Decision ________

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Revise the General Rate Case Plan for Energy Utilities.	Rulemaking ________

ORDER INSTITUTING RULEMAKING TO REVISE THE GENERAL RATE CASE PLAN FOR THE ENERGY UTILITIES

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ORDER INSTITUTING RULEMAKING TO REVISE THE GENERAL RATE CASE PLAN FOR THE ENERGY UTILITIES

Summary

The Commission initiates this rulemaking to update minimum requirements in the Rate Case Plan (RCP) for the energy utilities filing General Rate Cases (GRC), and to implement the requirements specified by Assembly Bill (AB) 2666 (Boerner, 2024),[1] AB 2847 (Addis, 2024),[2] and Senate Bill (SB) 254 (Becker, 2025).[3] These updates are designed to facilitate improved evidentiary showings in GRCs in a more uniform manner, and provide parties and Commission decision-makers with more complete information in furtherance of the statutory directive to ensure that rates are sufficient to furnish and maintain "adequate, efficient, just, and reasonable service"[4] while observing the principle that "electricity and gas services are necessities, for which a low affordable rate is desirable."[5] In conjunction with these goals, the Commission may also consider broader revisions of the RCP to promote more efficient and effective management of the rate case process while promoting consistency and uniformity in the energy utilities' GRC applications.

1. Background

General Rate Case (GRC) proceedings are used to address the costs of operating and maintaining the utility system and the allocation of those costs among customer classes. GRCs for California's large investor-owned utilities (IOUs)[6] take

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[1] Codified at California Public Utilities Code § 451.8. All § or Section references are to the Public Utilities Code, unless otherwise specified.

[2] Codified at § 739.15.

[3] Codified at §§ 326.1, 326.2, 850, 850.1, 934, 1701.8, 3280, 3292, 3310, 3380.1, 3380.2, 8385, 8386, 8386.1, 8386.2, 8386.3, 8386.4, 8386.5, 8387, 8388.5, 8389, et seq.

[4] § 451.

[5] § 739(d)(2).

[6] The large IOUs are Pacific Gas and Electric Company (PG&E); Southern California Edison Company (SCE); and San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) (jointly, Sempra Utilities).

place in two phases: Phase 1 determines the total amount of revenue requirement the utility is authorized to collect, while Phase 2 determines the share of the cost each customer class is responsible for and the rate schedules for each class. Each large IOU files a Phase 1 GRC application every four years (including the estimated operating costs and capital needs for a particular test year, plus three attrition years). In addition to the large IOUs, the Commission also has jurisdiction over the small and multi-jurisdictional energy utilities (SMJUs)[7] where GRC revenue and cost allocations issues are typically considered in a single phase. While this Order Instituting Rulemaking (OIR) includes some limited issues related to the SMJU GRC applications as well as the large IOU Phase 2 GRCs applications, references to GRCs are generally to the large IOUs' Phase 1 GRC applications.[8]

Phase 1 GRCs cover the amount of revenue necessary to cover a utility's costs to safely and reliably provide, maintain, and operate gas and electric service. Every GRC application includes a forecast revenue requirement and baseline budget for the first year, referred to as the "Test Year," which is then adjusted for inflation and other factors covering three additional post-test years (also referred to as attrition years).

Pursuant to § 451, a central component of the Commission's review in GRC applications is to ensure the proposed activities are necessary for the utility to furnish and maintain adequate service, equipment, and infrastructure, and that the requested revenue requirements are "just and reasonable." While GRCs also allow utilities the opportunity to earn a reasonable rate of return on prudent capital expenditures, for the large energy IOUs, issues concerning the specific, authorized

[7] The SMJUs include Bear Valley Electric Service, Inc., Liberty Utilities (CalPeco Electric) LLC, PacifiCorp doing business as Pacific Power, and Southwest Gas Corporation.

[8] D.20-01-002 notes the smaller energy utilities, Bear Valley Electric Service, Liberty Utilities (CalPeco), PacifiCorp (doing business as Pacific Power), and Southwest Gas Corporation "are not required to follow the Rate Case Plan in every detail." (D.20-01-002 at 2, footnote 1).

rate of return on capital expenditures are addressed in the Commission's Cost of Capital proceedings.

The rate case plan (RCP) was initially developed and adopted by the Commission to provide guidance on the type of information that must be presented, and the procedural schedule that is to be followed, for addressing GRC requests. Although the assigned Commissioner and Administrative Law Judge (ALJ) have significant discretion in each GRC to define the scope of relevant issues, the RCP is the guiding document that provides the timeline and minimum filing requirements for GRC applications, thereby promoting coordination and consistency among GRCs.

As described below, this OIR will consider updates and revisions to the Commission's existing RCP, and incorporate various workshop reports and proposals as directed in Decision (D.) 20-01-002, to both clarify existing practices and standards and facilitate improved evidentiary showings in GRCs in a uniform manner. In addition, this OIR is expected to incorporate new guidelines and processes to address recent legislative requirements.

