⁷ Application at 14 (Table 2 Revenue Requirement): Total CEMA events = \$916,754,000.

6. How to mitigate any identified impacts of PG&E's Application on environmental and social justice communities, including the extent to which any of PG&E's proposals impact the achievement of any of the goals of the Commission's *Environmental and Social Justice Action Plan*?³⁸

6. Description of Accounts under Review

The accounts presented in this Application for recovery are noted below.

The amounts (minus interest) are shown as O&M expense or capital expenditure.³⁹

Table 1: Accounts and Recovery Amounts Requested

Accounts Requested for Recovery	O&M Recovery Request	Capital Recovery Request
VMBA	\$833,496,000	n/a
CEMAs	\$684,767,000	\$545,236,000
WMBA	\$76,384,000	n/a
CCPAMA	\$9,112,000	\$8,529,000
DMA	\$4,240,000	n/a
CPPMA	\$3,509,000	n/a
CAVAMA	\$3,345,000	n/a
ECPMA	\$2,149,000	n/a
PIPPMA	\$1,858,000	n/a
MGMA	\$1,770,000	\$477,000
RRRMA	(-\$2,751,000)	n/a
Total	\$1,617,607	\$554,242,000

³⁸ The Commission's *Environmental and Social Justice Action Plan* is available on the Commission's website.

³⁹ Application at 14 (Table 1).

Regarding PG&E's proposed ratemaking treatment, PG&E requests that it be authorized to collect the approved O&M amount over a 12-month period beginning March 2026.⁴⁰ PG&E proposes to add capital expenditures to its rate base for recovery over the life of the assets.⁴¹

Prior to filing this Application, PG&E engaged Ernst & Young to conduct an audit of the costs PG&E recorded in its WMBA, VMBA, and CEMA accounts.⁴² Ernst & Young recommended that items totaling \$1.78 million be removed from 2022 WMBA, VMBA, and CEMA costs. PG&E accepted Ernst & Young's recommendations and reduced the accounts in accordance with the recommendations prior to filing.⁴³ Additionally, Ernst & Young also audited the 2022 and 2023 CEMA costs included in this application for the December 2022 - January 2023 Winter Storms and the 2023 February - March Winter Storms. Ernst & Young recommended that \$1.22 million be removed from these accounts.⁴⁴ PG&E accepted Ernst & Young's recommendations and reduced the amounts prior to filing.⁴⁵

A description of each account presented in this Application and the types of costs recorded by PG&E in each account follows.

⁴⁰ Settlement Agreement at 13.

⁴¹ Application at 15.

⁴² Appendix A and B at PGE-01 (Ernst & Young reports).

⁴³ Application at 13.

⁴⁴ Application at 13.

⁴⁵ Application at 13.

6.1. Vegetation Management Balancing Account

In D.20-12-005 (PG&E 2020-2022 GRC Decision), the Commission modified the VMBA to a two-way balancing account, added a 120% reasonableness threshold, and authorized PG&E to continue to track and record PG&E's vegetation management costs in the VMBA.⁴⁶ PG&E states that it recorded costs for 2022 related to the following programs in the VMBA: (1) Routine Vegetation Management, (2) Enhanced Vegetation Management, (3) Tree Mortality, and (4) Power Generation Vegetation Management.⁴⁷

The total recorded costs for vegetation management in the VMBA for 2022 are \$1.629 billion, for which PG&E seeks recovery in this application of \$833.5 million, the amount in excess of the \$759.71 million which was effectively authorized in D.20-12-005.⁴⁸

PG&E states that the work completed under the above four programs tracked in the VMBA during 2022 supported public safety, service reliability, and regulatory compliance activities for PG&E's electric distribution facilities.⁴⁹

⁴⁶ D.20-12-005, *Decision Addressing the Test Year 2020 General Rate Case of Pacific Gas and Electric Company* (December 3, 2020) at 318, stating "The VMBA is a two-way balancing account that records all of PG&E's vegetation management costs. Modification of the VMBA from a one-way into a two-way balancing account to record both routine and enhanced vegetation management expenses as well as the discontinuation of the Incremental Inspection and Removal Cost Tracking Account, is discussed in the Electric Distribution section (Chapter 7)."

⁴⁷ Application at 7, *citing to* D.20-12-005 (PG&E 2020-2022) at 318. In D.23-11-069 (PG&E 2023-2026 GRC), the Commission removed the reasonableness review threshold and changed the account to the more common set up, one-way (rather than two-way).

⁴⁸ PGE-01 at 1-8.

⁴⁹ Application at 8.

PG&E also states that the work recorded to this account was performed to mitigate the risk of ignition caused by vegetation contacting electrical lines and components.⁵⁰

6.2. Catastrophic Events Memorandum Account

The wildfire and weather-related CEMA work described in this Application pertains to 39 events that occurred between 2015 and June 2023.⁵¹ The majority of the CEMA costs in this Application pertain to the following three events: (1) 2022 August-September Heat Event; (2) 2022-2023 December-January Winter Storms; and (3) 2023 February-March Storms. PG&E states that the purpose of a CEMA account is to record costs for “(1) [r]estoring utility services to customers, (2) [r]epairing, replacing, or restoring damaged utility facilities and (3) [c]omplying with governmental agency orders in connection with events declared disasters by competent state or federal authorities.”⁵² PG&E states that it seeks recovery of incremental costs recorded in CEMAs totaling approximately \$1.234 billion.⁵³ The events are set forth below. All costs were incurred in 2022, unless otherwise noted.

Table 2: CEMA Expenditures Sought for Recovery⁵⁴

	Capital Expenses	O&M Expenses
2022 Oak Fire	\$7.684 million	\$11.326 million
2022 June Storms		\$164,000

⁵⁰ Application at 7-8.

⁵¹ PGE-01 at 1-8.

⁵² Application at 8, *citing to* Pub. Util. Code Section 454.9(a).

⁵³ Application at 8.

⁵⁴ PGE-01 at 1-10.

2022 August – September Heat Event	\$13.633 million	\$13.465 million
2022 Fork Fire	\$908,000	\$307,000
2022 Humboldt County Earthquake	\$317,000	\$3.698 million
2022-2023 December-January Winter Storms	\$162.715 million	\$238.717 million
2023 February-March Storms	\$202.393 million	\$271.857 million
CEMA Events prior to 2020 through 2021 ⁵⁵ CEMA Events 2020 ⁵⁶	\$161.784 million	146.590 million
EY, OH and A&G Adjustments	(\$4.198 million capital)	(\$1.358 million)
Total	\$545.236 million	\$684.766 million

6.3. Wildfire Mitigation Balancing Account

PG&E is seeking reasonableness review and recovery in this Application for \$57.60 million recorded to the WMBA in 2022, which are costs above the 115% reasonableness review threshold adopted in the PG&E 2020-2022 GRC Decision.⁵⁷ PG&E states that the GRC-authorized amount for 2022 WMBA costs is \$61.98 million after application of the 115% reasonableness threshold.⁵⁸ PG&E states that the 2022 recorded WMBA costs totaled \$119.58 million, which leaves

⁵⁵ These events include the 2015 Valley Fire, 2017 Nuns Fire, 2018 Carr Fire, and 2019 January - February Severe Storms.

⁵⁶ These events include notably August CZU/LNU Complex Fires September Glass, North Complex and Creek Fires. and CEMA Events 2021 (notably August Caldor Fire).

⁵⁷ Application at 5, stating that in D.20-12-005 (PG&E 2020-2022 GRC Decision), the Commission authorized PG&E to recover WMBA expenses up to 115% of the adopted values through a Tier 2 advice letter.

⁵⁸ Application at 7, *citing to* D.20-12-005 (PG&E 2020-2022 GRC Decision) at 119.

\$57.60 million for which it must seek approval for recovery.⁵⁹ PG&E states that it incurred and recorded additional costs in the WMBA for Information Technology work supporting PSPS in 2020 and 2021 in the amount of \$19.04 million for a total of \$76.848 million it seeks for recovery.⁶⁰

The Commission first authorized the WMBA in the PG&E 2020-2022 GRC Decision.⁶¹ PG&E states it records costs related to the Community Wildfire Safety Program (CWSP) to the WMBA, which include O&M expenses and capital expenditures incurred for certain wildfire mitigation activities outlined in PG&E's 2020-2023 GRC and Wildfire Mitigation Plans.⁶² PG&E must file a reasonableness review application to recover WMBA costs exceeding 115% of the GRC amount. The costs at issue are for the following wildfire mitigation activities: (1) Public Safety Power Shutoff Program activities, (2) Advanced Fire Modeling, (3) Community Wildfire Safety Program, Program Management Office, (4) Storm Outage Prediction Project, and (5) Safety and infrastructure Protection Teams.⁶³

⁵⁹ PGE-01 at 2-3.

⁶⁰ PGE-01 at 2-4.

⁶¹ Application at 5 and fn. 2, stating "D.20-12-005, at 396, Conclusion of Law (COL) 29 ('Authority to establish a two-way WMBA to record CWSP O&M and capital expenditures is supported by the record and should be authorized.')

⁶² Application at 6.

⁶³ PGE-01 at 2-3, 2-4. PG&E Application at 6, PG&E states: "[I]n accordance with OPs 8 and 9 of D.20-12-005, PG&E submitted Advice Letter 4392-G/6100-E to seek recovery of the VMBA expense undercollection of \$110.823 million and WMBA expense undercollection of \$7.600 million as authorized by OP 1 of D.20-12-005."

6.4. California Consumer Privacy Act Memorandum Account

In D.19-09-026, the Commission authorized PG&E to establish the CCPAMA.⁶⁴ According to PG&E, the purpose of the CCPAMA is to track and record costs associated with PG&E's actions to protect customers' private information in compliance with the California Consumer Privacy Act.⁶⁵ PG&E states it recorded \$9.11 million in expense and \$8.53 million in capital expenditures in the CCPAMA in 2022, and seeks a reasonableness review of those amounts in this Application.⁶⁶

6.5. Disconnections Memorandum Account

In D.20-06-003, the Commission adopted rules to reduce the number of residential customer disconnections and improve reconnection processes for disconnected customers.⁶⁷ PG&E states that the purpose of the DMA is to track and record costs associated with implementing these requirements.⁶⁸ PG&E recorded approximately \$4.24 million to the DMA in 2022.⁶⁹

⁶⁴ Application at 9, citing to D.19-09-026, *Decision Authorizing Establishment of California Consumer Privacy Act Memorandum Accounts* (September 12, 2019) at 14.

⁶⁵ Application at 9.

⁶⁶ PGE-01 at 8-1.

⁶⁷ Application at 10, citing to D.20-06-003, *Phase I Decision Adopting Rules and Policy Changes to Reduce Residential Customer Disconnections for the Larger California-Jurisdictional Energy Utilities* (June 11, 2020) at 128 and 165.

⁶⁸ Application at 10, citing to D.20-06-003, *Phase I Decision Adopting Rules and Policy Changes to Reduce Residential Customer Disconnections for the Larger California-Jurisdictional Energy Utilities* (June 11, 2020) at 128 and 165.

⁶⁹ PGE-01 at 8-1.

6.6. COVID-19 Pandemic Protections Memorandum Account

Commission Resolution M-4842 directed PG&E to establish the CPPMA to track and record costs associated with implementing billing-related customer protections for residential and small business ratepayers impacted by the COVID-19 pandemic.⁷⁰ PG&E explains that its costs recorded in the CPPMA are different and separate from costs related to COVID-19 recorded in CEMAs, which consist of PG&E's costs to respond to the pandemic.⁷¹ In contrast, the costs recorded in the CPPMA involve customer billing-related protections.

PG&E states that, "Ultimately, the Commission authorized PG&E to track and record the following costs to the CPPMA: Incremental expenses associated with implementing the emergency customer protections, incremental uncollectibles expenses during the COVID-19 pandemic period for residential and small business customers, and the costs of using a short-term revolving credit facility for purposes of financing residential and small business cash flow shortfalls resulting from the implementation of the emergency customer protections."⁷² PG&E states that it is not seeking recovery of incremental uncollectibles because the Commission has authorized other mechanisms for PG&E to recover these costs (e.g., the Residential Uncollectibles Balancing

⁷⁰ Application at 10, *citing to* Resolution M-4842, at 12, Ordering Paragraphs 2 and 4. "In the Tier 2 Advice Letter required in Ordering Paragraph #2, rate regulated electric, gas, communications, and water and sewer corporations subject to this Resolution may request authorization to track and recover incremental costs associated with complying with this resolution." (Resolution M-4842 at 12.)

⁷¹ Application at 10.

⁷² PGE-01 at 8-16. (fn. omitted.)

Account adopted in AL 4334-G/6001-E, effective June 11, 2020).⁷³ PG&E states it recorded approximately \$3.51 million to the CPPMA in 2022.⁷⁴

6.7. Climate Adaptation Vulnerability Assessment Memorandum Account

In D.20-08-046, the Commission established the Climate Adaptation Vulnerability Assessment Memorandum Account (CAVAMA). This decision also defined disadvantaged vulnerable communities, required investor-owned utilities to engage with disadvantaged vulnerable communities regarding climate vulnerability assessments, and required investor-owned utilities to file climate vulnerability assessments every four years. The Commission directed utilities to track costs directly related to the vulnerability assessments ordered. Importantly, the Commission stated that the CAVAMA shall not be used for other assessments, including assessments prepared in the past or assessments that were not submitted in that proceeding, Rulemaking 18-04-019.⁷⁵ This decision also stated that utilities could record in the CAVAMA “incremental costs associated with community outreach plans and activities related to Community Engagement Plans and surveys.”⁷⁶ PG&E incurred and recorded expenses of \$860,000 in 2021 and \$2.48 million in 2022 in support of PG&E’s

⁷³ PGE-01 at 8-16.

⁷⁴ PGE-01 at 8-17.

⁷⁵ D.20-08-046, *Decision on Energy Utility Climate Change Vulnerability Assessments and Climate Adaptation in Disadvantaged Communities (Phase 1, Topics 4 and 5)* (August 27, 2020) at 52.

