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PACIFIC GAS AND ELECTRIC COMPANY

2024 WILDFIRE MITIGATION AND CATASTROPHIC EVENTS

SECOND ERRATA TO PREPARED TESTIMONY

(REDLINE VERSION)



**PACIFIC GAS AND ELECTRIC COMPANY
2024 WILDFIRE MITIGATION AND CATASTROPHIC EVENTS
SECOND ERRATA TO PREPARED TESTIMONY
(REDLINE VERSION)**

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PACIFIC GAS AND ELECTRIC COMPANY
2024 WILDFIRE MITIGATION AND CATASTROPHIC EVENTS
SECOND ERRATA TO PREPARED TESTIMONY
(REDLINE VERSION)

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PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 1
INTRODUCTION AND OVERVIEW

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 1
INTRODUCTION AND OVERVIEW

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PACIFIC GAS AND ELECTRIC COMPANY

CHAPTER 1

INTRODUCTION AND OVERVIEW

A. Introduction

Pacific Gas and Electric Company (PG&E or the Company) respectfully requests authorization from the California Public Utilities Commission (CPUC or Commission) to recover costs recorded in various balancing and memorandum accounts requiring reasonableness review. In accordance with applicable law and policy, PG&E seeks recovery of incremental costs incurred in connection with: (1) work performed in response to government-declared catastrophic events to repair damaged facilities, restore utility services, and serve our customers, (2) wildfire mitigation and gas compliance work completed in connection with the Butte Community Rebuild Program in the Town of Paradise;¹ (3) work performed to support Gas Operations, including gas storage and gas compliance activities; and (4) various other customer-focused initiatives. The work activities performed are critical for the continued safe and reliable operation of the electric and gas system.

B. Summary of Work and Overview of Request

Through this application, PG&E is requesting \$79.9 million in expense and \$520.4 million in capital related to the work performed and recorded in the various balancing and memorandum accounts listed in the table below.

1 Decision (D.) 23-11-069 (2023 GRC Decision) required review of Butte Community Rebuild Program costs in a Catastrophic Events Memorandum Account (CEMA) proceeding.

TABLE 1-1
SUMMARY OF REQUEST
(THOUSANDS OF DOLLARS)

Line No.	Chapter	Account	Expense	Capital
1	Chapter 2: ED CEMA	Catastrophic Event Memorandum Account (CEMA)	\$43,736	\$30,081
2	Chapter 3: Community Butte Rebuild	CEMA	2,080	361,457
3	Chapter 4: Gas CEMA	CEMA	1,064	7,180
4	Chapter 5: Generation CEMA	CEMA	2,725	2,049
5	Chapter 6: GSRRMA	Gas Statutes Regulations and Rules Memorandum Account (GSRRMA)	3,582	3,983
6	Chapter 7: GSBA	Gas Storage Balancing Account (GSBA)	9,015	115,667
7	Chapter 8: CAVAMA	Climate Adaptation Vulnerability Assessment Memorandum Account (CAVAMA)	1,063	—
8	Chapter 9: Other Misc. Memo Accounts	COVID-19 Pandemic Protections Memorandum Account (CPPMA)	2,342	—
9		Disconnects Memorandum Account (DMA)	5,717	—
10		Percentage of Income Payment Plan Memorandum Account (PIPPMA)	1,525	—
11		Emergency Consumer Protections Memorandum Account (ECPMA)	1,363	—
12		Medium-Large Commercial and Industrial COVID-19 Disconnection Moratorium Memorandum Account (ML-CDMMA)	1,217	—
13		CPPMA Incremental Uncollectibles	4,436	—
14		Microgrids Memorandum Account (MGMA)	111	—
15	Grand Total		\$79,975	\$520,418

1. Catastrophic Event Response (Other Than Butte Community Rebuild)

PG&E's CEMA costs are recorded pursuant to Pub. Util. Code

Section 454.9, which authorizes utilities to record costs of "restoring utility service to customers," "repairing, replacing, or restoring damaged utility facilities," and "complying with governmental agency orders" in connection with declared disasters. The wildfire and weather-related CEMA work described in this application pertain to thirty-nine events that occurred between 2017 and December 2023.

PG&E's CEMA response activities involved multiple functional areas within the company necessary to repair, restore, and replace damaged

1 Electric Distribution, Gas, and Power Generation facilities, and restore utility
2 services to support customers as expeditiously as possible. These critical
3 work activities resulted in incremental costs beyond those recovered in
4 PG&E's General Rate Case (GRC) or other proceedings.

5 Chapters 2 through 5 discuss our CEMA work and associated costs in
6 further detail.

7 **2. Butte Community Rebuild Program**

8 **a. Program Activities**

9 PG&E initiated the Butte Community Rebuild Program in 2019 to
10 begin a widespread restoration and rebuilding of PG&E's distribution
11 electric and gas system infrastructure in and around the Town of
12 Paradise, in Butte County, California. The Butte Community Rebuild
13 Program includes various discrete workstreams to restore electric
14 assets damaged by the fire, mitigate wildfire risk going forward, and
15 replace gas assets to address a known safety risk. PG&E viewed the
16 program holistically to take advantage of economies of scale and avoid
17 separate retrenching for gas activities. To this end, the Butte
18 Community Rebuild Program consists of the following activities:

- 19 • Restoration Activities: Like-for-like replacement work including:
20 (1) restoring certain previously-underground electric and gas assets
21 impacted by the fire; and (2) restoring disconnected electric and gas
22 service to customers who returned to their homes.
- 23 • Wildfire Mitigation: System Hardening work including
24 (1) undergrounding previously overhead electric distribution assets
25 for wildfire mitigation and wildfire safety purposes² in Tier 2/3 High
26 Fire Threat Districts³ (HFTD) areas and other adjacent high fire
27 threat areas; and (2) overhead hardening of certain electric
28 distribution assets outside of planned undergrounding areas but in
29 the HFTD.

2 This includes undergrounding of overhead assets to allow for safer ingress and egress in the event of a wildfire.

3 Tier 2 HFTD represents an elevated risk of wildfire and Tier 3 HFTD represents an extreme risk of wildfire. See D.17-12-024.

1 • Gas Compliance Activities: Replacement of certain portions of gas
2 facilities undamaged by the fire to meet current gas regulations.
3 PG&E decided to complete this compliance work on undamaged
4 facilities to leverage the underground trenching already underway to
5 save trenching costs and minimize the impact on customers.
6 PG&E remains committed to reducing wildfire risk to keep
7 customers and communities safe. Over the last several years, PG&E
8 has developed an integrated strategy to manage and reduce ignition
9 risk. PG&E's Wildfire Mitigation Plan (WMP) details how PG&E reduces
10 ignition risk using comprehensive monitoring and data collection
11 programs; operational mitigations like Enhanced Powerline Safety
12 Settings (EPSS) and Downed Conductor Detection; system resilience
13 mitigations like distribution undergrounding; and community
14 engagement to address wildfire preparation.⁴ The wildfire mitigation
15 work incurred for PG&E's Butte Community Rebuild Program under
16 review in this proceeding adheres to this commitment and was the
17 appropriate and prudent measure for wildfire mitigation in the Town of
18 Paradise and nearby areas, consistent with state policy and applicable
19 regulatory standards. For example, the California Wildfire Mitigation
20 Program encourages wildfire resilience measures to create
21 fire-resistance homes, businesses, public buildings and public spaces.⁵
22 Because wildfire is the most significant risk for California's investor
23 owned utilities, California created a special process and agency, the
24 Office of Energy Infrastructure Safety, that is focused on reducing
25 wildfire risk.⁶ Indeed, Butte County is situated in a high wildfire risk area
26 and has experienced many wildfires from 1930 to 2020⁷. Given the

4 PG&E's 2023-2025 Base Wildfire Mitigation Plan, R6, (July 5, 2024), available at:
<https://www.pge.com/en/outages-and-safety/safety/community-wildfire-safety-program.html#accordion-99016a73ab-item-c788794778> (accessed Nov. 14, 2024).

5 California Wildfire Mitigation Program (CWMP), available
at:<https://osfm.fire.ca.gov/committees/california-wildfire-mitigation-program#:~:text=Own%20as%20the%20California%20Wildfire,public%20buildings%20and%20public%20spaces.> (accessed Nov. 20, 2024).

6 Assembly Bill 1054, (Date Published July 12, 2019).

7 Chapter 3, Figure 3-1.

1 history of fires in this area, PG&E's decision to underground electric
2 distribution lines in the Town of Paradise virtually eliminates the ignition
3 risk from utility assets, protects the community from potential future
4 wildfires, and eliminates the need to rebuild overhead assets any time a
5 fire occurs in the future.

6 **b. Incremental Costs Requested For Recovery**

7 A significant portion of the 2020-2022 costs in the Butte Community
8 Rebuild Program involved wildfire mitigation and gas operations work
9 separately forecasted and approved in PG&E's 2020 General Rate
10 Case. There is also a small portion of unreviewed 2020-2022 costs that
11 were not included in any prior cost recovery requests.⁸ The 2023 costs
12 associated with Butte Community Rebuild work was previously forecast
13 in PG&E's 2023 General Rate Case (GRC), but subsequently removed
14 pursuant to D.23-11-069.⁹ PG&E is now requesting the Commission
15 approve the following:

- 16 1) The incremental revenue requirements (RRQ) associated with costs
17 found reasonable in PG&E's 2020 General Rate Case (GRC);¹⁰
- 18 2) The incremental costs and incremental revenue requirements
19 originally included by PG&E in its 2023 GRC¹¹ but removed by the
20 Commission in its 2023 GRC decision;¹² and
- 21 3) Certain 2020-2022 incremental costs and associated revenue
22 requirements that were not included in PG&E's 2020 GRC and 2023
23 GRC and thus have not been reviewed for reasonableness.

24 The work to complete the activities within the Butte Community
25 Rebuild Program are further described in Chapter 3. Chapter 3, Table

⁸ PG&E deferred submitting these costs for review pending the finalization of insurance proceeds and further adjustments.

⁹ D.23-11-069, p. 479. In addition, p. 910, Ordering Paragraph (OP) 38 required PG&E to submit a table in prepared testimony found in PG&E-04 at WP Table 23-13. The required table is provided in Chapter 3 – Attachment A.

¹⁰ Application (A).18-12-009, Hearing Exhibit (HE)-10: Exhibit (PG&E-3), Chapter 4, HE-16: Exhibit (PG&E-4), Chapter 2A.

¹¹ A.21-06-021, Exhibit (PG&E-3), Chapter 4, Exhibit (PG&E-4), Chapter 23.

¹² D.23-11-069, p. 481. The Commission held that “PG&E may seek recovery of the costs presented in PG&E Ex-04 at WP Table 23-13 in a CEMA application.”

1 3-3 summarizes PG&E's cost-recovery request for the Butte Community
2 Rebuild Program.

3 **3. Gas Initiatives**

4 PG&E's Gas Operations performed work related to Gas Transmission &
5 Storage, with costs recorded in the Gas Statutes Regulations and Rules
6 Memorandum Account (GSRRMA) and Gas Storage Balancing Account
7 (GSBA).

8 The GSRRMA includes incremental costs to comply with: (1) new
9 federal or state statutes, regulations and rules, or (2) any new or changed
10 interpretation by a regulatory body of statutes, regulations, or rules issued
11 between GRC funding cycles. PG&E was unable to incorporate a forecast
12 of these costs into the 2023 GRC because the scope and extent of any new
13 statutes, regulations and rules are unknown.

14 Separately, the GSBA is used to track and record costs for
15 implementing regulations issued by the California Department of
16 Conservation and California Energy Management Division (CalGEM) for gas
17 storage assets.¹³ Costs recorded in the GSBA are subject to
18 reasonableness review. This application seeks reasonableness review, but
19 not cost recovery, of these costs. The reason that PG&E does not seek cost
20 recovery here is that the GSBA is a two-way balancing account with an
21 authorized revenue requirement in the 2023 GRC. Any overcollection or
22 undercollection of the GSBA will be presented in a separate proceeding at
23 the conclusion of the 2023 GRC rate case period.

24 Chapter 6 discusses the GSRRMA and Chapter 7 discusses the GSBA

25 **4. Climate Initiative**

26 In response to Commission directives, PG&E performed climate
27 vulnerability assessment and customer outreach work to address climate
28 change issues in existing utility planning and investment processes. These
29 activities resulted in incremental costs to PG&E's 2023 GRC.

30 The Climate Adaptation Vulnerability Assessment Memorandum
31 Accounts (CAVAMA) were established by the CPUC as part of Rulemaking

13 CalGEM was previously known as the Division of Oil, Gas and Geothermal Resources (DOGGR).

1 (R.) 18-04-019 to record costs ordered in D.20-08-046 to support new
2 requirements established by D.19-10-054 and D.20-08-046. The
3 Commission directed the IOUs to establish the CAVAMA “for the purpose of
4 tracking costs directly related to the vulnerability assessments ordered...” as
5 well as “incremental costs associated with community outreach plans and
6 activities related to Community Engagement Plans and surveys.”¹⁴

7 Chapter 8 discusses this initiative.

8 5. Other Initiatives

9 PG&E continued various customer-focused initiatives in 2023, including
10 implementing: (1) emergency consumer protections during a government
11 declared emergency event that has resulted in a loss, disruption, or
12 degradation of utility services; (2) billing related protections and
13 uncollectibles for residential and small business customers impacted by the
14 Coronavirus (COVID19) pandemic; (3) policies that aim to mitigate
15 residential disconnections; (4) implementing a moratorium on
16 disconnections for eligible medium-large commercial and industrial
17 customers; (5) the percentage of Income Payment Plan Memorandum Pilot;
18 and (6) build grid resilience through PG&E’s microgrid program by installing
19 temporary generation and developing plans to enable microgrid solutions to
20 reduce the potential impact of PSPS events on customers. These activities
21 were conducted in response to various legislative or regulatory requirements
22 arising after PG&E’s 2023 GRC and are incremental to costs recovered in
23 PG&E’s base rates.

24 Emergency consumer protections - Issued on April 2, 2018, the
25 Commission opened “Order Instituting Rulemaking [OIR] Regarding
26 Emergency Disaster Relief Program to Support California Residents.” The
27 OIR was opened to establish a permanent set of post-disaster consumer
28 protection measures that can be implemented expeditiously following a
29 triggering event rather than needing a Commission resolution each time.¹⁵
30 The Commission authorized PG&E to record incremental costs associated

14 D.20-08-046, p. 52.

15 Order Instituting Rulemaking (OIR) R.18-03-011, Regarding Emergency Disaster Relief Program to Support California Residents, p. 5.

1 with implementing the mandated emergency consumer protections to the
2 Emergency Consumer Protections Memorandum Account (ECPMA).¹⁶
3 Costs associated with implementation of emergency consumer protections
4 are not included within the 2023 GRC on a forecast basis because disaster
5 events which trigger the protections cannot be forecasted.

6 Billing-Related Protections and Uncollectibles – Commission
7 Resolution M-4842 directed PG&E to establish the CPPMA to track and
8 record costs associated with billing-related protections for residential and
9 small business customers impacted by the Coronavirus (COVID-19)
10 pandemic. Additionally, incremental uncollectibles associated with the
11 COVID-19 pandemic were also recorded to the CPPMA. These costs could
12 not have been forecasted reliably in the 2023 GRC due to the timing of the
13 work and uncertainty with associated costs.

14 Disconnection-Related Policies – On September 28, 2017, Governor
15 Brown signed Senate Bill (SB) 598 into law. SB 598 requires the
16 Commission to develop rules, policies, or regulations with a goal of reducing
17 the statewide disconnection rate of gas and electric utility customers by
18 January 1, 2024.¹⁷ D.20-06-003 implemented specific requirements in
19 SB 598 and created policies to help meet that goal. The emergent work that
20 was authorized via this decision in 2020 could not have been forecasted
21 reliably. Therefore these costs were not included within the 2023 GRC and
22 were tracked in the Disconnections Memorandum Account (DMA).

23 Medium-Large Commercial and Industrial Disconnection Moratorium –
24 As a result of the pandemic, the CPUC mandated a moratorium on
25 disconnection for medium-large commercial and industrial customers.
26 D.21-04-015 authorized PG&E to record incremental expense related to the
27 implementation of the moratorium in the Medium Large Commercial and
28 Industrial COVID-19 Disconnection Moratorium Memorandum Account
29 (ML-CDMMA). Similar to the other requirements stemming from the
30 pandemic, the costs for the emergent work could not have been forecasted
31 reliably in the 2023 GRC due to timing and uncertainty.

¹⁶ D.19-07-015, p. 64, OP 4.

¹⁷ D.20-06-003, pp. 4-5.

1 Percentage of Income Payment Plan (PIPP) Pilot – D.20-06-003

2 established a ratesetting phase for the proceeding to consider the
3 Percentage of Income Payment Plan. D.21-10-012 authorized the large
4 IOUs to implement PIPP pilot programs, which set participants' utility bill
5 payment amounts at an affordable percentage of the participant's monthly
6 income. Pursuant to the decision, utilities are authorized to record bill
7 discounts in two way PIPP balancing accounts and administrative costs in
8 PIPP Memorandum Accounts (PIPPMA). For this reason, these costs were
9 not included in the 2023 GRC.

10 Microgrids – The Microgrids Memorandum Account (MGMA) as
11 authorized by CPUC as part of R.19-09-009 allows PG&E to record the
12 costs for substation microgrid related programs in the MGMA for subsequent
13 reasonableness review and cost recovery.¹⁸ Pursuant to D.22-11-009,
14 PG&E established the 2023 Temporary Generation Subaccount in the
15 MGMA to track incremental expenses specifically for safe to energize
16 substations affected by transmission level PSPS events during the 2023 fire
17 season.¹⁹

18 Chapter 9 discusses these initiatives.

19 **C. Accounting Adjustments**

20 **1. Adjustments to Butte Community Rebuild Program Costs**

21 PG&E's application seeks the recovery of costs for Butte Community
22 Rebuild, net of the following four accounting adjustments totaling
23 approximately \$1.2 billion:

24 1) Wildfire OII Disallowance;²⁰

18 In September 2019, the Commission opened the Microgrids OIR (OIR Regarding Microgrids Pursuant to Senate Bill (SB) 1339 and Resiliency Strategies) to facilitate the commercialization of microgrids and adopt resiliency strategies pursuant to SB 1339. D.20-06-017 authorized PG&E to record the costs for substation microgrid related programs in the MGMA for subsequent reasonableness review and cost recovery (pp. 128-129, OP 12, and OP 14, pp. 130-131, OP 16).

19 On November 3, 2022, the Commission issued D.22-11-009 regarding PG&E's application proposing a framework for substation microgrid solutions to mitigate PSPS events and included the requirement that PG&E track and record costs related to single season, temporary generators for substation microgrids pursuant to D.20-06-017 in new Single Season, Temporary Generator subaccount for the 2023 fire season onwards.

20 D.20-05-019.

1 2) Assembly Bill (AB) 1054 Securitization;
2 3) Insurance Proceeds; and
3 4) Ernst & Young (EY) Recommended Adjustments.

4 Chapters 3 and 11 discuss these four adjustments in further detail.

5 **2. Other Non-Butte Related Adjustments**

6 PG&E also has reduced the amount it seeks for other CEMA costs by
7 approximately \$0.54 million through the following two accounting
8 adjustments:

9 1) EY Recommended Adjustments; and
10 2) Removal of the CEMA capitalized administrative and general (A&G)
11 costs.

12 Chapter 11 discusses these two adjustments in further detail.

13 **D. Ratemaking and Customer Impacts**

14 PG&E proposes to recover a total revenue requirement of ~~\$412~~\$421 million
15 (excluding interest and Revenue Fees and Uncollectibles) associated with the
16 wildfire mitigation, catastrophic events, community rebuild program, and other
17 balancing and memorandum accounts costs under review in this proceeding.

18 **E. Organization of Remainder of Testimony**

19 The remainder of the testimony in support of PG&E's application is
20 organized as follows:

- 21 • Chapter 2 – Presents Electric Distribution response and recovery work
22 recorded to CEMA.
- 23 • Chapter 3 – Presents Community Butte Rebuild work recorded to CEMA.
- 24 • Chapter 4 – Presents Gas response and recovery work recorded to CEMA.
- 25 • Chapter 5 – Presents Power Generation response and recovery work
26 recorded to CEMA.
- 27 • Chapter 6 – Presents Gas work recorded to the GSRRMA.
- 28 • Chapter 7 – Presents Gas work recorded to the GSBA.
- 29 • Chapter 8 – Presents costs recorded to the CAVAMA.
- 30 • Chapter 9 – Presents Customer Care costs recorded to DMA, PIPPMA,
31 ECPMA, CCPAMA, CCPMA uncollectibles, ML-CDDMA, and MGMA.
- 32 • Chapter 10 – Demonstrates that the costs included in this application are
33 incremental and not recovered elsewhere in rates.

1 • Chapter 11 – Describes the adjustments made to the costs included in this
2 application.

3 • Chapter 12 – Presents the revenue requirement associated with the
4 incremental costs in this application.

5 **F. Conclusion**

6 The costs PG&E presents in this application are for activities that were
7 necessary to restore, rebuild, improve and maintain the safety and reliability of
8 our system and are consistent with the policies underlying the establishment of
9 the afore-mentioned memorandum and balancing accounts and with the
10 requirements of Pub. Util. Code Section 454.9.