1.1. RCP Decisions

The current RCP is a combination of requirements from the following three decisions: D.07-07-004, D.14-12-025, and D.20-01-002. While more recent decisions incorporate important risk-based decision-making safety and other timing improvements, the entirety of the RCP itself has not been comprehensively updated or considered since 2007. For example, parts of the first 26 pages of D.07-07-004, Appendix A were superseded by D.14-12-025 and D.20-01-002, while other important sections of the RCP have not been replaced or updated, including:

- The List of Applicable Energy Utilities (pg. 29);

- The Standard Requirement List of Documentation Supporting a Notice of Intent (NOI) (pgs. 30-33);[9]
- The Standard Requirement List of Documentation Supporting Staff and other Parties Exhibits and Testimony (pgs. 34-35);
- The Standard Update Exhibit Filing Requirements List (pg. 36); and
- A Sample Notice (pg. 37).

Furthermore, although the Standard Requirement List of Documentation Supporting an NOI in D.07-07-004, Appendix A still serves as an important guide to defining the minimum standards, several of its provisions do not address activities and issues commonly included in more recent GRC applications. Additionally, it includes legacy language and requirements from previous RCP iterations that may need to be updated. For example, the current RCP does not include the following:

- Standards for filing applications for authorization for the recovery of costs recorded into wildfire-related memorandum accounts, and other memorandum accounts;
- Standards for consistently providing metrics, units and unit costs for capital projects, such as miles of electric lines or gas lines, and Benefit-Cost Ratios (BCR);[10]
- Standards for providing metrics, units, and unit costs for direct and indirect costs for Operating and Maintenance (O&M) costs, including full-time equivalent employees for

[9] Prior to D.07-07-004, the Commission required the energy utilities to file an NOI or draft application for review by the Public Advocates Office at the California Public Utilities Commission (formally known as the Division of Ratepayer Advocates or Office of Ratepayer Advocates). The NOI process has since been superseded by the following processes: (1) the Safety Model Assessment Proceeding (S-MAP); (2) utility Risk Assessment and Mitigation Phase (RAMP) submissions; and (3) annual risk and risk spending reports. (*See* D.14-12-025 at 5, 9-12, 21-48).

[10] For example, in Track 2 of Sempra's 2024 GRC (Application (A.) 22-05-016 et al.), the proceeding was delayed when Sempra failed to provide sufficient information, including units of work and unit costs for work categories for Sempra's Pipeline Safety Enhancement Programs authorized in the last GRC (D.19-09-051). This led to the Commission considering whether the accrual of interest for the delay should be denied. (*See* Administrative Law Judge Ruling in A.22-05-015/016 dated August 6, 2024).

staff and contractors, non-labor to labor ratios, and prevailing wages;

- Standards for providing workpapers supporting O&M and capital-related costs in Excel or other electronic filing format with working cells along with a searchable PDF file, instead of current paper filing requirements;
- Consolidation of requirements for specific subject areas, such as affordability metrics, safety metrics, reliability metrics, and information related to other goals or topics addressed in recent legislation and in the last four RCP workshops, as discussed below; and
- The increasing occurrence of standalone applications for forecast capital expenditure projects.[11]

Without such information, GRCs may not adequately address current needs and realities and serve the demands of the current regulatory environment in all its technical and policy complexity.

1.2. Continuing the Work of the 2020-2021 Workshops

In D.20-01-002, the Commission extended the GRC cycle for the large energy IOUs from three to four years, and directed the Commission's Energy Division and Safety and Enforcement Division Staff to hold workshops to consider changes to further improve the efficiency of GRC proceedings.[12] As directed, from September 2020 to February 2021 Commission Staff held four workshops with proposals for improving GRCs in the following areas: (1) standardizing the organization and format of GRC and Risk Assessment and Mitigation Phase (RAMP) filings; (2) possible use of stipulated terms and rebuttable presumptions to reduce litigated issues; (3) improving the accuracy of attrition year forecasting, escalation factors, and ratemaking; and (4) uniformity in the Results of Operations modeling process

[11] For example, *see* A.24-03-011, A.25-03-009, A.25-12-002, and A.25-12-009.

[12] D.20-01-002 at 69-72, 79.

across utilities.[13] The GRC standardization workshop included discussion of the standardization of the Master Data Request, the Joint Comparison Exhibit, testimony by chapter, base year and recorded spending data, and bill impact calculations. Developing such standards are expected to save party and Commission time in having to discuss these topics within each GRC. For example, it would be helpful to identify which Federal Energy Regulatory Commission (FERC) Codes related to transmission costs overlap with distribution costs, so the FERC costs can be kept separate as required.

Although D.20-01-002 closed the proceeding, the Commission published the resultant workshop reports on its website.[14] In the final report of the last workshop, Commission Staff recommend continuation of the working groups to discuss each part of the four workshop reports, consider other proposals, and make Staff recommendations.[15]

1.3. Implementing Electricity Service Cost Reduction Strategies

In October 2024, Governor Newsom issued Executive Order N-5-24 which directed, among other things, the Commission to report recommendations for "modifying or repealing any statute that would reduce costs to electric ratepayers without compromising public health and safety, electric grid reliability, or the achievement of the State's 2045 clean electricity goal and the State's 2045 economywide carbon neutrality goal."[16]

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[13] The Results of Operations Model, also referred to as the RO Model, is a tool used to calculate a utility's revenue requirement based on operations and maintenance and capital forecasts.

