PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION **RESOLUTION E - 5484**
October 29, 2026

R E S O L U T I O N

Resolution E-5484. Pacific Gas and Electric Request for Electric Rule 2 Exceptional Case Submittal for Special Facilities for Customer Project in Cupertino, California (Advice Letter 7936-E).

PROPOSED OUTCOME:

- This Resolution approves Pacific Gas and Electric Company (PG&E)'s Advice Letter requesting approval of an Electric Rule 2 Exceptional Case Agreement which will result in PG&E designing and installing Special Facilities, require that actual costs (rather than estimated costs) are paid for upgrades, and ensure that the Customer is not entitled to a refund for the Special Facilities installed.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this Resolution.

ESTIMATED COST:

- There are no direct cost impacts to ratepayers associated with this Resolution. Authorizing PG&E to enter into this Agreement will result in costs being borne by the Customer and will not be recovered from existing customers through rates. This Agreement allows for progress billing during the course of the work.

By Advice Letter 7936-E (PG&E), filed on June 30, 2026.

SUMMARY

This Resolution approves Pacific Gas and Electric Company's (PG&E) request in Advice Letter (AL) 7936-E to enter into a Special Facilities Agreement, referred to hereafter as "Agreement," to provide redundant distribution-level electric service to the Customer's existing facilities in Cupertino, California. This Agreement makes certain exceptions to Electric Rule 2 to allow PG&E to design and install the Special Facilities

and to make upgrades at Stelling Substation and additional distribution upgrades on an actual cost basis.[1] Due to the project's substantial scope, the Agreement will protect existing ratepayers by ensuring that costs associated with the project reflect the actual work performed, as it may be challenging to accurately estimate costs for this scope of work.[2] Additionally, the Customer is not entitled to refunds for the Special Facilities that have been requested and will pay monthly cost-of-ownership charges for Special Facilities or an agreed upon Equivalent One Time Payment.[3] PG&E requests approval under General Order (GO) 96-B Energy Industry Rule 5.3.

BACKGROUND

This Resolution disposes of PG&E AL 7936-E.

1. Overview of PG&E's Request in AL 7936-E

On June 30, 2026, PG&E filed AL 7936 as a Tier 3 AL requesting Commission approval of an Agreement between PG&E and a "Customer" to provide upgrades to the Stelling Substation and distribution upgrades to provide redundant backup service at the Customer's request and expense as Special Facilities, including Income Tax Component of Contribution (ITCC) and Cost of Ownership. Approval of the Agreement will allow PG&E to make these upgrades on an actual cost, rather than on an estimated cost basis as outlined in the standard Electric Rule 2 tariff.[4] PG&E requests timely approval of the advice letter, as the customer's proposed operation date is October 2027.[5]

2. Project Development and Facilities Overview

PG&E states that the Customer submitted an electric service application in early 2024, requesting two redundant services to improve resiliency, including circuit and substation transformer bank capacity, for their facilities in Cupertino, California. The Customer's facilities are currently serviced through the Wolfe substation; the Customer has requested that the redundant services will come from a different

[1] PG&E AL 7936-E, p 2
[2] PG&E AL 7936-E, p 3
[3] Special Facilities Agreement Addendum, Exhibit B, provided to the Commission as a Confidential Attachment.
[4] PG&E Electric Rule 2, Section I, Sheet 22 and 23, available at ELEC_RULES_2.pdf
[5] PG&E AL 7936-E, p 1

substation, the Stelling Substation. PG&E anticipates a challenging process of material procurement and construction and therefore requests the Commission's expedient approval of the Advice Letter, to be able to complete the project by the Customer's requested in service date of October 2027.[6] The Customer has provided PG&E with an advance, and PG&E will carry out additional engineering and construction once the Commission approves the terms of the Agreement.[7]

3. Agreement Structure

PG&E submitted the Agreement as an Exceptional Case Submittal under Electric Rules 2.[8] In Attachment 1 of the Agreement, PG&E states that the Agreement identifies the cost of these facilities, the monthly charge or one-time equivalent payment for Special Facilities, and the annual Special Facilities ownership charge.[9] In Attachment 2 of the Agreement, PG&E describes four exhibits, which provide:

- Exhibit A: A detailed description of the work being performed
- Exhibit B: Cost breakdown based on PG&E's preliminary cost estimates
- Exhibit C: Additional Terms and conditions for the agreement, including certain exceptions to Rule 2, including:
    - PG&E will design and install the Special Facilities, notwithstanding the Applicant Design and Applicant Installation options offered to applicants.
    - In lieu of performing the work on an estimated cost basis, work will be performed on an actual cost basis.
- Exhibit D: Provides signatures documenting the Agreement

4. Protections for Existing Ratepayers

PG&E states that the Agreement allows for progress billing as the work is carried out, which addresses the concern of mismatch between estimates and actual costs.