⁷⁶ Application at 12, *citing to D.20-08-046, Decision on Energy Utility Climate Change Vulnerability Assessments and Climate Adaptation in Disadvantaged Communities (Phase 1, Topics 4 and 5)* (August 27, 2020) at 51-52.

climate vulnerability assessment and associated community engagement plan requirements.

6.8. Emergency Consumer Protections Memorandum Account

In D.18-08-004, the Commission authorized PG&E to establish the ECPMA.⁷⁷ PG&E states that the purpose of the ECPMA is to track and record incremental costs associated with PG&E's implementation of its Emergency Consumer Protection Plan.⁷⁸ PG&E implements this plan when the California Governor's Office or the President of the United States declares a state of emergency due to a disaster that has either resulted in the loss or disruption of the delivery or receipt of utility service or resulted in the degradation of the quality of utility service as defined in D.19-07-015.⁷⁹ PG&E seeks to recover approximately \$2.15 million in expense recorded in the ECPMA in 2021.⁸⁰

6.9. Percentage of Income Payment Plan Memorandum Account (Pilot)

On December 15, 2022, the Commission adopted D.21-10-012, which approved of PG&E's proposal for the Percentage of Income Payment Plan (PIPP) pilot to determine if a PIPP could (i) reduce the number of low-income households at risk of disconnection, (ii) encourage participation in energy saving and energy management programs, (iii) increase access to essential levels of

⁷⁷ Application at 10, *citing to* D.18-08-004 at 22, Ordering Paragraph 3 (the decision directs PG&E to re-name the existing Wildfires Customer Protections Memorandum Account to the ECPMA).

⁷⁸ Application at 10.

⁷⁹ Application at 10, *citing to* D.19-07-015 at 16.

⁸⁰ Application at 10.

energy service, and (iv) control program costs.⁸¹ According to PG&E, the purpose of the PIPPMA is to record incremental costs associated with implementing these stated pilot requirements of D.21-10-012.⁸² PG&E seeks recovery for approximately \$1.86 million recorded to the PIPPMA in 2022.⁸³

6.10. Microgrids Memorandum Account

In D.20-06-017, the Commission approved various microgrid-related programs and authorized PG&E to record costs for substation microgrid-related programs in the MGMA for subsequent reasonableness review and potential cost recovery.⁸⁴ The costs include the Community Microgrid Enablement Program (CMEP), which is a program that PG&E launched on April 13, 2021, with a goal of mitigating the impact of PSPS events on customers.⁸⁵ The Commission in D.20-06-017 stated, “We approve the CMEP program for years 2020-2022, after which PG&E shall provide a program evaluation to the Commission in its 2023 GRC application.”⁸⁶ The Commission also stated, “The costs recorded in the Microgrids Memorandum Account for PG&E’s CMEP shall be subject to a full reasonableness review by the Commission either by way of a separate application or in its General Rate Case before the Commission.”⁸⁷

⁸¹ PGE-01 at 8-26, 8-27.

⁸² Application at 11.

⁸³ Application at 11.

⁸⁴ PG&E Application at 12; PGE-01 at 10-1 and fn. 1, *citing to* D.20-06-017 at 128-129, Ordering Paragraphs 12, 14, and Ordering Paragraph 16 at 130-131.

⁸⁵ PG&E Application at 12; PGE-01 at 10-1,10-9.

⁸⁶ D.20-06-017 at 85.

⁸⁷ D.20-06-017 at 88.

In accordance with D.21-01-018, PG&E later modified its Electric Preliminary Statement Part IG (Microgrids Memorandum Account or MGMA) to add subaccounts to track and records costs for programs either explicitly adopted or for which pathways were adopted in the decision for a utility to utilize the MGMA.⁸⁸ PG&E seeks recovery of approximately \$1.77 million in expense and \$450,000 in capital expenditures recorded in the MGMA “for various substation microgrid-related programs” in 2022.⁸⁹

6.11. Residential Rate Reform Memorandum Account

In the PG&E 2020-2022 GRC Decision, the Commission authorized PG&E to collect a total of \$62.688 million, subject to refund, through rates via PG&E’s Annual Electric True-up (AET), for potential costs recorded to the RRRMA, which are related to the transition of most residential customers from a tiered, non-time varying electricity rate to a default time of use electricity rate.⁹⁰ The Commission adopted rules governing this transition in Rulemaking 12-06-013, the Residential Rate Reform Order Instituting Rulemaking.⁹¹ PG&E states that, during 2020-2022, PG&E recorded \$59,936,693 in the RRRMA, which is \$2,751,307 less than the \$62,688,000 that PG&E has already recovered via the AET, and therefore, proposes to refund this amount to customers now.⁹² In D.23-

⁸⁸ PGE-01 at 10-3.

⁸⁹ PGE-01 at 10-1.

⁹⁰ Application at 11; PGE-01 at 11-1, *citing to* D.20-12-005 (PG&E 2020-2022 GRC), Settlement at 22.

⁹¹ PGE-01 at 11-1.

⁹² Application at 11.

11-069, the Commission approved PG&E's unopposed request to close this memorandum account, as of January 1, 2023.⁹³

7. Partial Settlement Agreement

On June 3, 2025, PG&E, Cal Advocates, TURN, and SBUA filed a Joint Motion for Settlement, with Attachment A being the Settlement Agreement⁹⁴ (Settlement Agreement). The Settlement Agreement proposes to resolve the parties' disputed positions pertaining to the costs in all the PG&E accounts presented in the instant Application, except costs in PG&E's VMBA as well as certain policy issues SBUA raises concerning small business affordability and rate impact reporting.⁹⁵

The Settlement Agreement applies to the following accounts:

- (1) Wildfire Mitigation Balancing Account
- (2) Catastrophic Event Memorandum Account
- (3) Climate Adaptation Vulnerability Assessment Memorandum Account
- (4) COVID-19 Pandemic Protections Memorandum Account
- (5) Disconnection Memorandum Account
- (6) Emergency Consumer Protections Memorandum Account
- (7) California Consumer Privacy Act Memorandum Account

⁹³ PGE-01 at 11-2 through 11-4.

⁹⁴ Joint Motion of the Public Advocates Office, The Utility Reform Network, Small Business Utility Advocates, and Pacific Gas and Electric Company for Approval of Settlement Agreement; June 3, 2025, Attachment A, Settlement Agreement in PG&E's Application for Recovery for of Recorded Expenditures Related to Wildfire Mitigation, Catastrophic Events, and other Recorded Costs, Partially Resolving Application 23-12-001.

⁹⁵ June 2, 2025 *Joint Motion for Settlement* at 1.

(8) Percentage of Income Payment Plan Memorandum Account

(9) Microgrids Memorandum Account

(10) Residential Rate Reform Memorandum Account

With regard to the above accounts, the Settlement Agreement proposes that \$705.745 million of O&M expenses and \$548 million in capital expenditures should be found reasonable and that PG&E should be authorized to collect the O&M expenses and related capital expenditure revenue requirements in rates.⁹⁶ The settlement amount for O&M of \$705.745 million is reflected in the below table (Table 2) from the Joint Motion for Settlement.⁹⁷

**Table 3: Revenue Requirement Resulting from Settlement Agreement
Not Recovered Through Interim Rate Relief (in \$ thousands)**

Settled Account	PG&E's Requested RRQ with Errata	Total Revenue Requirement per Settlement Agreement	Interim 2023 WMCE Revenue Requirement per D.24-09-003	Remaining 2023 WMCE Revenue Requirement
Expense Revenue Requirement				
WMBA	\$76,384	\$61,871	\$42,011	\$19,860
CEMA	\$684,765	\$623,322	\$376,659	\$246,663
CAVAMA	\$3,022	\$2,710	\$1,662	\$1,048
CPPMA	\$3,491	\$3,177	\$1,920	\$1,257
DMA	\$4,240	\$3,858	\$2,332	\$1,526
CCPAMA	\$9,112	\$8,300	\$5,012	\$3,228
ECPMA	\$2,149	\$1,956	\$1,182	\$744
PIPPMA	\$1,858	\$1,691	\$1,022	\$669
MGMA	\$1,770	\$1,611	\$974	\$637
RRRMA	\$(2,751)	\$(2,751)	\$(1,513)	\$(1,238)

⁹⁶ June 2, 2025 *Joint Motion for Settlement* at 12-13.

⁹⁷ Settlement Agreement at 12.

Total Expense RRQ	\$784,040	\$705,745	\$431,261	\$274,484
Capital Expenditure Revenue Requirement				
CEMA	\$234,958	\$232,427	\$51,923	\$180,504
CCPAMA	\$8,001	\$7,654	\$2,187	\$5,467
MGMA	\$271	\$271	\$85	\$186
Total Capital RRQ	\$243,230	\$240,352	\$54,195	\$186,157
Total Revenue Requirement				
Total RRQ (Without interest)	\$1,027,270	\$946,097	\$485,456	\$460,641

The settled amount for capital expenditures of \$548 million is reflected in the table below (Table 3) from the Joint Motion for Settlement.⁹⁸ PG&E requests in this Application recovery for revenue requirements related to these capital expenditures from 2021-2026, totaling \$240.352 million as shown above, for a combined O&M and capital expenditures revenue requirements total of \$946.097 million proposed for recovery in the Settlement Agreement.

Table 4: Capital Expenditures by Settled Account (in \$ thousands)

Settled Account	PG&E Costs	Settlement Agreement Reductions	Total Cost Recovery Per Settlement Agreement
CEMA	\$545,236	\$(6,242)	\$548,000
CCPAMA	\$8,529		
MGMA	\$477		
Total Capital Expenditures	\$544,242	\$(6,242)	\$548,000

The Settlement Agreement proposes that PG&E continue to collect in rates the amounts approved by the Commission in the Interim Decision. In the Interim

⁹⁸ June 2, 2025 *Joint Motion for Settlement* at 14 (Table 3).

Decision, the Commission authorized, subject to certain conditions and on an interim basis, PG&E's collection of approximately 55% of PG&E's total request in the instant Application, a maximum of \$943.9 million in revenue over a 17-month amortization period, with interest.⁹⁹ The Settlement Agreement seeks to maintain this collection arrangement until the \$943.9 million (approximately \$460.64 million collected as of June 2, 2025 per the Settlement Agreement) is collected in rates, as the amount approved for recovery in the Settlement Agreement exceeds \$943.9 million.¹⁰⁰

Regarding the amounts above what was authorized for recovery in the Interim Decision and the amounts agreed upon in the Settlement Agreement, the parties propose to recover amounts agreed upon in the Settlement Agreement, plus interest, over a 12-month amortization period, commencing on March 1, 2026, or as otherwise authorized by the Commission.¹⁰¹ After subtracting the amounts that will be recovered through the process approved by the Interim Decision, only \$2.197 million will remain for recovery. The Settlement Agreement further provides that future revenue requirements extending beyond 2027 associated with capital expenditures in this proceeding should be included in future general rate cases.¹⁰² Regarding cost allocation, the Settlement Agreement proposes that amounts therein be allocated to customer classes using

⁹⁹ June 2, 2025 *Joint Motion for Settlement* at 14.

¹⁰⁰ As of the date of the filing of the *Joint Motion for Settlement*, June 2, 2025, PG&E states it has collected approximately \$460.64 million.

¹⁰¹ June 2, 2025, *Joint Motion for Settlement* at 15-16.

¹⁰² Settlement Agreement at 10.

the methodology for costs in accordance with the Revenue Allocation settlement D.21-11-016 adopted in A.19-11-019 for electric, D.19-10-036 adopted in A.17-09-006 for gas, or applicable Commission decisions effective at the time this Settlement Agreement is approved.¹⁰³

7.1. Settlement Agreement Legal Principles

As part of this proceeding, the Settlement Agreement was presented to be approved by the Commission under Rule 12.1. The Commission may only adopt a settlement after determining whether the settlement satisfies the three-prong test of Rule 12.1(d), which provides as follows: “The Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.”¹⁰⁴

The Commission has consistently reiterated that there is “a strong public policy favoring settlement of disputes if they are fair and reasonable in light of the whole record.”¹⁰⁵ The Commission recognizes that settlement supports a number of worthwhile policy goals including, for example, reducing the expense and uncertainty of litigation and conserving valuable Commission resources.¹⁰⁶ To these ends, we have explained:

“In assessing settlements we consider individual settlement provisions but, in light of strong public policy favoring

¹⁰³ June 2, 2025, *Joint Motion for Settlement* at 15-16.

¹⁰⁴ Rule 12.1(d) of the Commission’s Rules of Practice and Procedure.

¹⁰⁵ See, e.g., D.07-11-018 at 6 (original italics omitted; citations omitted).

¹⁰⁶ See, e.g., D.19-10-003 at 6, D.14-11-040 at 21-22.

settlements, we do not base our conclusion on whether any single provision is the optimal result. Rather, we determine whether the settlement as a whole produces a just and reasonable outcome.”¹⁰⁷

The Commission has also stated that, “Beyond this basic [Rule 12.1(d)] standard, we have incorporated other standards into its analysis, which have largely depended on situational factors, such as the type of proceeding at issue, the interests of the settling parties and whether the settlement is contested.”¹⁰⁸

The Commission has stated that the public policy favoring settlement supports many worthwhile goals. These goals include reducing the expense of litigation costs, conserving scarce resources of parties and the Commission, and allowing parties to reduce the risk that litigation will produce unacceptable results.¹⁰⁹ To approve a settlement the Commission must also find that the settling parties had a sound and thorough understanding of the application, and all the underlying assumptions and data included in the record.¹¹⁰

7.2. Review of Settlement Agreement Pursuant to Rule 12.1

A settlement may only be approved under Rule 12.1, if the Commission finds it to be reasonable in light of the whole record, consistent with the law, and

¹⁰⁷ D.10-04-033 at 9.