[14] Workshops Held by the Electric Costs Section: https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-costs/workshops-held-by-the-electric-costs-section.

[15] General Rate Case Plan Workshop #4 Report on Standardization of RAMP Filings dated March 11, 2021 at 18; Consolidated RCP Workshop 4_SMAP OIR Track 3_Final Report.pdf.

[16] Governor Executive Order N-5-24 at 23-24.

The Commission's February 18, 2025 response to the Governor's request set forth several strategies to mitigate the rising costs of electricity service in California, including: (1) identifying cost-reduction measures by integrating wildfire mitigation strategies into the existing GRC process; (2) moving toward incorporating a greater share of ratepayer costs from other proceedings impacting rates into GRCs for holistic review and decision-making; (3) evaluating new programs for cost-effectiveness where appropriate; (4) approving lower-cost wildfire risk mitigation methods where appropriate; and (5) continually improving the efficiency of the Commission's administrative processes.[17]

This OIR may solicit party comments on whether and how to implement one or more of the strategies identified above.

1.4. Legislative Requirements

1.4.1. Assembly Bill (AB) 2666

In September 2024, Governor Newsom signed into law AB 2666 (Boerner, 2024), known as the Rate of Return Legislation, which added § 451.8 to the Public Utilities Code. The statute directs the Commission to establish guidelines and adopt processes regarding the reporting and tracking of actual versus forecasted rates of return. Specifically, the statute provides:

> § 451.8 (a) Following the approval of each general rate case, the commission shall review which costs, if any, differed from the general rate case forecasts for each electrical corporation or gas corporation. The commission shall adjust the authorized revenue requirement in the subsequent general rate case, as appropriate, based on the actual past costs for corporation records.
>
> (b) (1) The commission shall establish guidelines for electrical corporations and gas corporations to calculate and report their actual rates of return to the commission.

[17] CPUC Response to Executive Order N-5-24, dated February 18, 2025, at 4, 18.

(2) The commission shall require electrical corporations and gas corporations to report their actual rates of return to the commission annually.

(3) The commission shall adopt processes to adequately track an electrical corporation's or gas corporation's actual rate of return relative to its forecasted rate of return and shall require the corporation to identify the cost categories where projected costs differed from actual costs.

(c) This section does not restrict, limit, or otherwise affect the commission's obligation to ensure that rates are sufficient to enable an electrical corporation or gas corporation to recover a just and reasonable amount of revenue, pursuant to Section 451, including a reasonable return.

The Commission has begun implementing the requirements of AB 2666 in individual GRCs. In Sempra's Test Year 2024 GRC decision, for example, the Commission directed SoCalGas and SDG&E to calculate their actual annual rates of return, compare their annual rates of return relative to their forecasted annual rates of return, and identify the cost categories where projected (forecasted) costs differed from actual (recorded) costs, and file this information in its next GRC.[18] The decision did not address the other energy utilities.

More recently, on March 3, 2026, an Amended Scoping Ruling was issued in PG&E's Test Year 2027 GRC (A.25-05-009) to implement AB 2666.[19] In responses to the Amended Scoping Memo, several parties noted that AB 2666 implementation raised policy and statutory interpretation issues impacting other Commission-regulated utilities and stakeholders, including issues concerning how to establish a methodology for calculating rates of return, and whether the Commission should develop additional reporting obligations. Parties recommended a rulemaking

[18] D.24-12-074 at 805-806.

[19] March 3, 2026, Assigned Commissioner's Second Amended Scoping Memo and Ruling in A.25-05-009.

proceeding to establish uniform guidelines for all utilities and refine methodologies for tracking and reporting actual versus forecasted rates of return.

The Commission's Energy Division currently posts actual and authorized rate of return comparisons on its website for the four large energy IOUs, but does not post differences between actual costs and those authorized in the most recent GRC for each IOU.[20]

This OIR will provide an opportunity to revise the RCP to incorporate the AB 2666 requirements in all energy GRC filings to allow for transparent reporting of actual rate of return and tracking and comparison of costs during, and after, the GRC.

1.4.2. AB 2847

AB 2847 (Stats. 2024, Ch. 578) added § 739.15 to the Pub. Util. Code, with an effective date of January 1, 2025. This statute requires the Commission to determine in every new authorization of capital expenditures (via an application) whether to require the cost estimate described below:

§ 739.15 (a) The commission shall determine in a scoping ruling or other ruling whether an application from an electrical corporation or gas corporation requesting authorization for or recovery of capital expenditures requires the estimates described in subdivision (b).

> (b) An application from an electrical corporation or gas corporation requesting authorization for or recovery of capital expenditures, including an application for conditional approval of the costs of an undergrounding plan pursuant to Section 8388.5, shall include, if the commission pursuant to subdivision (a) determines that

[20] https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-costs/historical-electric-cost-data/rate-of-return (last accessed July 10, 2026). Energy Division began posting these rate of return comparisons in response to a recommendation in The California State Auditor's 2022-115 Electricity and Natural Gas Rates Report (*See* https://information.auditor.ca.gov/pdfs/reports/2022-115.pdf at 4 (last accessed July 10, 2026)).

