

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298

August 4, 2026

Agenda ID #24426
Ratesetting~~TO PARTIES OF RECORD IN APPLICATION 25-05-009:~~

~~This is the proposed decision of Administrative Law Judge Elizabeth Fox, Administrative Law Judge Darryl Gruen, and Administrative Law Judge John Larsen. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's October 8, 2026 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.~~

~~Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.~~

~~The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).~~

~~/s/ MICHELLE COOKE~~~~Michelle Cooke~~~~Chief Administrative Law Judge~~

MLC: vhj

Attachment

Decision **PROPOSED DECISION OF ALJ FOX, ALJ GRUEN, and
ALJ LARSEN (Mailed 8/04/2026)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2027. (U 39 M).

Application 25-05-009

**DECISION GRANTING PACIFIC GAS AND ELECTRIC COMPANY'S MOTION
TO TRACK REVENUE REQUIREMENTS EFFECTIVE JANUARY 1, 2027**

Summary

This decision grants Pacific Gas and Electric Company's January 12, 2026 motion for an order to have ratemaking mechanisms that track new revenue requirements, effective January 1, 2027.

1. Background

Pacific Gas and Electric Company (PG&E) filed the instant Application for its Test Year 2027 General Rate Case (GRC) and served supporting testimony on May 15, 2025. This Application requests authorization to increase gas distribution, transmission and storage, electric distribution, and generation base revenue requirements effective January 1, 2027.

The Assigned Commissioner's Scoping Memo and Ruling for this Application, filed July 31, 2025, established a tentative May 2027 date for a Phase 1 decision in this proceeding.¹

On January 12, 2026, PG&E filed a motion for an order to make new revenue requirements and associated ratemaking mechanisms effective January 1, 2027 (Motion), even if the Commission issues a decision after that date. This Motion was uncontested.

1. PG&E Request

In its Motion, PG&E notes that the adopted schedule for this proceeding calls for a Phase 1 decision after January 1, 2027. As a result, PG&E states that an order making new revenue requirements adopted by the Commission effective January 1, 2027 would be necessary to: (1) leave ratepayers and shareholders relatively indifferent to the precise date that the final decision is adopted, (2) reduce incentives for any party to achieve gains that could be realized through further delay in the effective date of the proceeding, and (3) allow time for parties, the public, and the Commission to review and analyze the record.²

PG&E's request has three elements, described below.

1.1. Effective Date

PG&E states that the establishment of a January 1, 2027 effective date in this proceeding would be consistent with each of PG&E's recent GRCs and with other similar proceedings.³ In addition, PG&E states that the relief sought in the Motion would be consistent with the Commission's objective to ensure that

¹ Scoping Memo and Ruling at 19.

² Motion at 1.

³ Motion at 3, citing Decision (D.) 19-11-004 at 6, Findings of Fact (FOF) 7 and 8; D.22-06-033, at 6, FOF 6; D.03-05-076 at 6.

affected parties are financially indifferent to the timing of the Commission's final decision.⁴ PG&E further states that approval of its request before the test year would avoid retroactive ratemaking, which is prohibited.⁵

1.2. Interest Rate

PG&E requests that the Commission issue an order that the adopted revenue requirements include interest, based on a Federal Reserve three-month commercial paper rate.⁶ PG&E states that this would be consistent with the Commission's decisions in other GRCs.⁷

1.3. Memorandum Accounts

PG&E requests that the Commission authorize PG&E to track existing revenue requirements, interest, and the new revenue requirement in three memorandum accounts:

- The General Rate Case Gas Distribution Memorandum Account (GRCGDMA);
- The General Rate Case Electric Memorandum Account (GRCEMA); and
- The General Rate Case Gas Transmission and Storage Memorandum Account (GRCGTSMA).⁸

⁴ Motion at 3, citing D.13-04-023 at 3; D.03-05-076 at 5-6; D.19-11-004 at 6, FOF 7, 8; D.22-06-033 at 6, FOF 6.

⁵ Motion at 3, citing D.03-05-076 at 6.

⁶ Motion at 3-4.

⁷ Motion at 4, citing D.16-03-009 at 6, OP 3; D.19-11-004 at 4, 7-8, OP 2; and D.22-06-033 at 8, OP 5.

⁸ Motion at 4. PG&E notes that the GRCGTSMA was originally named the Gas Transmission & Storage Memorandum Account (GTSMA). Advice Letter 4628-G/6641-E changed the account's name to GRCGTSMA.

PG&E states that in its Test Year 2020 GRC, the Commission required PG&E to establish memorandum accounts in its decision on PG&E's motion for a January 1, 2020 effective date.⁹

PG&E requests that the Commission again approve the GRCGDMA and GRCEMA to track any over- or under-collection in the gas distribution and electric distribution and generation revenue requirements, respectively, effective January 1, 2027.¹⁰

PG&E also requests that the Commission authorize continued use of the GRCGTSMA to allow tracking of over- or under-collections related to approved gas transmission and storage revenue requirements associated with any delayed implementation of this GRC.¹¹ PG&E states that the Commission approved the GRCGTSMA for this same purpose in multiple gas transmission and storage rate cases.¹²

If this motion is approved, PG&E proposes to file any necessary changes to the preliminary statements for the GRCGDMA, GRCEMA, and GRCGTSMA by a Tier 1 Advice Letter.¹³

2. Discussion

We agree with PG&E that granting this motion would leave ratepayers and shareholders relatively indifferent to the Phase 1 decision date in this proceeding, reduce incentives for delay, and allow time to review and analyze

⁹ Motion at 4, citing D.19-11-004 at 7-8, OPs 1 and 2.