¹⁰⁸ D.23-02-017, *Decision Approving Settlement [PG&E]* (February 2, 2023) at 16.

¹⁰⁹ D.23-02-017, *Decision Approving Settlement [PG&E]* (February 2, 2023) at 17.

¹¹⁰ D.25-01-042, *Decision Regarding Settlement Agreement Authorizing [SCE] Cost Recovery for 2017 Thomas Fire and 2018 Montecito Debris Flow* (January 30, 2025) at 10, citing to D.23-11-069 *Decision on Test Year 2023 General Rate Case for Pacific Gas and Electric Company* (November 16, 2023) at 752-753.

in the public interest. In this section we review the terms of the Settlement Agreement for compliance with Rule 12.1.

**7.2.1. The Settlement Agreement
is Reasonable in Light of
the Whole Record**

We find that the settling parties have demonstrated that they had a sufficient understanding of the above issues to reach a reasonable settlement. Particularly, both PG&E and Cal Advocates presented reasoned, differing positions in the Application, workpapers, and testimony on these issues. Both PG&E and Cal Advocates are experienced practitioners at the Commission, and each party made concessions in the course of drafting the Settlement Agreement as seen in the compromises on different issues.

During this proceeding, Cal Advocates presented a litigation position that recommended a reduction of approximately \$127 million in O&M and a reduction of approximately \$28 million in capital for all the settled accounts. TURN and SBUA did not present specific amounts for disallowance regarding the settled accounts.¹¹¹

Approval of the Settlement Agreement will result in a \$78.3 million reduction in O&M and a \$6.24 million reduction in capital expenditures, and represents approximately 56% of Cal Advocates' recommended reduction in

¹¹¹ June 2, 2025 *Joint Motion for Settlement* at 18, stating "Cal Advocates was the only party objecting to any portion of these costs in testimony, recommending cost-recovery of \$657.267 million in O&M expense and \$530.680 million in capital expenditures. However, TURN introduced a hearing exhibit related to PG&E's WMBA request, which it had intended to use in briefing. Cal Advocates' recommendations reflect a \$127.116 million reduction to O&M expense and a \$23.562 million reduction to capital expenditures."

prepared testimony.¹¹² This is a reasonable compromise between the respective parties' litigation positions. We therefore find that the Settlement Agreement is reasonable in light of the whole record.

7.2.2. Consistent with the Law

Based on our review of the Settlement Agreement and the record of this proceeding, the Commission finds that the Settlement Agreement is consistent with the Pub. Util. Code, Commission decisions, and all other applicable laws.

The costs were tracked and recorded in memorandum accounts previously approved by the Commission. These costs are part of PG&E's efforts, among other things, to address Commission approved and/or ratified wildfire mitigation plans, risk mitigation strategies, or in response to government-declared emergency events. The settling parties state that they are not aware of any statutory provision of controlling law that would be contravened or compromised by the proposed Settlement Agreement.¹¹³ In support of this finding, the Settlement Agreement provides:

"[T]hat costs recorded in the WMBA supported critical wildfire mitigation activities—such as system hardening, enhanced situational awareness, and PSPS implementation—authorized in its 2020 GRC and consistent with state mandates under Senate Bill 901 and Assembly Bill 1054 to reduce wildfire risk. PG&E also stated that CEMA-related work was necessary to repair facilities and restore electric service following government-declared catastrophic events. In addition, PG&E explained that (1) activities recorded in the various Customer Care accounts (CCPAMA, ECPMA,

¹¹² June 2, 2025 *Joint Motion for Settlement* at 18.

¹¹³ June 2, 2025 *Joint Motion for Settlement* at 19.

CPPMA, DMA, and PIPPMA) were necessary to implement customer protections consistent with state and Commission policies, (2) its CAVAMA program was established to track and recover incremental costs incurred to comply with CPUC-mandated climate adaptation requirements, including the development of a climate vulnerability assessment and implementation of a Community Engagement Plan, and (3) microgrid work tracked in the MGMA was necessary to mitigate the impacts of PSPS events on customers.”¹¹⁴

Further, the terms and scope of the proposed Settlement Agreement are similar to past Commission decisions regarding similar accounts, such as WEMA and CEMA-related settlement decisions.¹¹⁵

Based on the nature of the costs which were tracked in authorized accounts, the association with clear policy goals, the reduction to the amount PG&E is requesting, and the similarity of this Settlement Agreement to past decisions of the Commission, the Settlement is found to be consistent with the law.

7.2.3. In the Public Interest

Based on our review of the Settlement Agreement and the record of this proceeding, we find the Settlement Agreement is in the public interest. The Commission has previously noted that “in order to consider [a] proposed

¹¹⁴ June 2, 2025 *Joint Motion for Settlement* at 19. (footnotes omitted in text.)

¹¹⁵ See, e.g., D.24-04-005, *Decision Approving Settlement and Authorizing Southern California Edison Company to Recover Costs Related to Wildfire Mitigation, Vegetation Management, Catastrophic Events, and Other Costs* (June 12, 2025), D.23-02-017, *Decision Approving Settlement [PG&E]* (February 2, 2023); D.22-03-016 *Decision Approving Settlement Recovering Costs Due to the 2018 Klamathon and Delta Fires [PacifiCorp]* (March 17, 2022); and D.21-01-012, *Decision Adopting Track 2 Settlement Agreement Addressing Southern California Edison Company’s Recorded Wildfire Mitigation Costs* (January 14, 2021).

Settlement Agreement... as being in the public interest, we must be convinced that the parties have a sound and thorough understanding of the application and all the underlying assumptions and data included in the record. This level of understanding of the Application and development of an adequate record is necessary to meet our requirements for considering any settlement.”¹¹⁶

In this instance the settling parties are sophisticated parties. PG&E, TURN, Cal Advocates, and SBUA have extensive experience and expertise with Commission ratemaking applications. Cal Advocates participates in most large electric utility applications for wildfire-related cost recovery and catastrophic events, as do TURN and SBUA. The record here is well developed with the proposed Settlement Agreement occurring after development of the evidentiary record with extensive prepared testimony, along with the Ernst & Young report. The settling parties have a sound and thorough understanding of the Application and all the underlying assumptions and data included in the record. The settling parties also fairly represent the interests of the public affected by the Application.

We also note that the settled rates in this particular Settlement Agreement are closer to those proposed by intervenor Cal Advocates than those of PG&E. As Cal Advocates represents ratepayers in Commission proceedings, this provides us with confidence that the settled rates in the Settlement Agreement were a reasonable compromise between the parties and are in the public interest.

¹¹⁶ D.20-12-005, *Decision Addressing the Test Year 2020 General Rate Case of Pacific Gas and Electric Company* (December 3, 2020) at 25-26.

Substantively, the overall reduction in the revenue requirement is in the public interest as the settling parties acknowledge the significant cost burden on customers of PG&E's initial request.¹¹⁷ The Settlement Agreement reduces that burden.

The Settlement Agreement also resolves most of the disputed issues which reduces the need for potential further litigation and thereby conserves the Commission's time and resources.

Additionally, the causes of much of the costs at issue are related to catastrophic events, wildfire-related mitigation, wildfire impacts, and other issues that impact customers. Advancement of the policy and legal goals that are the genesis of, or related to, the costs at issue is in the public interest. The settlement is unopposed, and no issues or concerns were otherwise raised. Based on the reduction and the expertise of the settling parties, the Commission finds the Settlement Agreement to be in the public interest.

7.3. Conclusion

In sum, consistent with Rule 12.1 of the Commission's Rules of Practice and Procedure and applicable legal authority, the Commission finds the Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest and is therefore approved. PG&E is authorized to recover \$705.745 million in O&M expenses and \$548 million in capital expenditures. PG&E is authorized to collect incremental O&M and 2021-2026 capital expenditure revenue requirements of \$2.197 million, the amount that will

¹¹⁷ June 2, 2025 *Joint Motion for Settlement* at 20.

remain for recovery following the recovery process laid out in the Interim Decision.

8. Vegetation Management Balancing Account

PG&E recorded \$1.63 billion into the VMBA account in 2022. PG&E states that the work recorded to this account was performed to mitigate the risk of ignition caused by vegetation contacting electrical lines and components.¹¹⁸ PG&E further states that the costs recorded into the VMBA fall into four categories: routine vegetation management (Routine VM) activities, Enhanced Vegetation Management (EVM) Activities, Tree Mortality VM (TM VM) Activities, and Power Generation Vegetation Management (PG VM) Activities.¹¹⁹ The PG&E 2020-2022 GRC Decision authorized recovery for \$795.71 million in the VMBA for 2022, after application of the 120 percent reasonableness review threshold.¹²⁰ In this application, PG&E therefore seeks reasonableness review and recovery of approximately \$833.50 million for expenses recorded to the VMBA in 2022.

In opposition to PG&E's request regarding the VMBA, TURN generally contends that PG&E's cost recovery should be substantially reduced.¹²¹ TURN states that the Commission should find that PG&E fails to demonstrate that it reasonably incurred all of the costs recorded to the VMBA in 2022, and, as a

¹¹⁸ Application at 7-8.

¹¹⁹ PGE-01 at 1-7.

¹²⁰ Application at 7-8.

¹²¹ TURN Reply Brief at 1.

result, disallow \$498.523 million. TURN's proposed disallowance includes all Enhanced Vegetation Management costs and a portion of Routine Vegetation Management and Tree Mortality costs.¹²² SBUA also voices concerns and recommends disallowances regarding the costs recorded to the VMBA in 2022.¹²³ SBUA's arguments often support similar arguments made by TURN.

The Commission addresses whether PG&E's cost recovery request of approximately \$833.50 million is reasonable, including whether PG&E has sufficiently established incrementality, together with TURN's arguments regarding the disputed VMBA costs below.

8.1. Incrementality

As noted in the Assigned Commissioner's Scoping Memo, the Commission addresses the incrementality of the costs that PG&E seeks to recover, as part of its review under Pub. Util. Code 451 and related authorities.

Regarding incrementality, PG&E asserts that the costs it seeks to recover in this proceeding as recorded in the VMBA are incremental.¹²⁴ "PG&E maintains accounting controls consistent with Generally Accepted Accounting Principles and costs cannot be recorded in multiple accounts or double recovered in other proceedings."¹²⁵ In short, PG&E claims that it provides evidence of the absence of duplicative costs and this evidence renders the recorded costs in the VMBA necessarily incremental. PG&E implies that the incrementality analysis is,

¹²² TURN Reply Brief at 1.

¹²³ SBUA Opening Brief and Reply Brief.

¹²⁴ PGE-01 at 12-18 through 12-19.

¹²⁵ PGE-01 at 12-19.

essentially, a moot point with the VMBA because the Commission “recognized that actual costs could vary materially from forecast due to factors outside of PG&E’s control.”¹²⁶ PG&E seemingly claims that the Commission only evaluates incremental costs when cost increases are not foreseeable. PG&E further states that, in its opinion, the Commission expected increases in vegetation management costs since the PG&E 2020-2022 GRC Decision refers to this possibility.¹²⁷ PG&E concludes that because of this apparent expectation, the concept of incremental costs does not apply. PG&E also suggests that “internal movement of funds from other programs is irrelevant” to the Commission analysis of incrementality.¹²⁸

PG&E is incorrect when suggesting that the incrementality analysis is not warranted, as the Commission engages in the incrementality analysis as needed. PG&E makes a number of other assertions regarding incrementality.¹²⁹ None of PG&E’s assertions accurately reflect Commission policy.

While the Commission does not separately address each of PG&E’s assertions regarding incrementality, the Commission clarifies that the analysis of incrementality is broader than characterized by PG&E. In describing the concept of “incrementality” as applied to costs, the Commission recently explained: “Generally, costs are incremental if, in addition to completing the planned work that underlies the authorized costs, the utility had to procure additional

¹²⁶ PG&E Reply Brief at 6.

¹²⁷ PG&E Reply Brief at 40.

¹²⁸ PG&E Reply Brief at 41.

¹²⁹ PG&E Reply Brief at 39-42.

resources, be they in labor or materials, to complete the new activity. The existence and completion of a new activity by itself does not prove the cost was incremental. If a new activity is completed by redirecting existing resources in a related work category, no incremental cost was incurred, despite the activity itself being ‘incremental.’”¹³⁰

Moreover, the Commission clarifies that PG&E, as the Applicant, carries the burden of proof regarding all aspects of its cost recovery request. PG&E argues unpersuasively that the VMBA is not subject to a review under the incrementality standard. Recent Commission decisions related to recovery of vegetation management costs have performed incrementality analyses for overspends tracked to these balancing accounts.¹³¹

TURN and SBUA dispute most aspects of PG&E’s understanding and need for the incrementality analysis. TURN argues that PG&E may have tracked \$475 million in costs that had been previously authorized for recovery in a GRC related to EVM activities, raising a question of whether such costs are actually incremental.¹³²

In response, PG&E states it is unconvinced by TURN and SBUA regarding the presence of incremental costs in the VMBA: “In short, TURN’s and SBUA’s incrementality concerns do not withstand scrutiny. The VMBA is a threshold-

¹³⁰ D.23-02-017, *Decision Approving Settlement* [PG&E] (February 2, 2023) at 27, *rehearing denied*, D.23-10-025.

¹³¹ See D.25-06-051, at 17-23; D.25-09-008, at 9-11 (PG&E 2021 CEMA and Wildfire Mitigation Recovery Application, denying similar PG&E argument).

¹³² TURN Opening Brief, June 2, 2025, at 44.

triggered, reasonableness-reviewed account, not a cost isolation test. PG&E has met the criteria for recovery and supported its request with verified accounting and an independent audit.”¹³³

PG&E is required to demonstrate that all amounts above the 120% reasonableness review threshold are just and reasonable and incremental to the amounts received in the GRC. Thus, the Commission rejects PG&E’s argument that the VMBA is exempt from review to determine incrementality. Since the VMBA includes amounts above the 120% threshold, all such amounts are subject to review.