> the estimates are required, the electrical corporation's or gas corporation's best estimate of both of the following:
>
> (1) The application's impact on the electrical corporation's or gas corporation's annual revenue requirement for each year that the capital expenditures described in the application are expected to remain in the application's rate base if the application is approved or conditionally approved.
>
> (2) The net present value of the application's impact on the electrical corporation's or gas corporation's annual revenue requirement provided pursuant to paragraph (1).
>
> (c) The commission shall require the electrical corporation or gas corporation to provide supporting workpapers and calculations for the estimates described in subdivision (b).

Similar to AB 2666, the Commission has begun implementing AB 2847 in individual GRCs.[21] This OIR will address what requirements are needed to implement this section of the statute in the context of GRC applications, and what, if any, additional information an electrical corporation must provide with its GRC filing.

1.4.3. Senate Bill (SB) 254

SB 254 (Stats. 2025, Ch. 119) added § 8386.4 to the Public Utilities Code. Among other things, this statute further aligns the Wildfire Mitigation Plan (WMP)[22] and GRC processes, and modifies the conditions for recording to and recovering costs from wildfire mitigation memorandum accounts.[23] More specifically, § 8386.4(a)(2) provides:

> In the commission's discretion, each electrical corporation may establish a memorandum account to track costs incurred for wildfire risk mitigation that are unforeseen and incremental to

[21] *See* March 3, 2026, Assigned Commissioner's Second Amended Scoping Memo and Ruling in A.25-05-009.

[22] WMPs are required to address the preventive strategies and programs to be adopted by an electrical corporation to minimize the risk of its electrical lines and equipment causing catastrophic wildfires, among other issues. (*See* § 8386(d)).

[23] Pub. Util. Code § 8386.4.

the wildfire risk mitigation programs and activities authorized in the electrical corporation's revenue requirements.

§§ 8386.4(b)(1)-(3) also provides that for a general rate case application filed after January 1, 2027:

(1) The electrical corporation shall file its preliminary wildfire mitigation plan approved pursuant to subdivision (a) of Section 8386.3, or, if no plan has been approved by the office,[24] the wildfire mitigation plan filed pursuant to subdivision (c) of Section 8386, and any applicable decision from the office, with the general rate case application and shall include testimony establishing the forecast of costs necessary to implement the programs and activities in the plan.

(2) The commission shall consult with the office regarding the programs and activities in the plan in rendering its decision pursuant to paragraph (1) of subdivision (a). The commission's decision shall constitute approval of the revenue requirement necessary to implement the electrical corporation's wildfire mitigation plan.

(3) Within 45 days of the commission's decision rendered pursuant to paragraph (1) of subdivision (a) or any commission order modifying that decision, the electrical corporation shall submit a revised wildfire mitigation plan to the office that conforms to the commission's revenue authorization. The office shall review and either approve or request modifications to the revised wildfire mitigation plan submitted in accordance with the revenue authorized pursuant to paragraph (1) of subdivision (a). The office shall approve the revised wildfire mitigation plan within two months of submission. After approval by the office, the electrical corporation shall file the approved revised wildfire mitigation plan as an information-only submittal with the commission.

[24] As used in §§ 8386.4(b)(1)-(3), "office" refers to the Office of Energy Infrastructure Safety. (§ 8385(a)(6)). The Office of Energy Infrastructure Safety (OEIS or Energy Safety) is an independent California state department under the California Natural Resources Agency directed to reduce utility-related wildfire risk and advance long-term wildfire safety. Pursuant to § 8386(b), electrical corporations must submit a WMP for review by Energy Safety at least once every four years.

This OIR will provide the opportunity to address what information is necessary to establish the forecast of costs necessary to implement a WMP. This OIR is also expected to provide an opportunity to address what information and process may be necessary to establish whether a WMP has been appropriately revised to conform with revenue requirements approved in a GRC decision. Lastly, the OIR may address what information IOUs should be required to provide in wildfire mitigation memorandum account cost recovery applications so that we may better assess the reasonableness, incrementality and foreseeability of costs recorded in wildfire mitigation memorandum accounts.

1.5. Cost Tracking Reports and Mechanisms

IOUs track expenditures through a variety of established reports and filings. Key examples include Risk Spending Accountability Reports (RSAR), FERC Form 1 filings, Securities and Exchange Commission (SEC) reports, and WMP Quarterly Data Reports, among others. These reports provide guidance on tracking costs, explaining variances and documenting expenditures. Key reports are briefly described below.

This OIR may consider whether these reports, or changes to these reports, should be submitted in utility GRC applications to comply with the reporting requirements in AB 2666 and SB 254.

1.5.1. RSAR

D.14-12-025 and D.18-12-014 require IOUs to file annual RSAR that compare approved GRC safety mitigation budgets with actual spending and explain significant variances. The Commission established a comprehensive RSAR framework in D.19-04-020 and refined it in D.22-10-002, including standardized cost tables, variance reporting, completion tracking, and RAMP-to-GRC cost mapping.