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 2
ELECTRIC: CEMA

THIS CHAPTER HAS NO ERRATA

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 2
ATTACHMENT A
ELECTRIC EMERGENCY RESPONSE ACTIVITIES

THIS CHAPTER HAS NO ERRATA

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 3
BUTTE COMMUNITY REBUILD

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 3
BUTTE COMMUNITY REBUILD

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PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 3
BUTTE COMMUNITY REBUILD

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**PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 3
BUTTE COMMUNITY REBUILD**

A. Introduction

This chapter describes Pacific Gas and Electric Company's (PG&E or the Company) Butte Community Rebuild Program for fire-damage restoration and rebuild work, wildfire mitigation, and other work completed in and adjacent to the Town of Paradise, Butte County. The net amounts requested in this proceeding are the incremental costs and associated revenue requirements less adjustments that include: (1) disallowances adopted in Investigation (I.) 19-06-015 (Wildfire OII Disallowance), (2) wildfire mitigation costs approved for securitization (AB1054 Securitization), (3) insurance proceeds, and (4) other exclusions. As a result of these various adjustments, PG&E is requesting approximately \$361.5 million capital and \$2.1 million expense of the \$1.6 billion incurred to date for the Butte Community Rebuild Program. This chapter is organized as follows:

- Section A: Introduction;
- Section B: Incrementality;
- Section C: Summary of Request;
- Section D: Community Rebuild;
- Section E: Accounting Adjustments; and
- Section F: Conclusion.

1. Background

In November 2018, the Camp Fire covered an area of approximately 153,000 acres in the Town of Paradise and surrounding areas in Butte County, with most of the damage occurring within the first four hours of the fire. In Paradise alone, the wildfire destroyed approximately 199 miles of electric distribution lines. On November 12, 2018, the Camp Fire was declared a major disaster by state and federal authorities¹.

1 Notice of the Presidential declaration of a major disaster for the State of California (FEMA-4407-DR), (Nov 12, 2018), available at: <<https://www.fema.gov/disaster-federal-register-notice/4407-dr-ca-initial-notice>> (accessed Nov. 20, 2024).

1 PG&E began emergency response activities immediately following the
2 wildfire to respond to the needs of the community. These emergency
3 activities, which were performed over several months, included removing
4 fire-damaged trees, downed power poles, and other hazardous materials
5 prior to PG&E's larger, widescale efforts to restore gas and electric service
6 to the community and customers.²

7 Following these initial activities, PG&E initiated the Butte Community
8 Rebuild Program in 2019 to begin a widescale restoration and rebuilding of
9 PG&E's distribution electric and gas system infrastructure in and around
10 Paradise. The Butte Community Rebuild Program includes various discrete
11 workstreams to restore electric assets damaged by the fire, mitigate wildfire
12 risk going forward, and complete gas-related activities separate and
13 unrelated to damage caused by the fire. To this end, the Butte Community
14 Rebuild Program consists of the following three activities:

- 15 • Restoration Activities: Like-for-like replacement work including:
16 (1) restoring certain previously -underground electric and gas assets
17 impacted by the fire; and (2) restoring disconnected electric and gas
18 service to customers who returned to their homes. PG&E is not seeking
19 recovery of costs associated with Restoration Activities.
- 20 • Wildfire Mitigation: System Hardening work including:
21 (1) undergrounding previously overhead electric distribution assets for
22 wildfire mitigation and wildfire safety purposes³ in Tier 2/3 High Fire
23 Threat District (HFTD) areas and other adjacent high fire threat areas;⁴
24 and (2) overhead hardening of certain electric distribution assets outside
25 of planned undergrounding areas.

2 Paradise Continues to Rebuild and Evolve Three Years After the Camp Fire (Nov. 8, 2021), available at: <<https://today.csuchico.edu/paradise-rebuild-and-evolve/>> (accessed Nov. 14, 2024).

3 This includes undergrounding of overhead assets to allow for safer ingress and egress in the event of a wildfire.

4 PG&E's Butte Community Rebuild system hardening work included undergrounding in HFTDs, High Fire Risk Areas (HFRA), and in the Town of Paradise itself. As explained in PG&E's Rebuttal Testimony, portions of the Town are neither HFTD nor HFRA: PG&E has undergrounded in these non-designated portions of the Town because of the history of fires in the area and the ingress/egress constraints created by fallen overhead equipment during the Camp Fire. See PG&E's Rebuttal Testimony, pages 3-32 to 3-37, for more detail.

1 • Gas Activities: Including replacement of certain portions of gas facilities
2 undamaged by the fire in accordance with State and Federal
3 recommendations and bringing existing infrastructure to modern
4 construction standards. PG&E decided to complete this work on
5 undamaged facilities to leverage the underground trenching already
6 underway to save trenching costs and minimize the impact on
7 customers.

8 Following the October 2017 Northern California wildfires and the 2018
9 Camp Fire, PG&E began evaluating replacing overhead powerlines with
10 underground cables as a wildfire mitigation and safety measure in certain
11 Tier 2/3 HFTDs. Given the history of fires in Butte County and areas near
12 Paradise dating back many decades and the safety risks posed by downed
13 powerlines clogging highways and roads, PG&E determined in 2019 that
14 undergrounding previously overhead powerlines in Paradise and the
15 surrounding areas was the appropriate and prudent measure for wildfire
16 mitigation and to support safer ingress and egress routes during future
17 wildfire events in the area. PG&E also determined that for wildfire mitigation
18 purposes it also would harden overhead lines outside of the planned
19 undergrounding footprint. PG&E committed to completing the rebuild in a
20 safe and cost-effective manner and is seeking cost recovery for certain
21 rebuild costs described below, net of various disallowances and
22 adjustments.

23 **2. PG&E's Rebuild Strategy**

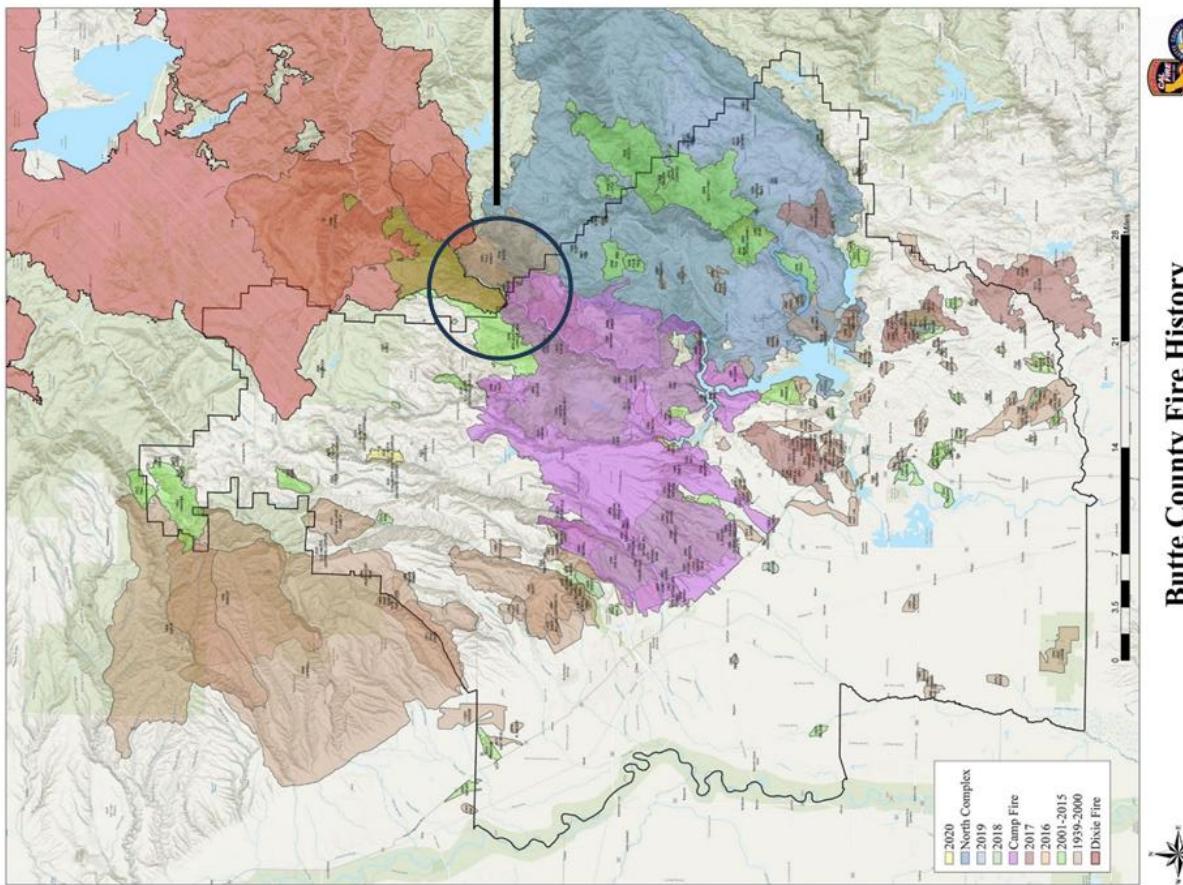
24 PG&E has an obligation to serve customers and restore assets following
25 any disaster once service is requested. To meet that obligation and to best
26 address the interests of the community, PG&E chose to underground
27 electric distribution lines following the Camp Fire. The Camp Fire was
28 started by a PG&E transmission line. PG&E acknowledges responsibility for
29 causing this catastrophic fire and, as detailed in PG&E's Wildfire Mitigation
30 Plans (WMP),⁵ launched significant wildfire risk mitigation efforts to prevent

5 See for example PG&E 2023-2025 Wildfire Mitigation Plan (R6), (July 5, 2024),
available at: <<https://www.pge.com/en/outages-and-safety/safety/community-wildfire-safety-program.html#accordion-99016a73ab-item-c788794778>> (accessed Nov. 14, 2024).

1 ignitions in the future. The decision to rebuild both gas and electric assets in
2 the impacted area was prudent in that it benefits not only the direct
3 community, but all PG&E customers through the reduction of wildfire risk. In
4 particular, undergrounding is in the best interest of a community living in an
5 area that had been repeatedly scarred by wildfire over the past several
6 decades. Most of the areas impacted by the 2018 Camp Fire were in Tier 2
7 (Elevated) and Tier 3 (Extreme) HFTDs. Figure 3-1⁶ below shows the
8 multitude of fires that have impacted the area in and around Paradise over
9 the past 85 years.

6 Butte County Wildfire Mitigation Projects (April 2024), available at:
https://www.fema.gov/sites/default/files/documents/fema_ehp-hmfp-dr-4407-ca-buttecountywildfiremitigation-dea-20240411.pdf (accessed Nov. 14, 2024).

FIGURE 3-1
BUTTE COUNTY FIRE HISTORY



Butte County Fire History

Figure 3-1 shows the Butte County Fire history from 1939 to 2000. The Camp Fire is in the purple area in the center of the map. The Camp Fire started along the Pulga River between the location of the 2009 Elephant Fire and 1972 Pulga Fire, as shown in the focused view of the circled area. The detail section denoted by the circle in Figure 3-1 shows the names and dates of other individual fires that have occurred in the area. For example, the detail section lists 11 different fires in just the circled section of Figure 3-1.



1 Soon after the Camp Fire occurred, PG&E participated in workshops
2 with the community to hear how PG&E could support them as they began
3 the rebuilding process. The people living in Paradise wanted PG&E to
4 construct the safest system possible to protect against wildfires and to
5 ensure safe egress and ingress so they could feel secure as they rebuilt
6 their community. In May 2019, following the community workshops, PG&E
7 announced that it would underground all of its electric distribution assets in
8 Paradise and neighboring parts of Butte County (referred to as the
9 underground footprint). PG&E's decision to harden the electric system
10 considered the full community impact of the Camp Fire and potential future
11 fires in areas that had been impacted repeatedly by wildfires.

12 Undergrounding distribution electric lines reduces the risk of wildfire and
13 improves public safety and reliability. Undergrounding electric distribution
14 assets reduces ignition risk by approximately 98 percent.⁷ Given the history
15 of fires in this area, PG&E's decision to underground electric distribution
16 lines virtually eliminates the ignition risk from utility assets, protects the
17 community from potential future wildfires and eliminates the need to rebuild
18 most overhead assets any time a fire occurs in the future.

19 In addition, during the Camp Fire, many wooden poles failed, falling into
20 streets and severely impacted critical ingress and egress routes. As a result
21 of undergrounding electric assets, PG&E removed the risk of this
22 reoccurring and significantly improved public safety. Without poles
23 supporting overhead electric lines, there is no longer a threat that poles
24 could fall into the streets and prevent people from leaving an area during a
25 fire or hinder first responders from having direct access into the area.

26 PG&E's decision to underground electric assets also improves system
27 reliability. Underground distribution lines are generally not subject to Public
28 Safety Power Shutoff (PSPS) events. Because of undergrounding, PG&E
29 can mostly avoid initiating distribution PSPS events in locations where lines
30 have been undergrounded.

7 See PG&E's 2023-2025 Base WMP, R6, (July 5, 2024), p. 423, available at:
<https://www.pge.com/assets/pge/docs/outages-and-safety/outage-preparedness-and-support/pge-wmp-r6-07052024.pdf> (accessed Nov. 14, 2024).

1 PG&E's decision to underground was an efficient use of resources.
2 Because the electric distribution system had been damaged and needed to
3 be replaced and PG&E planned to replace the gas pipeline to address
4 known risks, PG&E employed joint trench construction where both the gas
5 line and the electric conduit were placed in the same trench. Joint trenching
6 saved costs for both the gas and electric construction. Additionally,
7 overhead electric lines can be damaged or destroyed during a fire and then
8 must be rebuilt. PG&E had already re-built overhead electrical lines after
9 other fires in the Camp Fire area. Underground distribution lines will not be
10 damaged by wildfire and thus will not have to be rebuilt.

11 Overall, PG&E conducted its work in a safe and reliable way to serve
12 the long-term needs of customers and to enable a safe return to a renewed
13 community.

14 **3. Serving the Community**

15 As part of the restoration and rebuild efforts, PG&E's Butte Community
16 Rebuild Program prioritized, and continues to prioritize, the needs of
17 Paradise and surrounding communities. PG&E's efforts in Paradise have
18 been recognized by former Mayor Greg Bolin as he stated, *"They are so*
19 *cooperative. They just bend over backwards to do what they can to help*
20 *out. They know what happened and they just want to make it right, and I'll*
21 *tell you, without them, we would not be coming back."*⁸ PG&E provided
22 fresh water to the Community for a full year following the Camp Fire and
23 PG&E made grants to the Butte County Sheriff's department supporting
24 upgrades to the emergency notification system. PG&E donated
25 used-drones (no longer suitable for utility-scale use) to the community,
26 supported afterschool programs and a holiday giving campaign. PG&E
27 partnered extensively with officials to coordinate and schedule work in the
28 community to minimize conflicts with other construction activities and
29 support rebuilding efforts. PG&E and local officials coordinated on work
30 schedules on adjacent roads, near schools, and in commercial areas to
31 support the rebuilding community. PG&E also prioritized local contractors

8 [Paradise still recovering from Camp Fire almost 5 years later.](#)

1 for rebuild projects where eligible. None of the costs associated with the
2 activities stated above are included with PG&E's request in this application.

3 **B. Incrementality**

4 In this application, PG&E is requesting recovery of Butte Community Rebuild
5 wildfire mitigation and gas work. Specifically, PG&E requests:

6 1) The incremental revenue requirements associated with costs found
7 reasonable in PG&E's 2020 General Rate Case (GRC) (see Table 3-3,
8 Column D below);⁹

9 2) The incremental costs and incremental revenue requirements originally
10 included by PG&E in its 2023 GRC,¹⁰ but removed by the California Public
11 Utilities Commission (CPUC or Commission) in its 2023 GRC Decision (See
12 Table 3-3, Column E below);¹¹ and

13 3) Certain 2020-2022 incremental costs and associated revenue requirements
14 that were not included in PG&E's 2020 GRC and 2023 GRC and thus have
15 not been reviewed for reasonableness (See Table 3-3, Column C below).

16 Table 3-4 below shows that PG&E incurred approximately \$493.2 million in
17 expense costs for restoration and rebuild work. After applying accounting
18 adjustments, PG&E is requesting approximately \$2.1 million in this application—
19 less than 1 percent of the incurred amount.

20 Table 3-5 below shows that PG&E incurred approximately \$1,150.2 million
21 in capital costs for restoration and rebuild work. After applying accounting
22 adjustments, PG&E is requesting approximately \$361.5 million in this
23 application—approximately 31 percent of the incurred amount.

24 PG&E discusses these cost categories in further detail below.

25 **1. Revenue Requirements Associated With 2020-2022 Costs Deemed
26 Reasonable In The 2020 GRC**

27 As discussed later in this section, in the 2023 GRC Decision
28 (D.23-11-069), the Commission required PG&E to remove the 2023-2026

⁹ Application (a).18-12-009, Hearing Exhibit (HE)-10: Exhibit (PG&E-3), Chapter 4, HE-16: Exhibit (PG&E-4), Chapter 2A.

¹⁰ A.21-06-021, Exhibit (PG&E-3), Chapter 4, Exhibit (PG&E-4), Chapter 23.

¹¹ D.23-11-069, p. 481. The Commission held that "PG&E may seek recovery of the costs presented in PG&E Ex-04 at WP Table 23-13 in a CEMA application."

1 revenue requirements from PG&E's results of operations (RO) model for
2 2020 GRC costs associated with the Butte Community Rebuild Program
3 identified in PG&E's 2023 GRC workpaper Exhibit (PG&E-04),
4 Table 23-13.¹² Given the circumstances of the fire and understanding that
5 all Butte Community Rebuild Program costs related to fire-damage
6 restoration work, the Commission directed PG&E to seek recovery of the
7 costs in a Catastrophic Event Memorandum Account (CEMA) filing:¹³

8 Within the context of PG&E's role in the 2018 Camp Fire, the
9 Commission finds that all PG&E's costs related to rebuilding in and
10 around the Town of Paradise to replace the infrastructure destroyed in
11 the 2018 Camp Fire shall be recorded into and subject to a
12 reasonableness review within the CEMA framework under Pub. Util.
13 Code Section 454.9.¹⁴

14 It is important to note that certain 2020-2022 costs shown on workpaper
15 Table 23-13 were deemed reasonable in PG&E's 2020 GRC and thus
16 PG&E had started to earn a revenue requirement on them during the
17 2020-2022 period. PG&E complied with the Commission's decision in the
18 2023 GRC, removed the costs from its results of operations model and is
19 now seeking recovery of the 2023-2030 revenue requirements associated
20 with these costs in this application.

21 **2. Revenue Requirements Associated With 2023 Costs Removed
22 From The 2023 GRC**

23 The Commission denied PG&E's request to recover 2023 GRC forecast
24 costs for Butte Community Rebuild work (also shown on workpaper
25 Table 23-13) and directed PG&E to seek recovery in a CEMA filing. PG&E
26 is complying with the Commission's decision by seeking recovery of the

¹² For reference, a copy of PG&E's 2023 GRC workpaper Exhibit (PG&E-04), Table 23-13 is provided in Attachment A.

¹³ D.23-11-069, p. 878, Conclusions of Law (COL) 173 and 174 states that costs reflected in workpaper Exhibit (PG&E-4), WP 23-13 should not be adopted and PG&E may seek recovery in a CEMA application. Workpaper 23-13 lists the costs incurred during PG&E's 2020 GRC period (2020-2022).

¹⁴ D.23-11-069, p. 479. The Commission held that "PG&E may seek recovery of the costs presented in PG&E Ex-04 at WP Table 23-13 in a CEMA application." *Id.*, p. 481. PG&E Ex-04 at WP Table 23-13 included the same categories of costs requested here (see Attachment A with actual recorded costs through 2020 and forecasted costs thereafter).

1 2023 incremental costs and associated revenue requirement in this
2 proceeding.

3 **3. Revenue Requirements Associated With Other Costs Not**
4 **Included In The 2020 GRC And 2023 GRC**

5 Additionally, there are certain 2020-2022 costs that were not included in
6 PG&E's 2020 GRC and 2023 GRC and have not been reviewed for
7 reasonableness (see Table 3-1 below). PG&E is seeking recovery of those
8 incremental costs and the associated revenue requirement in this
9 proceeding. PG&E did not request reasonableness review of these costs
10 previously in order to appropriately adjust the cost request for insurance
11 proceeds received over time. This application is the first time PG&E is
12 submitting these costs for reasonableness review.

13 **4. Community Rebuild Program Costs Recovery in PG&E's General**
14 **Rate Cases and Prior WMCE Applications**

15 Pre-2020 Costs in Prior WMCE Applications

16 PG&E recorded pre-2020 wildfire mitigation costs, including costs for
17 certain Community Rebuild wildfire mitigation activities, in its Wildfire
18 Mitigation Plan Memorandum Account (WMPMA) and Fire Risk Mitigation
19 Memorandum Account (FRMMA) and sought recovery of these costs in
20 Application (A.)20-09-019. The Commission approved a proposed
21 settlement of these pre-2020 costs in D.23-02-017.

22 PG&E's 2020 GRC: 2020-2022 Costs

23 PG&E's 2020 GRC included costs for the Community Wildfire Safety
24 Programs (CWSP) for wildfire mitigation and control activities, including
25 hardening the electric distribution system (underground and overhead
26 hardening), improving situational awareness, and enhancing operational
27 practices to further reduce wildfire risks.¹⁵ Since the Camp Fire occurred
28 only a month before PG&E filed the 2020 GRC, PG&E's 2020 GRC forecast
29 for CWSP did not contemplate wildfire mitigation activities specifically in the
30 Butte Community Rebuild Program. However, the wildfire mitigation
31 activities in the Community Rebuild Program are the same type of activities
32 forecast in the 2020 GRC for the CWSP. Following the Camp Fire, PG&E

¹⁵ A.18-12-009, HE-16: Exhibit (PG&E-4), p. 2A-2 to p. 2A-7.