However, no party presents a persuasive argument for why these costs are not incremental. Neither TURN nor SBUA assert that any specific costs should have been recorded to a different account or were otherwise funded in PG&E’s 2020-2022 GRC. PG&E notes that its spend in the VMBA far exceeded the amounts authorized in the PG&E 2020-2022 GRC Decision, decreasing the likelihood that such costs were not incremental. We find that the requested 2022 VMBA costs are incremental to those approved in the GRC, including the 120% threshold.

8.2. Reasonableness Review

Pub. Util. Code Section 451 provides, in relevant part, as follows: “All charges demanded or received by any public utility, or by any two or more public utilities, for any product or commodity furnished or to be furnished or any service rendered or to be rendered shall be just and reasonable.” To reiterate,

¹³³ PG&E Reply Brief at 42.

the Commission has made clear that ratification of a Wildfire Mitigation Plan does not establish reasonableness under Section 451 and related authorities. As noted in D.19-05-036, the guidance decision for WMPs, “Senate Bill 901 is explicit that approval of Wildfire Mitigation Plans does not constitute approval of the costs associated with the actions in the plan...We also do not find that substantial compliance with an element of a Plan, or all elements of a Plan, establishes that the electrical corporation acted prudently when it later seeks to recover its costs. Senate Bill 901 did not redefine the “prudent manager” test.”¹³⁴

The Commission reviews the costs presented here for reasonableness. A determination of reasonableness requires analysis of whether PG&E acted in accordance with the prudent manager standard and whether the costs are incremental to costs already allowed PG&E. PG&E is permitted to recover costs deemed just and reasonable. A significant portion of PG&E’s cost recovery request, as presented in its Application, is subject to the settlement, discussed above in Section 7. The remaining amount of approximately \$833.5 million in vegetation management costs recorded in the VMBA is addressed here.

PG&E recorded a total of \$1.63 billion for vegetation management in 2022 in the VMBA related to four programs: (1) Routine VM, (2) Enhanced VM, (3) Tree Mortality VM, and (4) Power Generation Tree Mortality VM.¹³⁵ PG&E seeks approval of approximately \$833.5 million related to vegetation management for these programs, which PG&E states exceed the 120% reasonableness review

¹³⁴ D.19-05-036, at 4. SB 901 was superseded by Assembly Bill 1054, but many of the same provisions were carried forward

¹³⁵ PG&E Opening Brief at 13.

threshold authorized in D.20-12-005.¹³⁶ TURN described this amount as “nearly two and a half times the amount authorized in the utility’s Test Year 2020 General Rate Case.”¹³⁷ Since costs under the 120% threshold were allowed in the GRC, the Commission does not re-examine those costs here.

The VMBA costs above the 120% GRC threshold, as presented by PG&E, are summarized below, with the four programs of vegetation management work and the 120% reasonableness threshold authorized in D.20-12-005.¹³⁸ The reduction recommended by Ernst & Young is also shown.¹³⁹ Ernst & Young reductions were applied before PG&E filed its Application.¹⁴⁰

Table 5: Summarized VMBA Costs (in \$ thousands)

Line No.	Program	Imputed Adopted Amount ^(a)	Adopted at 120 percent	2022 Recorded Adj. Expenses	Costs Above Review Threshold	E&Y Adjustment ^(b)	Recovery Request Subject to Review
1	Routine VM	\$277,417	\$332,901	\$694,682	\$361,781	\$(424)	\$361,357
2	EVM	385,679	462,815	816,410	353,595	(206)	353,389
3	Tree Mortality	–	–	117,602	117,602	(13)	117,589
4	PG	–	–	1,159	1,159	–	1,159
5	Total ^(c)	\$663,095	\$795,714	\$1,629,852	\$834,138	\$(642)	\$833,496

(a) D.20-12-005, Section 7.2.5.1, p. 74 for Routine VM; Section 7.2.5.3, p. 77 for EVM.

(b) The E&Y adjustment set forth in Appendix A is provided in total. PG&E has further divided the adjustment into the individual programs.

(c) Differences due to rounding.

¹³⁶ PG&E Opening Brief at 13.

¹³⁷ TURN Opening Brief at 8.

¹³⁸ PG&E Opening Brief at 13.

¹³⁹ PG&E Opening Brief at 13.

¹⁴⁰ PGE-01 at 3-3.

PG&E's proposed recovery amounts as well as TURN's and SBUA's recommended disallowances are summarized below.¹⁴¹ Cal Advocates takes no position on the reasonableness of the costs recorded to the VMBA, as it did not engage in an independent analysis of this account.¹⁴²

Table 6: Parties' Proposed VMBA Disallowances (in \$ millions)

VMBA Total & Activity Subtotals (in \$ millions)	PG&E Imputed Amount Authorized at 120% per D.20-12-005¹⁴³	PG&E Recorded Expenses	Amount Remaining For Recovery in this Application (after E&Y reductions)	TURN disallowance	SBUA disallowance
Routine Vegetation Management	\$332.9	\$694.682	\$361.357	\$129.4	\$97.1
Enhanced Vegetation Management	\$462.8	\$816.410	\$353.389	\$353.4	\$350.65
Tree Mortality	N/A	\$117.602	\$117.589	\$15.730	N/A
Power Generation Tree Mortality	N/A	\$1.159	\$1.159	N/A	N/A
Total		\$1,629.852	833.496	\$498.523	\$447.75

¹⁴¹ PG&E Opening Brief at 7.

¹⁴² CA-01 at 5 (fn. 17).

¹⁴³ PGE-01 at 3-3.

8.2.1. Routine Vegetation Management Program

PG&E's 2022 recorded Routine Vegetation Management costs were \$694.7 million, exceeding the 120% review threshold of \$332.9 million.¹⁴⁴ After deductions proposed in the Ernst and Young audit, PG&E's 2022 costs subject to reasonableness review are therefore \$361.357 million for Routine Vegetation Management.¹⁴⁵

PG&E's Routine Vegetation Management program is described as a "tree trimming program."¹⁴⁶ PG&E summarizes the Routine Vegetation Management program as follows:

"[R]egulatory compliance work based on an annual patrol of all PG&E distribution lines to support compliance with General Order (GO) 95 Rule 35 and CPRC Sections 4292 and 4293. PG&E annually inspects trees along approximately 81,000 miles of high voltage distribution lines in both HFTD and non-HFTD areas. During the inspections, trees are identified for work (trimming and hazard trees for mitigation...."¹⁴⁷

PG&E explains that the above-authorized amount of \$361.357 million for the Routine Vegetation Management program is "due to an increase in units worked; the increased average cost per tree work in units worked versus forecasted; and, increased non-tree costs (planned and unplanned)."¹⁴⁸ PG&E

¹⁴⁴ PGE-01 at 3-6.

¹⁴⁵ PGE-01 at 3-6.

¹⁴⁶ PGE-01 at 3-6.

¹⁴⁷ PGE-01 at 3-6. HFTD refers to High Fire-Threat District.

¹⁴⁸ PGE-01 at 3-13.

further states that the factors contributing to the increased unit cost include (1) increased labor costs, (2) unionization of Pre-Inspectors, (3) pass-through costs for defined scope work, (4) exception tree work paid at increased rates, (5) the completion of Priority 1 and Priority 2 tags, and (6) emergent vegetation management work.¹⁴⁹

PG&E states that of the over-authorized amount of \$361.357 million, the cost drivers of the majority of this amount, \$221.5 million, are largely not disputed.¹⁵⁰ Of the remaining amount recorded to the Routine Vegetation Management program of \$139.9 million, TURN recommends disallowing approximately \$129 million.¹⁵¹ According to TURN, this disallowance would represent 8% of the total spend on the vegetation management programs recorded to the VMBA in 2022.¹⁵² TURN argues that evidence exists of “poor judgment” and failures on cost effectiveness when deciding to engage in some above-compliance work reflected in the Routine Vegetation Management program.¹⁵³ In addition, TURN recommends that costs related to “rush work” be disallowed as PG&E did not reasonably manage the program to meet regulatory targets.¹⁵⁴ SBUA also recommends disallowances related to trees removed at customer request and tree work prioritization. These issues are addressed below.

¹⁴⁹ PGE-01 at 3-13.

¹⁵⁰ PG&E Reply Brief at 14.

¹⁵¹ TURN Opening Brief at 10.

¹⁵² TURN Opening Brief at 11.

¹⁵³ TURN Opening Brief at 11-13.

¹⁵⁴ TURN Opening Brief at 11-13.

**8.2.1.1. Above-Compliance Work -
Routine Vegetation Management**

Regarding the disallowance of “above-compliance” work (explained as work completed to the Enhanced Vegetation Management (EVM) standards), TURN explains that the Commission should disallow \$97.196 million in costs within the Routine Vegetation Management category, out of \$361.4 million requested.¹⁵⁵ According to TURN, PG&E completed work at the request of customers that was not required under the law.¹⁵⁶ TURN states:

“PG&E reports that one factor which increased the volume of Routine VM work was additional tree work to meet customer requests beyond what was required for regulatory compliance with the program. As PG&E’s testimony explains, “In some areas, PG&E trimmed Routine VM trees to EVM standards at the request of customers or following previous fires in the area.” PG&E states that it carried out this above-compliance tree work because customers observed the scope of the EVM program and requested the same level of treatment for trees on their property....”¹⁵⁷

TURN further explains that PG&E does not present data to quantify this above-compliance work.¹⁵⁸ However, TURN states, PG&E does estimate that approximately 14% of Routine Vegetation Management trees (180,000 trees) “were removed to yield long-term benefits of VM....”¹⁵⁹ TURN uses this figure to

¹⁵⁵ TURN Opening Brief at 11.

¹⁵⁶ TURN Opening Brief at 11.

¹⁵⁷ TURN Opening Brief at 11.

¹⁵⁸ TURN Opening Brief at 12.

¹⁵⁹ TURN Opening Brief at 12 (fn. 45) *citing to* Ex. TURN-02, Appendix B at 25 (PG&E response to TURN DR 5, Q7c.)

determine the cost of tree removals at customer request. TURN calculates 14% of \$694.682 million equals a recommended disallowance of \$97.196 million.¹⁶⁰ At the same time that PG&E's vegetation management rapidly increased together with related costs, TURN states that PG&E offers no explanation of how it selected or contained costs for above-compliance Routine Vegetation Management work and that PG&E's showing indicates that it did not track the costs associated with customer requests or prioritize resources for Routine Vegetation Management requirements.¹⁶¹ Consequently, TURN alleges that PG&E has not demonstrated that it considered resource constraints, nor did it exercise good judgment in carrying out certain Routine Vegetation Management work to Enhanced Vegetation Management standards.

SBUA supports a disallowance because, according to SBUA, PG&E failed to reasonably prioritize tree work and this resulted in increased costs.¹⁶² SBUA points to the \$10 million in costs associated with vegetation control that SBUA alleges should have been charged to property owners, and notes that PG&E provides no information regarding the extent to which it sought reimbursement for those costs.¹⁶³ SBUA highlights similar issues related to the \$8.8 million PG&E seeks for emergent VM costs, noting the lack of information regarding events or activities which PG&E incurred costs for in this category. Similar to TURN, SBUA supports a disallowance for work performed at the customer's request as

¹⁶⁰ TURN Opening Brief at 12.

¹⁶¹ TURN Opening Brief at 14.

¹⁶² SBUA Opening Brief at 7.

¹⁶³ SBUA Opening Brief, at 11.

well as rushed work.¹⁶⁴ The issue of rushed work is addressed below. SBUA also suggests that the impact of PG&E's efforts to complete work initially designated for prior years, 2020 and 2021, resulted in increased costs across all tree work in 2022.¹⁶⁵

PG&E disagrees with TURN's analysis and recommendation. PG&E also objects to SBUA's arguments.¹⁶⁶ First, PG&E explains that TURN's method of calculating the \$97.196 million disallowance for this above-compliance is flawed and unsupported by the evidence.¹⁶⁷ PG&E argues that of the \$361.2 million sought for recovery in this application for Routine VM work, only \$20 million of costs recorded for Routine VM could reasonably be attributed to trees being unnecessarily worked at customer request.¹⁶⁸ PG&E points to the need to perform this work because failure to perform it "could have created significant safety concerns, with customers potentially attempting this hazardous work themselves."¹⁶⁹ According to PG&E, it only removed trees at the homeowner's request and at no cost to the homeowner when that tree was already marked to be trimmed.¹⁷⁰ PG&E suggests that while the utility only determined the tree needed to be trimmed, value to all customers resulted in removal because no

¹⁶⁴ SBUA Opening Brief at 7.

¹⁶⁵ SBUA Opening Brief at 8-10.

¹⁶⁶ PG&E Reply Brief at 21-23.

¹⁶⁷ PG&E Reply Brief at 14.

¹⁶⁸ PG&E Reply Brief, at 14-15.

¹⁶⁹ PG&E Reply Brief at 16.

¹⁷⁰ PG&R Reply Brief at 16, *citing to* PG&E Opening Brief at 30-31; PG&E-02 at 3-9 to 3-11; PG&E-04 at 3-7 to 3-9.

current or future trims were needed.¹⁷¹ PG&E similarly responds in opposition to the arguments presented by SBUA regarding prioritization of tree work resulting in increased costs and unreasonable work at the customer's request.¹⁷²

Regarding the amounts for above-compliance work recorded to the Routine Vegetation Management program within the VMBA, the Commission finds PG&E fails to establish by the preponderance of evidence that PG&E's decision to conduct tree removal activities on trees marked by the utility's vegetation management personnel for trimming, if requested by the homeowner, was reasonable. The Commission bases this decision on (1) the absence of any regulatory directive to perform tree removals at the homeowner's request and (2) evidence that the utility's vegetation management personnel designated the trees for trim, rather than removal. It is also relevant that the utility's vegetation management personnel did not appear to change the designation for trim (rather than removal) at any time during or after communications with the homeowners, which would reflect that personnel were changing the designation due to additional information rather than simply customer preference. PG&E fails to show that its actions, practices, methods, and decisions show reasonable judgment in light of what it knew or should have known at the time.