RSAR reporting currently covers safety, reliability, and maintenance (SRM) programs and certain non-SRM GRC programs. IOUs must report authorized vs.

actual spending by program and year, calculate annual variances, track work units where applicable, and provide variance explanations for SRM programs exceeding thresholds. Cumulative costs and cost recovery treatments must also be tracked over the full GRC cycle.

1.5.2. SEC Reports

The Securities Exchange Act of 1934 requires most publicly held companies to file an annual report with the SEC on Form 10-K and to distribute an annual shareholders' report under the SEC's proxy rules. Form 10-K includes financial statements and other data that involve a company's accounting personnel and its independent auditors.

1.5.3. FERC Form 1

FERC Form 1 is the annual financial and operational report that major electric utilities file with FERC. It provides standardized, detailed data on a utility's revenues, expenses, plant investment, depreciation, and rate base. Regulators and stakeholders use it to review actual recorded costs, assess financial performance, and support transmission rate and return analyses.

1.5.4. Transmission Rate in FERC Proceedings

In transmission owner rate cases, FERC approves transmission revenue requirements recovered from both wholesale and retail transmission customers of the IOUs, as well as an increasing number of smaller transmission owners who own more limited transmission assets. Utilities typically file formula rates at FERC for transmission service. Transmission formulas calculate an IOU's forecasted cost of service, which includes the utility's return on rate base, operation and maintenance expenses, depreciation expense, taxes, and other operating expenses and revenues. Utilities with a formula rate are required to file an annual update, which includes updating the input variables for the coming year and truing up the costs from the prior year.

1.5.5. WMP Quarterly Data Reports

Electrical corporations are required to prepare and submit tabular wildfire mitigation data to the Office of Energy Infrastructure Safety (OEIS or Energy Safety)[25] on a quarterly basis in quarterly data reports (QDR). QDRs have several tables comprising wildfire mitigation data, including information on the costs and progress toward the goals and objectives set in each WMP. This reporting covers both individual wildfire mitigation initiatives (initiatives) and major categories aggregating mitigations, such as vegetation management and grid hardening. QDRs support Energy Safety in its oversight of electrical corporations' WMP implementation progress and performance.

The Commission consults in the review of WMPs and coordinates with Energy Safety on information regarding progress of WMP implementation. Pursuant to § 8386.3, Energy Safety reviews and approves (or denies) WMPs. The Commission also reviews WMPs to inform its evaluation of the reasonableness of costs associated with proposed wildfire mitigation activities in ratemaking proceedings and other cost-recovery applications.[26]

2. Preliminary Scoping Issues

As required by Rule 7.1(d) of the Commission's Rules of Practice and Procedure (Rules), the preliminary list of issues for the scope of this proceeding are as follows:

- Whether changes are needed to the RCP. If so, what changes are needed, and why? Please refer to the Draft RCP included

[25] Energy Safety is an independent California state department under the California Natural Resources Agency directed to reduce utility-related wildfire risk and advance long-term wildfire safety.

[26] *See* https://www.cpuc.ca.gov/about-cpuc/divisions/safety-policy-division/wildfire-and-safety-performance/implementation-of-wildfire-mitigation-plans.

as Attachment A to this OIR. Possible amendments include, but are not limited to:[27]

a) Changes to reflect Commission decisions or Legislative requirements;

b) Changes to reflect corrections, clarify intent, or address internal consistency within the RCP;

c) Changes to standardize, or add new, GRC reporting requirements and information; and

d) Changes to the timing of activities within a GRC.

- Whether the RCP should be adopted as a General Order, and/or whether other changes are needed for processing and considering updates to the RCP.
- Whether changes are needed to further standardize or improve the GRC process. If so, what changes are needed, and why?
- Whether guidance should be provided, or minimum threshold requirements adopted, for addressing standalone cost recovery and/or infrastructure applications that occur outside the GRC process.

3. Specific Questions for Party Comment

In addition to the preliminary scoping issues above, parties are invited to comment on the following questions:

Legislative Requirements

- What information is necessary to establish the forecast of costs to implement a WMP? Is there any information required by § 8386 that is not currently included in both the RAMP and WMP?
- Pursuant to § 8386(c)(1), electrical corporations shall submit a preliminary WMP to Energy Safety at the earliest date of one year before the filing of its general rate case application

[27] Note: While the draft RCP in Appendix A to this OIR includes the current schedule for filing Phase 2 GRC applications (i.e., rate design applications) and Rate Design Window (RDW) applications, given the breadth of Phase 1 issues included in the preliminary scope, the Commission anticipates the scope of Phase 2 GRC and RDW changes to be limited to potential changes to the application filing deadlines and/or corresponding schedules.

or concurrent with the filing of its RAMP application with the Commission.

a) How should any differences between the RAMP and WMP be resolved in the GRC application, if at all?

b) Specific to the Small Multi-Jurisdictional Utilities (SMJUs),[28] are changes necessary to the current GRC application filing dates to align with the requirement in § 8386(c)(1) to submit a preliminary WMP?