1 reevaluated its approach to implementing its wildfire mitigations and, as
2 described in 2020 GRC rebuttal testimony, PG&E modified its system
3 hardening program to prioritize mitigation solutions based on reducing
4 wildfire risk. As a result, PG&E expanded the electric distribution
5 undergrounding program to include 153 circuit miles during the 2020-2022
6 period.¹⁶

7 **PG&E's 2023 GRC: 2023 – 2026 Costs**

8 In the 2023 GRC, PG&E subsequently proposed, on a forecast basis, to
9 recover costs for certain additional work to continue rebuilding electric and
10 gas distribution assets in Paradise and surrounding areas. As noted above,
11 this work included the continued restoration of fire-damaged assets, wildfire
12 mitigation activities (i.e., undergrounding and overhead hardening), and
13 other non-fire-related work, such as plastic gas pipeline replacement to
14 leverage trenching already underway. The plastic gas pipeline replacement
15 program includes Aldyl-A and other similar plastic pipes. The 2023 GRC
16 request excluded costs for the emergency response activities PG&E
17 incurred immediately following the Camp Fire. The 2023 GRC request also
18 excluded costs that were under review in A.20-09-019.

19 In PG&E's 2023 GRC Decision (D.23-11-069), the Commission denied
20 PG&E's Community Rebuild Program requests and removed all Community
21 Rebuild costs from PG&E's 2023 GRC forecast.

22 **5. Activity Based Forecasting and Application of Overheads to
23 Incremental Costs**

24 PG&E generally uses activity-based forecasting, which consists of cost
25 estimates based on planned scope and schedules for work that are not tied
26 to particular staffing levels or other resources. With activity-based forecasts,
27 activities are completed by internal PG&E employees or contracted vendors,
28 but the forecast does not include the specific resources that will be assigned
29 to the work. Rather, the specific resources are assigned closer in time to
30 the execution of the work. When the work is executed, employees record

16 A.18-12-009, HE-20: Exhibit (PG&E-18), p. 2A-13 to p. 2A-15. The 2020 GRC
Decision approved a settlement that included capital cost recovery for a variety of
CWSP costs in the WMBA two-way balancing account. See D.20-12-005, pp. 119-122.

1 their time to the orders, 17 contract and material costs are applied, and
2 additional costs are allocated to the work orders in the form of overheads as
3 applicable to the type of work.

4 Typically, when requesting cost recovery under CEMA, PG&E makes
5 adjustments related to certain overheads and capitalized A&G. For
6 example, certain overhead costs would remain in the GRC even if the
7 associated costs are to be requested in CEMA. That is not the case for the
8 costs being requested as part of the Butte Community Rebuild Program,
9 even though the costs are currently recorded to CEMA. For the Butte
10 Community Rebuild Program, PG&E removed all 2020-2022 costs and
11 associated overheads from the 2023 GRC and are requesting recovery of
12 these costs in this proceeding.

13 PG&E discusses activity-based forecast and application of overheads to
14 incremental costs in more detail in Chapter 10.

15 **6. Incremental Costs and Incremental Revenue Requirements
16 Applicable to this Proceeding**

17 Table 3-1 below shows the incremental costs and incremental revenue
18 requirements associated with costs previously deemed reasonable that are
19 applicable to this proceeding. Table 3-1 also shows adjustments for certain
20 costs. The costs being requested in this chapter have been reduced
21 through four types of accounting adjustments. PG&E introduces these
22 adjustments in Section B.2 and describes them in more detail in Section E.

17 PG&E tracks costs for projects such as overhead and underground hardening work, gas pipeline replacement and construction site clearing in individual work orders. Project costs including labor, materials, contract costs, and overheads are all tracked in the appropriate work order.

TABLE 3-1
BUTTE COMMUNITY REBUILD AND RESTORATION PROGRAM
CAPITAL COST RECOVERY SUMMARY

MAT	Workstream(s)	2020 GRC Forecast ^(a)	2020 GRC Costs	2023-2030 Revenue Requirement (2020-2022 Recorded Costs)	2023 GRC Forecast ^(d)	2023 GRC Incremental Costs and Revenue Requirement
08W	Elec. Underground Mainline Construction	Yes	Deemed reasonable	Partial request for recovery in this application ^(b)	Yes	Request for recovery in this application
95F	Elec. Underground Mainline Construction	No	Costs reclassified to WMBA: Deemed reasonable in 2020 GRC by virtue of WMBA ^(g)	Partial request for recovery in this application ^(b)	Yes	Recovery of the Revenue Requirement associated with CEMA work is requested in this application ^(c)
95F	• Elec. Overhead Mainline Construction • Elec. Service Connections • Elec. Mobile Home Parks • Community Rebuild PMO	No	Not previously filed – PG&E's 2024 WMCE application is the first time it has filed a CEMA application for Butte County Rebuild since the costs were incurred	Recovery of the Revenue Requirement associated with CEMA work is requested in this application	No	Request for recovery in this application
95A	Elec. Service Connections	No	Not previously filed – PG&E's 2024 WMCE application is the first time it has filed a CEMA application for Butte County Rebuild since the costs were incurred	Request for recovery in this application	Yes	Request for recovery in this application
95B	Elec. Service Connections	No	Not previously filed – PG&E's 2024 WMCE application is the first time it has filed a CEMA application for Butte County Rebuild since the costs were incurred	Request for recovery in this application	Yes	Request for recovery in this application
14D	Aldyl-A Gas Mainline Construction	Yes	Deemed reasonable	Request for recovery in this application	Yes	Request for recovery in this application ^(e)
50A	• Gas Main Construction • Gas Mobile Homes Parks	Yes	Deemed reasonable	Request for recovery in this application	Yes	Request for recovery in this application
50B	Gas Services	Yes	Deemed reasonable	Request for recovery in this application	Yes	Request for recovery in this application

TABLE 3-1
**BUTTE COMMUNITY REBUILD AND RESTORATION PROGRAM
 CAPITAL COST RECOVERY SUMMARY
 (CONTINUED)**

MAT	Workstream(s)	2020 GRC Forecast ^(a)	2020 GRC Costs	2023-2030 Revenue Requirement (2020-2022 Recorded Costs)	2023 GRC Forecast ^(d)	2023 GRC Incremental Costs and Revenue Requirement
3QA • Gas Main Construction • Gas Services • Gas Mobile Home Parks	No Not previously filed - PG&E's 2024 WMCE application is the first time it has filed a CEMA application for Butte County Rebuild since the costs were incurred		Request for recovery in this application	No ^(h)	Request for recovery in this application	
3M# Customer Care	No Not previously filed - PG&E's 2024 WMCE application is the first time it has filed a CEMA application for Butte County Rebuild since the costs were incurred		Request for recovery in this application	Yes	Request for recovery in this application	

(a) PG&E included forecasts for these MATs in its 2020 GRC but the forecast was not specified as Butte Community Rebuild work.
 (b) Most of the incurred costs for 2020-2022 MAT 08W work were securitized and are not included in PG&E's 2024 WMCE request. See Section E below.
 (c) A portion of the incurred costs for this work were securitized and not included in PG&E's 2024 WMCE request. See Section E below.
 (d) Per PG&E's 2023 GRC decision, forecast costs were removed from the GRC and should be submitted for reasonableness review in CEMA. See discussion in Section B.
 (e) PG&E deactivated gas pipeline following the Camp Fire. PG&E took the opportunity to replace gas pipeline by installing it in a joint trench along with electric conduit that was being installed underground. Installing it in the joint trench was significantly less expense than it would have been to install it at a later date after the electric trench was closed and the areas repaved. PG&E stated in its 2023 GRC that gas pipeline was destroyed. That was incorrect and PG&E in fact deactivated the pipeline.
 (f) PG&E's forecast for this MAT is aligned with MWC 95.
 (g) Due to the nature of the work certain 95F costs that were not forecast in PG&E's 2020 GRC did qualify for WMBA.
 (h) PG&E does not forecast work in the GRC to this MAT because this is CEMA only MAT.

Throughout this chapter, PG&E describes the gross costs incurred for Butte Community Rebuild Program work. Prior to disallowances, PG&E spent approximately \$1,150.2 million in capital expenditures (Table 3-5, Note A) and approximately \$493.2 million in expense (Table 3-4, Note A), \$1,643.4 million total, for the Community Rebuild Program from 2018-2023. PG&E refers to the gross amounts for two reasons. First, it is important to describe the totality of the work conducted to restore and rebuild Paradise and the surrounding communities to understand why the incremental costs requested in this application were reasonable. Second, because of the Commission's decision to remove the revenue requirements associated with the 2020 GRC costs,¹⁸ and because of how PG&E applied the accounting adjustments (introduced in section B.7) to the incurred costs, it is not possible to identify specific work orders associated with PG&E's requests in this application. Rather, it is necessary to discuss the total costs incurred prior to adjustments. PG&E describes the methods used to apply adjustments in Section E below. PG&E adjusted the gross costs incurred to arrive at the net incremental costs and incremental revenue requirements that it is seeking recovery for in this application. Of the total gross costs incurred, PG&E is seeking to recover \$361.5 million in capital and \$2.1 million in expense.

Tables 3-2 and 3-3 below show the walk from gross costs incurred to the incremental revenue requirements and incremental cost recovery at issue in this proceeding.

¹⁸ The Commission's Decision in the 2023 GRC removed the costs associated with the Butte Community Rebuild Program as presented in Exhibit (PG&E-04), WP Table 23-13. This workpaper shows the recorded costs for the 2020 GRC period (2020-2022). Because the costs in the 2020 GRC were already deemed reasonable, the Commission's Decision ultimately removed the revenue requirement associated with the 2020 GRC costs. PG&E's work order structure does not account for revenue requirement. See D.23-11-069, p. 479. The Commission held that "PG&E may seek recovery of the costs presented in PG&E Ex-04 at WP Table 23-13 in a CEMA application" *Id.*, p. 878, COL 174.

TABLE 3-2
BUTTE COMMUNITY REBUILD AND RESTORATION PROGRAM
SUMMARY OF INCREMENTAL COST AND REVENUE REQUIREMENT RECOVERY IN THIS
PROCEEDING – EXPENSE

Line No.	Activity	Gross Costs	Total Adjustments	Total Request in this Proceeding for Incremental Cost Recovery
1	Electric Restoration	–	–	–
2	Electric Rebuild	413,386	(399,769)	13,617
3	Gas Restoration	64,678	(65,476)	(798)
4	Gas Rebuild	15,079	(25,861)	(10,782)
5	Customer Care	80	(37)	43
6	Total	\$493,223	\$(491,143)	\$2,080
7	Reconciliation to Table 3-4	\$493,223 ^(a)	\$(491,143) ^(b)	\$2,080 ^(c)

(a) Table 3-4, sum of lines 1 and 2: \$428,545 + \$64,678 = \$493,223.

(b) Table 3-4, sum of lines 3, 5, 6, and 7: \$(65,470) + \$(383,133) + \$(41,221) + \$(1,319) = \$(491,143).

(c) Table 3-4, line 8: \$2,080.

TABLE 3-3
BUTTE COMMUNITY REBUILD AND RESTORATION PROGRAM
SUMMARY OF INCREMENTAL COST AND REVENUE REQUIREMENT RECOVERY IN THIS PROCEEDING BY MAT – CAPITAL

Line No.	MAT	Gross Costs (A)	Total Adjustments (B)	Incremental Cost Recovery for Costs not yet Reviewed (Prior to 2022) (C)	2023-2030 Cost Recovery ^(a) (D)	Incremental Cost Recovery (2023 GRC) (E)	Total Request in this Proceeding for Incremental Cost Recovery (F) ^{(b)(c)}
1	08W	\$261,315	\$(-161,954)	\$0	\$1,689	\$97,672	\$99,361
	95A	175,970	(178,234)	(1,237)	—	(1,026)	(2,263)
2	95B	7,268	(7,328)	4	—	(64)	(60)
3	95F	420,357	(302,846)	19,125	875	97,510	117,510
4	14D	102,164	(522)	—	94,454	7,188	101,642
5	3M#	893	0	146	—	747	893
6	3QA	144,421	(136,732)	1,204	—	6,485	7,690
7	50A	27,374	(972)	—	15,076	11,325	26,402
8	50B	10,459	(176)	—	3,945	6,338	10,283
9							
10	Total	\$1,150,222	\$(-788,765)	\$19,242	\$116,039	\$226,175	\$361,457
11	Reconciliation to Table 3-5	\$1,150,222 ^(d)	\$(-788,765) ^(e)				\$361,457 ^(f)

(a) Costs associated with the 2017 & 2020 GRC revenue requirement were deemed reasonable in PG&E's 2017 & 2020 GRC. Incremental Revenue Requirement for 2023-2030 related to these 2022 and prior recorded costs are requested.

(b) Column F (Total Request) = Column A (Gross Costs) – Column B (Total Adjustments).

(c) Column F (Total Request) = Column C (Incremental Costs Prior to 2022 not Reviewed) + Column D (Incremental 2023-2030 Cost Recovery on 2020-2022 recorded costs) + Column E (Incremental Cost Recovery 2023 GRC)

(d) Table 3-5, sum of lines 1 and 2: \$896,119 + \$254,103 = \$1,150,222.

(e) Table 3-5, sum of lines 3, 5, 6, 7, 8, and 9: \$(258,756) + \$(30,678) + \$(241,246) + \$(255,028) + \$(1,405) + \$(1,652) = \$(788,765).

(f) Table 3-5, line 10: \$361,457.

7. Accounting for the Community Rebuild Costs

From 2018-2023, PG&E spent approximately \$1,150.2 million in capital expenditures and approximately \$493.2 million in expense, \$1,643.4 million total, to restore and rebuild Paradise and the surrounding communities. In this application PG&E is seeking to recover approximately \$2.1 million in expense, which is less than 1 percent of total expense and \$361.5 million in capital expenditures, representing approximately 31 percent of total capital expenditure. The expense primarily includes the costs to clear vegetation from the building sites and the costs to manage the restoration and rebuild efforts. The capital expenditures include the contracts, internal and external labor, materials, supplies and equipment to: (1) restore utility services to the communities; (2) underground and overhead-harden electric systems for wildfire mitigation and safety purposes; and (3) replace gas pipelines undamaged by the fire. The undergrounding of electric lines will provide near permanent wildfire risk reduction and make roads and highways safer if another fire occurs. The gas pipeline replacement work was necessary to comply with State and Federal recommendations and bring existing gas infrastructure to modern construction standards. It also reduced costs by leveraging open trenching for the electric undergrounding work.

PG&E has reduced the amount it seeks to recover in this application by approximately \$1,278.3 million through four accounting adjustments:

- 1) Wildfire OII Disallowance:¹⁹ On June 27, 2019, the CPUC issued the Wildfire OII (I.19-06-015) to determine whether PG&E “violated any provision(s) of the California Public Utilities Code, Commission General Orders or decisions, or other applicable rules or requirements pertaining to the maintenance and operation of its electric facilities that were involved in igniting fires in its service territory in 2017.” Settling Parties jointly submitted a proposed Settlement Agreement (SA) to the CPUC, in connection with the Wildfire OII which the CPUC approved with certain modifications.²⁰ The Wildfire OII disallowances are applied to the immediate restoration of service and the Butte Community Rebuild

19 D.20-05-019.

20 D.20-05-019, pp. 33-34.

Program in accordance with the approved Settlement Agreement.

PG&E applied disallowances of \$448.6 million expense and

\$289.4 million capital against restoration and rebuild activities.

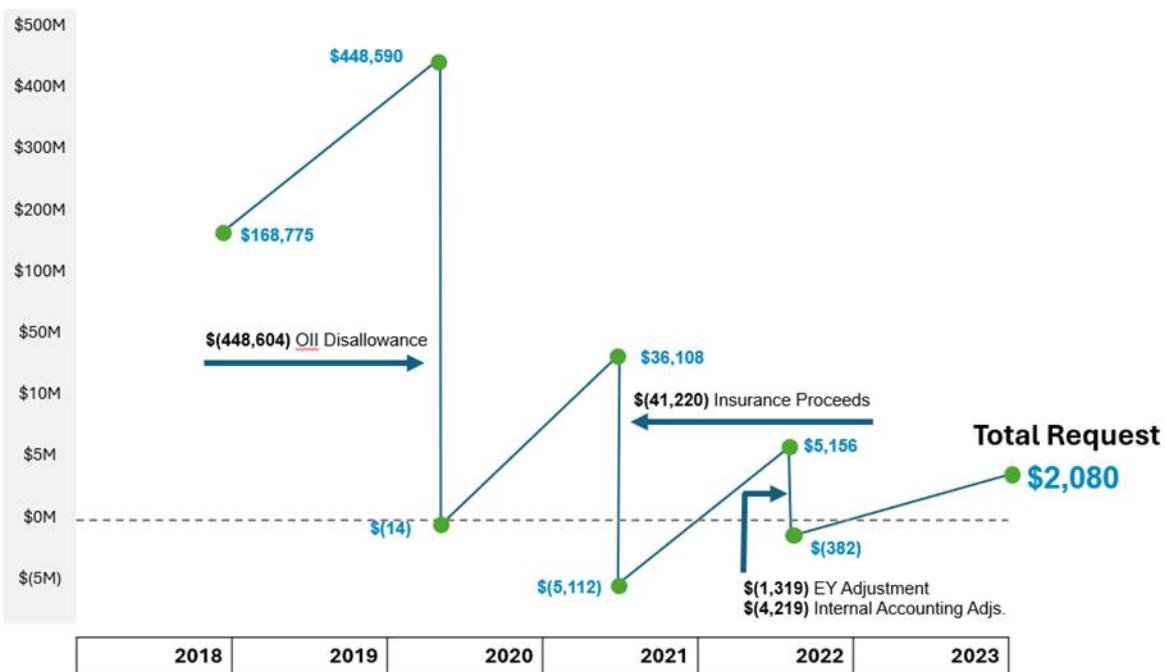
- 2) Assembly Bill (AB) 1054 Securitization: PG&E issued three Wildfire Hardening Recovery Bonds in accordance with the provisions of AB 1054.²¹ PG&E applied these securitization funds against capital expenditures deemed reasonable in the 2020 GRC, resulting in the removal of \$255.0 million from the Butte Community Rebuild Program capital costs.
- 3) Insurance Proceeds: PG&E recovered \$282.5 million from its insurance carriers and used these proceeds to reduce the costs of the Butte Community Rebuild Program for customers.
- 4) Ernst & Young (EY) Recommended Adjustments: PG&E voluntarily removed \$2.7 million following an audit of PG&E's restoration and rebuild costs performed by EY. PG&E describes the EY audit process and results in Chapters 10 and 11.

The reductions related to AB 1054 Securitization and the EY audit adjustments were applied to specific work orders whereas the total Wildfire OII Disallowance and insurance proceeds were subtracted from the gross costs incurred. PG&E describes these accounting adjustments and application to costs in Section E below.

Figures 3-2 and 3-3 below show the costs PG&E incurred for restoration and rebuild work and the impact that the Wildfire OII Disallowance, AB 1054 Securitization, and insurance proceeds had on the incurred cost balance by year for expense (Figure 3-2) and capital amounts (Figure 3-3).

21 D.21-06-030, D.22-08-004, and D.24-02-011.

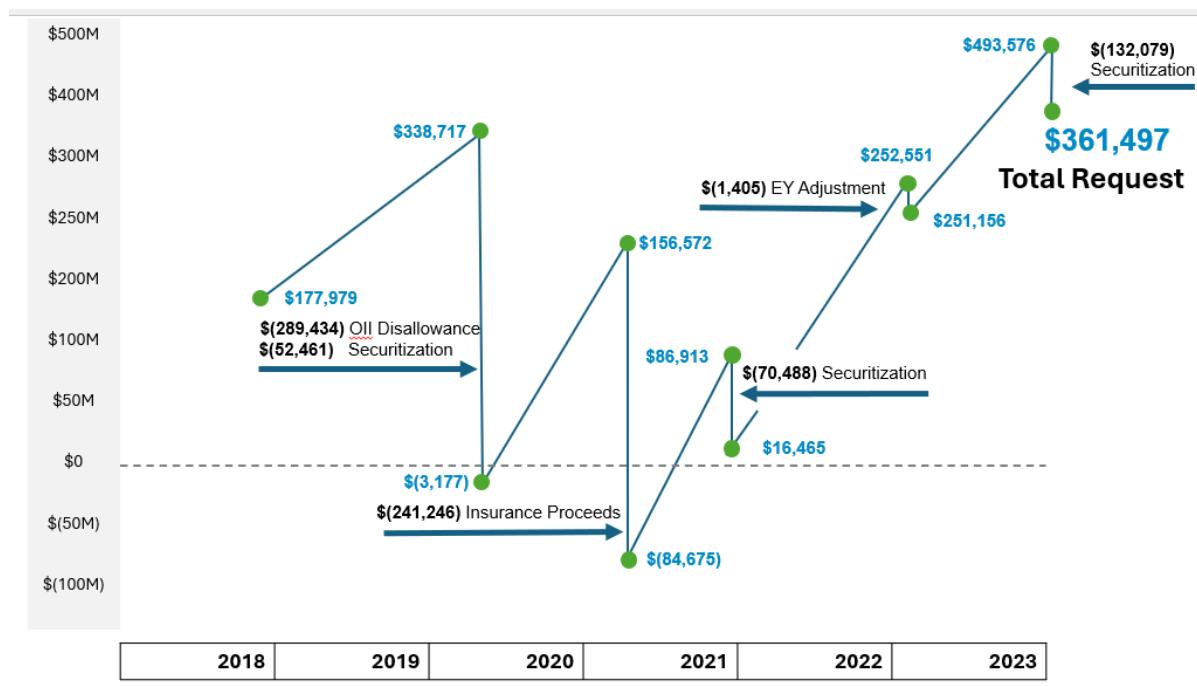
FIGURE 3-2
INCURRED EXPENSE COSTS INCORPORATING DISALLOWANCES AND
INSURANCE PROCEEDS
(THOUSANDS OF DOLLARS)



Note Figure not to scale.

1 Figure 3-2 shows that of the \$493.2 million of expense incurred for
 2 restoration and rebuild activities, only \$2.1 million remains after accounting
 3 for the Wildfire OII Disallowance, insurance proceeds, and EY
 4 Recommended Adjustments (see Table 3-4). The restoration expense costs
 5 were offset by Wildfire OII Disallowance and PG&E is not seeking to recover
 6 them. PG&E only seeks recovery of certain expenses incurred for wildfire
 7 mitigation and associated support activities. The key drivers of expense
 8 amounts were Construction Site Clearing and Program Management Office
 9 costs. PG&E discusses these workstreams in Section D below.

