

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

**ENERGY DIVISION**

**RESOLUTION E-5443**

**March 19, 2026**

**R E S O L U T I O N**

Resolution E-5443. Pacific Gas and Electric Company requests approval of a relocation agreement assignment from Signature Homes to Meritage Homes for Machado Ranch in Manteca.

**PROPOSED OUTCOME:**

- Approves the Tier 3 Advice Letter 7749-E filed by Pacific Gas and Electric (PG&E), which includes an agreement to relocate overhead electric facilities to accommodate Meritage Homes' Machado Ranch Development in the City of Manteca. Additionally, the Advice Letter includes assignment and consent of the relocation agreement from Signature Homes, Inc to Meritage Homes.
- Approves the agreement, referred to as the Actual Cost Contract (ACC), which memorializes the terms and conditions governing the relocation of PG&E's facilities in conflict with the Machado Ranch Project.

**SAFETY CONSIDERATIONS:**

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

**ESTIMATED COST:**

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

By Advice Letter 7749-E, Filed on November 4, 2025.

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## **SUMMARY**

This Resolution approves Pacific Gas and Electric Company's (PG&E) relocation agreement with Meritage Homes to accommodate the Machado Ranch Project, which requests approval under Electric Rule 15.I.3 of an Actual Cost Contract (ACC) and Assignment and Consent of the ACC from Signature Homes, Inc. (Signature Homes) to Meritage Homes for the Machado Ranch development project in the City of Manteca, San Joaquin County. The CPUC has previously approved other relocation agreements such as those with California Department of Water Resources (CDWR)<sup>1</sup> and Wal-Mart Real Estate Business Trust and Walmart Inc.<sup>2</sup>

## **BACKGROUND**

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

In a typical relocation project, PG&E would utilize its form agreement on file with the CPUC, Electric Form No. 62-4527, Agreement to Perform Tariff Schedule Related Work (Work Performance Agreement) which is used for a variety of tariff-related services, including relocation work performed at the request of an applicant. Under the Work Performance Agreement, the applicant agrees to pay the specified contract price, based on estimated cost of the work performed by PG&E, in accordance with Rule 15.G. These charges are collected at the time the Work Performance Agreement is entered into, in advance of the work.

This is a substantial relocation scope of work to accommodate Meritage Homes. Performing such a large-scale relocation project on an estimated cost basis creates a risk that the cost estimate may not accurately capture the cost that will be incurred during the relocation project. For example, should the cost estimate later be determined to be lower than the actual costs incurred, PG&E would bear those additional costs that exceeded the cost estimate. Alternatively, should the cost estimate be higher than the actual costs, Meritage Homes would bear more than the amount PG&E actually incurred to perform the work.

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<sup>1</sup> <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M393/K356/393356912.PDF>

<sup>2</sup> <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M570/K089/570089360.PDF>

Under the ACC, PG&E is accommodating Meritage Homes' request to pay for the work on an actual cost basis. Meritage Homes will pay the estimated cost upfront, similar to the Work Performance Agreement, but after the relocation work is completed, PG&E will true-up the final costs in a final invoice. The final invoice will reflect the full actual cost of the relocation work, with appropriate credit for the initial payment received from Signature Homes.

On May 24, 2025, PG&E submitted Advice Letter 7281-E to the CPUC regarding an agreement between Signature Homes for work to relocate overhead electric facilities to accommodate the Machado Ranch Project. Sometime in September 2024, Signature Homes notified PG&E of its intent to sell the Machado Ranch Project to a third-party entity. PG&E was subsequently notified on September 19, 2024, by the third-party Meritage Homes, that the sale of the Machado Ranch Project had been finalized and Meritage Homes was now in possession of the project and wished to continue the scope of work identified in the ACC originally with Signature Homes. PG&E notified the CPUC of this change and planned to submit a supplemental Advice Letter. Due to delays in the supplemental filing, the CPUC rejected the initial Advice Letter 7281-E without prejudice, so PG&E could resubmit the revised advice letter at a later date. PG&E is now seeking approval of the ACC, and the Assignment and Consent that Meritage Homes is the assignee of the ACC.

### **SCOPE OF PROJECT**

The Machado Ranch Project is a residential, development project in San Joaquin County that requires PG&E to relocate 13 transmission poles so that Meritage Homes can widen a portion of Airport Way in the City of Manteca. The estimated cost of this work under the ACC is \$1,617,226.00. The Income Tax Component of Contributions (ITCC), which is 24% of the estimated cost of the work, comes out to \$388,134.00. The estimated cost and the ITCC tax will be paid by Meritage Homes. Signature Homes has already paid \$747,500.00 in engineering advances that will be subtracted from the current estimated cost of the work. The project is subject to Commission approval before starting construction.

## **AGREEMENT TERMS**

### ***Design, Procurement and Construction***

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

### ***Compliance with Permits***

Meritage Homes shall acquire all governmental approvals and permits in order for PG&E to undertake the work necessary to relocate or rearrange PG&E's facilities.

### ***Land Rights for the Relocated Facilities***

The relocation of PG&E's facilities may require the acquisition of additional land rights on third-party property. Additional land rights on third party property may be required, for example, to accommodate a change in the location where the facility will cross the rail corridor. In these cases, Meritage Homes is required to obtain satisfactory replacement land rights that correspond to PG&E's existing rights of way and that are in a form acceptable to them. PG&E anticipates Meritage Homes will obtain such replacement land rights by reaching an informal agreement with the third-party landowner to modify the location of PG&E's existing land rights.