PG&E's effort to justify the work on the basis that tree removal creates long term benefits to ratepayers since no future trims are needed is not convincing because the Commission has no evidence, other than PG&E's theory,

¹⁷¹ PG&R Reply Brief at 16.

¹⁷² PG&E Reply Brief at 21-23.

to support this conclusion. The Commission cannot approve costs that are applied to all PG&E ratepayers across its service territory when no regulatory directive exists to support the activity, the utility's personnel did not find the work was required to support the utility's vegetation management goals, and when, in the absence of these findings, the ratepayers are paying a cost for work that appears to disproportionately benefit the homeowner. For these reasons, under the prudent manager standard, the Commission finds that the work activities were not a reasonable decision for the utility based on what PG&E knew or should have known at the time.

According to PG&E, TURN fails to base its calculation on clear cost items reflected in the record.¹⁷³ SBUA's recommended disallowances include the \$8.8 million allocated to emergent work. PG&E's testimony shows that \$20 million was spent on "temporary additional resources to accelerate schedule," which includes work outside of defined scope, trimming of Routine VM trees to EVM standards at the request of customers or following previous fires in the area."¹⁷⁴ TURN cites to data requests provided in its testimony to suggest that 14 percent of total trees (totaling 180,000) were exceptional work done at the customer's request, but a more likely reading of the data request is that 14 percent of the trees worked in the overall Routine VM program in 2022 were removed as opposed to trimmed, as argued in PG&E's testimony, and that customer

¹⁷³ PG&E Reply Brief at 16.

¹⁷⁴ PGE-01 at 2-16.

requested removals are a subset of that amount.¹⁷⁵ A reduction for 14 percent of all Routine VM costs is therefore not appropriate, as only a fraction of this total is likely to have been at customer request. Nonetheless, TURN's and SBUA's arguments are persuasive that PG&E should not have simply placated customers' desires for additional tree work. Accordingly, the Commission adopts a disallowance of \$10 million for "Temporary Additional Resources to Accelerate Schedule" activities recorded to the Routine Vegetation Management program because PG&E fails to show by the preponderance of evidence that its actions, practices, methods, and decisions show reasonable judgment in light of what it knew or should have known at the time.

Regarding emergent work, SBUA's argument for denial of costs is unpersuasive. The nature of emergent work does not lend itself to predictability year to year, given it is due to conditions outside of PG&E's control. PG&E's \$8.8 million spent on emergent VM work is reasonable.

8.2.1.2. Rush Work – Routine Vegetation Management

SBUA and TURN recommend a disallowance based on "rushed work." SBUA and TURN recommend disallowance of \$20 million for costs recorded to the Routine Vegetation Management program based on alleged "rushed work," related to resources paid to accelerate work identified but not completed in 2021. According to TURN and SBUA, PG&E's tree work prioritization process resulted in the delays in Routine Vegetation Management work and to address these

¹⁷⁵ PGE-04 at 3-8.

delays, PG&E spent \$20 million to temporarily increase tree crew resources to accelerate the completion of work identified but not completed in 2021.¹⁷⁶

SBUA goes further and recommends denials of the \$17.1 million PG&E identified for “additional pass-through costs related to defined scope work” as well as denial of \$54.4 million related to trees tagged as Priority 1 and Priority 2.¹⁷⁷ These pass-through costs included excess traffic control permitting, and acceleration payments related to defined scope and exception tree work.¹⁷⁸ Priority tagged trees are trees that must be mitigated either within 24 hours or 20 business days, which carry additional cost paid at a premium rate.¹⁷⁹ SBUA states that PG&E has provided insufficient information to justify the priority tagging of trees, and since drought conditions have been a known quantity in California PG&E should not be allowed additional recovery for drought-related tree work.

PG&E explains that several factors related to completing work designated for 2021, with one factor being PG&E’s decision to further focus on high-risk areas, contributing to its spend of the disputed amount related to schedule acceleration,

\$20 million: “Certain work in 2021 was curtailed to manage risk, ensure WMP commitments were attained and comply with associated regulations. Near the end of the third quarter in 2021, resources were shifted to complete the high-risk reduction work in the HFTD first, and Routine VM work was carried over into

¹⁷⁶ TURN Opening Brief at 18; PGE-01 at 3-15; SBUA Opening Brief at 7-9.

¹⁷⁷ SBUA Opening Brief at 7-9.

¹⁷⁸ PGE-01 at 3-15.

¹⁷⁹ PGE-01 at 3-16-3-17.

2022 as needed. Along with prioritizing EVM work, there was an extended market demand for qualified tree contractors in California, thereby limiting the volume of work that could be completed and resulting in higher costs for all VM work.”¹⁸⁰

Contained within that \$20 million is the money PG&E attributes to tree work at EVM standards at customer request, for which this decision has already disallowed \$10 million, above. To the extent that TURN and SBUA request denial of the whole \$20 million, we find that PG&E reasonably conducted this carried over 2021 Routine VM work in 2022. PG&E states in its reply brief that this work did not result in additional cost, and suggests that these costs “represent the additional cost of the resources above the value of this work that was already contracted within the defined scope contracts.”¹⁸¹ PG&E states that the accelerated payments were performed to “ensure that wildfire mitigation plan commitments were met,” and that [t]he accelerated payments were warranted and necessary to mobilize resources to address higher risk work in HFTDs first,” in 2021.¹⁸² Past Commission decisions have found it reasonable for PG&E to delay Routine VM work to the subsequent year, to prioritize higher risk work.¹⁸³ We therefore decline to impose additional disallowances of \$10 million, or the remaining amount in the “Temporary Additional Resources to Accelerate Schedule” category.

¹⁸⁰ PGE-01 at 3-16.

¹⁸¹ PGE-01 at 3-15-3-16.

¹⁸² PGE-02, at 3-12.

¹⁸³ D.24-12-075, at 25-26.

Regarding pass-through costs of \$17.7 million, tree work completed by PG&E incurs other costs that must be done to conduct tree trimming activities, such as traffic control. Given the lack of justification provided to deny a portion of these costs, we find the \$17.7 million spent reasonable.

The Commission also finds reasonable the costs PG&E spent on Priority Tagged Trees, within the Routine Vegetation Management program. While TURN and SBUA point to certain PG&E decisions regarding “rushed work” that might be found unreasonable in another point in time, the Commission finds that during the 2021-2022 period, electric utilities, including PG&E, were calibrating various tools to manage risk in the context of tree work and wildfire-related mitigations. PG&E notes the historic drought conditions necessitating additional priority tagging. At that time, PG&E’s decision to spend \$54.4 million on priority work for the Routine Vegetation Management program was reasonable.

Accordingly, the Commission finds that PG&E shows by the preponderance of evidence that its actions, practices, methods, and decisions to temporarily increase tree crew resources to accelerate the completion of work identified but not completed in 2021 were reasonable in light of what PG&E knew or should have known at the time.

8.2.1.3. Quality Verification Review – Routine Vegetation Management

Regarding quality of work, TURN recommends disallowing \$12.208 million (approximately 5%) in costs recorded to Routine Vegetation Management because PG&E failed to achieve the utility’s Quality Verification (QV) targets for

2022 of 95% related to Routine Vegetation Management set by OEIS.¹⁸⁴ TURN points to data showing that “PG&E did not meet the 95% AQL [Acceptable Quality Limit] score target set by OEIS” for the two programs identified below within Routine Vegetation Management:¹⁸⁵

QVVM – Distribution, 91.34% AQL

QVVM – Pole Clearing, 90.26% AQL

In support of its Routine VM costs, PG&E states it “performed at a high level even where falling just short of PG&E’s internal targets.”¹⁸⁶ PG&E points out that work quality trended up in 2022, stating “PG&E saw a 3.41 percent *improvement* in quality performance in 2022. PG&E also saw a 40 percent reduction in Commission reportable ignitions caused by vegetation contact in HFTD areas.”¹⁸⁷ PG&E states that “small deviation is not indicative of substandard work, as there are many subjective elements to evaluating compliance for this program.”¹⁸⁸ Lastly, PG&E finds the amount recommended for disallowance unconnected to any of the increased costs.¹⁸⁹

¹⁸⁴ TURN-05 at 5; TURN Opening Brief at 20; PGE-01 at 3-7, stating “An independent contractor performs quality verification (QV) reviews of randomly sampled pre-inspection records to ensure that work is identified and prescribed according to PG&E’s procedures and specifications.”

¹⁸⁵ TURN-05 at 5, *attaching and citing to* PG&E Response to Data Request TURN-PG&E-009 (February 3, 2025).

¹⁸⁶ PG&E Opening Brief at 28.

¹⁸⁷ PG&E Opening Brief at 29.

¹⁸⁸ PG&E Opening Brief at 29.

¹⁸⁹ PG&E Opening Brief at 29.

The Commission finds that the utility's internal Quality Verification targets for 2022 are an important metric to evaluate as part of the Commission's wildfire-mitigation oversight but that the evidence presented, *i.e.*, evidence of falling below the 95% AQL, does not show that PG&E acted unreasonably. PG&E has shown continual improvement in its quality performance and is within five percent of targets. PG&E is authorized to recover \$14.3 million for Quality Verification related to Routine VM.

8.2.1.4. Undisputed Costs

No party challenged the reasonableness of the other \$221.5 million charged for Routine VM sought for recovery in this Application. These "undisputed" cost drivers include, according to PG&E, increased costs due to the passage of Senate Bill (SB) 247 (Dodd, 2019) (\$162.1 million), and the unionization of PG&E's Vegetation Management Pre-Inspectors (\$45.1 million).¹⁹⁰ PG&E also spent \$14.3 million to transition some quality control contract employees to internal employees to preserve program knowledge and history, and improve employee retention.¹⁹¹ These costs were previously unforeseen and were not due to mismanagement by PG&E, and allowed PG&E to continue its routine VM activities without undue delay. Accordingly, the Commission finds the \$221.5 million related to those costs reasonable.

¹⁹⁰ PGE-01, at 3-14, 3-15.

¹⁹¹ PGE-01, at 3-18.

8.2.1.5. Conclusion

PG&E is authorized to recover \$351.357 million related to routine VM activities recorded to the VMBA, after disallowances of \$10 million charged to the category “Temporary Additional Resources to Accelerate Schedule.”

8.2.2. Enhanced Vegetation Management Program

In 2022, PG&E recorded EVM costs of \$816.4 million in the VMBA. The GRC forecast for the EVM program for 2022 was \$386 million.¹⁹² PG&E calculated a 120% reasonableness review threshold for EVM of \$462.8 million for 2022.¹⁹³ The amount PG&E presents as subject to reasonableness review in this proceeding is therefore \$353.4. million.¹⁹⁴ This amount is sometimes referred to herein as the above-authorized amount. This amount includes a reduction of \$206,000 made by PG&E in response to the Ernst & Young reports before PG&E filed its Application.¹⁹⁵

According to PG&E, the 2022 EVM program included work that met or exceeded the recommended General Order 95, Rule 35 time-of-trim clearances, as well as removing overhanging vegetation from distribution lines primarily in HFTD areas.¹⁹⁶ PG&E’s 2022 EVM program largely consisted of tree removal

¹⁹² TURN Opening Brief at 23. The Commission adopted the forecast in D.20-12-005 (PG&E 2020-2022 GRC).

¹⁹³ PG&E Opening Brief at 34.

¹⁹⁴ PG&E Opening Brief at 34.

¹⁹⁵ PG&E Opening Brief at 34.

¹⁹⁶ PGE-01 at 3-20.

work and wood management.¹⁹⁷ PG&E worked on 396,500 trees and removed approximately 346,500.¹⁹⁸ PG&E's actual 2022 tree removal work for the EVM program was substantially higher than forecasted. PG&E's forecast for the 2022 EVM program was the removal of 1 tree for every 9 trees trimmed.¹⁹⁹ Instead, PG&E's 2022 EVM program recorded data indicates the removal of 7 trees for every 1 tree trimmed.²⁰⁰ Stated differently, PG&E explains:

"PG&E had assumed at the time of the forecast that of the trees identified for mitigation through EVM inspections, PG&E would remove approximately 10 percent and trim the remaining 90 percent. PG&E actually removed about 87 percent of trees identified for mitigation, trimming the remaining 13 percent."²⁰¹

As PG&E performed more tree removals in 2022 than forecasted, costs increased beyond the forecast because costs for tree removal were higher than other tree work, such as tree trimming.²⁰² PG&E states that in 2022 the costs for tree removal could be approximately three times higher than for tree trimming.²⁰³

In support of disallowing \$353.4 million, an amount that represents all of the above-authorized EVM recorded costs, TURN argues that the evidence establishes that PG&E knew in 2022 that the EVM program was not a cost

¹⁹⁷ PGE-01 at 3-35.

¹⁹⁸ PGE-01 at 3-35.

¹⁹⁹ PGE-01 at 3-25.

²⁰⁰ PGE-01 at 3-25.

²⁰¹ PG&E-04 at 3-4.

²⁰² PGE-01 at 3-25.

²⁰³ PGE-01 at 3-25.

efficient method to reduce risk and even though this newer program, EVM, was not effective, PG&E did not consider changing the program, and did not change the parameters. According to TURN, PG&E's decision to implement the program with little or no changes resulted in the above-authorized amount of \$353.4 million. TURN describes the above-authorized EVM spending as 90% tree work together with related wood management.²⁰⁴ TURN summarizes its argument in support of a disallowance as follows:

“PG&E's stewardship of the EVM program in 2022 was imprudent based on known facts at the time. PG&E did not put into place even basic spending safeguards throughout 2022. It knew the program delivered little risk reduction for the money spent coming well in advance of program implementation in 2022. In February 2022, PG&E did not re-evaluate the program or spending despite its plan to scale back EVM in 2023 to focus on more cost-effective measures.”²⁰⁵

In stating that PG&E knew the program delivered little risk reduction, TURN cites to evidence that PG&E knew by February 2022 that it would effectively end the EVM program in light of more cost-effective alternatives, such as the emergence of Enhanced Power Safety Settings (EPSS),²⁰⁶ which PG&E

²⁰⁴ TURN-01 at Section III.

