

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-5447

March 19, 2026

R E S O L U T I O N

Resolution E-5447. Pacific Gas and Electric. Electric Rule 15 and 16 Exceptional Case Submittal for Engineering, Procurement, and Construction Agreement with STACK Infrastructure, Inc.

PROPOSED OUTCOME:

- Approves Pacific Gas and Electric (PG&E) Advice Letter (AL) 7653-E. Specifically, approves PG&E's Engineering, Procurement and Construction (EPC) Agreement with STACK Infrastructure, Inc. (STACK) for STACK to construct a switching substation and transfer ownership to PG&E once complete. This relates to STACK seeking energization for a 90 megawatt data center.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution.

ESTIMATED COST:

- This Resolution approves an EPC Agreement and does not authorize any new cost recovery or modify the cost responsibility or refund framework for this project. Cost responsibility and the refund framework for STACK's energization were addressed in AL 7569-E and approved with modifications by the Commission in Resolution E-5420 on October 30, 2025.

By Advice Letter 7653-E, Filed on July 29, 2025.

SUMMARY

This Resolution approves PG&E Advice Letter (AL) 7653-E. PG&E requests Commission approval of a non-standard Engineering, Procurement and Construction

(EPC) Agreement with STACK Infrastructure, Inc. (STACK) under the exceptional case provisions of Electric Rules 15 and 16. The EPC Agreement is part of the contractual framework supporting the energization of STACK's new 90 megawatt (MW) data center load in San Jose and governs STACK's construction of the Ringwood Switching Station and the subsequent transfer of that facility to PG&E. The scope of AL 7653-E is limited to approval of the EPC Agreement for the customer-built Ringwood Switching Station. AL 7653-E does not cover cost estimates, cost allocation and responsibility, or refunds to STACK. Those issues were addressed in PG&E's prior AL 7569-E and were approved with modification in Resolution E-5420, adopted by the Commission on October 30, 2025. The Commission already approved the underlying energization project in Resolution E-5420 and adopted a modified refund framework to protect ratepayers. AL 7653-E is a smaller-scope follow-on Advice Letter seeking approval only of the EPC Agreement. We approve AL 7653-E without modification.

BACKGROUND

On July 29, 2025, PG&E filed Tier 3 Advice Letter (AL) 7653-E seeking Commission approval of an Engineering, Procurement and Construction (EPC) Agreement between PG&E and STACK Infrastructure, Inc. (STACK). PG&E requests that AL 7653-E become effective upon Commission approval. Under the EPC Agreement, STACK will design, procure, and construct the 115 kilovolt Ringwood Switching Station in San Jose and, upon completion and satisfaction of conditions, transfer ownership of the switching station to PG&E. PG&E states that the Ringwood Switching Station is a key element of the infrastructure needed to energize STACK's new 90 MW data center load. The switching station is expected to be operational by April 2026.

PG&E explains that it is seeking approval through an Advice Letter because it does not have a Commission-approved standard EPC agreement for this type of customer-constructed transmission facility, and requests approval under the exceptional case provisions of PG&E's Electric Rules 15 and 16. PG&E and STACK executed the EPC Agreement in May 2023.

Prior Commission Direction and Related Advice Letter

AL 7653-E follows PG&E's earlier AL 7569-E, which set out the broader framework to energize STACK's 90 MW data center and requested Commission approval of two agreements: (1) an Agreement to Perform Work (APW) and (2) a Special Facilities Agreement (SFA). The Commission approved AL 7569-E with modifications in

Resolution E-5420, on October 30, 2025. The Commission found the agreements necessary and largely appropriate to energize STACK's new load, but required modifications to the proposed refund process to increase ratepayer protection.¹ In particular, the Commission modified the refund approach to limit refunds to 75 percent of PG&E's annual net revenues from STACK, which are the transmission-related revenues. This modification protects ratepayers while still allowing STACK to receive a full refund over time.