[6] PG&E AL 7936-E, p 2
[7] Ibid.
[8] PG&E included the Special Facilities Agreement as Attachment 1 and 2, which were provided to the Commission confidentially.
[9] PG&E AL 7936-E, p 2

PG&E argues that this approach will reduce risks to existing ratepayers by obtaining up-front and actual cost-participation regardless of load once the project is placed in service. PG&E states that the Agreement will similarly benefit the Customer by ensuring that they do not bear estimated costs that exceed the actual cost, in the event this occurs. A second aspect of the Agreement that protects existing customers is that the Customer is not entitled to refunds for the Special Facilities that it has requested. Therefore, existing customers will not pay for the costs for Special Facilities requested by the Customer. The Customer will also be paying monthly cost-of-ownership charges for Special Facilities or the agreed upon Equivalent One Time Payment as stated in the Agreement.

5. Prior Exceptional Case Filings Authorizing PG&E to Perform Large-Scale Work at the Request of Third Parties on an Actual Cost Basis

PG&E states that the performance of large-scale work at the request of others, such as for a governmental agency, on an actual cost basis has been approved by the Commission for other matters. PG&E cites the example of Resolution E-5353, which approved Tier 3 PG&E AL 7054-E, authorizing an Actual Cost Contract for work performed at the request of the State of California Department of Water Resources to relocate electric facilities to accommodate a levee upgrade project in Yuba County.[10]

6. Confidentiality

PG&E submitted the executed Agreement and a summary of terms as confidential Attachments 1 and 2, stating that the Agreement contains confidential customer information, proprietary and trade secret information, and other intellectual property and protected market sensitive or competitive data. This Resolution discusses confidential elements only in general terms.

NOTICE

Notice of AL 7936-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of GO 96-B.

[10] Resolution E-5353, 548562578.PDF

PROTESTS

Advice Letter 7936-E was not protested.

DISCUSSION

The Commission has reviewed AL 7936-E and finds that PG&E's finding complies with the requirements of GO 96-B Energy Industry Rule 5.3.

PG&E seeks approval of an Agreement to provide two redundant services, including circuit and substation transformer bank capacity, using modified Electric Rules 2 form agreements due to the scale and complexity of the work, including PG&E's design and installation of the Special Facilities, and performance of work on an actual cost basis.

We find it reasonable to approve the Agreement as an exceptional case because the project involves an unusually complex scope of work and the Agreement negotiates cost responsibility provisions that are not fully addressed by standard practice. These cost provisions are in the interest of current ratepayers to approve, as existing customers will not incur construction costs that exceed PG&E's initial estimates and will not pay for the Special Facilities requested by the Customer. The Agreement requires the Customer's up-front and actual cost participation, regardless of when the project is placed in service.

As PG&E notes in AL 7936-E, the Commission has previously approved performing large-scale work requested by third parties on an actual cost basis.[11] As in the Agreement considered here, in this prior Resolution, the Commission approved invoicing on a progress bill basis for actual costs incurred.

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. Additionally, Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure allows for the Commission to waive the

[11] Resolution E-5353.

period for public review and comment on draft resolutions in an uncontested matter where the draft resolution grants the relief requested.

FINDINGS AND CONCLUSIONS

1. PG&E filed AL 7936-E on June 30, 2026, requesting approval under Energy Industry Rule 5.3 of GO 96-B of a Special Facility Agreement for a Customer in Cupertino, California.
2. The Agreement requests two deviations from Electric Rule 2: 1) to allow for PG&E to design and install the Special Facilities 2) to allow PG&E to make upgrades at Stelling Substation and additional distribution upgrades on an actual cost basis.
3. No stakeholder protested PG&E's AL.
4. The billing arrangements specified in the Agreement is appropriate for the large-scale work required to accommodate the Customer's project.
5. The performance of large-scale work on an actual cost basis has previously been approved by the Commission in other matters.

THEREFORE IT IS ORDERED THAT:

1. The Agreement for Installation or Allocation of Special Facilities for Customer Project in Cupertino, California, provided as Attachment 1 and Attachment 2 in Pacific Gas and Electric Company's request in Advice Letter 7936-E is approved, under Energy Industry Rule 5.3 of GO 96-B.

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 October 29, 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 October 29, 2026, at San Francisco, California