²⁰⁵ TURN-01 at Section III and fn. 16, *citing to* A.21-06-021, PG&E 2023-2026 GRC, PG&E February 25, 2022 Errata and Supplemental Testimony: PG&E-04 at 3-2, 3-7, 4.6-2; PG&E-04 at 9-3, 9-9.

²⁰⁶ PGE-01 at 3-1, “EPSS is a protective technology that allows line protection devices to rapidly de-energize a line when faults occur due to vegetation striking a line, animal interference, third-party interference, or equipment failure. EPSS helps to reduce ignitions and reduce the size of fires when they occur.”

began to implement in 2021.²⁰⁷ At that time or earlier, PG&E found that EPSS provided an 80% risk reduction at a fraction of the cost compared with EVM.²⁰⁸

In its 2023 GRC Application, PG&E noted that it planned to end the EVM program in favor of the EPSS program.²⁰⁹ TURN notes that after informing the Commission of these plans, PG&E continued to spend \$715 million on EVM from March to December of 2022. TURN states that “PG&E’s explanation for its level of overspending on EVM includes no discussion of the risk reduction or effectiveness of the EVM overspending.”²¹⁰ TURN also points to evidence that even earlier, in mid-2021, the risk spend efficiency (or cost-effectiveness) of EVM was one of the lowest of all of PG&E’s wildfire mitigation programs.²¹¹ Data shows that in mid-2021 the risk spend efficiency was 2.5 for EVM and, by contrast, the risk spend efficiency was 3,501.4 for Routine Vegetation Management-Distribution Overhead.²¹²

TURN explains that “by far the most cost-effective program was traditional [routine] vegetation management.” In continuing to spend on the EVM program, TURN states that no evidence exists that PG&E re-evaluated the program or the spending amount. TURN concludes that “PG&E’s decision to implement its program regardless of the cost is simply not a reasonable business

²⁰⁷ TURN-01 at Section III.

²⁰⁸ TURN-01 at Section III and fn. 20, *citing to* A.21-06-021, PG&E 2023-2026 GRC, PG&E February 25, 2022 Update Testimony at 3-7.

²⁰⁹ *Id.*

²¹⁰ TURN-01 at 3-9.

²¹¹ TURN-01 at Section 3-11, Figure 2.

²¹² *Id.*

practice.”²¹³ No evidence exists that PG&E acted to change or refine its course of action regarding EVM work or spend.²¹⁴

Similar to TURN, SBUA asserts that PG&E has not carried its burden to demonstrate that its EVM overruns were reasonable.²¹⁵ SBUA focuses on some of the specific costs of the EVM program, such as the 2022 Information Technology costs in the EVM program of \$15.7 million.²¹⁶ SBUA also presents an analysis of the costs for the LiDAR.²¹⁷ Overall, SBUA recommends that, based on the evidence, a “significant portion of \$353.4 million requested must be denied.”²¹⁸

PG&E responds that TURN’s arguments are premised on hindsight, rather than the applicable legal standard, i.e., what PG&E knew or should have known at the time.²¹⁹ PG&E also explains that while the EPSS program showed promise, its effectiveness in HFTDs was still under evaluation and not yet fully configured.²²⁰ In this manner, PG&E suggests that replacing EVM with EPSS in 2022 was premature.

PG&E further explains that it would have been irresponsible to leave unaddressed trees that had been previously identified under the EVM program

²¹³ TURN-01 at Section III.

²¹⁴ TURN-01 at Section III.

²¹⁵ SBUA Opening Brief at 14-16.

²¹⁶ SBUA Opening Brief at 15.

²¹⁷ SBUA Opening Brief at 17.

²¹⁸ SBUA Opening Brief at 15.

²¹⁹ PG&E-02 at 3-13.

²²⁰ PG&E-02 at 3-13.

as presenting ignition risk in Tier 2 and Tier 3 HFTD areas by curtailing or terminating the EVM program after February 2022.²²¹ According to PG&E, the largest drivers of the EVM program cost were the increased number of trees worked per mile and the type of tree work conducted as compared to the number of trees and type of work underlying its forecast amount.²²²

PG&E also implies that legal constraints prevented any change in course and might have even required continuation of the EVM program through 2022 despite mounting evidence of weak cost effectiveness.²²³ PG&E states that its implementation of the EVM program from March to December 2022 was necessary, authorized under the Wildfire Mitigation Plan (WMP), and complied with Resolution M-4864 (Enhanced Oversight and Enforcement (EOE) Process).²²⁴ PG&E suggests that because the EVM program was based on the commitments and activities approved in PG&E's Wildfire Mitigation Plan pursuant to Pub. Util. Code Section 8386, PG&E was justified in continuing the program and incurring costs of \$353.4 million above the 120% authorized GRC VMBA threshold.²²⁵ PG&E disputes TURN's claim that insufficient oversight resulted in the EVM budget of \$597 million set in December 2021, pointing to, among other things, a senior leadership meeting only a few weeks later to revisit

²²¹ PG&E-02 at 3-13.

²²² PG&E-02 at 3-17.

²²³ PG&E-02 at 3-13.

²²⁴ PG&E-02 at 3-13 and 3-19 stating: "The Commission approved PG&E's exit from the Enhanced Oversight and Enforcement process in late 2022, based in part on PG&E's EVM progress reports in 2022, after reviewing comments from intervenors, including TURN."

²²⁵ PG&E-02 at 3-13.

the EVM budget in January 2022 that authorized an increase for the EVM program to \$621 million.²²⁶ This EVM budget authorization followed several PG&E meetings in late 2021 to evaluate the EVM program spending. PG&E describes the budget process, and its additional actions to “validate scope and cost drivers” at a later evaluation of the EVM held the first quarter of 2022, as follows:

“...PG&E’s focus [was] on completing a detailed review of the forecast and the obligation to complete the committed work in HFTD areas. As a result of this review the EVM forecast was updated and approved at \$767.9 million IGJ funded total of \$792.9 million less \$25.0 million allocated to One Veg scope, within a revised VM total budget of \$1,817.5 million). While EVM ultimately exceeded this budget, the overall VM budget was managed and actual costs came in very close to the overall VM budget, as discussed above. VM leadership closely monitored actual expenditures against this budget as they occurred.”²²⁷

PG&E also asserts that it had not conducted sufficient analysis until August of 2022 which showed EVM was not cost-effective as compared to other wildfire risk reduction activities.²²⁸ PG&E states that there was no formal process to re-consider implementation of its EVM program mid-year, and not

²²⁶ PG&E-02 at 3-16.

²²⁷ PG&E-02 at 3-16.

²²⁸ PG&E Opening Comments to the Proposed Decision (PG&E Opening Comments), January 15, 2026, at 12.

until October of 2022 did PG&E determine that the EVM program would be ended and replaced.²²⁹

Based on evidence of minimal risk reduction or cost efficiency in 2022, the Commission finds PG&E acted unreasonably and imprudently when it continued the EVM program with no changes throughout 2022 while expenses far exceeded adopted budgets. The evidence establishes that PG&E knew or should have known that the program was achieving too little in terms of risk reduction and that the achieved risk reduction was at too high a price. PG&E decided to end the program in October 2022. This is not hindsight, as suggested by PG&E. Rather, PG&E knew the program was not cost-effective but elected to continue it despite this knowledge. PG&E also does not assert that in view of this knowledge it came to the Commission to seek a change in its EVM program, despite what was in its WMP or the EOE Resolution.

Furthermore, PG&E presented insufficient evidence that it seriously considered any scaling back or other changes to the EVM program for the remainder of 2022 even when PG&E knew by October of 2022 that it intended to end the EVM program in December 2022 in favor of more effective alternatives (both in terms of far lower cost and far greater risk reduction per dollar spent). PG&E evaluated the program and the budget on several occasions in late 2021 and 2022 but simply meeting, without action or a convincing rationale for the

²²⁹ See PGE-01, at 3-AtchG-6 (PG&E Enhanced Oversight and Enforcement Process Corrective Action Plan, 90 Day Report (October 31, 2022)).

work increase, does not establish reasonableness for spending more on the program than previously authorized.

In this Application, PG&E states that in 2022 the EPSS program was an emerging program with a very different wildfire mitigation strategy than tree work and therefore could not have replaced EVM in 2022. However, PG&E should have taken steps to narrow its 2022 EVM program if it had knowledge EVM was ineffective. PG&E does not establish that a different approach was seriously considered, and statements that the overall budget, including EVM work, met targets set in late 2021 through early 2022 do not show that it seriously considered prioritizing resources or reducing non-cost effective EVM work.²³⁰ The anticipated risk-spend efficiency for the EVM program was substantially lower than the majority of its other wildfire risk mitigation programs, and PG&E's own analyses highlighted the EVM program's ineffectiveness in this regard. The Commission finds that while PG&E convened several times to evaluate the EVM budget and projected work, no meaningful re-evaluation of the program or PG&E's spending on the program for 2022 resulted. Rather, the program was increased beyond initial budgets.

PG&E suggests it was legally bound to carry out its stated goals in its WMP, which included the tree work set forth in the EVM program. The assertion that WMP work should continue with no consideration of work effectiveness is not an adequate showing of reasonableness in this context.

²³⁰ PGE-02 at 3-15-3-16.

Thus, PG&E knew or should have known in October 2022, at the time the work was performed under PG&E's EVM program, that the program was not cost effective as a risk reduction strategy and did not reasonably promote the utility's safety and reliability goals related to wildfire mitigation at a reasonable cost. PG&E's decision thereafter to continue the EVM program unchanged and expand it beyond the forecasted costs of \$385.679 million to \$816.410 million demonstrates that PG&E failed to act reasonably based on the information it knew or should have known at the time. It is therefore reasonable to deny PG&E recovery for amounts starting in October 2022.

From October 1, 2022 to December 31, 2022, PG&E spent \$162.45 million on the EVM program.²³¹ In adopting a EVM disallowance of \$162.45 million for 2022, the Commission notes that this amount is a partial disallowance of PG&E's total spending on its EVM program and vegetation management cost, generally, in 2022. The amount of disallowance of the over-authorized amount of \$162.45 million is 20% of PG&E's total spend of \$816.410 million on the EVM program in 2022 and 10% of the total spend of \$1.6 billion on vegetation management recorded to the VMBA.

8.2.3. Tree Mortality Program

PG&E requests recovery of \$117.589 million for the Tree Mortality program, as recorded to the VMBA in 2022, which is the approximate total spent

²³¹ PG&E Opening Comments, January 15, 2026, at 12, *citing* TURN-01-Atch01-E (2023WMCE_DR_TURN_002-Q013, Atch. 1).

on this program in 2022.²³² PG&E explains that in the PG&E 2020-2022 GRC Decision, the Commission directed PG&E to begin recording tree mortality vegetation management work into the VMBA, instead of a CEMA.²³³ PG&E began recording Tree Mortality vegetation management costs to the VMBA on February 16, 2020.²³⁴ PG&E also explains that because it previously relied upon the CEMA framework for the recovery of these costs, the PG&E 2020-2022 GRC Decision did not include a forecast.²³⁵ As a result, PG&E explains, no forecasted amount or 120% reasonableness review threshold exists for the costs recorded for the vegetation management activities within the Tree Mortality program.²³⁶ The entire amount recorded to the VMBA of \$117.589 million is subject to reasonableness review in this proceeding.²³⁷

In terms of the components of this program and the history, the Tree Mortality program, according to PG&E, removes dead or dying trees that may pose a public safety or wildfire threat or risk to PG&E infrastructure.²³⁸ PG&E

²³² Regarding the Tree Mortality program, PG&E recorded \$117.602 million in the VMBA. The difference between PG&E's requested recovery amount of \$117.589 million and the total spend of \$117.602 million is \$13,000 and reflects PG&E's acceptance of the recommended reduction by Ernst & Young. PGE-01 at 3-31, Table 3 -7.

²³³ PGE-01 at 3-2.

²³⁴ PGE-01 at 3-30.

²³⁵ PGE-01 at 3-30.

²³⁶ PGE-01 at 3-30.

²³⁷ PGE-01 at 3-30. To implement to reduction recommended by Ernst & Young, PG&E removed approximately \$13 million from the recorded costs for Tree Mortality prior to filing this Application.

²³⁸ PGE-01 at 3-5.

states that it implemented the Tree Mortality program under the CEMA framework in response to (1) the 2014 proclamation of a drought emergency in Commission Resolution ESRB-4, OP 2, (2) the Governor's October 30, 2015, Bark Beetle Tree Mortality Emergency Proclamation, and (3) the February 18, 2014, letter from the CPUC Safety and Enforcement Division, each of which relates to mitigating the effects of drought on tree mortality to reduce wildfire risk.²³⁹

Currently, PG&E states that the Tree Mortality program is a year-round program that performs scheduled patrols approximately six months before or after the Routine Vegetation Management program's patrol for a particular area.²⁴⁰ The Tree Mortality program patrol is conducted on all overhead primary and secondary distribution facilities within HFTD, State Responsibility Areas / Federal Responsibility Areas (SRA/FRA), and Wildland Urban Interface (WUI) areas.

PG&E supports the reasonableness of these costs, \$117.589 million, stating that the work performed under the Tree Mortality program increased public safety and reduced wildfire risks through secondary patrols, mitigation of 59,476 trees, and wood and debris management between annual cycles.²⁴¹ In 2022, PG&E states the program removed 3,199 trees due to drought/bark beetle infestation, resulting in increased public and personnel safety, reduced fall-in

²³⁹ PGE-01 at 3-31. To implement to reduction recommended by Ernst & Young, PG&E removed approximately \$13 million from the recorded costs for Tree Mortality prior to filing this Application.

²⁴⁰ PGE-01 at 3-35.