Scope of AL 7653-E limited to EPC Agreement

AL 7653-E is narrower in scope than the previous Advice Letter. AL 7653-E seeks Commission approval only of the EPC Agreement governing STACK's customer construction of the Ringwood Switching Station and the transfer of that facility to PG&E. PG&E states that AL 7653-E does not address cost estimates, cost allocation and responsibility, or refunds to STACK, other than specifying that STACK is responsible for the EPC costs and certain PG&E supervision costs.² Those issues are addressed in the APW and SFA approved in Resolution E-5420, or will be addressed in the appropriate ratemaking forum. AL 7653-E is limited to approval of the EPC Agreement, which focuses on construction requirements, specifications, and transfer conditions for the Ringwood Switching Station. This Resolution's disposition of AL 7653-E does not establish cost reasonableness determinations, cost allocation, refund eligibility, or ratemaking treatment for the facilities addressed by the EPC Agreement.

NOTICE

Notice of AL 7653-E was made by publication in the Commission's Daily Calendar. Pacific Gas and Electric states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

PG&E's Advice Letter 7563-E was timely protested by the Public Advocates Office (Cal Advocates) on August 18, 2025. PG&E responded to the protests on August 22, 2025.

¹ [Resolution E-5420](#).

² Advice Letter 7653-E at p. 4.

Cal Advocates Protest – August 18, 2025

Cal Advocates requests that the Commission require PG&E to supplement AL 7653-E to provide additional information and assurances regarding ratepayer protection and ratemaking treatment. Cal Advocates makes two principal arguments:

1. *Rate base and return treatment for a customer-financed asset.* Cal Advocates argues that because STACK will finance and construct the Ringwood Switching Station and then transfer it to PG&E, PG&E should not be permitted to place the facility in rate base and earn a normal rate of return on that asset. Cal Advocates argues for a reduced rate of return and contends PG&E should confirm it will receive no rate of return if it does not actually refund STACK's costs with its own funds.
2. *Potential ratepayer exposure to cost overruns and refunds based on actual costs.* Cal Advocates argues that the EPC Agreement and the cost framework from AL 7569-E do not adequately prevent cost overruns from affecting ratepayers because refunds under the AL 7569-E framework rely on actual costs. Cal Advocates implies this could create a perverse incentive for STACK to incur higher-than-necessary costs and seek refunds based on those higher actual costs. Cal Advocates proposes requiring PG&E to supplement AL 7653-E to specify how PG&E will address cost overruns and ensure ratepayer protection.

PG&E Reply – August 22, 2025

PG&E argues that the Cal Advocates protest raises issues outside the scope of AL 7653-E, which seeks approval only of the EPC Agreement governing construction requirements and transfer conditions. PG&E states that AL 7653-E does not seek cost recovery or address refunds, and that ratemaking treatment for transmission assets such as the Ringwood Switching Station is appropriately addressed in PG&E's Transmission Owner rate case at FERC. PG&E also states that it will review costs after completion of the Ringwood Switching Station and that this review will help ensure that any refund to STACK is based on reasonable costs incurred by STACK. PG&E also notes that the Cal Advocates protest "does not appear to dispute the justness and reasonableness of the EPC Agreement terms and conditions—which is the issue in this Advice Letter."³

DISCUSSION

The Commission has reviewed AL 7653-E, the protest filed by Cal Advocates, and PG&E's reply. We approve AL 7653-E without modification because it is consistent with the energization framework already approved in Resolution E-5420 and because the

³ PG&E Reply at p. 1.

protest primarily raises ratemaking and cost reasonableness issues that are outside the scope of this Advice Letter disposition. In the discussion below, we address: (1) whether the EPC Agreement is reasonable and consistent with prior Commission direction; (2) whether the Commission should resolve, in this Resolution, Cal Advocates' concerns regarding rate base treatment and rate of return; and (3) whether the Commission should impose additional protections related to potential cost overruns.

Scope of AL 7653-E and consistency with prior Commission direction

We first address whether AL 7653-E appropriately seeks approval only of the EPC Agreement and whether that request is consistent with prior Commission action.

AL 7653-E is a follow-on to AL 7569-E. AL 7569-E addressed the broader framework to energize STACK's 90 MW data center load in San Jose through approval of an Agreement to Perform Work (APW) and a Special Facilities Agreement (SFA). The Commission approved AL 7569-E with modifications in Resolution E-5420, adopted October 30, 2025, including modifications to the refund process to increase ratepayer protection. In contrast, AL 7653-E is narrower in scope and seeks approval only of the EPC Agreement under which STACK will construct the Ringwood Switching Station and then transfer ownership to PG&E.