FIGURE 3-3
INCURRED CAPITAL COSTS INCORPORATING DISALLOWANCES AND
INSURANCE PROCEEDS
(THOUSANDS OF DOLLARS)



Note: Figure not to scale.

Figure 3-3 was not updated as part of the Gas Errata Adjustment as it reflects net adjusted amounts and has no impact on our total capital request.

1 Figure 3-3 shows that \$361.5 million remains after accounting for the
 2 Wildfire OII Disallowance, AB 1054 securitization, EY adjustment, and
 3 insurance proceeds (Table 3-5). The costs related to capital restoration
 4 activities were offset by the Wildfire OII Disallowance and PG&E is not
 5 seeking to recover them. PG&E is seeking to recover capital costs for
 6 rebuild work (i.e. wildfire mitigation and gas activities). The key rebuild
 7 activities that make up the amount PG&E is seeking to recover are:
 8 (1) Electric Mainline Underground Construction, (2) Electric Overhead
 9 Mainline Construction, (3) Aldyl-A (Plastic Pipe) Gas Underground
 10 Construction; and (4) Construction Site Clearing. PG&E describes these
 11 key rebuild activities, the benefits to customers and the community, and the
 12 cost drivers in Section D.2 below.

1 **C. Summary of Request**

2 In connection with the Camp Fire in November 2018, PG&E sent a CEMA
3 Notification Letter to the CPUC on December 7, 2018, providing notice that
4 PG&E would be recording costs associated with the repair of facilities and
5 restoration of service pertaining to the fire. The restoration costs would include
6 the replacement and/or repair of electric distribution facilities, gas transmission
7 and distribution facilities, and hydroelectric power generation facilities damaged
8 by the 2018 Camp Fire.²²

9 PG&E is requesting recovery of \$361.5 million capital (Table 3-5) and
10 \$2.1 million expense (Table 3-4) in this application. This represents: (1) the
11 amounts PG&E incurred to rebuild the gas and electric distribution systems
12 following the Camp Fire after removing costs disallowed by the Commission in
13 the Wildfire OII; and (2) certain costs unrelated to the fire rebuild. PG&E is not
14 seeking to recover any restoration costs.

15 The Commission penalized PG&E for its role in the Camp Fire in the Wildfire
16 OII and PG&E agreed to a disallowance of \$738 million for certain expense and
17 capital expenditures (Table 3-30). The Commission noted in the Wildfire OII that
18 it was not reasonable to bar PG&E from seeking future recovery of costs
19 associated with the Camp Fire.²³

20 PG&E is seeking to recover the rebuild costs that were not disallowed by the
21 Wildfire OII. In addition, PG&E is seeking to recover costs unrelated to any fire
22 damage. For example, PG&E replaced 57.1 miles of plastic pipe (Table 3-8, line
23 6) that was not damaged by the fire. PG&E planned to replace the plastic pipe
24 in and around the area of the Camp Fire in the future as part of the Plastic Pipe
25 Replacement Program and recover the costs for the work in a future GRC.
26 Instead, PG&E accelerated this pipeline replacement because there was an
27 opportunity to replace the plastic pipe at the same time and in the same location
28 as the electric distribution undergrounding was occurring to reduce the gas
29 pipeline replacement costs.

22 Implementation of the Catastrophic Event Memorandum Account for the 2018 Camp
Fire (Dec. 7, 2018), available at:
<https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/electric-costs/cema-letters/pge-implementation-of-the-cema-for-the-2018-camp-fire.pdf>
(accessed Nov. 15, 2024).

23 D.20-05-019, p. 79, Findings of Fact 43.

1 Given the adjudication of the Wildfire OII and the Commission's decision to
2 allow PG&E to seek future cost recovery, it is reasonable for PG&E to seek
3 recovery in this application of the remaining costs that were not disallowed by
4 the Commission, including costs that were not part of the fire rebuild work.

5 The Butte Community Rebuild Program costs in this request include
6 expenditures recorded by the Electric Operations, Gas Operations, and
7 Customer Care organizations. In Sections D and E, PG&E describes the gross
8 costs incurred by workstream. Tables 3-4 and 3-5 below show the total expense
9 and capital amounts incurred for rebuild and restoration activities and the
10 associated accounting adjustments to arrive at PG&E's total adjusted expense
11 and capital amounts for the Butte Community Rebuild Program.

TABLE 3-4
BUTTE COMMUNITY REBUILD AND RESTORATION RECORDED COSTS 2018-2023 – EXPENSE
(THOUSANDS OF DOLLARS)

Line No.	Activity	Electric Distribution	Gas Distribution	Customer Care	Total
1	Rebuild Costs ^(a)	\$413,386	\$15,079	\$80	\$428,545
2	Restoration Costs ^(a)	–	64,678	–	64,678
3	Oil Disallowance – Restoration	–	(65,470)	–	(65,470)
4	Total Costs Less Restoration	\$413,386	\$14,287	\$80	\$427,753
5	Oil Disallowance – Rebuild	(383,096)	0	(37)	(383,133)
6	Insurance Proceeds – Rebuild	(15,360)	(25,861)	–	(41,221)
7	EY Exclusions	(1,313)	(6)	–	(1,319)
8	Total Costs After Adjustments	\$13,617	(\$11,580)	\$43	\$2,080

(a) Total gross expense costs incurred are: \$428,545 + \$64,678 = \$493,223.

TABLE 3-5
BUTTE COMMUNITY REBUILD AND RESTORATION RECORDED COSTS 2018-2023 – CAPITAL
(THOUSANDS OF DOLLARS)

Line No.	Activity	Electric Distribution	Gas Distribution	Customer Care	Total
1	Rebuild Costs ^(a)	\$682,936	\$212,290	\$893	\$896,119
2	Restoration Costs ^(a)	181,975	72,128	–	254,103
3	OII Disallowance -Restoration	(186,934)	(71,822)	–	(258,756)
4	Total Costs Less Restoration	\$677,978	\$212,611	\$893	\$891,466
5	OII Disallowance – Rebuild	(\$30,678)	\$0	–	(\$30,678)
6	Insurance Proceeds	(176,653)	(64,594)	–	(241,246)
7	AB1054 Securitization	(255,028)	–	–	(255,028)
8	EY Exclusions	(1,070)	(334)	–	(1,405)
9	Gas Errata Adjustment ^(b)	–	(1,652)	–	(1,652)
10	Total Costs After Adjustments	\$214,548	\$146,016	\$893	\$361,457

(a) Total gross capital costs incurred are: \$896,119 + \$254,103 = \$1,150,222

(b) With its errata testimony of October 03, 2025, PG&E has included \$1,652 million of additional incremental capital expenditures incurred between 2019 and 2023 as part of its Gas work activities described in this testimony. PG&E does not seek recovery of these costs in this proceeding; they are included here for reasonableness review and for completeness of our total cost reporting for these Gas activities. PG&E has applied an offsetting accounting adjustment for this amount (\$1,652 million) so that the net capital expenditure total underlying our revenue requirement request remains unchanged from the original application.

1 **D. Community Rebuild**

2 **1. Summary of Request by Rebuild Activity**

3 In this application, PG&E seeks to recover capital and expense costs
4 incurred for rebuild activities (i.e., wildfire mitigation and gas activities).
5 PG&E is not seeking to recover costs for restoration work as these amounts
6 were disallowed under the Wildfire OII decision.

7 PG&E tracks the expenditures related to restoration and rebuilding of
8 services by workstream. Tables 3-6 and 3-7 below show the rebuild
9 workstreams and the expense and capital costs incurred for each one.
10 Table 3-8 shows the units of work completed for activities by workstream.

11 PG&E then describes the activities it undertook to rebuild Paradise and
12 the surrounding areas. PG&E provides a workpaper in Attachment A that
13 aligns with how these costs were presented in the 2023 GRC (and which
14 were subsequently removed from recovery in the GRC by the
15 Commission).²⁴ These tables provide total costs without disallowances or
16 other offsets.

24 D.23-11-069, p. 482.

TABLE 3-6
BUTTE COMMUNITY REBUILD COSTS BY ACTIVITY WORKSTREAMS – EXPENSE
(THOUSANDS OF DOLLARS)

Line No.	Activity Workstreams	MAT	2018	2019	2020	2021	2022	2023	Total
1	Construction Site Clearing	IF#, IFA, IFB, IFF	\$144,585	\$231,744	\$23,844	\$3,624	\$1,814)	\$1,073	\$403,055
2	Comm. Rebuild PMO	AB#, IFF, LXA	–	2,904	6,142	3,215	(204)	1,045	13,102
3	Gas Main Construction	LXA	–	5,554	(4,244)	–	–	–	1,310
4	Gas Services	FIM, LXA	–	71	8,454	2,697	(642)	104	10,685
5	Telecom Pole Removal	IFA	–	–	–	–	177	23	200
6	Electric Service Connections	IFF	(44)	–	156	–	–	–	112
7	Customer Care	IG#	–	37	39	4	–	–	80
8	Total Rebuild		\$144,541	\$240,310	\$34,391	\$9,540	(\$2,483)	\$2,245	\$428,545

TABLE 3-7
BUTTE COMMUNITY REBUILD COSTS BY ACTIVITY WORKSTREAMS – CAPITAL
(THOUSANDS OF DOLLARS)

Line No.	Activity Workstreams	MAT	2018	2019	2020	2021	2022	2023	Total
1	Electric Underground Mainline Construction	08V, 95F	–	\$38,302	\$64,573	\$98,530	\$151,467	\$186,302	\$539,173
2	Aldyl-A Gas Mainline Construction	14D	–	14,782	27,663	20,836	31,694	7,188	102,164
3	Electric Service Connections	95A, 95B, 95F	–	8,037	18,543	24,852	18,687	14,885	85,003
4	Gas Main Construction	3QA, 50A,	\$1	(2)	4,156	7,705	17,442	18,062	47,364
5	Gas Services	3QA, 50B	–	755	7,987	13,746	13,726	14,354	50,568
6	Electric Overhead Mainline Construction	95F	–	16,980	16,899	812	211	384	35,287
7	Electric Mobile Home Parks	95F	–	1,619	7,544	7,312	2,862	1,163	20,500
8	Gas Mobile Home Parks	3QA, 50A	–	1,146	5,763	2,791	1,589	903	12,192
9	Community Rebuild PMO	95F	–	–	5,283	(2,310)	–	(–)	2,973
10	Customer Care	3M#	–	74	73	–	–	747	893
11	Total Rebuild		\$1	\$81,695	\$158,484	\$174,273	\$237,679	\$243,988	\$896,119

1 Table 3-8 shows the units of work completed for rebuild and restoration
 2 activities by workstream. Non-unitized work, such as the Program
 3 Management Office, is excluded from this table.

**TABLE 3-8
UNITS BY WORKSTREAM**

Line No.	Workstream	MAT	Unit Category	Units						Total
				2019	2020	2021	2022	2023		
1	Electric Underground Mainline Construction	08W, 95F	Circuit Miles	0.4	34.4	32.8	59.9	73.9	201.4	
2	Electric Overhead Mainline Construction	95F	Miles	15.6	19.3	5.9	1.0	0.3	42.1	
3	Electric Service Connections	95A, 95B, 95F	Electric Services	411	1337	996	817	966	4,527	
4	Electric Mobile Home Parks	95F	Mobile Home Spaces	20	302	202	102	127	753	
5	Construction Site Clearing	IF#, IFA, IFB, IFF	Trees	14,363	8,887	2,711	1,529	1,916	29,406	
6	Aldyl-A Gas Mainline Const.	14D	Miles	16.8	17.2	9.0	9.2	5.4	57.6	
7	Gas Main Construction	50A	Miles	0	0.1	3.3	3.8	5.6	12.8	
8	Gas Services	3QA, 50B	Gas Services	3	157	29	408	822	1,419	
9	Gas Mobile Home Parks	3QA, 50A	Mobile Home Spaces	20	302	202	137	92	753	

2. Reducing Costs and Helping Customers Rebuild

PG&E identified several opportunities to reduce project costs and support customers rebuild. These include the following:

- 1) PG&E reduced the cost of electric mainline undergrounding and plastic pipe replacement by placing the new electric conduit and gas pipe in a joint trench in areas where work was planned in the same locations. Joint trenching reduced the cost for constructing the gas and electric assets separately.
- 2) PG&E expanded its Emergency Consumer Protection Plan for customers impacted by the Camp Fire to provide underground electric service pedestals (including installation) to eligible residential customers who requested temporary service. Installing an underground pedestal is less costly than converting overhead service poles to the underground line.

1 3) PG&E deployed propane tanks to gas customers who were awaiting
2 restoration along with quarterly credits that were provided to support
3 refueling costs.

4 4) Additionally, through a giveback program, PG&E donated excavated
5 spoils from trenching activities back to the community at no additional
6 cost. This program avoided costs in disposing of the spoils at a waste
7 facility and also helped lower customers' costs in their rebuilding effort.

8 5) In order to accelerate rebuild work, PG&E ensured there was funding for
9 the local water utility to conduct mark and locate work and keep pace
10 with PG&E's undergrounding efforts.

11 6) PG&E deployed dedicated customer and community outreach teams.
12 These teams focused on providing direct support and established
13 accelerated customer service cycle times to more quickly serve
14 customers affected by the disaster.

15 **3. Key Rebuild Workstreams**

16 The key rebuild activities for which PG&E seeks to recover capital and
17 expense rebuild costs in this application are as follows: (1) Spending on
18 Electric Underground Mainline Construction, (2) Electric Overhead Mainline
19 Construction, (3) Plastic Pipe Gas Underground Construction, and
20 (4) Construction Site Clearing. PG&E incurred \$676.2 million capital and
21 \$403.1 million expense for these four activities, significantly more than the
22 \$361.5 million capital and \$2.1 million expense that PG&E is seeking to
23 recover in this proceeding.

24 **a. Electric Underground Mainline Construction**

25 **1) Summary of Request**

26 The Electric Underground Mainline Construction workstream
27 consists of restoring underground mainline that were previously
28 undergrounded prior to the 2018 Camp Fire or were overhead in a
29 Tier 1 HFTD previously. It also includes the underground
30 construction of electric distribution assets in Tier 2 or Tier 3 HFTD
31 areas that were previously overhead and are being transitioned to
32 underground.

1 Table 3-7 above shows the costs for Electric Underground
2 Mainline work tracked in MATs 95F and 08W. MAT 08W is the code
3 PG&E uses to track this work in its GRC. From 2019-2023, PG&E
4 completed a total of 203.7 miles of electric underground mainline
5 construction (Table 3-8). PG&E incurred \$0 in expense and
6 \$539.2 million in capital (Table 3-7) for Electric Underground
7 Mainline rebuild work.

8 **2) Benefits of Undergrounding**

9 PG&E chose to underground electric lines following the Camp
10 Fire because undergrounding will: (1) significantly reduce the risk of
11 ignition and help to mitigate against wildfires; (2) improve public
12 safety; (3) reduce the impacts from Public Safety Power Shutoffs
13 (PSPS); (4) help the Town of Paradise meet its rebuilding goals; and
14 (5) avoid future costs. The Camp Fire footprint and areas where
15 electric lines were undergrounded are shown in Figure 3-4.

FIGURE 3-4
UNDERGROUND AREA IN CAMP FIRE FOOTPRINT



16 • Reduce Ignition Risk: Undergrounding electric lines significantly
17 reduces wildfire risk from powerlines by reducing ignition risk.

1 PG&E estimates that underground lines are approximately
2 98 percent effective in mitigating ignition risk. Undergrounding in
3 areas previously impacted by wildfire is especially important as the
4 occurrence of a wildfire represents “realized risk” and it is crucial to
5 aggressively manage future wildfire risk by undergrounding electric
6 lines.

7 In addition, undergrounding distribution lines eliminates the
8 need to repair or replace overhead lines damaged by fire. For
9 example, Bucks Creek 1101 Circuit, has been damaged by wildfire
10 multiple times in the last decade and required repairs and
11 replacement each time.

12 • Improved Public Safety: Undergrounding electric assets helps
13 improve public safety and provide access for first responders and
14 emergency vehicles during an emergency by eliminating blockages
15 to ingress and egress routes in the event of a catastrophic event.
16 During the 2018 Camp Fire, many wood distribution poles fell into
17 the streets and blocked access to exit routes. Eliminating the threat
18 of falling poles and downed wires by relocating overhead lines
19 underground eliminates the possibility of electrical fires or
20 electrocutions from overhead lines and eliminates the blockage of
21 ingress and egress routes from downed poles during emergencies
22 as shown in Figure 3-5.

FIGURE 3-5
EXIT ROUTE IMPACTED BY DOWNDOWN POLE



- 1 • Reduced Impacts from Public Safety Power Shutoff (PSPS):
2 Undergrounding distribution lines will significantly reduce impacts
3 from PSPS events on the community. Areas with underground
4 distribution lines can remain energized during a distribution PSPS
5 event.
- 6 • Help Town of Paradise Meet their Rebuilding Objectives:
7 Government leaders and PG&E's customers in the Town of
8 Paradise and Butte County expressed a strong desire for
9 undergrounding utilities in their community with the goal of reducing
10 wildfire risk, meeting the community's desire for unobstructed
11 ingress and egress routes, and improving the town's urban design
12 through the rebuild process. In order to support the community's
13 desire for undergrounding utilities, PG&E developed its plans to
14 support the community's rebuilding objectives by undergrounding
15 utilities as much as possible, including joint trenching of gas and
16 electric facilities where appropriate.²⁵ After the Camp Fire, the

25 As Paradise Rebuild Begins, PG&E Commits to Underground Powerlines (May 22, 2019), available at: <<https://investor.pgecorp.com/news-events/press-releases/press-release-details/2019/A-s-Paradise-Rebuild-Begins-PGE-Commits-to-Underground-Power-Lines/default.aspx>>, (accessed Nov. 15, 2024).

1 Town of Paradise Town Council instituted a “dig-once” ordinance,
 2 thereby requiring PG&E to do joint trenching to include both electric
 3 wires and gas pipelines in the same trench. PG&E has and will
 4 continue coordinating its construction closely with the Town of
 5 Paradise so that undergrounding can be completed with as little
 6 disruption as possible as the community rebuilds.

7 • Avoided Future Costs: PG&E anticipates that undergrounding
 8 powerlines will reduce overhead powerline maintenance expenses
 9 and will reduce long-term repair costs.

10 3) Cost Drivers

11 Table 3-9 below shows the total incurred costs broken down by
 12 cost element group. PG&E describes the work activities associated
 13 with Electric Undergrounding Mainline Construction in Section D.5
 14 below.

10
 11 **TABLE 3-9**
 12 **BUTTE COMMUNITY REBUILD COSTS BY COST ELEMENT GROUP**
 13 **ELECTRIC UNDERGROUND MAINLINE CONSTRUCTION – CAPITAL**
 14 **(THOUSANDS OF DOLLARS)**

Line No.	Cost Element Groups	2019	2020	2021	2022	2023	Gross Spending
1	Contract	\$12,886	\$41,111	\$62,941	\$95,783	\$135,075	\$347,797
2	Labor External	67	73	283	3,635	4,578	8,635
3	Labor Internal	11,176	10,530	9,155	12,865	16,329	60,056
4	Materials & Other	14,173	12,859	26,150	39,185	30,320	122,686
5	Total	\$38,302	\$64,573	\$98,530	\$151,467	\$186,302	\$539,173

15 b. Electric Overhead Mainline Construction

16 1) Summary of Request

17 The Electric Overhead Mainline Construction workstream
 18 includes repairing or replacing fire-damaged overhead distribution
 19 assets for customers who were served by overhead distribution
 20 wires in remote locations and undergrounding was not determined
 21 to be an appropriate alternative. In areas outside of the
 22 undergrounding footprint shown in Figure 3-4 above, PG&E
 23 replaced the assets with overhead distribution assets at the current

1 hardened standards. From 2019-2023, PG&E completed 42.1 miles
2 of overhead mainline construction (Table 3-8) and incurred \$0 in
3 expense and \$35.3 million (Table 3-7) in capital for Electric
4 Overhead Mainline Construction.

5 **2) Benefits of Overhead System Hardening**

6 Overhead system hardening, also referred to as “covered
7 conductor” installation, involves installing conductor that is insulated
8 with abrasion-resistant polyethylene coating. Installing covered
9 conductor can help reduce the likelihood of faults, and by extension
10 ignitions, due to line-to-line contacts, tree-branch contacts, faults
11 caused by animals, and mylar balloons. PG&E estimates that
12 covered conductor, without other protective devices, is
13 approximately 64 percent effective at mitigating against wildfire
14 risk.²⁶

15 Overhead system hardening is an effective mitigation for many
16 transient-type outages (brief power interruptions typically caused by
17 temporary faults on powerlines). Overhead system hardening also
18 includes installing covered jumpers and animal protection in addition
19 to the covered conductor. This approach eliminates most exposed
20 energized components and is effective in mitigating many
21 phase-to-ground type outages.

22 **3) Cost Drivers**

23 Table 3-10 below shows the total incurred costs broken down by
24 cost element group. PG&E describes the work activities associated
25 with Electric Overhead Mainline Construction in Section D.5 below.

26 PG&E's 2023-2025 Base WMP, R6, July 5, 2024, page 1068, available at:
<https://www.pge.com/assets/pge/docs/outages-and-safety/outage-preparedness-and-support/pge-wmp-r6-07052024.pdf> (accessed Nov. 15, 2024).