²⁴¹ PGE-01 at 3-36.

risks of impacts to facility operations, and reduced risks of impacts to water quality, forest resources and habitats.²⁴² For these reasons, PG&E states that the entire \$117.589 million spent in 2022 and recorded in the VMBA for the Tree Mortality program is reasonable.²⁴³

In support of a cost disallowance of \$15.730 million related to the Tree Mortality program, TURN presents historical cost data for this program showing that compared to prior years, the costs recorded to the Tree Mortality program in 2022 increased significantly.²⁴⁴ TURN provides the chart below to illustrate the increased costs between 2016-2022 in total yearly costs and unit costs.²⁴⁵

Table 7: Table Showing Tree Mortality Vegetation Management Program Results

PG&E's Tree Morality VM Program				
Year	Miles Inspected	Trees Worked	Total Cost (\$ hundreds of thousands)	Unit Cost
2016	68,535	281,000	248	882
2017	73,264	94,100	127	1,354
2018	53,155	62,500	86	1,370
2019	45,301	45,600	75	1,643
2020	43,738	65,402	88	1,346

²⁴² PGE-01 at 3-38.

²⁴³ PGE-01 at 3-38.

²⁴⁴ TURN Opening Brief at 40-42.

²⁴⁵ TURN Opening Brief at 41.

2021	43,915	32,613	86	2,646
2022	44,229	54,240	118	2,168
Prior 3-yr Avg.	44,318	47,872	83	1,878
Prior 5-yr Avg.	51,866	60,043	92	1,672

As shown in the above chart, TURN finds that PG&E spent significantly more on work performed under the Tree Mortality program in 2022 than the prior three-year average (\$83 million) and prior five-year average (\$92 million), with a notable increase in unit cost averages.²⁴⁶ Based on the number of trees PG&E worked, TURN calculates that unit costs under the Tree Mortality program in 2022 were 30% higher than the prior 5-year average, and 60% higher than in 2020.²⁴⁷ TURN claims that no explanation of this unit cost increase is provided.²⁴⁸ TURN states that its recommended disallowance represents 13% of the total 2022 costs recorded to the Tree Mortality program and more accurately reflects alignment with increasing historical cost trends.²⁴⁹

SBUA states that the Tree Mortality program is “similar and potentially duplicative of routine vegetation management and enhanced vegetation.”²⁵⁰ SBUA also questions why “PG&E offers no justification” for having not

²⁴⁶ TURN Opening Brief at 41.

²⁴⁷ TURN Opening Brief at 42.

²⁴⁸ TURN Opening Brief at 42.

²⁴⁹ TURN Opening Brief at 2.

²⁵⁰ SBUA-01 at 11.

attempted to forecast tree mortality work in the PG&E 2020-2023 GRC.²⁵¹ Based on these facts, SBUA asserts that PG&E has failed to establish by the preponderance of evidence that the recorded costs of \$117.589 million for the Tree Mortality program are reasonable.²⁵²

In response to SBUA and TURN, PG&E states that the increased costs in 2022 related to the Tree Mortality program resulted from the impact to this program by SB 247, requiring PG&E to pay prevailing wage for tree work, and the unionization of PG&E's Pre-Inspectors.²⁵³ PG&E explains that the Tree Mortality program's work is performed by the same crews as PG&E's other similar vegetation management programs, which are recorded to the VMBA.²⁵⁴

Regarding PG&E's reliance on separate programs that seemingly perform the same work, as suggested by SBUA, PG&E states this structure was a response to a Commission directive.²⁵⁵ PG&E explains that the Commission directed PG&E to incorporate Tree Mortality work into the VMBA in the PG&E 2020-2022 GRC Decision and implies that the Commission did not directly address whether PG&E should incorporate the vegetation management activities of Tree Mortality related to drought/bark beetle into the Routine Vegetation Management program, not just the VMBA accounting mechanism.²⁵⁶

²⁵¹ SBUA-01 at 11.

²⁵² SBUA-01 at 11.

²⁵³ PG&E Reply Brief at 38.

²⁵⁴ PG&E Reply Brief at 38.

²⁵⁵ PGE-01 at 3-33.

²⁵⁶ PGE-01 at 3-33.

First, the Commission addresses PG&E's reliance on a separate program, different from the Routine Vegetation Management program, for vegetation management work. PG&E's own descriptions (e.g., second patrol and mitigation of 59,476 trees requiring work, as well as wood and debris management between annual cycles), suggests the work could fall within the Routine Vegetation Management program. However, PG&E created the Tree Mortality program as a separate program within the VMBA to implement a Commission directive. The Commission stated:

"Since 2014 PG&E has funded certain vegetation management expenses through the CEMA. As discussed below in Section 7.2.5.1, the settlement modifies the Vegetation Management Balancing Account (VMBA) to incorporate both routine and enhanced vegetation management costs. We find consolidating similar activities into one balancing account promotes efficiency in tracking and reviewing costs. PG&E does not provide a rationale for the continued separation of one category of vegetation management costs in the CEMA. Rather, beginning in TY 2020, PG&E shall track all vegetation management costs in its VMBA."²⁵⁷

As shown above, in 2020 the Commission directed PG&E to "track all vegetation management costs in its VMBA."²⁵⁸ At that time, the Commission was focused on where to record costs related to vegetation to, among other things, gain more insights into the magnitude of those costs. PG&E implemented this

²⁵⁷ D.20-12-005, *Decision Addressing the Test Year 2020 General Rate Case of Pacific Gas and Electric Company* (December 3, 2020) at 67.

²⁵⁸ D.20-12-005, *Decision Addressing the Test Year 2020 General Rate Case of Pacific Gas and Electric Company* (December 3, 2020) at 67.

directive by separately tracking vegetation management costs for four programs in the VMBA.

Regarding the reasonableness of the costs, PG&E requests recovery of \$117.589 million recorded to the VMBA for the Tree Mortality program in 2022, approximately the total amount spent on the program in 2022. The 120% reasonableness threshold did not apply since prior costs for this program were recovered through the CEMA framework and were not forecasted. As noted by PG&E, unit costs for mitigation activities related to the Tree Mortality Program were relatively stable until implementation of SB 247 and unionization.²⁵⁹ For the Routine VM account, increased costs due to these labor drivers amounted to \$207.2 million out of a total \$694.7 million, or 29.8 percent of the routine VM costs. Comparing the 2022 per unit work cost with the average 2017-2019 per unit cost work,²⁶⁰ if all per unit cost increases were due to the increased labor costs this would amount to an increase of approximately 32.9 percent in per unit costs, close to what was seen in the Routine VM account. The Commission finds that PG&E establishes by the preponderance of evidence the reasonableness of these costs on the basis of cost increases impacting tree work that resulted from SB 247, requiring PG&E to pay prevailing wage for tree work, and the unionization of PG&E's Pre-Inspectors.

Accordingly, PG&E is authorized to recover \$117.589 million recorded to the VMBA for the Tree Mortality program in 2022.

²⁵⁹ PG&E Reply Brief at 39.

²⁶⁰ \$1,454 per unit cost.

8.2.4. Power Generation Tree Mortality Program

PG&E seeks recovery of all the 2022 costs recorded in the VMBA for the Power Generation Tree Mortality program of \$1.2 million.²⁶¹ PG&E's Power Generation Tree Mortality program includes the work associated with identifying, abating, and cleaning up dead trees in the areas surrounding PG&E's 63 hydro powerhouses and associated equipment.²⁶² PG&E's hydro-generating portfolio consists of 63 powerhouses with 102 generating units.²⁶³ PG&E states that the recorded costs for the Power Generation Tree Mortality program are reasonable and explains that, in 2022, the Power Generation Tree Mortality program removed 3,199 trees due to drought/bark beetle infestation.²⁶⁴ PG&E also explains that PG&E implemented the work associated with this program as a "continuous inspection [hydro] system," which was initiated in 2016, due to the "magnitude of the recent drought mortality."²⁶⁵

Similar to the Tree Mortality program, PG&E explains that "In D.20-12-005, the Commission directed PG&E to record all Power Generation Tree Mortality costs to the VMBA, previously recorded to CEMA."²⁶⁶ Based on this directive, PG&E states it began recording Power Generation Tree Mortality costs

²⁶¹ Ernst & Young did not recommend a reduction to amounts recorded to Power Generation Tree Mortality. PGE-01 at 3.3.

²⁶² PGE-01 at 3-5.

²⁶³ PGE-01 at 36.

²⁶⁴ PGE-01 at 3-38.

²⁶⁵ PGE-01 at 3-37.

²⁶⁶ PGE-01 at 36.

to the VMBA in February 2020.²⁶⁷ Again, similar to the Tree Mortality program, PG&E did not forecast Power Generation Tree Mortality work in its 2020-2022 GRC because PG&E states it previously tracked costs in its CEMA.²⁶⁸ Based on the cost history of this program and more recent reliance on the VMBA, PG&E seeks full recovery of the 2022 recorded costs recorded in the VMBA for the Power Generation Tree Mortality program of \$1.2 million.²⁶⁹

Similar to the Tree Mortality program, SBUA has concerns regarding these costs based on PG&E's failure to include these costs in its forecasted costs during the 2020-2022 GRC.²⁷⁰ Again, SBUA does not recommend a specific amount for disallowance but, instead, presents overarching concerns about PG&E's failure to incorporate this program and the related costs into the requested revenue requirement in approximately 2018, during the 2020-2022 GRC process.

TURN does not dispute the reasonableness of the amounts recorded to the Power Generation Tree Mortality program in the VMBA. Cal Advocates does not dispute this amount as it did not conduct an independent analysis of the costs recorded for the Power Generation Tree Mortality program.

The Commission finds that PG&E shows by the preponderance of evidence that its actions, practices, methods, and decision to spend approximately \$1.2 million in 2022 to complete a "continuous inspection [hydro] system" and to remove 3,199 trees due to drought/bark beetle infestation was

²⁶⁷ PGE-01 at 36.

²⁶⁸ PGE-01 at 36.

²⁶⁹ PGE-01 at 36.

²⁷⁰ SBUA-01 at 11.

reasonable in light of what it knew or should have known at the time, and in the interest of achieving safety and reliability, at a reasonable cost.

Accordingly, PG&E is authorized to recovery \$1.159 million in O&M expense, the total amount spent in 2022 for the Power Generation Tree Mortality program.

8.3. Conclusion

PG&E is authorized to recover \$661.046 million tracked in its VMBA related to costs incurred in 2022 for Routine VM, EVM, Tree Mortality, and Power Generation Tree Mortality activities.

9. Future Vegetation Management Cost Recovery Applications

SBUA asks that PG&E be directed to submit the following information (or explain why such information is infeasible to provide) in direct testimony in future similar applications:²⁷¹

- the quantity of baseline units funded in the GRC for the subject period, including citations to PG&E GRC testimony and workpapers;
- units covered by any previous requests for cost recovery of amounts exceeding GRC funding, including page citations to PG&E's prior requests;
- a comparison between unit costs reflected in the authorized GRC forecast and recorded unit costs reflected in PG&E's cost recovery application, including citations to PG&E GRC testimony and workpapers; and
- the activity unit quantities for which funding is sought in the application.

²⁷¹ SBUA Opening Comments at 17-18.

SBUA states that this information is needed to improve transparency and understanding of the costs PG&E seeks to recover in these proceedings. SBUA also asks that PG&E be directed to specifically state the reasons for costs exceeding GRC-authorized amounts, and also explain how activities that were funded by the GRC that became underfunded have been accounted for in the request for cost recovery for vegetation management exceedances.

PG&E states that further reporting standards are unnecessary, and that moving forward the VMBA is a one-way balancing account and any future recovery applications would be made under the terms of a different mechanism, such as another memorandum or balancing account. We find that increased information regarding PG&E's vegetation management costs will increase transparency and aid the Commission in future proceedings in determining whether PG&E's proposed costs for recovery are reasonable, prudent, unforeseen, and incremental. We approve SBUA's recommendations and require PG&E to submit this information in any future vegetation management cost recovery applications.

TURN also asks that the Commission open an investigation into memorandum and balancing accounts. We decline to do so here.

10. Affordability Metrics

On August 4, 2022, the Commission adopted D.22-08-023, which directs when and how the affordability metrics adopted in D.20-07-032 will be applied in Commission energy, water, and communications proceedings and further developed the tools and methodologies used to calculate the affordability metrics. D.22-08-023 requires that PG&E include the affordability metrics in any

initial filing of a proceeding with a revenue increase estimated to exceed one percent of currently authorized revenues systemwide for a single fuel.

PG&E provides evidence to meet the requirements in D.22-08-023.²⁷² No party opposed the sufficiency of the showing. As such, the Commission finds that PG&E has complied with the requirement of D.22-08-023.

11. Cost Recovery Ratemaking

PG&E proposes to recover all approved expenditures through the Distribution Revenue Adjustment Mechanism (DRAM), Portfolio Allocation Balancing Account, Core Fixed Cost Account, and Noncore Customer Class Charge Account rate mechanisms as part of the Annual Electric True-Up (AET) and Annual Gas True-Up (AGT) advice letter filing.²⁷³

PG&E states that rates set to recover costs in this Application will be determined in the same manner as rates set to recover other Electric Distribution, Power Generation, Gas Distribution, and Gas Transmission costs, using adopted methodologies for revenue allocation and rate design.²⁷⁴ PG&E states that the change in rates for approved recovery of recorded costs included in this Application will affect total charges for bundled service customers and for customers who purchase energy from other suppliers (e.g., direct access and community choice aggregation customers).²⁷⁵ The current electric revenue allocation and rate design methods were approved in the PG&E 2020-2022 GRC

²⁷² Application at Exhibit F.

²⁷³ Application at 16.

²⁷⁴ Application at 16.

²⁷⁵ Application at 16.