¹⁰ Motion at 5.

¹¹ Motion at 5.

¹² Motion at 5, citing D.19-09-025 at 292-293; D.16-06-056 at 12-13 and 395-396; and D.14-06-012 at 8, OP 4.

¹³ Motion at 6.

the record. Revenue requirement memorandum accounts are routinely used in GRCs to achieve these goals.

Granting this motion does not bind the Commission to grant PG&E's requested revenue requirement. Rather, granting the motion avoids potential retroactive ratemaking issues by preserving the Commission's discretion to later authorize PG&E to include in customer rates the delta between 2023 GRC authorized revenues and revenues authorized in the Phase 1 decision for this proceeding.

3. Comments on Proposed Decision

The proposed decision of Administrative Law Judges Elizabeth Fox, Darryl Gruen, and John Larsen in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure.

~~Comments were~~No party filed ~~on _____, and reply comments were filed on _____ by _____.~~

4. Assignment of Proceeding

Matthew Baker is the assigned Commissioner and Elizabeth Fox, Darryl Gruen, and John Larsen are the assigned Administrative Law Judges in this proceeding.

Findings of Fact

1. In this proceeding, PG&E requests approval of its forecast GRC revenue requirement for implementation beginning January 1, 2027.
2. The current proceeding schedule provides the effective date for a Commission decision regarding PG&E's GRC revenue requirement after January 1, 2027.

3. No party opposed PG&E's request for the Commission to provide that PG&E's GRC revenue requirement for the 2027 Test Year ultimately adopted by the Commission be effective January 1, 2027, even if the Commission issues its decision after that date.

4. For test year revenue requirements that were adopted after January 1, the Commission has historically included the amount that would have been in effect dating back to January 1 in the calculation of the rate change.

5. Adoption of PG&E's request leaves ratepayers and shareholders relatively indifferent to the date that the final decision is adopted, reduces incentives for delay, and allows sufficient time for review and analysis of the record.

6. The memorandum accounts referred to as GRCDMA, GRCEMA, and GRCGTSMA allow PG&E to track and recover any over- or under-collection plus interest to safeguard ratepayer and shareholder indifference to the effective date of the Commission's final decision adopting PG&E's authorized revenue requirements in this proceeding.

Conclusions of Law

1. PG&E's January 12, 2026 motion is reasonable and should be granted.

2. The effective date of PG&E's 2027 GRC revenue requirement should be January 1, 2027, even if the final Commission decision is adopted after that date.

3. It is reasonable that PG&E be allowed to use its existing memorandum accounts, GRCDMA, GRCEMA, and GRCGTSMA, to track and recover any over- or under-collection, plus interest.

4. It is reasonable for PG&E's GRC revenue requirement for the 2027 Test Year to include a provision for interest based on the Federal Reserve three-month commercial paper rate, to the extent necessary to keep PG&E and its ratepayers

and shareholders indifferent to the precise timing of the final decision regarding the 2027 authorized revenue requirement.

5. The authority granted herein for a January 1, 2027 effective date for the 2027 authorized revenue requirement does not bind the Commission to adopt PG&E's requested GRC revenue requirement or any portion thereof as such a determination can only be made upon development of a complete record, with full and fair consideration of the entire record by the Commission.

6. This proceeding should remain open.

O R D E R

IT IS ORDERED that:

1. The January 12, 2026 motion filed by Pacific Gas and Electric Company is granted as described herein.

2. The effective date for the revenue requirement the Commission adopts in Pacific Gas and Electric Company's General Rate Case (GRC) for the 2027 Test Year is January 1, 2027, even if the Commission adopts the final decision authorizing the 2027 GRC revenue requirement after that date.

3. If the Commission adopts a decision authorizing the 2027 revenue requirement after January 1, 2027, Pacific Gas and Electric Company is authorized to use the General Rate Case Gas Distribution Memorandum Account, the General Rate Case Electric Memorandum Account, and the General Rate Case Gas Transmission and Storage Memorandum Account to track and recover any over-collection or under-collection.

4. Pacific Gas and Electric Company must file a Tier 1 Advice Letter within 14 days of the effective date of this decision to update its Tariff Preliminary Statement to reflect this decision.

5. The Commission's adopted 2027 General Rate Case (GRC) revenue requirement for Pacific Gas and Electric Company (PG&E) shall include accrued interest covering the period starting on January 1, 2027, based on the applicable three-month commercial paper rate published in the Federal Reserve Statistical Release H.15 or its successor, to the extent necessary to keep PG&E, its ratepayers, shareholders, and other affected parties indifferent to the precise timing of the Commission's final decision authorizing the 2027 GRC revenue requirement.

6. Application 25-05-009 remains open.

This order is effective today.

Dated _____, at Sacramento, California

Summary report: Litera Compare for Word 11.6.0.100 Document comparison done on 10/5/2026 9:51:33 AM	
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<u>Move To</u>	0
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Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
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