TABLE 3-10
BUTTE COMMUNITY REBUILD COSTS BY COST ELEMENT GROUP
ELECTRIC OVERHEAD MAINLINE CONSTRUCTION – CAPITAL
(THOUSANDS OF DOLLARS)

Line No.	Cost Element Group	2019	2020	2021	2022	2023	Gross Spending
1	Contract	\$11,031	\$13,983	\$2,105	\$971	\$394	\$28,484
2	Labor External	69	(26)	0	10	5	59
3	Labor Internal	1,815	278	218	13	7	2,331
4	Materials & Other	4,065	2,665	(1,512)	(783)	(23)	4,413
5	Total	\$16,980	\$16,899	\$812	\$211	\$384	\$35,287

c. Aldyl-A Gas (Plastic Pipeline) Underground Construction

1) Summary of Request

This workstream consists of PG&E's proactive replacement of plastic assets as part of the Plastic Pipe Replacement Program.

During the 2018 Camp Fire, PG&E deactivated and replaced plastic gas mains that were to be replaced under the Plastic Pipe Replacement Program.

From 2019 through 2023, PG&E completed 57.1 miles of gas plastic pipeline underground construction (Table 3-8) and incurred \$0 in expense and \$101.8 million capital costs (Table 3-7).

2) Benefits of Plastic Pipeline Underground Construction

The Plastic Pipe Replacement Program addresses potential safety issues related to plastic pipes in a cost-efficient manner. PG&E established the Plastic Pipe Replacement Program in 2012 to mitigate risks associated with leaks on gas distribution mains and services installed before 1985 with Aldyl-A plastic and similar plastic materials. Plastic materials of pre-1985 vintage have a susceptibility to slow crack growth when exposed to stress, such as tree roots, differential settlement, or rock impingement. In addition, external stress can cause the initiation and propagation of cracks leading to leaks. Pipeline and Hazardous Materials Safety Administration

1 (PHMSA)²⁷ and the CPUC²⁸ have notified operators of the risks
2 associated with vintage plastic pipelines and recommended
3 mitigating these risks.

4 As part of the Butte Community Rebuild Program, PG&E
5 identified the locations where it planned to underground both gas
6 and electric assets in the same location and installed them in a joint
7 trench. Performing joint trench work reduced the cost for
8 constructing the gas and electric assets separately.

9 **3) Cost Drivers**

10 Table 3-11 below shows the total incurred costs broken down by
11 cost element group. PG&E describes the work activities associated
12 with Plastic Pipe Gas Underground Construction in Section D.5
13 below.

14 **TABLE 3-11**
15 **BUTTE COMMUNITY REBUILD COSTS BY COST ELEMENT GROUP**
16 **PLASTIC PIPE GAS UNDERGROUND CONSTRUCTION – CAPITAL**
17 **(THOUSANDS OF DOLLARS)**

Line No.	Cost Element Group	2019	2020	2021	2022	2023	Gross Spending
1	Contract	\$11,086	\$19,743	\$14,872	\$28,306	\$9,281	\$83,288
2	Labor External	15	5	80	390	801	1,292
3	Labor Internal	3,635	4,747	3,417	2,787	1,255	15,841
4	Materials & Other	47	3,167	2,467	211	(4,148)	1,744
5	Total	\$14,783	\$27,663	\$20,836	\$31,694	\$7,188	\$102,164

14 **d. Construction Site Clearing**

15 The construction site clearing workstream consisted of the activities
16 required to maintain a safe construction site for crews working on the
17 Butte Community Rebuild Program. The most significant effort was
18 removing the dead trees in construction zones where PG&E's rebuild

27 A.21-06-021, Exhibit (PG&E-3), WP 4-99 to WP 4-106, PHMSA's Advisory Bulletins: ADB-99-02; ADB-02-07; and, ADB 07-01.

28 A.21-06-021, Exhibit (PG&E-3), WP 4-107, CPUC's Hazard Analysis & Mitigation Report on Aldyl A Polyethylene Gas Pipelines in California (June 11, 2014).

1 activities were scheduled to occur. Site clearing also included on-going
2 efforts to remove general debris related to the fire.

3 From 2018 to 2023, PG&E cleared 29,406 trees (Table 3-8) and
4 incurred \$403.1 million in expense (Table 3-6) and \$0 capital costs.
5 Table 3-12 below shows the total incurred costs broken down by cost
6 element group. PG&E describes the work activities associated with
7 Construction Site Clearing in Section D.5 below.

TABLE 3-12
BUTTE COMMUNITY REBUILD COSTS BY COST ELEMENT GROUP
CONSTRUCTION SITE CLEARING - EXPENSE
(THOUSANDS OF DOLLARS)

Line No.	Cost Element Group	2018	2019	2020	2021	2022	2023	Gross Spending
1	Contract	\$107,393	\$205,978	\$21,276	\$3,022	\$2,067	\$346	\$340,082
2	Labor External	286	1,698	277	21	0	754	3,037
3	Labor Internal	22,908	11,232	1,568	436	76	0	36,220
4	Materials & Other	13,998	12,836	722	145	(3,958)	(28)	23,716
5	Total	\$144,585	\$231,744	\$23,844	\$3,624	\$(1,814)	\$1,073	\$403,055

8 **4. Other Rebuild Workstreams**

9 **a. Electric Service Connections**

10 The Electric Services workstream restored electric services for
11 PG&E customers who were impacted by the Camp Fire before the
12 customers were ready to move back into their homes. Electric services,
13 within the planned underground footprint in Paradise and surrounding
14 areas, were constructed underground and share a trench with the gas
15 service if the customer also receives gas from PG&E. In the areas that
16 were not within the planned underground footprint, PG&E restored the
17 service as an overhead service. If a customer did not have electric
18 service prior to the 2018 Camp Fire, they applied for service under the
19 Rule 16 Tariff. PG&E's dedicated customer service team supported
20 customers through this process.

21 The expenditures in this workstream cover both temporary and
22 permanent service installations. From 2019-2023, PG&E restored
23 electric service to 3,182 structures (Table 3-8). PG&E incurred
24 \$0.1 million in expense (Table 3-6) and \$85.0 million in capital costs

1 (Table 3-7) related to Electric Service Connections. Tables 3-13 and
 2 3-14 below show the total incurred costs broken down by cost element
 3 group. PG&E describes the work activities associated with Electric
 4 Service Connections in Section D.5 below.

TABLE 3-13
BUTTE COMMUNITY REBUILD COSTS BY COST ELEMENT GROUP
ELECTRIC SERVICE CONNECTIONS - CAPITAL
(THOUSANDS OF DOLLARS)

Line No.	Cost Element Group	2019	2020	2021	2022	2023	Gross Spending
1	Contract	\$4,936	\$13,674	\$20,641	\$15,075	\$11,516	\$65,840
2	Labor External	—	28	9	134	515	686
3	Labor Internal	1,095	1,803	1,482	1,673	1,595	7,649
4	Materials & Other	2,007	3,038	2,720	1,805	1,258	10,828
5	Total	\$8,037	\$18,543	\$24,852	\$18,667	\$14,885	\$85,003

TABLE 3-14
BUTTE REBUILD COSTS BY COST ELEMENT
ELECTRIC SERVICE CONNECTIONS - EXPENSE
(THOUSANDS OF DOLLARS)

Line No.	Cost Element Group	2018	2019	2020	Gross Spending
1	Contract	—	—	\$149	\$149
2	Labor External	—	—	—	—
3	Labor Internal	\$(13)	—	8	(5)
4	Materials & Other	(31)	—	(1)	(32)
5	Total	\$ (44)	—	\$156	\$112

b. Gas Main Construction

5 After the Camp Fire, PG&E evaluated all gas main lines throughout
 6 Butte County to identify any that needed to be replaced. From
 7 2018-2023, PG&E completed 12.8 miles of Gas Main construction
 8 (Table 3-8). PG&E incurred \$9.5 million in expense (Table 3-6) and
 9 \$47.4 million in capital (Table 3-7) related to Gas Main Construction.
 10 Tables 3-15 and 3-16 below shows the total incurred costs broken down
 11 by cost element group. PG&E describes the work activities associated
 12 with Gas Main Construction in Section D.5 below.

TABLE 3-15
BUTTE COMMUNITY REBUILD COST BY COST ELEMENT – GROUP
GAS MAIN CONSTRUCTION – CAPITAL
(THOUSANDS OF DOLLARS)

Line No.	Cost Element Group	2018	2019	2020	2021	2022	2023	Gross Spending
1	Contract	–	–	\$1,263	\$4,413	\$7,468	\$6,725	\$19,869
2	Labor External	\$1	2	–	–	27	45	75
3	Labor Internal	–	–	33	558	1,168	1,020	2,779
4	Materials & Other	–	(3)	1,961	451	1,079	3,320	6,808
5	Total	\$1	\$(2)	\$3,257	\$5,422	\$9,742	\$11,110	\$29,530

TABLE 3-16
BUTTE COMMUNITY REBUILD COST BY COST ELEMENT GROUP
GAS MAIN CONSTRUCTION – EXPENSE
(THOUSANDS OF DOLLARS)

Line No.	Cost Element Group	2019	2020	2021	2022	Gross Spending
1	Contract	\$3,366	\$(3,486)	–	–	\$(120)
2	Labor External	7	(7)	–	–	–
3	Labor Internal	983	(630)	–	–	353
4	Materials & Other	1,198	(121)	–	–	1,077
5	Total	\$5,554	\$(4,244)	–	–	\$1,310

1 **c. Gas Services**

2 The Gas Services workstream involves restoring gas services for
 3 PG&E customers who were impacted by the Camp Fire before the
 4 customer was ready to move back into their home. Gas services in the
 5 underground footprint in Paradise and surrounding areas were
 6 constructed underground and share a trench with the electric service if
 7 the customer also received power from PG&E. If a customer did not
 8 have gas service prior to the Camp Fire, they had to apply for service
 9 under the Rule 16 Tariff. The expenditures in this workstream cover
 10 both temporary and permanent service installations. In locations where
 11 customers had gas service prior to the Camp Fire, PG&E rebuilt the gas
 12 service when the customers applied for service after they rebuilt their
 13 homes.

TABLE 3-17
BUTTE REBUILD COSTS BY COST ELEMENT GROUP
GAS SERVICES – CAPITAL
(THOUSANDS OF DOLLARS)

Line No.	Cost Element Group	2019	2020	2021	2022	2023	Gross Spending
1	Contract	\$160	\$5,847	\$11,004	\$13,753	\$11,935	\$42,699
2	Labor External	1	3	6	74	148	231
3	Labor Internal	268	1,286	1,870	2,617	3,058	9,099
4	Materials & Other	327	1,750	3,150	4,981	6,164	16,372
5	Total	\$755	\$8,886	\$16,030	\$21,425	\$21,305	\$68,401

TABLE 3-18
BUTTE REBUILD COSTS BY COST ELEMENT GROUP
GAS SERVICES – EXPENSE
(THOUSANDS OF DOLLARS)

Line No.	Cost Element Group	2019	2020	2021	2022	2023	Gross Spending
1	Contract	\$29	\$7,780	\$2,192	\$(604)	\$59	\$9,456
2	Labor External	—	—	—	—	—	—
3	Labor Internal	37	101	219	74	41	472
4	Materials & Other	6	573	286	(112)	4	757
5	Total	\$72	\$8,454	\$2,697	\$(642)	\$104	\$10,685

d. Electric Mobile Home Parks

The Electric Mobile Home Parks workstream restored electric service to mobile homes in Butte County that were impacted by the Camp Fire. PG&E rebuilt Mobile Home Parks electric and gas distribution systems within the rebuild footprint. From 2019-2023, electric services were provided to 753 mobile home spaces that were rebuilt (Table 3-8). In certain cases, PG&E did not construct meter

1 connection from the electric pedestal or gas meter to the mobile home
2 because the mobile home location was vacant, and there was no mobile
3 home to receive the connection.²⁹ PG&E is also requesting recovery
4 for those costs incurred to restore and provide additional service
5 connections to other non-mobile home infrastructure within the mobile
6 home park, such as common-use buildings.³⁰

7 From 2019-2023, PG&E incurred \$0 expense and \$20.5 million in
8 capital (Table 3-7) related to Electric Mobile Home Parks. Table 3-19
9 below shows the total incurred costs broken down by cost element
10 group. PG&E describes the work activities associated with Electric
11 Mobile Home Parks in Section D.5 below.

TABLE 3-19
BUTTE REBUILD COSTS BY COST ELEMENT GROUP
ELECTRIC HOME MOBILE PARKS - CAPITAL
(THOUSANDS OF DOLLARS)

Line No.	Cost Element Group	2019	2020	2021	2022	2023	Gross Spending
1	Contract	\$1,097	\$5,973	\$6,040	\$2,199	\$977	\$16,286
2	Labor External	75	116	156	162	55	564
3	Labor Internal	259	313	228	83	70	953
4	Materials & Other	188	1,142	887	418	61	2,696
5	Total	\$1,619	\$7,544	\$7,312	\$2,862	\$1,163	\$20,500

12 **e. Gas Mobile Home Parks**

13 From 2019-2023, PG&E rebuilt gas services to 753 gas mobile
14 home spaces (Table 3-8). PG&E is also requesting recovery for those
15 costs incurred to restore and add additional service connections to other

29 A.21-06-021, Exhibit (PG&E-4), p. 23-24 to p. 23-25, available at:
<https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2106021/4583/454865292.pdf>
(accessed Nov. 15, 2024).

30 In contrast to the Mobile Home Park Utility Conversion Rule 28 Program, this scope of work excludes the beyond the meter connection from the electric pedestal to the mobile home. Costs incurred for work whose scope exceeds the Mobile Home Park Utility Conversion Rule 28 Program are not included in this application.

1 non-mobile home infrastructure within the mobile home park, such as
2 common-use buildings.³¹
3 PG&E incurred \$0 expense and \$12.2 million in capital costs
4 (Table 3-7) related to Gas Mobile Home Parks. Table 3-20 below shows
5 the total incurred costs broken down by cost element group. PG&E
6 describes the work activities associated with Gas Mobile Home Parks in
7 Section D.5 below.

TABLE 3-20
BUTTE REBUILD COSTS BY COST ELEMENT GROUP
GAS HOME MOBILE PARKS – CAPITAL
(THOUSANDS OF DOLLARS)

Line No.	Cost Element	2019	2020	2021	2022	2023	Gross Spending
1	Contract	\$823	\$4,222	\$1,727	\$998	\$596	\$8,366
2	Labor External	81	74	69	82	38	345
3	Labor Internal	143	206	100	91	95	636
4	Materials & Other	99	1,260	894	418	174	2,845
5	Total	\$1,146	\$5,762	\$2,791	\$1,589	\$903	\$12,192

f. Butte Community Rebuild Program Management Office

Managing the Butte Community Rebuild Program is complex and requires a wide range of internal teams and subject matter experts—including experts in planning, operations, emergency response, external engagement, and communications. The Butte Community Rebuild Program Management Office (PMO) is responsible for coordinating the diverse activities that these teams were responsible for during the restoration and rebuild efforts. The PMO monitors, governs, and supports the various workstreams and maintains accurate and timely progress data.

PG&E incurred \$13.1 million in expense (Table 3-6) and \$2.9 million in capital (Table 3-7) related to Butte Community Rebuild PMO. Tables 3-21 and 3-22 below show the total incurred costs broken down by cost

31 In contrast to the Mobile Home Park Utility Conversion Rule 28 Program, this scope of work excludes the beyond the meter connection from the electric pedestal to the mobile home. Costs incurred for work whose scope exceeds the Mobile Home Park Utility Conversion Rule 28 Program are not included in this application.

1 element group. PG&E describes the work activities associated with the
2 Community Rebuild PMO in Section D.5 below.

TABLE 3-21
BUTTE REBUILD COSTS BY COST ELEMENT GROUP
PROGRAM MANAGEMENT OFFICE – CAPITAL
(THOUSANDS OF DOLLARS)

Line No.	Cost Element Group	2020	2021	Gross Spending
1	Contract	\$3,342	\$(2,187)	\$1,154
2	Labor External	–	–	–
3	Labor Internal	76	(94)	(18)
4	Materials & Other	1,865	(28)	1,836
5	Total	\$5,283	\$(2,310)	\$2,973

TABLE 3-22
BUTTE COMMUNITY REBUILD COSTS BY COST ELEMENT GROUP
PROGRAM MANAGEMENT OFFICE – EXPENSE
(THOUSANDS OF DOLLARS)

Line No.	Cost Element Group	2019	2020	2021	2022	2023	Gross Spending
1	Contract	\$578	\$2,802	\$(2,027)	\$4,031	\$(1,601)	\$(4,279)
2	Labor External	810	2,437	4,568	3,890	2,333	14,308
3	Labor Internal	495	631	214	(78)	45	1,306
4	Materials & Other	1,020	272	461	15	269	2,037
5	Total	\$2,904	\$6,142	\$3,215	\$(204)	\$1,045	\$13,102

3 **g. Customer Care**

4 The Town of Paradise and Butte County inspected buildings and
5 identified (through a process called “green tagging”) structures that
6 could accept electricity and natural gas service, which is a requirement
7 before PG&E can restore service. Before gas mains were restored,
8 PG&E provided portable natural gas to critical infrastructure including
9 the Paradise police and fire stations, town hall, and the Adventist Health
10 center.

11 PG&E began restoring gas service to customers beginning in
12 mid-December 2018, as work on each of the 16 sections of the area’s
13 gas system was completed. As part of its commitment to help its
14 customers and communities with the recovery and rebuilding process,

1 PG&E restored natural gas services safely and asked customers to call
2 PG&E for assistance with relighting their pilot lights.

3 PG&E incurred \$0.08 million in expense (Table 3-6) and
4 \$0.89 million in capital (Table 3-7) related to Customer Care.
5 Tables 3-23 and 3-24 below show the total incurred costs broken down
6 by cost element group. PG&E describes the work activities associated
7 with Customer Care in Section D.5 below.

TABLE 3-23
BUTTE COMMUNITY REBUILD COSTS BY COST ELEMENT GROUP
CUSTOMER CARE – CAPITAL
(THOUSANDS OF DOLLARS)

Line No.	Cost Element Group	2019	2020	2022	2023	Gross Spending
1	Contract	–	–	–	–	–
2	Labor External	–	–	–	–	–
3	Labor Internal	–	–	–	–	–
4	Materials & Other	\$74	\$73	–	\$747	\$893
5	Total	\$74	\$73	\$0	\$747	\$893

TABLE 3-24
BUTTE COMMUNITY REBUILD COSTS BY COST ELEMENT GROUP
CUSTOMER CARE – EXPENSE
(THOUSANDS OF DOLLARS)

Line No.	Cost Element Group	2019	2020	2021	2022	Gross Spending
1	Contract	–	–	–	–	–
2	Labor External	–	–	–	–	–
3	Labor Internal	\$27	\$36	\$4	–	\$68
4	Materials & Other	10	2	–	–	12
5	Total	\$37	\$38	\$4	–	\$80

8 **h. Telecom Pole Removal**

9 Telecommunication companies frequently place equipment on
10 PG&E's utility poles under shared-use agreements with PG&E.
11 Following the Camp Fire, PG&E and AT&T entered into a clean-up effort
12 agreement that provided in part:

1 PG&E shall be responsible for the ‘wreck out’ of existing aerial plant
2 that is designated to be removed, including removal of AT&T’s
3 facilities and associated poles.

4 PG&E incurred \$0.2 million in expense (Table 3-6) and \$0 in capital
5 costs related to Telecom Pole Removal. Table 3-25 shows the total
6 incurred costs broken down by cost element group. PG&E describes
7 the work activities associated with Telecom Pole Removal in
8 Section D.5 below.

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TABLE 3-25
COSTS BY COST ELEMENT BREAKDOWN GROUP
TELECOM POLE REMOVAL – EXPENSE
(THOUSANDS OF DOLLARS)

Line No.	Cost Element Group	2022	2023	Gross Spending
1	Contract	\$132	\$16	\$148
2	Labor External	42	3	45
3	Labor Internal	3	–	3
4	Materials & Other	–	5	5
5	Total	\$177	\$23	\$200

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5. Butte Community Rebuild Program – Description of Costs and Workstream Activities

The Butte Community Rebuild Program consisted of several workstreams (discussed above) dedicated to permanently re-establishing services in the areas impacted by the Camp Fire. For these workstreams, PG&E incurred costs for contract work, internal and external labor, materials and other activities. The majority of costs incurred were contract costs. PG&E describes this work in more detail below.

a. Description of Costs

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1) Internal and External Labor, Materials, and Other Costs

Internal labor includes costs for PG&E employees, such as administrative employees, construction workers, electricians, estimators, engineers, environmental specialists, gas specialists, inspectors, and land surveyors. Internal labor represents

1 approximately 9 percent of incurred expense amounts and
2 approximately 11 percent of capital costs.

3 External labor generally includes consulting services
4 (e.g., environmental consultants, engineering consultants, etc.) and
5 staff augmentation services. External labor represents
6 approximately 4 percent of incurred expense amounts and
7 approximately 1 percent of capital costs.

8 Materials costs include items such as conductors, cable, wire
9 connectors, electric equipment components, fuels, lubricants, and
10 oils. Materials also include material burden, freight costs and
11 working stock. Materials represent approximately 2 percent of
12 incurred expense amounts and approximately 12 percent of capital
13 costs.

14 The costs recorded for “other” activities include items such as
15 PG&E benefits and overhead costs (e.g. building services overhead,
16 materials overhead, payroll taxes overhead, etc.) fleet costs, land
17 acquisition services, environmental permits and fees, and Allowance
18 for Funds Used during Construction (AFUDC). Other costs
19 represent approximately 5 percent of incurred expense amounts and
20 approximately 7 percent of capital costs.

21 **2) Contracting Costs**

22 Contract costs are made up of the activities and costs to:

23 (1) remove dead trees and other debris in order to maintain safe
24 construction sites for crews; (2) install new underground gas and
25 electric lines; and (3) re-establish gas and electric services to PG&E
26 customers in the communities.

27 PG&E incurred approximately \$345.4 million expense and
28 \$613.8 million capital on contract spending. This represents
29 approximately 81 percent of the total gross expense costs incurred
30 and approximately 69 percent of the total gross capital costs
31 incurred for the Butte Community Rebuild Program.