- What information should energy utilities provide in wildfire mitigation memorandum account cost recovery requests so that the Commission may better assess the reasonableness, incrementality, and foreseeability of costs recorded in wildfire mitigation memorandum accounts?[29]
- What structure should the utilities' GRC testimony take so that proposed revenue requirements of the WMP initiatives can be reviewed independently of all other revenue requirements proposed in the GRC?
- What structure should the Commission's GRC decision take regarding the WMP revenue requirement to ensure that the impact of the Commission's decision on the WMP is evident and clearly communicated to Energy Safety?
- § 8386.3(c)(1) provides: "An electrical corporation shall not divert revenues authorized by the commission to implement the approved wildfire mitigation plan to any programs or activities outside of the plan approved pursuant to Section 8386.4."

  a) What auditing should the Commission undertake, if any, to ensure that authorized WMP revenue requirements are spent on WMP initiatives and not diverted outside of WMP activities?

  b) What requirements other than auditing should the Commission implement to ensure that authorized WMP revenue requirements are not diverted to other purposes?

[28] The SMJUs are Bear Valley Electric Service, Inc., Liberty Utilities (CalPeco Electric) LLC, PacifiCorp doing business as Pacific Power, and Southwest Gas Corporation.

[29] *See* § 8386.4(a)(2).

c) What public reporting of these outcomes should be required, if any?

- What aspects of AB 2847 should be implemented and integrated into this updated RCP?

  a) Should the Commission require utilities to provide the application's impact on the utility's annual revenue requirement for each year that the capital expenditures described in the application are expected to remain in the application's rate base if the application is approved or conditionally approved?

  b) Should the Commission require utilities to provide the net present value of the application's impact on the utility's annual revenue requirement?

- What, if any, current rate of return and cost category reporting already provided by the utilities to the Commission, or another regulatory agency, should be integrated into this updated RCP to fulfill the requirements of AB 2666?

  a) What alternatives to the calculation of rate of return or cost category reporting not already provided by the utilities to the Commission, or another regulatory agency, should the Commission consider integrating into this updated RCP to fulfill the requirements of AB 2666?

- What information should energy utilities be required to provide in GRC applications to demonstrate the incrementality of costs recorded and total costs recorded in memorandum accounts? Should all memorandum accounts be disclosed in a GRC application?

- Are there any other questions/issues concerning the implementation of AB 2666, AB 2847, and SB 254 and potential changes to the RCP that are not addressed above but should otherwise be considered? If so, what? Please be specific.

<u>Minimum Filing Requirements/Reporting Information</u>

- Concerning requested and approved costs for wildfire mitigation activities, what additional Commission reporting requirements should be imposed, if any, in relation to approved expenditures for wildfire initiatives, and progress towards meeting those initiatives? How should these reporting requirements align with, or differ from, the existing Commission reporting requirements (for example, the Risk Spending and Accountability Reports) and/or WMP implementation auditing and reporting requirements to Energy Safety? What efficiencies in reporting and reviewing could be developed between Energy Safety and the Commission?

- What units, unit costs, and other metrics should be included in the minimum filing requirements for capital projects and programs and other direct costs in GRCs? Why?
- What units, unit costs, and other metrics should be included in the minimum filing requirements in GRCs to demonstrate the reasonableness of indirect costs (i.e., overhead, administrative, and shared support expenses that cannot be tied to a specific capital project)? Why?
- Should additional metrics be included in the RCP minimum filing requirements for specific cost categories to demonstrate safety and reliability? If so, what? Be specific.
- Regarding post-test year ratemaking:
  a) Should minimum requirements be included in GRC applications as evidence supporting requested escalation factors, budget-based post-test year forecasts, and attrition allowances? If so, what?
  b) What information is needed, if any, to better estimate and adopt more accurate post-test year forecasts?
  c) Should the Commission standardize post-test year ratemaking approaches among regulated utilities? If so, how?
- Should the utilities be required to submit information in GRCs regarding the installation of distributed energy, including load growth, installation locations and cost? If so, why or why not?
- Are FERC regulations and reporting applicable to GRCs? If so, what information should be reported?

<u>GRC Process Improvements and Standardization</u>

- Should the Commission standardize bill impact calculations? If so, what bill impacts should be provided in GRCs, and how often should they be updated in a GRC proceeding?
  a) Should bill impact calculations be provided separately for unbundled versus bundled customers? Why or why not?
  b) Should applicants be required to provide a holistic, illustrative rate change overview of bill impacts for all proceedings impacting rates or a combined rate?[30]
- What improvements, if any, should be made in the Results of Operations modeling process? Should additional efforts be made towards standardization of Results of Operations models of the regulated utilities? Should there be any standard workpapers provided?
- Should workpapers supporting operations and maintenance and capital-related costs be required to be filed in Excel or other electronic filing format with working cells along with a searchable PDF file, instead of the current paper filing requirements?
- To improve consistency and accuracy, should the Commission consider any standard rules for rounding or precision of any forecasts, model inputs, or other numbers?
- Should the adoption of a standardized approach for interim rate recovery in GRCs be considered?[31] If so, what would the standardized approach look like?
- Should the Commission establish consistent requirements for the information and supporting analyses included in depreciation studies and depreciation proposals submitted in GRCs? If so, what information should utilities be required to provide to facilitate the Commission's evaluation of proposed depreciation parameters and the various financial impacts if those parameters change?