The EPC Agreement governs how the Ringwood Switching Station will be designed, procured, constructed, tested, documented, and accepted, and it establishes the conditions under which the facility will be transferred to PG&E.⁴ Other than specifying that STACK is responsible for the EPC costs and certain PG&E supervision costs, AL 7653-E does not seek approval of cost estimates, cost allocation or cost responsibility, or refund amounts.⁵ Those topics were addressed in the APW and SFA approved in Resolution E-5420 and, where applicable, are subject to review in the appropriate ratemaking forum.

We find it reasonable to approve AL 7653-E because it implements the energization project already approved in Resolution E-5420 and provides the construction and transfer framework for a key facility needed to serve STACK's load. Accordingly, we proceed to address the protested issues and whether they raise any matters within the scope of this Advice Letter disposition that warrant denial or modification.

⁴ Advice Letter 7653-E at p. 3-4.

⁵ Advice Letter 7653-E at p. 4.

Rate base treatment and rate of return concerns raised by Cal Advocates

We address whether the Commission should resolve, in this Advice Letter disposition, Cal Advocates' concerns that PG&E could place the Ringwood Switching Station in rate base and earn a normal rate of return even though STACK is financing and constructing the facility.

Cal Advocates argues that because STACK will finance and construct the Ringwood Switching Station and transfer it to PG&E, PG&E should not be permitted to earn a normal rate of return on that asset, and Cal Advocates requests that the Commission require PG&E to supplement AL 7653-E to clarify or limit PG&E's ability to earn a return. PG&E responds that AL 7653-E seeks approval only of the EPC Agreement and does not request cost recovery or address refunds. PG&E further states that the appropriate rate treatment for transmission assets like the Ringwood Switching Station is addressed in PG&E's Transmission Owner formula rate proceeding at the Federal Energy Regulatory Commission (FERC).

We agree that specific determinations regarding rate base inclusion, rate of return, or cost recovery for the Ringwood Switching Station are outside the scope of this Advice Letter disposition. This Resolution addresses whether the EPC Agreement is reasonable and should be approved to allow STACK's energization, which was already approved in Resolution E-5420, to proceed. It does not authorize cost recovery, determine rate base treatment, or establish an allowed return for this facility. Those issues are appropriately addressed in the applicable ratemaking forum. Accordingly, we do not resolve rate base inclusion or rate of return treatment in this Resolution.

We do note, for context only and without making a ratemaking determination, that customer-provided capital advances for energization—whether advanced in cash or, as in this case, advanced in-kind through customer construction—are commonly treated as credits that offset the utility's rate base for ratemaking purposes. If STACK is not fully refunded under the Commission-approved refund framework, any unrefunded amount would remain as a credit and offset the value of the infrastructure in PG&E's rate base. We deny Cal Advocates' request that PG&E supplement AL 7653-E to address rate base treatment or rate of return limitations, because these matters are outside the scope of AL 7653-E and are properly addressed in the applicable ratemaking forum.

Cost overrun risk and the incentive concerns raised by Cal Advocates

We next address whether the Commission should require additional cost-overrun protections as part of the EPC Agreement approval.

Cal Advocates argues that the EPC Agreement, together with the cost framework established in AL 7569-E, could expose ratepayers to cost overruns because the refund framework relies on actual costs. Cal Advocates contends this would allow STACK to incur cost overruns without much risk to itself, because it can expect refunds based on those actual costs. Cal Advocates requests that the Commission require PG&E to supplement AL 7653-E to specify how it will address cost overruns.

We acknowledge that the scenario described by Cal Advocates could create a perverse incentive if there were no mechanisms to review cost reasonableness and no structural features that cause the customer to bear meaningful cost and timing consequences for higher spending. However, we find that the existing review and the refund limitation already adopted by the Commission mitigate that concern, and that resolving specific cost reasonableness and allocation questions is outside the scope of this Advice Letter disposition.

