

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**Agenda ID #24334
RESOLUTION E-5465
July 16, 2026**

R E S O L U T I O N

Resolution E-5465. Agreement With KB Home South Bay, Inc. (Developer) for Relocation and Rearrangement of PG&E's Public Utility Facilities, in Accordance with Electric Rule No. 15.I.3, the Exceptional Cases Provision.

PROPOSED OUTCOME:

- Approves the Tier 3 Advice Letter 7887-E filed by Pacific Gas and Electric (PG&E), which includes an agreement to relocate and rearrange overhead electric transmission and distribution facilities (PG&E Project) to accommodate KB Home South Bay Inc's commercial and residential condominium development that is moving forward with Phase 3 near Communications Hill Blvd (Development) in the City of San Jose.
- 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 Development 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, KB Home South Bay, Inc. requests to pay for the work on an actual cost basis. KB Home South Bay, Inc 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 KB Home South Bay Inc.

By Advice Letter 7887-E, Filed on April 14, 2026.

SUMMARY

This Resolution approves Pacific Gas and Electric Company's (PG&E) relocation agreement with KB Home South Bay, Inc. to accommodate the commercial and residential condominium development project near Communications Hill Boulevard in the City of San Jose, in Santa Clara County. PG&E requests approval under Electric Rule 15.I.3 of an Actual Cost Contract (ACC) governing the relocation and rearrangement of PG&E's electric transmission and distribution facilities associated with the development project. The CPUC has previously approved other relocation agreements such as those with Wal-Mart Real Estate Business Trust and Walmart Inc. and Doheny-Vidovich Partners.

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 KB Home South Bay Inc. 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, KB Home South Bay Inc., would bear more than the amount PG&E actually incurred to perform the work.

Under the ACC, PG&E is accommodating KB Home South Bay Inc.'s request to pay for the work on an actual cost basis. KB Home South Bay, Inc. 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 the developer.

The ACC also addresses the cost of PG&E's work on the preliminary design, review, and coordination of the relocation of the electric utility facilities in conflict with the Development.

PG&E can accommodate the relocation request for the Development and will undertake the construction of the work to remove, relocate, or rearrange the electric facilities.

SCOPE AND COST

KB Home South Bay, Inc. (Developer) is continuing ~~to~~ to construct its commercial and residential condominium development in Santa Clara County. The PG&E Project requires PG&E to relocate one electric transmission pole, replace one transmission pole, and rearrange framing, guy wires, anchors, and appurtenances, all with 21kV electric distribution underbuild. The estimated cost of this work under the ACC is \$630,733.00. The Income Tax Component of Contributions (ITCC) is 24% of the estimated cost of the work and comes out to \$151,375.92, bringing the total estimated cost of the project to \$782,108.92 be paid by Developer.

Developer paid PG&E \$200,000.00 in an engineering advance that will be subtracted from the current total estimated project cost. The Developer will pay the remaining \$582,108.92. Once the project is completed, PG&E will true-up the final costs in a final invoice, resulting in a refund to the Developer if costs are under the estimated project cost or additional charges if the actual project cost is above the estimated. The PG&E Project is anticipated to start October 1, 2026, but is subject to CPUC 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

KB Home South Bay Inc. shall acquire all governmental approvals and permits 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 the property or third-party property should there be changes to the project's scope. Additional land rights may be required, for example, to accommodate a change in the location where the facility would change alignment and require a larger easement width. In these cases, KB Home South Bay Inc. is required to obtain satisfactory replacement land rights, at no cost to PG&E, that correspond to PG&E's existing rights-of-way and that are in a form acceptable to PG&E.

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 CPUC, industry and PG&E. Safety requirements and will be performed by PG&E or its contractors or subcontractors.

NOTICE

Notice of AL 7887-E was made by publication in the CPUC'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 7887-E was not protested.

DISCUSSION

1. A Relocation Agreement has been executed for PG&E facilities relocation and rearrangement work required to accommodate KB Home South Bay Inc.'s development project in the City of San Jose. The Relocation Agreement establishes KB Home South Bay Inc. and PG&E's obligations regarding the relocation and rearrangement of PG&E facilities.
2. KB Home South Bay Inc. has requested the relocation work 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 ACC.

3. The billing arrangements specified in the ACC are appropriate for the work required to accommodate KB Home South Bay Inc.'s development project. Providing a fixed estimated contract price for large-scale utility relocation projects carries inherent risk that actual project costs may materially differ from estimated costs.
4. It is reasonable that KB Home South Bay Inc. pays the actual cost to relocate and rearrange PG&E's facilities to accommodate its own project, and no more. KB Home South Bay, Inc. will pay the estimated PG&E Project 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. Within a reasonable time after completion of the work, PG&E shall submit an invoice to KB Home South Bay Inc. for the actual net cost. If the actual net cost is less than the amount previously paid, PG&E shall reimburse the difference without interest.
5. The performance of relocation work on an actual cost basis has been approved by the CPUC on other matters, including relocation agreements approved in Resolutions E-5393¹ and E-5427².

¹ See Resolution Number E-5393,
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M570/K089/570089360.PDF>
(approving one relocation agreement for work performed at the request of Wal-Mart Real Estate Business Trust and Walmart Inc).

² See Resolution Number E-5427,
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M598/K254/598254959.PDF>
(approving one relocation agreement for work performed at the request of Doheny-Vidovich Partners).

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 April 14, 2026, PG&E filed AL 7887-E, a Tier 3 Advice Letter seeking approval of an Actual Cost Contract for relocation and rearrangement of electric utility facilities associated with a development project in San Jose.
2. KB Home South Bay Inc. has requested the relocation work to be performed by PG&E and invoiced at actual cost.
3. The billing arrangements specified in the ACC are appropriate for the work required to accommodate the development project.
4. The performance of relocation work on an actual cost basis has been approved by the CPUC in other matters.

THEREFORE IT IS ORDERED THAT:

1. The Agreement, ACC, for the KB South Bay Inc., Phase 3 project submitted by PG&E in Advice Letter 7887-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 July 16, 2026; the following Commissioners voting favorably thereon:

Commissioner Signature blocks to be added
upon adoption of the resolution

Dated _____, at <Voting meeting location>, California