[30] For example, *see* the Assigned Commissioner's Scoping Memo and Ruling in A.25-05-009, dated July 31, 2025.

[31] Interim rate relief allows a utility to temporarily adjust rates during the pendency of a proceed to prevent immediate financial hardship or reduce the risk of a large spike in utility rates. Any interim increases collected are subject to refund, depending on the outcome of the proceeding. *See*, for example, D.24-02-010, D.19-04-039, and D.06-12-017.

- Should the Commission adopt a standardized approach to the numbering of exhibits served by all parties in GRCs for administrative ease?
- Should the Commission provide further clarity on what can and cannot be used to update funding requests in GRCs, and what stakeholder participation should there be with respect to these updates?
- Should the Commission provide further instruction or clarity on what can be included in update testimony? If so, what?

<u>Guidance to, or Minimum Requirements for, Standalone Applications</u>

- Should the Commission provide further clarity or guidance on what types of requests should be made within a GRC, rather than in a standalone application? If so, what?
- Should the Commission adopt minimum threshold requirements that must be met and addressed for the Commission to consider a standalone application for cost recovery or a new capital infrastructure request, as opposed to considering these matters in the utility's GRC? If so, what minimum threshold requirements should be presented and considered?

Draft RCP (See Attachment A to the OIR)

- Do parties have any comments on, or proposed changes to, the schedule and associated activities for the Phase 1 GRC, Phase 2 GRC, and RDW filings as reflected in Attachment A to this OIR? (pgs. A-1 through A-14)[32] If so, please be specific and explain why changes are necessary.
- Do parties have any comments on, or proposed changes to, the 'List of Applicable Energy Utilities' as reflected in Attachment A to this OIR (pg. A-15)?
- Do parties have any comments on, or proposed changes to, the 'Standard Requirement List of Documentation Supporting

[32] Note: In Rulemaking (R.) 26-04-016, the Order Instituting Rulemaking to Refine the Risk Based Decision Making Framework for Electric and Gas Utilities, the Commission is considering whether to modify the current RAMP schedule and process. (See July 20, 2026, Assigned Commissioner's Scoping Memo and Ruling in R.26-04-016 at 3). Therefore, any proposed changes to the RAMP schedule and process are deferred to R.26-04-016.

GRC Filings' as reflected in Attachment A to this OIR (pgs. A-16 through A-19)? Please be specific.

- Do parties have any comments on, or proposed changes to, the 'Standard Requirement List of Documentation Supporting Staff and Other Parties Exhibits and Testimony' as reflected in Attachment A to this OIR (pgs.A-20 through A-21)? Please be specific.
- Do parties have any comments on, or proposed changes to, the 'Standard Update Exhibit Filing Requirements List' as reflected in Attachment A to this OIR (pg. A-22)? Please be specific.
- Do parties have any comments on, or proposed changes to, the 'Sample Notice' as reflected in Attachment A to this OIR (pg. A-23)? Please be specific.

<u>Workshops and/or Party Proposals</u>

- Whether one or more workshops should be held and/or working groups established in this proceeding to discuss the continuation of the four workshops reports provided following D.20-01-002. Please refer to the workshop reports included as Attachment B to this OIR.
  a) If one or more workshops should be held and/or working groups established, what topics should be addressed?
  b) Are additional workshops or working groups needed to address any of the other issues included in this OIR? If so, which topics/issues?
  c) Would any of the issues in the OIR benefit from further development through party proposals or an Energy Division Staff proposal? If so, which issues and why?

<u>Other</u>

- To support broader transparency, accessibility, and to ensure future changes to the RCP are considered in a comprehensive manner:
  a) Should the RCP be adopted as a new General Order? Alternatively, should the RCP be adopted as a standalone

document with a consolidated set of requirements? Why or why not?

b) Should the Commission adopt a mechanism to facilitate modifications to the RCP once this OIR is closed and prior to the reopening of any new OIR? For example, should the Commission authorize the Commission's Energy Division to place a Resolution on the Commission agenda to propose modifications to the RCP, as necessary, to respond to urgent statutory changes or other issues?

c) Do parties have alternative proposals concerning the procedure and process for publishing and amending the RCP? Please be specific.

- Should the Commission provide a definition of capital in the RCP?
- Are there any proposed issues or questions in this OIR that are already being actively addressed, or would be better addressed, in a different Commission proceeding? If so, which proceeding(s)?
- Are there any additional issues or questions that parties feel should be scoped into this OIR? If so, please explain what and why.

4. Schedule

The preliminary schedule for this proceeding is presented below.