### ***Safety***

The actual work performed under this agreement (design and engineering) presents no specific safety risks to the public or employees. All designs and specifications produced will conform to all current and applicable Commission, industry and Company safety requirements and will be performed by PG&E or its contractors or subcontractors.

## **NOTICE**

Notice of AL 7749-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

## **PROTESTS**

Advice Letter 7749-E was not protested.

## DISCUSSION

1. **Signature Homes sold the Machado Ranch Project to Meritage Homes and is assigning the Actual Cost Contract to Meritage Homes.** The assignment and consent agreement transfers the ACC obligations from Signature Homes to Meritage Homes regarding the Machado Ranch project. Meritage Homes will be responsible for the conditions outlined in the ACC that was agreed upon between PG&E and Signature Homes. PG&E consents to the assignment of the relocation agreement from Signature Homes to Meritage Homes.
2. **A Relocation Agreement has been executed for PG&E facilities relocation work required to accommodate Meritage Homes's Machado Ranch Project.** The Relocation Agreement establishes Meritage Homes and PG&E obligations regarding the relocation of PG&E facilities. PG&E, and its contractors or subcontractors, will be responsible for the design and engineering, procurement of supplies, construction, and removal of the utility facilities.

Meritage Homes is responsible for acquiring, at no cost to PG&E and in a form satisfactory to PG&E, all governmental approvals and permits required for PG&E to undertake the work necessary to relocate or rearrange PG&E's facilities. Meritage Homes is also responsible for securing for PG&E all necessary land rights in a form satisfactory to both parties to allow PG&E to perform the work. PG&E will convey or quitclaim to Meritage Homes its land or land rights occupied by facilities to be abandoned or removed within the land or rights or way required by Meritage Homes for the construction of the Machado Ranch Project.

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

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

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

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

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

5. **The performance of relocation work on an actual cost basis has been approved by the Commission in other matters.** As PG&E notes in its advice letter, Resolution

E-5149 approved relocation agreements to accommodate the California Department of Water Resources' (CDWR) levee projects. PG&E accommodated CDWR's request to pay for the relocation work based on actual costs. The relocation agreements allowed for progress billing throughout the course of work.

Additionally, the Commission approved Resolution G-3574, which approved relocation agreements for work performed at the request of the Santa Clara County Valley Transportation Authority. PG&E entered into two master agreements to address the billing procedures and allocation of costs associated with the relocation of PG&E's facilities to accommodate rail and rapid transit projects. The responsibility for utility relocation costs varied depending on the property rights for PG&E's facilities, and progressive billing was structured to proportionally share costs on an actual cost basis.

## **6. Terms of the Relocation Agreement**

Under the ACC, PG&E is responsible for the design, procurement of supplies, construction and removal of the utility facilities. The developer shall acquire all governmental approvals and permits in order for PG&E to undertake the work necessary to relocate or rearrange PG&E's facilities. The relocation of PG&E's facilities may require the acquisition of additional land rights on third-party property. Additional land rights on third party property may be required, for example, to accommodate a change in the location where the facility will cross the rail corridor. In these cases, Meritage Homes is required to obtain satisfactory replacement land rights that correspond to PG&E's existing rights of way and that are in a form acceptable to them. PG&E anticipates Meritage Homes will obtain such replacement land rights by reaching an informal agreement with the third-party landowner to modify the location of PG&E's existing land rights. The actual work performed under this agreement (design and engineering) presents no specific safety risks to the public or employees. All designs and specifications produced will conform to all current and applicable Commission, industry and Company safety requirements and will be performed by PG&E or its contractors or subcontractors.

**COMMENTS**

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

**FINDINGS AND CONCLUSIONS**

1. On November 4, 2025, PG&E filed AL 7749-E, a Tier 3 Advice Letter seeking approval of a Relocation Agreement executed for PG&E facilities relocation work required to accommodate Meritage Homes's Machado Ranch Project.
2. Signature Homes assigned their relocation agreement with PG&E to Meritage Homes. PG&E consents to the reassignment of the relocation agreement.
3. Meritage Homes has requested the relocation work to be performed by PG&E be invoiced at actual cost.
4. The billing arrangements specified in the Relocation Agreements are appropriate for the work required to accommodate Meritage Homes's Machado Ranch Project.
5. The performance of relocation work on an actual cost basis has been approved by the Commission in other matters.

**THEREFORE IT IS ORDERED THAT:**

1. The Agreement, ACC, for the Machado Ranch project submitted by PG&E in Advice Letter 7749-E is approved in accordance with Electric Rule No 15.I.3, the Exceptional Cases Provision.

This Resolution is effective today.

The foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on March 19, 2026; the following Commissioners voting favorably thereon:

/s/ LEUWAM TESFAI

Leuwam Tesfai  
Executive Director

JOHN REYNOLDS  
President

DARCIE L. HOUCK  
KAREN DOUGLAS  
MATTHEW BAKER  
CHRISTINE HARADA  
Commissioners

Dated March 19, 2026, at Sacramento, California.