Decision.²⁷⁶ PG&E proposes to collect the amount approved herein, reduced by the amount already collected in rates under D.24-09-003, through revenue requirement over 12 months, with the exception of the capital-related revenue requirement which will extend through 2026.²⁷⁷ Following 2026, PG&E states it will roll the recorded capital additions and plant associated with the capital expenditures presented in this Application into the rate base presented for approval in the 2027 general rate case, A.25-05-009.²⁷⁸

No party opposes PG&E's proposed recovery and ratemaking mechanisms for the amounts authorized herein. PG&E's request is consistent with prior requests, which have been authorized by the Commission, in similar proceedings. As such, the Commission finds this approach consistent with past authorizations, efficient, and reasonable. Accordingly, PG&E's ratemaking request is approved. PG&E is authorized to recover \$1.607 billion in O&M expenses and revenue requirements related to \$548 million in capital costs.

In calculating how much is to be recovered, PG&E shall subtract the \$943.9 million that will have already been recovered through February 2026 pursuant to the Interim Decision.

12. Summary of Public Comment

Rule 1.18 of the Commission's Rules of Practice and Procedure allows members of the public to submit written comments in a Commission proceeding in a number of different ways, including via the Public Comment tab, which is

²⁷⁶ PGE-01 at 14-14 (footnote 5).

²⁷⁷ PGE-01 at 1-13.

²⁷⁸ PGE-01 at 14-11.

found at the online Docket Card on the Commission's website. Rule 1.18(b) requires that comments by the public submitted in a proceeding be summarized in the decision issued in that proceeding. The public comments submitted in this proceeding were received from customers across PG&E's service territory. These comments generally state that the Commission should deny this request based on concerns regarding substantial recent rate increases, including increases due to wildfire mitigation, and concerns regarding company profits. Comments noted the challenges presented by the inability to afford the costs of electricity usage billed by PG&E, especially customers on fixed or lower incomes. More information regarding the public comments is available on the Commission's website.

13. Procedural Matters

The rulings made by the assigned ALJ and the assigned Commissioner in this proceeding are affirmed. All motions not ruled on are deemed denied.

14. Comments on Proposed Decision

The proposed decision of Administrative Law Judge Garrett Toy in this matter was mailed to the parties in accordance with Section 311 of the Pub. Util. Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on January 15, 2026 by PG&E, Cal Advocates, and TURN, and reply comments were filed on January 20, 2026 by PG&E, Cal Advocates, TURN, and SBUA.

Comments by PG&E dispute the Proposed Decision's denial of all EVM costs above what was authorized in the 2022 GRC. PG&E notes that it was under increased scrutiny due to the EOE process, which required PG&E to take steps to

reduce wildfire risk. PG&E states that it did not finalize plans to end the EVM program until October of 2022. PG&E states that the entirety of its EVM costs are justified, but also provides three options for reduced reductions as opposed to denial of the full amount above authorization. These options include denial of all costs starting in October of 2022, when PG&E proposed ending the EVM program. TURN and Cal Advocates are against the alternatives, stating that the amounts are speculative. Revisions have been made to reduce the amount of denial of 2022 EVM costs from \$353.4 million to \$162.45 million, as proposed in PG&E's Alternative 1.²⁷⁹ PG&E's Alternative 1 is premised on the fact that there was no established process for reducing EVM spend, and that PG&E did not know until October of 2022 that it would propose winding down the EVM program in 2023. By October of 2022, PG&E knew that EVM was not as cost-effective at wildfire mitigation as other programs, and given the proposed replacement, PG&E should at that point have reconsidered its EVM spend, which was far over what was authorized in the 2022 GRC. It is therefore reasonable to deny recovery of 2022 EVM spend starting in October of 2022.

PG&E also proposes changes to allow for rate recovery to begin by March 2026. Changes have been made to allow for the use of a Tier 1 Advice Letter to implement the rate changes pursuant to this decision.

PG&E asks that the \$10 million denied related to customer requested work be re-instated. TURN disputes the PD's understanding of the record related to customer requested work, stating that a deduction of greater than \$10 million is

²⁷⁹ PG&E Opening Comments on Proposed Decision, at 12.

warranted as PG&E did not particularly track the amount of work done at customer request. No changes were made in response to these comments.

PG&E disputes the PD's characterization of its position on reporting requirements proposed by SBUA. Changes have been made to the PD responsive to these comments to reflect the incorrect characterization of PG&E's position. No other changes were made.

Cal Advocates, SBUA, and TURN disputed the PD's interpretation of incrementality, stating that PG&E had not sufficiently shown that its vegetation management spend was incremental to amounts authorized in the 2022 GRC. PG&E re-iterated that its internal cost-shifting was merely internal budget shifting and its vegetation management spend far exceeded what was authorized in the 2022 GRC. No changes were made responsive to these comments.

TURN states that the PD misunderstands TURN's arguments related to OEIS QV targets. TURN states that PG&E's inability to meet the minimum QV targets for vegetation management programs set by OEIS warrants a reduction for all routine VM costs by the amount that PG&E missed targets. PG&E states that TURN's recommended disallowance is overbroad and not related to any actual overspent amount. Revisions have been made to clarify TURN's arguments, but no other changes have been made.

15. Assignment of Proceeding

Karen Douglas is the assigned Commissioner and Garrett Toy is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. D.20-12-005 authorized PG&E to recover costs recorded to the 2022 WMBA in excess of \$61.9 million through an application with after-the-fact reasonableness review.
2. PG&E seeks recovery of \$76.848 million in this application for WMBA 2022 costs.
3. PG&E seeks recovery in this Application recorded total costs of \$684.767 million in O&M costs and \$545.236 million in capital costs for CEMA-eligible events.
4. PG&E recorded \$23.232 million in O&M costs in 2022 in the CCPAMA, DMA, CPPMA, CAVAMA, ECPMA, PIPPMA, MGMA, and RRRMA.
5. PG&E recorded \$9.006 million in capital expenditures to the CCPAMA and MGMA in 2022.
6. Costs recorded in the WMBA, CEMAs, CCPAMA, CAVAMA, CPPMA, DMA, ECPMA, PIPPMA, MGMA, and RRRMA are reasonable.
7. The Joint All-Party Partial Settlement Agreement approves recovery of \$705.745 million in O&M costs and \$548 million in capital expenditures recorded mostly in 2022 to the RRRMA, WMBA, CCPAMA, DMA, CPPMA, CAVAMA, ECPMA, PIPPMA, MGMA, and CEMAs.
8. PG&E, Cal Advocates, SBUA, and TURN served testimony and filings in support of their positions in this proceeding.
9. The Settlement Agreement positions were compromises between the positions held by PG&E, Cal Advocates, TURN, and SBUA.
10. The Settlement Agreement's resolution of all disputed issues is reasonable.

11. The Settlement Agreement left unresolved cost recovery for 2022 VMBA costs.

12. No opposition was filed to the Settlement Motion or the Settlement Agreement.

13. No party stated that costs recorded into the VMBA in 2022 should have been recorded elsewhere.

14. PG&E incurred reasonable additional costs in performing Routine VM activities due to increased labor costs.

15. PG&E used \$20 million in resources to accelerate schedules and do work outside of defined scope in 2022.

16. Some amount of Exceptional Tree Work outside of the defined scope that PG&E completed was to EVM standards, at customer request.

17. PG&E did not seek reimbursement for these exceptional activities from customers.

18. Emergent VM work is unpredictable and varies from year to year.

19. PG&E performed work in 2022 that had been carried over from 2021.

20. Due to prioritization of activities reducing high-risk trees in 2021, PG&E carried over Routine VM work to 2022.

21. PG&E's 2022 Quality Verifications show improving Routine VM quality performance, as compared to 2021.

22. PG&E's Quality-Verification activities were reasonable.

23. PG&E's Routine VM work helps reduce fire risk and improves safety.

24. PG&E recorded \$816.4 million in EVM costs to the VMBA in 2022.

25. D.20-12-005 authorized PG&E to recover \$462.8 million for VMBA EVM costs in 2022.

26. PG&E seeks recovery for \$353.4 million in VMBA EVM costs in this proceeding.

27. Under the EVM program, PG&E worked on 396,500 trees and of those worked trees removed 346,500 trees.

28. PG&E removed trees at a rate of 7 trees removed per 1 tree trimmed, as opposed to projections of removal of 1 tree for every 9 trimmed trees.

29. PG&E revealed in October of 2022 plans to end the EVM program, due to more cost-effective alternatives.

30. PG&E continued to spend \$162.45 million on EVM activities from October to December 2022.

31. PG&E did not reasonably consider reducing its EVM program spend after realizing the program was not cost-effective and revealing plans to end the program.

32. PG&E's meetings regarding 2022 EVM spend led to increased EVM budgets.

33. The EVM program was not cost-effective as compared to other PG&E vegetation management programs.

34. PG&E's Tree Mortality Program saw increased costs in 2021 and 2022 due to increased labor costs.

35. PG&E was directed by the Commission to record Tree Mortality work into the VMBA.

36. PG&E was directed by the Commission to record Power Generation Tree Mortality Costs to the VMBA.

37. PG&E recorded a total of \$1,629,853,000 into the VMBA in 2022.

38. D.20-12-005 authorized PG&E to recover costs recorded to the 2022 VMBA in excess of \$795.716 million through an application with after-the-fact reasonableness review.

39. PG&E seeks recovery of \$833.496 million in 2022 VMBA costs in this Application, the amount above what was authorized in D.20-12-005.

40. Of the requested \$833.496 million PG&E requests for recovery in this proceeding for 2022 VMBA costs, \$661 million is reasonable.

41. No party protested entering exhibit SBUA-04 into the record.

Conclusions of Law

1. PG&E's costs recorded into the VMBA in 2022 were incremental.
2. It is unreasonable to perform EVM work only due to customer request.
3. PG&E's recovery should be reduced by \$10 million for unnecessary EVM work.
4. PG&E's emergent Routine VM work was reasonable.
5. PG&E's Routine VM work and subsequent costs, carried over from 2021 to 2022, were reasonable.
6. PG&E's Routine VM Quality-Verification Activities were reasonable.
7. \$351.357 million of PG&E's requested recovery of 2022 VMBA Routine VM costs should be approved because those costs were reasonable.

8. PG&E acted unreasonably in allowing EVM costs to increase by 111% over what was forecasted when it had knowledge in October 2022 that the program was not cost-effective and was likely to be replaced.

9. PG&E's request to recover \$353.389 million more than was authorized in D.20-12-005 for 2022 EVM costs should be denied because PG&E has not established that all such costs were reasonably incurred.

10. PG&E should be authorized to recover \$190.9 million over what was authorized for 2022 EVM activities in D.20-12-005.

11. PG&E's Tree Mortality Work costs recorded into the VMBA were reasonable and should be recovered.

12. PG&E's requested recovery of 2022 VMBA costs of \$117.589 million for Tree Mortality VM, and \$1.159 million for Power Generation Tree Mortality should be approved because those costs were reasonable.

13. PG&E should be authorized to recover \$470.107 million tracked in its VMBA related to costs incurred in 2022 for Routine VM, Tree Mortality, and Power Generation Tree Mortality activities.

14. Exhibit SBUA-04 should be entered into the evidentiary record.

15. The Settlement Agreement is reasonable in light of the whole record.

16. The Settlement Agreement is consistent with law.

17. The Settlement Agreement is in the public interest.

18. The Settlement Motion should be granted and the Settlement Agreement should be approved without modification.

19. All rulings of the assigned Commissioner and the assigned ALJ in this proceeding should be affirmed, and all motions not addressed in this proceeding should be deemed denied.

20. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. The June 2, 2025, Joint Motion of the Public Advocates Office, Pacific Gas and Electric Company, The Utility Reform Network, and Small Business Utility Advocates, for Approval of a Joint Settlement Agreement is granted, and the Settlement Agreement attached as Appendix A to this decision is approved.

2. Pursuant to the Settlement Agreement attached as Appendix A to this decision, Pacific Gas and Electric Company is authorized to recover a revenue requirement of \$705.745 million for expense operations and maintenance costs recorded in PG&E's Wildfire Mitigation Balancing Account, Catastrophic Events Memorandum Accounts, COVID-19 Pandemic Protections Memorandum Account, California Consumer Privacy Act Memorandum Account, Emergency Consumer Protections Memorandum Account, Disconnection Memorandum Account, Climate Adaptation Vulnerability Assessment Memorandum Account, Percentage of Income Payment Plan Memorandum Account, Residential Rate Reform Memorandum Account, and Microgrids Memorandum Account.

3. Pursuant to the Settlement Agreement attached as Appendix A to this decision, Pacific Gas and Electric Company is authorized to recover revenue requirements related to \$548 million of capital expenditure costs recorded in the

California Consumer Privacy Act Memorandum Account, Catastrophic Event Memorandum Accounts, and Microgrids Memorandum Account.

4. Pacific Gas and Electric Company is authorized to recover a revenue requirement of \$661.046 million for 2022 costs recorded in its Vegetation Management Balancing Account.

5. In future applications for cost recovery for the Vegetation Management Balancing Account, Pacific Gas & Electric Company shall provide additional information comparing costs authorized in the GRC forecast and costs sought for recovery, as discussed in this decision.

6. Pacific Gas and Electric Company (PG&E) is authorized to file a Tier 1 Advice Letter to implement a rate increase to recover amounts authorized in this decision. PG&E shall, in this Tier 1 Advice Letter, account for the amounts that will have been already collected in rates as previously authorized in Decision 24-09-003, in determining the amount that remains to be collected. PG&E is authorized to begin recovery of these amounts on March 1, 2026.

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.

8. Exhibit SBUA-04 is entered into the evidentiary record.
9. All rulings issued to date by the Commissioner and Administrative Law Judge are affirmed.
10. All motions not expressly ruled on to date are denied.
11. Application 23-12-001 is closed.

This order is effective today.

Dated February 5, 2026, at Sacramento, California.

ALICE REYNOLDS

President

DARCIE L. HOUCK

JOHN REYNOLDS

KAREN DOUGLAS

Commissioners

Commissioner Matthew Baker recused himself from this agenda item and was not part of the quorum in its consideration.