TABLE 3-26
BUTTE REBUILD COSTS BY COST ELEMENT GROUP
CAPITAL
(THOUSANDS OF DOLLARS)

Line No.	Cost Element	2018	2019	2020	2021	2022	2023	Total	Percentage
1	Contract	—	\$42,018	\$109,157	\$121,556	\$164,552	\$176,500	\$613,783	69%
2	Labor External	\$1	310	273	603	4,515	6,185	11,887	1%
3	Labor Internal	—	18,391	19,273	16,934	21,297	23,431	99,326	11%
4	Materials	—	9,410	12,044	22,087	34,482	26,331	104,354	12%
5	Other	—	11,566	17,736	13,091	12,833	11,541	66,797	7%
6	Total	\$1	\$81,695	\$158,483	\$174,271	\$237,679	\$243,988	\$896,116	100%

TABLE 3-27
BUTTE REBUILD COSTS BY COST ELEMENT GROUP EXPENSE
(THOUSANDS OF DOLLARS)

Line No.	Cost Element	2018	2019	2020	2021	2022	2023	Total	Percentage
1	Contract	\$107,393	\$209,951	\$28,519	\$3,188	(\$2,435)	(\$1,180)	\$345,436	81%
2	Labor External	286	2,515	2,708	4,589	3,933	3,089	17,121	4%
3	Labor Internal	22,895	12,774	1,715	872	75	86	38,417	9%
4	Materials	2,192	2,708	917	500	(180)	313	6,450	2%
5	Other	11,775	12,362	530	392	(3,874)	(64)	21,121	5%
6	Total	\$144,541	\$240,310	\$34,389	\$9,541	(\$2,481)	\$2,245	\$428,545	100%

1 Below PG&E provides examples of key activities associated with the
 2 various Butte Community Rebuild Program workstreams.

3 **b. Description of Activities**

4 **1) Electric Construction Work Activities**

5 Electric Underground Mainline Construction

6 Electric construction work includes activities such as:

7 (1) excavating/backfilling and placing new conduit, road restoration,
 8 splicing and electrical terminations; (2) removing existing overhead
 9 wires, equipment and poles; (3) installing line extensions from
 10 existing distribution service lines to new residential and commercial
 11 facilities; (4) removing overhead primary lines; (5) installing
 12 underground primary cables; installing transformers, switches, and
 13 other electric equipment; (6) replacing secondary conductors;

1 (7) installing fuses; and (8) converting existing electric panels from
2 overhead to underground feed.

3 Electric Overhead Mainline Construction

4 Electric construction work includes activities such as:
5 (1) replacing and/or adding overhead conductor and underground
6 cables; (2) upgrading circuits to carry the load/voltage required to
7 meet new demand; (3) replacing and/or installing poles;
8 (4) connecting upgraded electrical circuits to the existing electrical
9 distribution system; and (5) disposing of equipment and materials
10 taken out of service.

11 Electric Service Connections

12 Work associated with Electric Service Connections includes
13 both civil and electric work.

14 Civil work includes: (1) excavating/backfilling and placing new
15 conduit and equipment enclosures for the installation of temporary
16 electric services; and (2) installing enclosures.

17 Electric work includes activities such as: (1) converting
18 temporary electric panels from overhead to underground;
19 (2) installing new conductor; (3) removing overhead service
20 conductor; (4) installing wood poles or relocating existing poles;
21 (5) installing line extensions from existing PG&E distribution service
22 lines to new existing residential and commercial facilities;
23 (6) removing overhead primary conductor; (7) installing underground
24 primary cable; (8) installing transformers, switches and other electric
25 equipment; and (9) disposing of equipment and materials taken out
26 of service.

27 **2) Gas Construction Work Activities**

28 Plastic Pipeline Gas Underground and Gas Main Construction

29 Both the Plastic Pipeline Gas Underground Construction and
30 Gas Main Construction work includes activities such as:

31 (1) excavation, backfill and placement of new gas pipe;
32 (2) pavement and landscape restoration including repairs of roads,
33 sidewalks, curbs, gutters, and handicap ramps; (3) coordinating with
34 customers, counties and other agencies; (4) installing service

1 replacements, and gas stubs; (5) deactivating existing high-pressure
2 gas main; and (6) pavement and landscape restoration including
3 road repair, sidewalks, curbs, gutters and Americans and Disabilities
4 Act (ADA) compliant ramps.

5 **Gas Services**

6 Gas construction work includes activities such as:

7 (1) excavation, backfill and placement of new gas pipe;
8 (2) pavement and landscape restoration including repairs of roads,
9 sidewalks, curbs, gutters, and ADA compliant ramps; and
10 (3) coordinating with customers, counties and other agencies.

11 **3) Electric and Gas Mobile Home Park Activities**

12 Work associated with the Electric and Gas Mobile Home Parks
13 workstream involves converting master-metered mobile home parks
14 in Butte County impacted by the Camp Fire to direct service for each
15 mobile home unit. The activities in this workstream include
16 performing and completing the ground investigation, construction,
17 testing, commission, and closeout of a new gas and electric
18 distribution system at an individual mobile home park.

19 The construction work associated with both electric and gas
20 work include activities such as: (1) planning with mobile home park
21 owners to determine meter locations at permitted spaces, obtaining
22 approvals for equipment replacement; (2) developing gas and
23 electric drawings, designing and installing gas and electric service
24 for each previously served space; (3) collaborating with the
25 contractor to source and secure required materials and equipment;
26 (4) performing all gas tie-ins to existing PG&E facilities including
27 stopping the flow of gas on a hot main; (5) installation of gauges,
28 fittings, and bypasses; (6) joining the newly installed gas main with
29 the existing gas main; (7) deactivation of main to facilitate a main
30 tie-in, coating and wrapping; (8) ensuring operational status of new
31 main, electric energization, testing and inspections; and
32 (9) providing backfill material, steel-plating, traffic safety, traffic
33 control, paving material, and concrete.

4) Spoils Management, Vegetation Management Work, and Traffic Control Activities

Spoils Management and Vegetation Management Work is associated with multiple workstreams: Electric Underground Mainline Construction, Electric Overhead Mainline Construction, Plastic Pipe Gas Underground Construction, Electric Service Connections, Gas Main Construction, and Site Clearing.

Spoils management work includes activities such as:

(1) collecting and removing non-hazardous spoils; (2) collecting and submitting spoils samples for environmental contamination analysis; (3) setting up spoils collection sites; (4) spoils servicing tanks; (5) general housekeeping; (6) transporting spoils from spoils collection sites to disposal sites; and (7) paying disposal fees.

Vegetation Management work includes activities such as: providing the labor, traffic control, transportation, permitting, materials, equipment, vehicles, water, and power to perform tree work. Tree work includes stump removal and disposal, stump grinding, tree and shrub trimming, felling vegetation and trees, and disposing vegetative material.

5) Other Work Activities

Construction Site Clearing Activities

Construction Site Clearing work includes activities such as: establishing base camp equipment and services such as tents, trailers, lights, hand wash stations, food and beverage, generators, portable toilets, chairs, tables, and trash/recycling bins. Conducting overhead and underground electric restoration includes re-stringing overhead wire, replacing damaged electrical equipment such as transformers, capacitors, and enclosures, wood pole replacement, replacement of underground electrical cables and equipment, performing traffic control and debris removal including electric wires and poles.

Construction site clearing also includes the complete removal and proper disposal of each tagged, downed trees. Work activities include: find, set up, permit, fund and close laydown/sorting yards;

1 cutting, chipping, hauling and other process of wood and logs
2 generated from vegetation, fire mitigation and restoration
3 operations.

4 Butte Community Rebuild Program Management Organization
5 Activities

6 The majority of the PMO costs incurred were expense amounts
7 for contract labor who staffed the PMO. The contracted program
8 management staff provided coordination and implementation of the
9 Butte Community Rebuild Program from program planning through
10 closeout which included program and project oversight, reporting,
11 planning and delivery. The PMO was responsible for governance
12 and reporting, cost management, schedule management, risk
13 management and contract management. External labor staffing the
14 PMO included program and project managers, project engineers,
15 schedulers, project controls analysts, document management
16 professionals, and construction managers. The PMO developed
17 procedures, processes, reporting methodology, project delivery
18 systems, and schedule templates in support of the Butte Community
19 Rebuild Program.

20 Customer Care Activities

21 PG&E incurred Customer Care costs for purchasing the
22 replacement electric and gas meters and modules.

23 **E. Accounting Adjustments**

24 As shown in the tables and figures below, the adjustments to recorded costs
25 described below have been excluded from the costs presented in this chapter of
26 testimony. The adjustments include four categories:

27 1) Wildfire OII Disallowance;
28 2) AB1054 Securitization (electric capital expenditures only);
29 3) Insurance proceeds; and
30 4) Ernst & Young Recommended Adjustments.

TABLE 3-28
BUTTE COMMUNITY REBUILD RECORDED COSTS 2018-2023 – EXPENSE
(THOUSANDS OF DOLLARS)

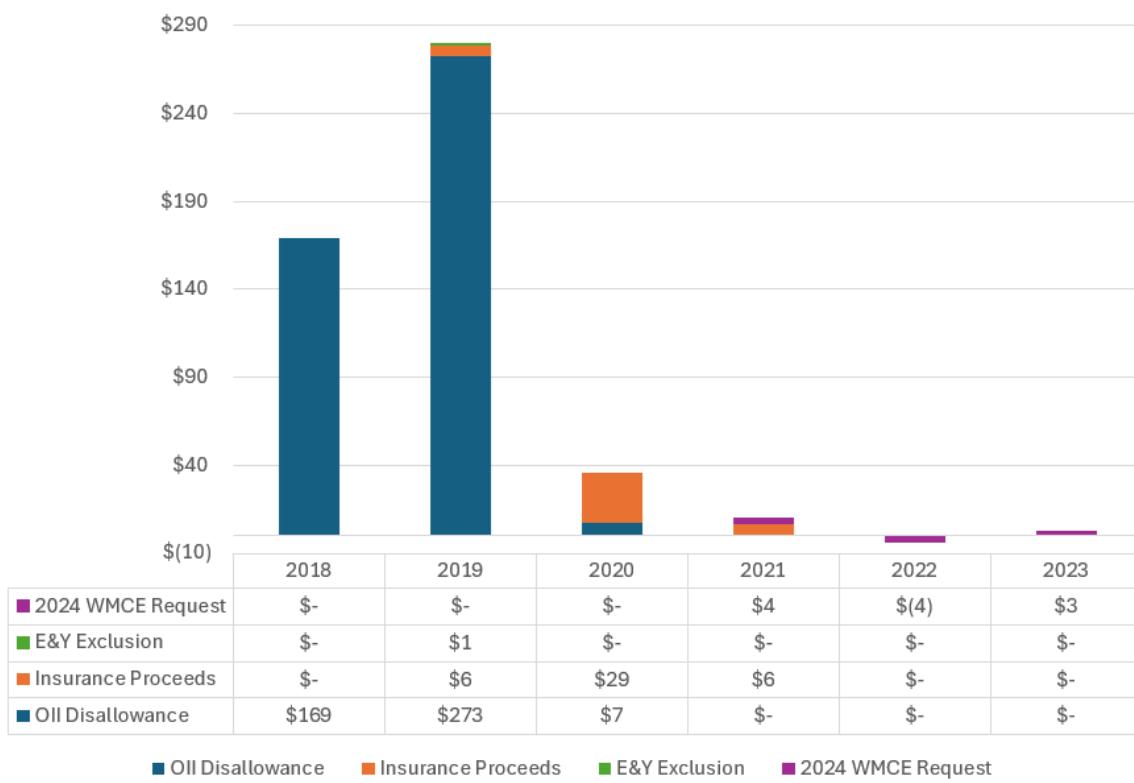
Line No.	Activity	Electric Distribution	Gas Distribution	Customer Care	Total
1	Adjusted Rebuild Cost ^(a)	\$413,386	\$14,287	\$80	\$427,753
2	OII Disallowance – Rebuild	(383,096)	(–)	(37)	(383,133)
3	Insurance Proceeds – Rebuild	(15,360)	(25,861)	(–)	(41,221)
4	EY Exclusions	(1,313)	(6)	(–)	(1,319)
5	Total Costs After Adjustments	\$13,617	(\$11,580)	\$43	\$2,080

(a) The Adjusted Rebuild Costs represent the total costs for rebuild minus the adjustment for the OII disallowance for restoration work that was applied to the rebuild amount.

OII Disallowance for Restoration (\$65,470) – Restoration Costs (\$64,678) = \$792 OII restoration disallowance overage applied to rebuild costs. See Table 3-4, lines 2 and 3.

Therefore, Rebuild Cost (\$428,545) – OII restoration disallowance overage (\$792) = \$427,753. Rebuild Costs are shown on Table 3-4, line 1.

FIGURE 3-6
NET COSTS INCURRED AFTER ACCOUNTING ADJUSTMENTS – EXPENSE
(MILLIONS OF DOLLARS)



Note: No incurred costs remain in 2018-2020 after applying OII Disallowance and insurance proceeds.

TABLE 3-29
BUTTE COMMUNITY REBUILD RECORDED COSTS 2018-2023 – CAPITAL
(THOUSANDS OF DOLLARS)

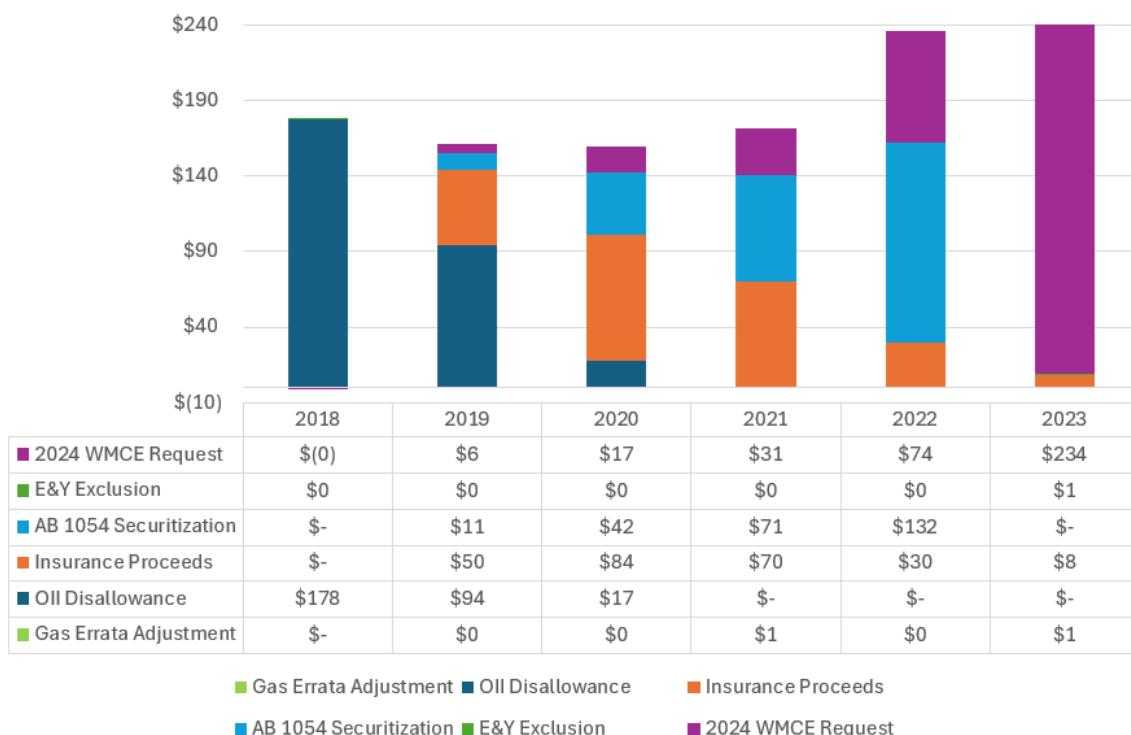
Line No.	Activity	Electric Distribution	Gas Distribution	Customer Care	Total
1	Adjusted Rebuild Cost ^(a)	\$677,978	\$212,596	\$893	\$891,466
2	OII Disallowance – Rebuild	(30,678)	(0)	0	(30,678)
3	Insurance Proceeds	(176,653)	(64,594)	0	(241,246)
4	AB1054 Securitization	(255,028)	(0)	–	(255,028)
5	EY Exclusions	(1,070)	(334)	–	(1,405)
6	Gas Errata Adjustment	–	(1,652)	–	(1,652)
7	Total Costs After Adjustments	\$214,548	\$146,016	\$893	\$361,457

(a) The Adjusted Rebuild Costs represent the total costs for rebuild minus the adjustment for the OII disallowance for restoration work that was applied to the rebuild amount.

OII Disallowance for Restoration (\$258,756) – Restoration Costs (\$254,103) = \$4,653 OII restoration disallowance overage applied to rebuild costs. See Table 3-5, lines 2 and 3.

Therefore, Rebuild Cost (\$896,321) – OII restoration disallowance overage (\$4,653) = \$891,668. Total Rebuild Cost shown on Table 3-5, line 1.

FIGURE 3-7
NET COSTS INCURRED AFTER ACCOUNTING ADJUSTMENTS – CAPITAL
(MILLIONS OF DOLLARS)



Note: No incurred cost remain in 2018 after applying OII Disallowance and insurance proceeds.

1 PG&E tracks program and project costs through work orders, which
2 ultimately are captured within the cost recovery account, in this case CEMA.
3 Accounting adjustments are not recorded to the program and project costs, so
4 that PG&E can correctly preserve the tracking of the work performed within each
5 work order. Rather, the adjustments are layered on top of the work order activity
6 to show the net request, as shown above.

7 **1. Cost Disallowance Under the Wildfire OII Decision**

8 **a. Background**

9 On June 27, 2019, the CPUC commenced Wildfire OII 19-06-015 to
10 determine whether PG&E:

11 ...violated any provision(s) of the California Public Utilities Code,
12 Commission General Orders or decisions, or other applicable rules
13 or requirements pertaining to the maintenance and operation of its
14 electric facilities that were involved in igniting fires in its service
15 territory in 2017.

16 On December 5, 2019, the Assigned Commissioner amended the
17 scope of issues (Second Amended Scoping Memo) to include the
18 2018 Camp Fire.

19 On December 17, 2019, PG&E, Safety and Enforcement Division,
20 Office of the Safety Advocate, and Coalition of California Utility
21 Employees (collectively, Settling Parties) jointly submitted a proposed
22 Settlement Agreement (SA) to the CPUC, in connection with the Wildfire
23 OII. In Decision (D.) 20-05-019, the CPUC approved the SA with certain
24 modifications.³² Under the SA, PG&E agreed to a total disallowance of
25 \$1,625 million for certain expenditures including Butte and other wildfire
26 mitigation work.³³ The disallowances related to Butte of \$738 million
27 are as follows:³⁴

28

- 2018 Camp Fire CEMA Expense (Table 3-30, line 1);
- 2018 Camp Fire CEMA Capital for Restoration (Table 3-30, line 3);

29 and

30 ³² D.20-05-019, pp. 33-34.

³³ D.20-05-019, pp. 36-37 and Appendix A.

³⁴ The Camp Fire expense and capital work are the activities described in Section D above.

1 • 2018 Camp CEMA Capital for Temporary Facilities (Table 3-30,
 2 line 4).

3 **b. Application to Costs**

4 PG&E has applied the Wildfire OII disallowances to the above
 5 categories of costs (2018 Camp Fire CEMA Expense and Capital and
 6 2018 Camp CEMA Capital for Temporary Facilities) included in the
 7 gross costs of \$1,642 million³⁵ in this application, as required by the SA.
 8 Where PG&E incurred less costs than estimated for a particular
 9 category of disallowances, those are applied to Transmission Safety
 10 Repairs so that PG&E does not recover the full amount disallowed in the
 11 decision.³⁶

**TABLE 3-30
 OII DISALLOWANCES
 (THOUSANDS OF DOLLARS)**

Line No.		Restoration	Rebuild	Total
1	2018 Camp Fire CEMA Expense	\$65,470	\$383,096	\$448,566
2	Total Expense	65,470	383,096	448,566
3	2018 Camp Fire CEMA Capital for Restoration	258,756		258,756
4	2018 Camp Fire CEMA Capital for Temporary Facilities		30,678	30,678
5	Total Capital	258,756	30,678	289,434
6	Total	\$324,226	\$413,774	\$738,000

12 The total Wildfire OII disallowances exceeds restoration costs by
 13 \$0.8 million and \$4.7 million for expense and capital, respectively. As
 14 such, the “Adjusted Rebuild Cost” as shown in Line 1 on Tables 3-28
 15 and 3-29 above has been reduced by the additional disallowances.

³⁵ Total gross expense costs incurred are: \$428,545 + \$64,678 = \$493,223 as shown in Table 3-4, line 1 and line 2. Total gross capital costs incurred are: \$896,134 + \$254,103 = \$1,150,237 as shown in Table 3-5 line 1 and line 2. Total gross costs are: \$493 million expense + \$1,150 capital = \$1,643 million.

³⁶ D.20-05-019, Appendix A-3 (“To the extent the recorded costs for each account apart from Transmission Safety Repairs total an amount that is different from \$1,420,000,000, then the amount for which PG&E shall not seek rate recovery for Transmission Safety Repairs will be adjusted so that the total amount for which PG&E shall not seek rate recovery equals \$1,625,000,000.”). D.20-05-019, Appendix A-3.