First, PG&E states that it will perform a review of the costs once the Ringwood Switching Station is complete, and that this review will help ensure that any refund to STACK is based on reasonable costs incurred by STACK.⁶ While this Resolution does not adjudicate cost reasonableness, PG&E's stated review provides an additional safeguard against unreasonable costs being reflected in any refund amounts determined under the APW and SFA framework approved in Resolution E-5420.

Second, the Commission's modifications adopted in Resolution E-5420 provide significant ratepayer protection and materially change STACK's incentives regarding potential cost overruns. Resolution E-5420 limits refunds to 75 percent of PG&E's annual net revenues from STACK, which are the transmission-related revenues. This limitation slows the pace of refunds and requires STACK to carry financing for energization costs over multiple years. As a result, any cost overruns would increase the costs STACK must finance and would delay the completion of refunds. These features provide STACK with a clearer monetary incentive to keep costs reasonable.

⁶ PG&E Reply at p. 2.

To the extent parties seek to contest the prudence or reasonableness of costs included in refunds or the ratemaking treatment of the facility, those issues are appropriately addressed in the applicable ratemaking forum, consistent with PG&E's reply, and not through this EPC Agreement approval.

Therefore, we decline to require PG&E to supplement AL 7653-E regarding cost overruns, and we find it reasonable to approve the EPC Agreement without modification because the safeguards described above and the refund limitation adopted in Resolution E-5420 mitigate the perverse incentive concerns raised by Cal Advocates.

Conclusion

The Commission already approved the underlying energization project to proceed in Resolution E-5420 and adopted a modified refund framework to protect ratepayers. AL 7653-E is a smaller-scope follow-on Advice Letter seeking approval only of the EPC Agreement governing construction and transfer of the Ringwood Switching Station. The protest does not identify deficiencies in the EPC Agreement terms that warrant modification or denial, and instead primarily raises cost recovery and cost reasonableness issues that are outside the scope of this Resolution.

Accordingly, we approve AL 7653-E without modification.

COMMENTS

This Resolution was mailed on February 11, 2026. Comments were timely filed on or before March 3, 2026 by Pacific Gas and Electric (PG&E).

PG&E expressed support for the Resolution and recommended it be approved without modification.

FINDINGS AND CONCLUSIONS

1. PG&E filed Advice Letter 7653-E on July 29, 2025, requesting Commission approval of an Engineering, Procurement and Construction (EPC) Agreement with STACK Infrastructure, Inc. (STACK) under the exceptional case provisions of Electric Rules 15 and 16.

2. The EPC Agreement governs STACK's construction of the Ringwood Switching Station and the subsequent transfer of ownership to PG&E.
3. Cal Advocates' protest does not identify deficiencies in the EPC Agreement's construction and transfer provisions that warrant modification or denial.
4. Advice Letter 7653-E is related to PG&E Advice Letter 7569-E, which requested approval of an Agreement to Perform Work and a Special Facilities Agreement to support energization of STACK's 90 MW data center load.
5. The Commission approved Advice Letter 7569-E with modifications in Resolution E-5420, adopted October 30, 2025, including modifications to the refund process to increase ratepayer protection by limiting refunds to 75 percent of PG&E's annual net revenues from STACK.
6. Advice Letter 7653-E does not address cost estimates or refunds for STACK; those issues were addressed in Advice Letter 7569-E and Resolution E-5420.
7. It is reasonable to approve the EPC Agreement because it supports implementation of the energization project already approved in Resolution E-5420 and provides terms for construction and transfer of a key facility needed to serve STACK's load.
8. Rate base treatment, rate of return, and cost recovery for the Ringwood Switching Station are outside the scope of this advice letter disposition and are appropriately addressed in the applicable ratemaking forum.
9. This Resolution approves the EPC Agreement but does not authorize cost recovery or determine ratemaking treatment for the Ringwood Switching Station.

THEREFORE IT IS ORDERED THAT:

1. The request of Pacific Gas and Electric to approve the Engineering, Procurement and Construction Agreement between itself and STACK Infrastructure, Inc, as requested in Advice Letter 7653-E, is approved.

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.