Event	Date
Comments on OIR Filed and Served	Within 45 days of the issuance date of this OIR
Reply Comments on OIR Filed and Served	Within 15 days of the date comments are due
Prehearing Conference Held	Q3 - Q4 2026
Scoping Memo and Ruling Issued	Within 60 days of the prehearing conference
Workshop(s) held	Q4 2026
Energy Division Staff Proposal filed on Revised RCP and GRC Process Improvements	Q1 2027

Comments on Energy Division Staff Proposal Filed	Q2 2027
Reply Comments on Energy Division staff proposal filed	Q3 2027
Proposed Decision	Q4 2027

We anticipate that one or more workshops and/or party and staff proposals may be needed to further develop, and build consensus, around the issues considered in this proceeding. The assigned Commissioner or the assigned ALJ may change the schedule to promote the efficient and fair administration of this proceeding.

Due to the complexity and number of issues in this proceeding, it is the Commission's intent to complete this proceeding within 24 months of the date this OIR is adopted in accordance with Public Utilities Code Section 1701.5(b). Notice of workshops in this proceeding will be served to the service list of this proceeding and posted on the Commission's Daily Calendar.

5. Preliminary Categorization

Rule 7.1(d) requires that an OIR preliminarily determine the category of the proceeding and the need for a hearing. As a preliminary matter, we determine that this proceeding is quasi-legislative as defined in Rule 1.3(f). We anticipate that the issues in this proceeding may be resolved through comments and workshops without the need for evidentiary hearings.

Any party who objects to the preliminary categorization of this rulemaking as "quasi-legislative," or to the preliminary hearing determination, must state the objections in opening comments to this rulemaking. If the party believes hearings are necessary, the comments should state: (a) the specific disputed fact for which hearing is sought; (b) justification for the hearing (e.g., why the fact is material); (c) what the party would seek to demonstrate through a hearing; and (d) anything else necessary for the purpose of making an informed ruling on the request for hearing. After considering any comments on the preliminary scoping memo, the assigned

Commissioner will issue a Scoping Memo and Ruling making the final category determination.

6. Respondents

PG&E, SCE, SDG&E, and SoCalGas are named as respondents to this proceeding.

Respondents are parties to the proceeding (see Rule 1.4(d)) and, within 15 days of the effective date of this OIR, each respondent shall inform the Commission's Process Office of the contact information for a single representative; other representatives and persons affiliated with the respondents may be placed on the Information Only service list. The request must be sent to the Commission's Process Office by e-mail (Process_Office@cpuc.ca.gov). Please include the Docket Number of this rulemaking in the request.

7. Becoming a Party and Joining and Using the Service List

This OIR shall be served on all respondents and the Small and Multi-Jurisdictional Utilities subject to the Commission's jurisdiction, including Bear Valley Electric Service, Inc., Liberty Utilities (CalPeco Electric) LLC, PacifiCorp doing business as Pacific Power, and Southwest Gas Corporation. In addition, in the interest of broad notice, this OIR will be served on the official service lists for the following proceedings: A.23-01-008, A.23-05-010, A.24-03-019, A.24-09-001, A.24-09-010, A.24-09-014, A.25-03-010, A.25-05-009, A.26-01-022, A.26-06-014, R.13-11-006, and R.26-04-016.

Service of the OIR does not confer party status or place any person who has received such service on the Official Service List for this proceeding, other than respondents. Instructions for obtaining party status or being placed on the official service list are given below.

8. Filing, Serving, and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.[33]

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners, their personal advisors, or the ALJ unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission's subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings accepted by the Commission. Notices sent through subscription service are

[33] The form to request additions and changes to the Service list may be found at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf

less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

9. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission. Please add "@cpuc.ca.gov" to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

10. Intervenor Compensation

Pursuant to Public Utilities Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by 30 days after the prehearing conference. Parties new to participating in Commission proceedings may contact the Commission's Public Advisor to learn more about the Intervenor Compensation process.

11. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/public-advisors-office or contact the Commission's Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

IT IS RULED that:

1. This Order Instituting Rulemaking is adopted pursuant to Rule 6.1 of the Commission's Rules of Practice and Procedure.

2. The preliminary categorization of this rulemaking is quasi-legislative.

3. The preliminary determination is that evidentiary hearings are not needed for this rulemaking.

4. The preliminary scope of issues is as stated above in Section 2.

5. The preliminary schedule described above in Section 4 is adopted.

6. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Corporation are respondents to this rulemaking.

7. Respondents to this Order Instituting Rulemaking shall and any other person may file opening comments within 45 days of the issuance date of this order, and any person may file reply comments within 15 days after the date opening comments are due.

8. The Executive Director will cause this Order Instituting Rulemaking to be served on all respondents, the Small and Multi-Jurisdictional Utilities (including Bear Valley Electric Service, Inc., Liberty Utilities (CalPeco Electric) LLC, PacifiCorp doing business as Pacific Power, and Southwest Gas Corporation), and the service lists for the following Commission proceedings: Application (A.) 23-01-008, A.23-05-010, A.24-03-019, A.24-09-001, A.24-09-010, A.24-09-014, A.25-03-010, A.25-05-009, A.26-01-022, A.26-06-014, Rulemaking (R.) 13-11-006, and R.26-04-016.

9. Any party that expects to claim intervenor compensation for its participation in this rulemaking must file its notice of intent to claim intervenor compensation within 30 days of the prehearing conference.

This order is effective today.

Dated ____________________, at Sacramento, California.