2. Assembly Bill 1054 Securitization

a. Background

California Assembly Bill 1054 (AB 1054), which was signed into law on July 12, 2019, includes a provision requiring each large electrical corporation to exclude its share of the first \$5 billion in wildfire risk mitigation capital expenditures from its equity rate base (prohibiting shareholders from earning common equity returns on those expenditures), and authorizes such electrical corporations the option to finance such expenditures and the related debt financing costs through a financing order pursuant to Section 850.1. PG&E submitted three applications requesting authority to issue Wildfire Hardening Recovery Bonds under Section 850.1 which were approved and resulted in three separate bond transactions.³⁷

TABLE 3-31
AB1054 SECURITIZATION TRANSACTIONS

Line	Transaction	Amount Securitized (Thousands of Dollars)	Securitized Butte Rebuild (Thousands of Dollars)	Capital Expenditure Source		CPUC Decision	Issuance Advice Letter	Issuance Advice Letter Date
				Source	Amount			
1	AB1054 I	\$850,048	\$49,181	2020 GRC WMBA		D.21-06-030	6390-E	11/05/2021
2	AB1054 II	975,000	172,770	2020 GRC WMBA		D.22-08-004	6769-E	11/22/2022
				2020 GRC WMBA				
				2020 WMCE WMPMA				
3	AB 1054 III	1,384,952	33,076	2023 GRC WMBA ^(a)		D.24-02-011	7336-E	07/25/2024
4	Total	\$3,210,000	\$255,028					

(a) 2023 GRC WMBA does not contain Community Butte Rebuild costs.

As authorized by D.21-06-030, D.22-08-004, and D.24-02-011, PG&E securitized certain capital costs that were previously deemed just and reasonable in the 2020 GRC, 2020 Wildfire Mitigation and Catastrophic Events (WMCE), and 2023 GRC proceedings. These costs included capital expenditures incurred in connection with the Butte

37 A.21-02-020, A.22-03-010, A.23-08-009 with resulting transactions in Issuance Advice Letters 6390-E, 6769-E, and 7336-E, respectively.

Community Rebuild Program. Costs were already approved and recovery is currently occurring via the Wildfire Hardening Recovery Bonds as a result of the securitization. PG&E excluded these amounts from this application and is not seeking recovery of these costs.

b. Application to Costs

As part of the securitization of the approved capital expenditures, PG&E identified the capital expenditures eligible for securitization through the work orders associated with wildfire risk mitigation programs authorized in the aforementioned proceedings. Once the recovery bonds were issued, identified orders were segregated in PG&E's accounting system by transferring the associated capital expenditures to a special purpose entity that is separate from PG&E. Therefore, the capital expenditures are excluded from the rate base and not sought for recovery elsewhere. Specifically, \$255.0 million of Community Rebuild Program capital expenditures were identified and removed from the recovery request.

3. Ernst & Young Recommended Adjustments

EY's cost analysis identified certain Butte Community Rebuild costs that they recommended to be removed from PG&E's application. As described in Chapter 11, EY uses statistical sampling and transaction testing to analyze the different cost categories within the scope of the CEMA account and recommended potential exclusions for items such as unsupported costs or costs that were not CEMA-related. PG&E has accepted EY's recommendations, and the Butte Community Rebuild costs requested in this application have been reduced by the amount of \$2.7 million as shown in Chapter 11, Table 11-4. Please refer to Chapter 11 Accounting of Costs for a detailed discussion.

4. Insurance Proceeds

a. Background

To account for insurance proceeds received for activities related to the Butte Community Rebuild Program, PG&E has reduced the cost recovery request in this application by \$282.5 million. All proceeds have

been received as of the timing of filing this application. No future proceeds are expected.

b. Application to Costs

Per the 1987 GRC,³⁸ insurance proceeds are applied against incremental expense, then capital expenditures. Given reductions already applied as part of the Wildfire OII disallowance, PG&E reviewed the inception to date expenses as of December 2022, noting there was \$41.2 million of net expenses remaining to apply insurance proceeds against. As such, \$41.2 million of the insurance proceeds were applied against expense with the remaining \$241.3 million applied against capital expenditures. Expense costs that remain in this application represent expenses incurred after the application of insurance proceeds.

For purposes of calculating the revenue requirement for this application, the insurance proceeds were applied in chronological order of expenses being incurred.

F. Conclusion

This chapter describes PG&E's activities and workstreams associated with the CEMA Community Rebuild Program that occurred between 2018 and 2023. As discussed in this chapter, PG&E's costs incurred were reasonable and therefore should be approved in their entirety.

38 D.86-12-095, pp. 216-218.

PACIFIC GAS AND ELECTRIC COMPANY

CHAPTER 3

ATTACHMENT A

ORIGINAL AND UPDATED WORKPAPER 23-13

THIS CHAPTER HAS NO ERRATA

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 4
GAS: CEMA

THIS CHAPTER HAS NO ERRATA

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 4
ATTACHMENT A
ADDITIONAL MATERIAL

THIS CHAPTER HAS NO ERRATA

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 5
POWER GENERATION: CEMA

THIS CHAPTER HAS NO ERRATA

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 6
GAS STATUTES REGULATIONS AND RULES
MEMORANDUM ACCOUNT

THIS CHAPTER HAS NO ERRATA

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 7
GAS STORAGE BALANCING ACCOUNT

THIS CHAPTER HAS NO ERRATA

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 8
CLIMATE ADAPTION VULNERABILITY ASSESSMENT
MEMORANDUM ACCOUNT

THIS CHAPTER HAS NO ERRATA

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 9
OTHER MISCELLANEOUS MEMORANDUM ACCOUNTS

THIS CHAPTER HAS NO ERRATA

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 10
INCREMENTALITY

THIS CHAPTER HAS NO ERRATA

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 11
ACCOUNTING OF COSTS

THIS CHAPTER HAS NO ERRATA

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 12
REVENUE REQUIREMENT

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 12
REVENUE REQUIREMENT

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**PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 12
REVENUE REQUIREMENT**

A. Introduction

The purpose of this chapter is to present the updated revenue requirement associated with the incremental costs that are recorded in various balancing and memorandum accounts sought for recovery in this application and reflect the following updates in the Errata filing:

- 1) The \$4.5 million capital expenditures errata as presented in Chapter 11, which was submitted on October 3, 2025.
- 2) Updated with the 2025 and 2026 adopted cost of capital as approved in 2023 Cost of Capital Phase 2 AL 4996-G/7423-E and 2026 Cost of Capital Final Decision D.25-12-043.

The updated revenue requirement (excluding interest) is \$421.3 million as compared to the \$412.0 million as filed revenue requirement (excluding interest) and it is presented in Table 12-3 at the end of this chapter. The total revenue requirement variance is \$9.3 million, and it is mainly due to:

- 1) \$3.9 million of the revenue requirement variance covering from 2023 through 2030 is due to \$4.5 million of capital expenditure errata as noted above.
- 2) The remaining \$5.4 million revenue requirement variance is due to update to reflect authorized cost of capital, which is not an errata.

The balancing and memorandum. These accounts included in this application are listed as follows are:

- 1) Catastrophic Event Memorandum Account (CEMA);
- 2) Butte Community Rebuild CEMA;
- 3) Gas Statutes Regulations and Rules Memorandum Account (GSRRMA);
- 4) Climate Adaptation Vulnerability Assessment Memorandum Account (CAVAMA);
- 5) COVID-19 Pandemic Protections Memorandum Account (CPPMA);
- 6) Disconnections Memorandum Account (DMA);
- 7) Percentage of Income Payment Plan Memorandum Account (PIPPMA);
- 8) Emergency Consumer Protections Memorandum Account (ECPMA);

- 9) Medium-Large Commercial and Industrial COVID-19 Disconnection Moratorium Memorandum Account (ML-CDMMA);
- 10) CPPMA Incremental Uncollectibles; and
- 11) Microgrids OIR Memorandum Account (MGMA).

Pacific Gas and Electric Company (PG&E) calculates the revenue requirement using the Results of Operations (RO) model. The RO model compiles all capital costs and operating expenses to estimate the revenue that PG&E needs to recover for work presented in this application. The revenue requirement for these costs is described below in Section B and set forth in the tables at the end of this chapter. The revenue requirement for the final cost recovery approved by the California Public UtilitiesUtility Commission (CPUC or Commission) will be calculated using the same RO assumptions presented here, updated as appropriate for interest expense, Revenue Fees and Uncollectibles (RF&U), authorized Cost of Capital (COC), and tax parameters.¹

B. Summary of Request

In this application, PG&E seeks recovery of \$421.3412 million in total updated revenue requirement (excluding interest and RF&U) for the period of 2018 through 2030. Table 12-1 below presents the updated revenue requirement by balancing account and memorandum account and Table 12-43 at the end of this chapter presents revenue requirement by Electric Distribution, Gas Distribution , Electric Generation (EG), and Gas Transmission and Storage (GT&S).

1 D.23-11-069.

TABLE 12-1
2024 WILDFIRE MITIGATION AND CATASTROPHIC EVENTS (WMCE)
REVENUE REQUIREMENT SUMMARY
(THOUSANDS OF DOLLARS)

Line No.	Memorandum Account	Expense Revenue Requirement	Capital Revenue Requirement	Total Revenue Requirement
1	CEMA Events	\$47,524	\$25,631 21,277 320,468 315,549 4,380 4,368	\$73,155 68,802 322,557 317,638 7,962 7,950
2	Butte Community Rebuild CEMA	2,089		
3	GSRRMA	3,582		
5	CAVAMA	961	—	961
6	CPPMA	2,342	—	2,342
7	DMA	5,714	—	5,714
8	PIPPMA	1,525	—	1,525
9	ECPMA	1,363	—	1,363
10	ML-CDMMA	1,217	—	1,217
11	CPPMA Incremental Uncollectibles	4,436	—	4,436
12	MGMA	111	—	111
13	GSBA ^(a)	—	—	—
14	Subtotal without interest	\$70,864	\$350,479 341,194	\$421,343 412,058
15	Interest (2018-2027)	13,244	9,654	22,898
16	Total (including Interest)	\$84,108	\$360,132 350,848	\$444,241 434,956

(a) GSBA is a two-way balancing account with an authorized revenue requirement in the 2023 General Rate Case (GRC). There costs are presented in Chapter 7 for reasonableness review. There are no revenue requirement request for GSBA in this application and the Revenue Requirement will be trued-up at the end of the 2023 GRC Cycle.

1 The CEMA Events total revenue requirement of \$73,155.6 million is
 2 associated with \$47.5 million of expense and \$39,334.8 million in capital
 3 expenditures in response to certain CEMA Events incurred in 2017 to 2023, as
 4 presented from Chapter 2, 4 and 5. As discussed in Chapter 11, the costs
 5 underlying the CEMA revenue requirement have been adjusted, in compliance
 6 with Public Utilities Code Section 454.9, Resolution (Res.) E-3238 (July 24,
 7 1991), and Decision (D.) 23-11-069, to reflect only those costs not otherwise
 8 recovered through rates and incurred in counties that received a disaster
 9 declaration by a competent state or federal authority.

10 The Butte Community Rebuild CEMA total revenue requirement of
 11 \$322,557.6 million is associated with \$2.1 million of expense cost and

1 \$361.5 million in capital expenditures in response to costs incurred for the
2 PG&E's Community Rebuild Program. The Butte Community Rebuild Program
3 refers to our commitment to underground electric infrastructure in and around
4 the Town of Paradise to mitigate wildfire risk. A portion of the work also involves
5 replacing gas infrastructure. Chapter 3 discusses the Butte Community Rebuild
6 Program in further detail. In the final stages of preparation of this case, PG&E
7 has identified \$9 thousands costs should be removed from the Chapter 3 and 11
8 cost tables and should not seek recovery in this Application. PG&E will update
9 the revenue requirement calculations to remove these minor costs in future
10 errata or supplemental filings. Furthermore, any future errors and adjustments
11 that are discovered through the litigation of the case will be also included in the
12 revenue requirement update, as appropriate.

13 The GSRRMA revenue requirement of \$8 million is associated with
14 \$3.5 million of expense cost and \$44.4 million of capital expenditures incurred in
15 year 2023, as presented in Chapter 6.

16 The GSBA is a two-way balancing account that tracks the revenues it
17 receives based on approved rates, as well as the actual expenditures it incurs.
18 Costs recorded are subject to reasonableness review in Chapter 7, however
19 there is no revenue requirement request in this application and the Revenue
20 Requirement will be trued-up at the end of the 2023 GRC Cycle.

21 The CAVAMA revenue requirement of \$1 million is associated with
22 \$1 million of expense cost in year 2023, as presented in Chapter 8.

23 The other revenue requirement of \$16.7 million is associated with
24 \$2.3 million of expenses recorded to the CPPMA, \$4.4 million of expenses
25 recorded to the CPPMA Incremental Uncollectibles, \$5.7 million of expenses
26 recorded to the DMA, \$1.5 million of expenses recorded in the PIPPMA,
27 \$1.4 million of expenses recorded in the ECPMA, \$1.2 million of expenses
28 recorded in the ML-CDMMA, and \$0.1 of expenses recorded in the MGMA, as
29 discussed in Chapter 9.

30 Table 12-43 at the end of this chapter presents the revenue requirements by
31 balancing and memorandum accounts by functional area. The revenue
32 requirement amount in this application excludes RF&U. When this application is
33 approved by the CPUC, PG&E will update the revenue requirement to include

1 RF&U in accordance with the Commission approved preliminary statement
2 discussed in Section D in this chapter.

3 PG&E proposes to record the appropriate revenue requirement presented in
4 this application into the Electric Distribution Revenue Adjustment Mechanism
5 (DRAM), Portfolio Allocation Balancing Account (PABA), Energy Recovery
6 Resource Account (ERRA), and New System Generation Balancing Account
7 (NSGBA), Gas Core Cost Subaccount of the Core Fixed Cost Account (CFCA),
8 Noncore Subaccount of the Noncore Customer Class Charge Account (NCA).

9 **C. Elements of the Results of Operations Calculation**

10 Costs included in this application are based on the recorded amounts for
11 Catastrophic Events and other memorandum accounts summarized in
12 Chapter 1. Chapters 2 through 9 testimony and workpapers provide detailed
13 description of these costs.

14 **1. Expense**

15 In this application, PG&E seeks to recover a total expense revenue
16 requirement of \$70.9 million excluding interest. This amount is associated
17 with the relevant expense of \$47.5 million recorded in the CEMA for certain
18 CEMA events included in this application, \$2.1 million recorded in the Butte
19 Community Rebuild, \$1 million recorded in the CAVAMA, \$3.6 million
20 recorded in GSRRMA, \$2.3 million recorded in the CPPMA, \$4.4 million
21 recorded in CPPMA Incremental Uncollectibles, \$5.7 million recorded in the
22 DMA, \$1.4 million recorded in the ECPMA, \$1.2 million recorded in
23 ML-CDMMA, \$1.5 million recorded in PIPPPMA, and \$0.1 million recorded
24 in the MGMA.

25 The expense -related revenue requirement is presented by year in
26 Table 12-54 at the end of this chapter.

27 **2. Capital-Related Inputs**

28 In this application, PG&E seeks to recover a total capital revenue
29 requirement of \$350.5 million341.2 excluding interest. This capital-related
30 revenue requirement is presented in Tables 12-1 and 12-43. The total
31 capital revenue amount is associated with the capital expenditures of
32 \$39.334.8 million recorded in the CEMA for certain CEMA events,

1 \$361.5 million recorded in the Butte Community Rebuild, and \$4.4 million
2 recorded in the GSRRMA in this application.

3 Table 12-64 at the end of this chapter presents the capital revenue
4 requirement by year by functional area.

5 The capital revenue requirement is calculated based on the actual
6 capital additions and cost of removal associated with the capital
7 expenditures included in this application.

8 **a. Capital Expenditures**

9 Capital expenditures are incurred when PG&E spends funds on
10 capital projects that are necessary to replace, augment or support its
11 existing utility plant. This application includes \$39.334.5 million capital
12 expenditures driven by residual 2022 and 2023 Winter Storm costs as
13 well as various other CEMA Events. The \$361.5 million capital
14 expenditures were incurred and recorded in the Butte Community
15 Rebuild Events. These expenditures were incurred to restore and
16 rebuild loss of property and other damages to existing utility plant. This
17 application also includes \$4 million capital expenditures incurred in 2023
18 for GSRRMA.

19 PG&E has adjusted the recorded capital expenditures in this filing to
20 exclude capitalized administrative and general (A&G) costs and
21 incorporated with the costs reduction related to Ernst & Young's (EY)
22 recommendations. For capital expenditures incurred related to the Butte
23 Community Rebuild Program is further adjusted with other adjustments
24 including: (1) disallowance adopted in the Wildfire Order Instituting
25 Investigation (OII), (2) insurance proceeds, and (3) AB1054
26 Securitization. The accounting adjustments for the Butte Community
27 Rebuild Program are discussed in detail in Chapter 3, Section E and in
28 Chapter 11.

29 **b. Capital Additions**

30 As capital work happens, the costs are accumulated and recorded
31 to Construction Work in Progress (CWIP) until the project is operational
32 and providing utility service. While in CWIP, projects that last over
33 30 days accrue an Allowance for Funds Used During Construction

1 (AFUDC). Projects that last less than 30 days do not accrue AFUDC
2 and are treated as “operative as installed.” When a specific capital
3 project becomes operational, the CWIP balance is transferred to the
4 plant -in -service, and the capital expenditures and associated AFUDC
5 become part of capital additions. Once a project is transferred to the
6 plant -in -service, it is included in the rate base and a revenue
7 requirement is calculated. Capital additions, for the costs that are
8 included in this application, are based on the capital expenditures
9 recorded in PG&E’s SAP financial system at the work order level.

10 **c. Cost of Removal**

11 The portion of capital expenditures associated with the removal of
12 existing assets known as removal cost is part of Accumulated
13 Depreciation (AD), which decreases the amount of AD in rate base. The
14 actual removal cost associated with the capital expenditures for CEMA
15 and Butte Community Rebuild Program is \$25.3 million.

16 **3. Capital Revenue Requirement Components**

17 Commission Res.E-3238 provides that “in addition to direct expenses,
18 utilities could also book -capital-related costs such as depreciation and
19 return on -capital-related revenue requirement includes depreciation
20 expense, a return on rate base, related federal and state income taxes, and
21 property taxes. The various -capital-related components of the RO
22 calculation are discussed below.

23 **a. Depreciation**

24 Depreciation is included in the revenue requirement calculation as
25 both depreciation expense and AD. Depreciation expense is calculated
26 using CPUC approved rates in accordance with D.23-11-069 (2023
27 GRC Decision). Depreciation expense is calculated by multiplying the
28 end of month plant in service for each functional group of assets by the
29 corresponding composite book depreciation rates.

30 In this application, to calculate the capital revenue requirement from
31 2023-2030, PG&E has used the 2023 GRC adopted composite
32 depreciation rates at the functional group level for Electric Distribution,
33 Gas Distribution, EG, GT&S, and Common Plant assets. The composite

1 depreciation rates are calculated by weighting the depreciation rates
2 authorized for each asset class in D.23-11-069 with the corresponding
3 recorded plant balance at the asset class level.

4 To calculate the capital revenue requirement from 2020-2022,
5 PG&E has used the 2020 GRC² adopted composite depreciation rates
6 at the functional group level for Electric Distribution and Gas
7 Distribution.

8 To calculate the capital revenue requirement for 2019, PG&E has
9 used the 2017 GRC³ adopted composite depreciation rates at the
10 functional group level for Electric Distribution and Gas Distribution.

11 **b. Rate of Return on Rate Base**

12 Rate base is calculated using utility plant less adjustments for
13 deferred taxes, depreciation reserve, and other rate base offsets. Utility
14 plant consists of the original cost of investment in plant and equipment
15 that is used and useful in rendering or restoring utility services. In
16 developing the rate base associated with that plant for the purposes of
17 this filing, certain deductions are made. A reduction is made for the
18 accumulated deferred income taxes associated with these assets.

19 These deferred income taxes primarily result from following the Modified
20 Accelerated Cost Recovery System (MACRS) tax depreciation method
21 and casualty loss deductions for Federal Income Tax (FIT) purposes.
22 Rate base is reduced by the amount of depreciation reserve (i.e., the AD
23 already taken in prior years).

24 PG&E multiplies the currently adopted composite Rate of Return
25 (ROR) by the weighted average rate base for each year to calculate the
26 Net for Return. This calculation uses the ROR and capital structure
27 adopted in the following authorized COC decisions. PG&E will update
28 the return on rate base to the authorized ROR if the Commission adopts
29 a new ROR in future PG&E Tier 2 Advice Letter (AL)Filing, future COC
30 proceeding, or other Commission docket.

2 D.20-12-005.

3 D.17-05-013.

TABLE 12-2
COC SUMMARY

Line No.	Year	Weighted Avg. Cost of Capital	Cost of Common Equity	Cost of Debt	CPUC of Capital Decision Reference
1	2019	7.69%	10.25%	4.89%	D.17-07-005
2	2020	7.57%	10.25%	5.16%	D.19-12-056
				4.17%	
3	2021	7.34%	10.25%	4.17%	D.19-12-056 Plus Cost of Debt Update
4	2022	7.34%	10.25%	4.17%	D.19-12-056 Plus Cost of Debt Update
5	2023	7.28%	10.00%	4.31%	D.23-01-002
6	2024	7.80%	10.70%	4.66%	AL 4813G/7046-E3
7	2025	<u>7.66</u> <u>7.59</u> %	10.28%	<u>4.80</u> <u>4.66</u> %	<u>AL 4996-G/7423-E</u> <u>Final Decision of 2023 COC Phase 2</u> , <u>AL 4813G/7046-E3</u>
8	2026 and beyond	<u>7.61</u> <u>7.28</u> %	<u>9.98</u> <u>10.00</u> %	<u>5.05</u> <u>4.31</u> %	<u>D.25-12-04323-01-002</u>

1 **c. Income Taxes**

2 This section describes the calculation of FIT and the associated
3 deferred taxes and California Corporation Franchise Taxes (CCFT or
4 state income tax) expenses.

5 PG&E estimates current FIT and CCFT on net operating income
6 before income taxes. PG&E follows MACRS and Asset Depreciation
7 Range⁴ guidelines for classifying capital additions and calculating
8 federal and state tax depreciation. Current FIT expense is the product
9 of the currently effective corporate income tax rate (21 percent) and the
10 federal taxable income. Likewise, current state income tax expense is
11 the product of the statutory rate (8.84 percent) and the state taxable
12 income. Both MACRS and federal casualty loss tax deductions are
13 computed on a normalized basis. This allows PG&E to recognize the
14 timing differences between the book and these federal tax deductions.
15 This difference multiplied by the federal tax rate is called deferred FITs
16 and is included as an adjustment to current federal tax expense and a
17 credit to rate base. State income taxes are calculated using
18 flow-through treatment. With a flow-through treatment, customers
19 receive an immediate benefit from the use of accelerated state tax
20 deductions, there are no deferred state taxes and therefore no
21 associated deduction to rate base.

4 Uses Sum of Years Digits method.

1 The CEMA and Butte Community Rebuild capital expenditures
2 included in this filing were incurred to restore and rebuild loss of
3 property and remediate other damages to existing utility plant. Certain
4 capital costs qualify for casualty loss tax treatment. Internal Revenue
5 Code Section 165(a) allows a deduction for any loss sustained during
6 the taxable year that is not compensated for by insurance or otherwise.
7 In accordance with Revenue Ruling 87-117 and Chief Counsel
8 Advice 201145011, the potential recovery of storm and fire costs
9 requested in a filing with the CPUC is not considered compensation for
10 the casualty loss under Section 165(a) (however any potential recovery
11 will be included in gross income in the future if and when received).
12 Treas. Reg. Section 1.165-1(b) provides that to be allowable as a
13 deduction under Section 165(a), a loss must be evidenced by closed
14 and completed transactions, fixed by identifiable events, and related to
15 disaster losses actually sustained during the taxable year. The amount
16 of loss to be taken into account for purposes of Section 165(a) shall be
17 the lesser of either:
18 i) The amount which is equal to the fair market value of the property
19 immediately before the casualty reduced by the fair market value of
20 the property immediately after the casualty; or
21 ii) The amount of the adjusted basis prescribed in Treas. Reg.
22 Section 1.1011-1 for determining the loss from the sale or other
23 disposition of the property involved.
24 Under Treas. Reg. Section 1.165-7(a)(2)(ii), the cost of repairs (both
25 capital and expense) to the property damaged is acceptable as
26 evidence of the loss of value. However, Treas. Reg.
27 Section 1.263(a)-(3)(k)(1)(iii), requires the taxpayer to capitalize the
28 expense component resulting in net tax deduction of the capital
29 restoration costs. Since these Catastrophic Event costs are capitalized
30 for book purposes and deducted for tax purposes, a book to tax
31 adjustment is created. As described above, in this filing, federal book to
32 tax adjustments for depreciation and casualty loss deduction are
33 computed on a normalized basis, while state book to tax differences is
34 calculated on a flow-through basis.

1 Cost capitalized for book purposes that do not qualify for tax
2 casualty loss deductions may qualify for the tax repair deduction.
3 Federal and California tax repair deductions are treated on a
4 flow-through basis. PG&E applies Treasury Regulations under
5 Sections 162 and 263(a) to deduct costs attributable to repairs and
6 maintenance of gas transmission and distribution lines. PG&E applies
7 Internal Revenue Service (IRS) Revenue Procedures 2011-43 and
8 2013-24 to deduct costs attributable to repairs and maintenance of
9 electric distribution circuits and EG plants. The IRS guidance allows a
10 more expansive “unit of property” definition for tax purposes than for
11 financial reporting purposes. This allows PG&E to treat certain
12 expenditures as a current repair expense. For financial reporting
13 purposes, these expenditures are capitalized and depreciated. Thus, a
14 tax and book basis timing difference is created. Due to the large tax
15 repair flow through deductions, sometimes the income tax component of
16 the capital-related revenue requirements can be negative for certain
17 years.

18 **d. Property Taxes**

19 Property tax calculations are determined by multiplying the taxable
20 Plant Less Depreciation Reserve (Net Plant) by an eight-year average
21 property tax factor from 2023 through 2030 for the CEMA events, Butte
22 Community Rebuild program, and GSRRMA. The property tax factor is
23 comprised of the adjusted base year market-to-cost ratio multiplied by
24 the composite tax rate. The adjusted market-to-cost ratio is the
25 relationship between the most current assessment (adjusted) and the
26 taxable Net Plant.

27 **D. Common Cost Allocation**

28 Certain CEMA, DMA and CAVAMA expense costs presented in their
29 respective chapters relate to A&G costs shared among all PG&E functional
30 areas. The GSRRMA capital is settled to Common Plant that used and useful
31 for all of PG&E’s functional areas. Similar to PG&E’s practice in its GRC, these
32 A&G and Common Capital costs are allocated to different functional areas
33 (Electric Distribution, Gas Distribution, EG, GT&S, and Electric Transmission

1 (ET)) using the 2023 recorded Operations and Maintenance (O&M) labor
2 allocation factors. The revenue requirement presented in this chapter includes
3 Electric Distribution, Gas Distribution, EG, GT&S which are under the CPUC
4 jurisdiction. The A&G costs allocated to ET which is under the Federal Energy
5 Regulatory Commission jurisdiction are excluded from this application.

6 **E. Cost Recovery**

7 PG&E proposes to recover a total revenue requirement of \$421.3412 million
8 (excluding interest and RF&U) associated with the Catastrophic Events and
9 other memorandum accounts costs presented in Chapter 1.

10 In this application, PG&E seeks recovery of the revenue requirement related
11 to the Electric and Gas CEMA from January 1, 2020 through December 31,
12 2030 and the revenue requirement related to GSRRMA from January 1, 2023
13 through December 31, 2030, as PG&E did not include any of the CEMA and
14 GSRRMA costs and request the associated revenue requirement in its 2020
15 GRC, 2019 GT&S Rate Case, or 2023 GRC.

16 PG&E also seeks recovery of the revenue requirement related to the Butte
17 Community Rebuild Program from January 1, 2018 through December 31, 2030.
18 The Butte Community Rebuild Program costs include both capital expenditure
19 and O&M expenses that PG&E seeks recovery in this Application, net of the
20 following four adjustments:

- 21 a) Cost Disallowance Under the Wildfire OII Decision;
- 22 b) Assembly Bill 1054 Securitization;
- 23 c) EY's Independent Audit Reports; and
- 24 d) Insurance Proceeds.

25 Chapter 3 and Chapter 11 contain additional details on the adjustments
26 listed above.

27 As it pertains to ratemaking, the adjustments necessitate the following
28 conventions:

- 29 • For Electric Distribution Butte Community Rebuild capital costs under Major
30 Work Category (MWC) 95 and 08, after the adjustments mentioned above,
31 there are no capital revenue requirements from 2018 to 2022. PG&E seeks
32 capital revenue requirement from 2023 through 2030 associated with the
33 remaining net capital costs incurred in 2023;

- For Gas Distribution Butte Community Rebuild capital costs under MWC 14 and 50, the 2018 through 2023 cost are not subject to any of the adjustments except EY's Independent Audit Reports. The 2018 through 2022 capital revenue requirement associated with the MWC 14 and 50 capital costs were recovered under the 2017 GRC and 2020 GRC case. Per the 2023 GRC, D.23-11-069 final decision, the Commission adopted zero funding for the Butte Community Rebuild Program and directed PG&E to completely remove all Butte Community Rebuild Program recorded and forecast costs (including MWC 14 and 50) from the final decision RO Model and recover these costs in the separate application. PG&E seeks capital revenue requirement from January 1, 2023 through December 31, 2030 associated with these Gas capital costs under MWC 14 and 50;
- For Gas Distribution Butte Community Rebuild Program capital costs under MWC 3Q, after the adjustments mentioned above, there are no capital revenue requirements from 2018 to 2022. PG&E seeks capital revenue requirement from 2023 through 2030 associated with the remaining net capital costs incurred in 2023; and
- For Customer Care Butte Community Rebuild Program capital costs under MWC 3M, 2019-2023 capital costs are not subject to any of the adjustments that mentioned above, PG&E seeks capital revenue requirement from 2019 through 2030.

Consistent with our past practice, PG&E proposes to roll the recorded capital additions and plant associated with the capital expenditures presented in this application into the 2031 GRC rate base.

The revenue requirement calculation in this filing excludes RF&U. Upon the CPUC approval of the cost recovery in this application, the revenue requirement associated with the approved costs in this filing will be posted monthly into the specific memorandum amounts and will include interest and RF&U.

PG&E proposes to recover all approved 2024 WMCE expenditures through the DRAM, PABA, ERRA, NSGBA, CFCA, and NCA rate mechanisms on September 1, 2026, or the next available rate change after the effective date of the decision in this proceeding, and through the Annual Electric True-Up (AET) and Annual Gas True-Up (AGT) thereafter. Rates set to recover costs in this application will be determined in the same manner as rates set to recover other

1 Electric Distribution, EG, Gas Distribution, and GT&S costs, using adopted
2 methodologies for revenue allocation and rate design.⁵ The change in rates for
3 approved recovery of recorded costs included in this application will affect total
4 charges for bundled service customers and for customers who purchase energy
5 from other suppliers (i.e., direct access and community choice aggregation
6 customers).

7 PG&E's final cost recovery will include the interest expense based on the
8 applicable interest rates, timing of the decision and the approved cost recovery.

9 In this application, PG&E is still presenting the as filed interest accrual
10 (2018-2027) from the original application. Once the Commission approves cost
11 recovery, PG&E will recalculate~~PG&E will accrue~~ interest associated with the
12 authorized revenue requirement based on the latest available interest rates,
13 consistent with prior Commission approved preliminary statements, which state:

14 Interest rate on three-month Commercial Paper for the previous month, as
15 reported in the Federal Reserve Statistical Release, G.13, or its successor.⁶

16 **F. Conclusion**

17 PG&E respectfully requests that the Commission adopt a total updated
18 revenue requirement of ~~\$421.3~~⁴¹² million (excluding interest and RF&U). The
19 revenue requirement set forth in this filing is calculated using the RO model for
20 separately funded rate case applications and is based on the recorded costs
21 presented and included in other testimony submitted in this filing. The detailed
22 revenue requirement calculation is provided in the workpapers supporting this
23 chapter.

⁵ The current electric revenue allocation and rate design methods were approved by D.21-11-016 in the PG&E's 2020 GRC Phase II Decision.

⁶ Electric Preliminary Statement Part G, CEMA, https://www.pge.com/tariffs/assets/pdf/tariffbook/ELEC_PRELIM_G.pdf; Gas Preliminary Statement Part AC, CEMA: https://www.pge.com/tariffs/assets/pdf/tariffbook/GAS_PRELIM_AC.pdf (as of Nov. 21, 2022).

TABLE 12-3
REVENUE REQUIREMENT ADJUSTMENTS UPDATED – SUMMATION OF ALL YEARS (2018-2030)
(THOUSANDS OF DOLLARS)

Line No.	Memorandum Account	2024 WMCE Revenue Requirement as Filed in the Application			2024 WMCE Errata 2 Adjustments				2024 WMCE Revenue Requirement with Adjustments		
		Expense Revenue Requirement	Capital Revenue Requirement	Total Revenue Requirement	Expense Adjustments	Errata 2 Capital RRQ	Cost of Capital Adjustments	Total Adjustments	Expense Revenue Requirement	Capital Revenue Requirement	Total Revenue Requirement
1	Catastrophic Event Memorandum Account (CEMA)	47,524	21,277	68,802		3,934	420	4,354	47,524	25,631	73,155
2	Butte Community Rebuild (CEMA)	2,089	315,549	317,638			4,920	4,920	2,089	320,468	322,557
3	Climate Adaptation Vulnerability Assessment Memorandum Account (CAVAMA)	961	-	961				-	961	-	961
4	COVID-19 Pandemic Protections Memo Account (CPPMA)	2,342	-	2,342				-	2,342	-	2,342
5	CPPMA Incremental Uncollectibles	4,436	-	4,436				-	4,436	-	4,436
6	Disconnection Memo Account (DMA)	5,714	-	5,714				-	5,714	-	5,714
7	Gas Statutes Regulations and Rules Memorandum Account	3,582	4,368	7,950		12	12	3,582	4,380	7,962	
8	Emergency Consumer Protections MA (ECPMA)	1,363	-	1,363				-	1,363	-	1,363
9	Medium-Large Commercial and Industrial COVID-19 Disconnection Moratorium Memo Acct. (ML-CDMMA-E)	1,217	-	1,217				-	1,217	-	1,217
10	Microgrids Memorandum Account (MGMA)	111	-	111				-	111	-	111
11	Percentage of Income Payment Plan Memorandum Account (PIPPMA)	1,525	-	1,525				-	1,525	-	1,525
12	Gas Storage Balancing Account (GSBA) (a)										
13	Subtotal - Recorded without Interest	70,864	341,194	412,058	-	3,934	5,351	9,285	70,864	350,479	421,343
14	<u>Interest (2018-2027)</u>	13,244	9,654	22,898	-	-	-	-	13,244	9,654	22,898
15	Total RRQ (including Interest)	84,108	350,848	434,956	-	3,934	5,351	9,285	84,108	360,132	444,241
				434,956		Note d	Note b & c				

Note a: GSBA is a two-way balancing account with an authorized revenue requirement in the 2023 GRC. There costs are presented in Chapter 7 for reasonableness review. There are no revenue requirement request for GSBA in this application and the Revenue Requirement will be trued-up at the end of the 2023 GRC Cycle.

Note b: For Test Year 2025, the Cost of Debt has been adjusted from 4.66% to 4.8%, and the weighted average cost of capital has been updated from 7.59% to 7.66% (Decision: AL 4996-G/7423-G).

Note c: For Test Years 2026-2030, the Cost of Debt has been adjusted from 4.66% to 4.8%, Cost of Common Equity from 10% to 9.98%, and the weighted average cost of capital has been updated from 7.59% to 7.61% (Decision: 25-12-043).

Note d: CEMA (Non-Butte Community Rebuild) capital expenditure increases by \$4.5M (From \$35.1M to \$39.3M).

Note e: Interest calculation is same as application. Upon the CPUC approval of the cost recovery, PG&E will accrue interest associated with authorized revenue requirement based on the latest available interest rates, consistent with the Commission-approved preliminary statement.

TABLE 12-4
REVENUE REQUIREMENT – SUMMATION OF ALL YEARS (2018-2030)
(THOUSANDS OF DOLLARS)

Line No.	Account	Electric Distribution			Electric Generation			Gas Distribution			Gas Transmission			Total Functional Areas		
		(2018-2030)			(2023-2030)			(2018-2030)			(2023-2030)			(2018-2030)		
		Expense	Capital	Total	Expense	Capital	Total	Expense	Capital	Total	Expense	Capital	Total	Expense	Capital	Total
1	Catastrophic Event Memorandum Account (CEMA)	43,733	18,330	62,063	2,726	1,470	4,196	402	570	972	665	5,260	5,925	47,524	25,631	73,155
2	Butte Community Rebuild (CEMA)	13,627	180,923	194,550	-	-	(11,611)	139,545	127,934	74	-	74	2,089	320,468	322,557	
3	Climate Adaptation Vulnerability Assessment Memorandum Account (CAVAMA)	463	-	463	244	-	244	178	-	178	76	-	76	961	-	961
4	COVID-19 Pandemic Protections Memo Account (CPPMA)	1,288	-	1,288	-	-	-	1,054	-	1,054	-	-	-	2,342	-	2,342
5	CPPMA Incremental Uncollectibles	3,775	-	3,775	-	-	-	661	-	661	-	-	-	4,436	-	4,436
6	Disconnection Memo Account (DMA)	3,140	-	3,140	7	-	7	2,566	-	2,566	2	-	2	5,714	-	5,714
7	Gas Statutes Regulations and Rules Memorandum Account (GSRRMA)	-	2,112	2,112	-	1,112	1,112	-	812	812	3,582	345	3,927	3,582	4,380	7,962
8	Emergency Consumer Protections MA (ECPMA)	749	-	749	-	-	-	613	-	613	-	-	-	1,363	-	1,363
9	Medium-Large Commercial and Industrial COVID-19 Disconnection Moratorium Memo Acct. (ML-CDMMA-E)	1,155	-	1,155	-	-	-	61	-	61	-	-	-	1,217	-	1,217
10	Microgrids Memorandum Account (MGMA)	47	-	47	64	-	64	-	-	-	-	-	-	111	-	111
11	Percentage of Income Payment Plan Memorandum Account (PIPPMA)	839	-	839	-	-	-	686	-	686	-	-	-	1,525	-	1,525
12	Gas Storage Balancing Account (GSBA) (1)	68,816	201,365	270,181	3,040	2,582	5,622	(5,390)	140,927	135,537	4,398	5,605	10,003	70,864	350,479	421,343
13	Subtotal - Recorded without Interest	12,152	4,410	16,562	959	46	1,005	(1,164)	5,155	3,991	1,298	43	1,341	13,244	9,654	22,898
14	<u>Interest (2018-2027)</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Total RRQ (including Interest)	80,968	205,775	286,743	3,999	2,628	6,626	(6,554)	146,082	139,528	5,695	5,648	11,344	84,108	360,132	444,241

Note (1): Gas Storage Balancing Account is a two way balancing account with an authorized revenue requirement in the 2023 GRC. Cost recorded in the GSBA are subject to reasonableness review. There is no request for revenue requirement in this application.

Line No.	Account	Electric Distribution			Electric Generation			Gas Distribution			Gas Transmission			Total Functional Areas		
		(2018-2030)			(2023-2030)			(2018-2030)			(2023-2030)			(2018-2030)		
		Expense	Capital	Total	Expense	Capital	Total	Expense	Capital	Total	Expense	Capital	Total	Expense	Capital	Total
1	Catastrophic Event Memorandum Account (CEMA)	43,733	17,804	61,536	2,726	1,441	4,166	402	559	961	665	1,474	2,138	47,524	21,277	68,802
2	Butte Community Rebuild (CEMA)	13,627	178,018	191,645	-	-	-	(11,611)	137,531	125,920	74	-	74	2,089	315,549	317,638
3	Climate Adaptation Vulnerability Assessment Memorandum Account (CAVAMA)	463	-	463	244	-	244	178	-	178	76	-	76	961	-	961
4	COVID-19 Pandemic Protections Memo Account (CPPMA)	1,288	-	1,288	-	-	-	1,054	-	1,054	-	-	-	2,342	-	2,342
5	CPPMA Incremental Uncollectibles	3,775	-	3,775	-	-	-	661	-	661	-	-	-	4,436	-	4,436
6	Disconnection Memo Account (DMA)	3,140	-	3,140	7	-	7	2,566	-	2,566	2	-	2	5,714	-	5,714
7	Gas Statutes, Rules and Regulations Memorandum Account (GSRRMA)	-	2,106	2,106	-	1,109	1,109	-	809	809	3,582	344	3,926	3,582	4,366	7,950
8	Emergency Consumer Protections MA (ECPMA)	749	-	749	-	-	-	613	-	613	-	-	-	1,363	-	1,363
9	Medium-Large Commercial and Industrial COVID-19 Disconnection Moratorium Memo Acct. (ML-CDMMA-E)	1,155	-	1,155	-	-	-	61	-	61	-	-	-	1,217	-	1,217
10	Microgrids Memorandum Account (MGMA)	47	-	47	64	-	64	-	-	-	-	-	-	111	-	111
11	Percentage of Income Payment Plan Memorandum Account (PIPPMA)	839	-	839	-	-	-	686	-	686	-	-	-	1,525	-	1,525
12	Gas Storage Balancing Account (GSBA) (1)	68,816	197,927	266,744	3,040	2,549	5,589	(5,390)	138,900	133,510	4,398	1,817	6,215	70,864	341,194	412,058
13	Subtotal - Recorded without Interest	12,152	4,410	16,562	959	46	1,005	(1,164)	5,155	3,991	1,298	43	1,341	13,244	9,654	22,898
14	<u>Interest (2018-2026)</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Total RRQ (including Interest)	80,968	202,337	283,305	3,999	2,595	6,594	(6,554)	144,055	137,501	5,695	1,861	7,556	84,108	350,848	434,956

Note: Gas Storage Balancing Account is a two way balancing account with an authorized revenue requirement in the 2023 GRC. Cost recorded in the GSBA are subject to reasonableness review. There is no request for revenue requirement in this application.

TABLE 12-5
EXPENSE REVENUE REQUIREMENT – SUMMARY BY YEAR (2018-2030)
(THOUSANDS OF DOLLARS)

Line No.	Annual RRQ and Interest	Electric Distribution Expense RRQ	Electric Generation Expense RRQ	Gas Distribution Expense RRQ	Gas Transmission Expense RRQ	Total Functional Area Expense RRQ
1	2018	(13)	-	(60)	59	(14)
2	2019	(1,307)	-	1,279	14	(14)
3	2020	20,321	-	4,810	-	25,131
4	2021	17,175	-	4,841	-	22,016
5	2022	(20,974)	-	(8,677)	-	(29,651)
6	2023	53,614	3,040	(7,583)	4,324	53,395
7	Interest (2018-2026)	12,152	959	(1,164)	1,298	13,244
8	Total	80,968	3,999	(6,554)	5,695	84,108

TABLE 12-6
CAPITAL REVENUE REQUIREMENT – SUMMARY BY YEAR (2018-2030)
(THOUSANDS OF DOLLARS)

Line No.	Annual RRQ and Interest	Electric Distribution Capital RRQ	Electric Generation Capital RRQ	Gas Distribution Capital RRQ	Gas Transmission Capital RRQ	Total Functional Area Capital RRQ
1	2019	2	-	(12)	-	(10)
2	2020	5	-	5	-	9
3	2021	52	-	16	-	68
4	2022	87	-	15	-	102
5	2023	(1,987)	(336)	8,500	237	6,414
6	2024	25,339	559	20,898	849	47,645
7	2025	28,202	505	19,678	810	49,195
8	2026	28,570	499	18,368	815	48,252
9	2027	31,792	480	19,216	792	52,279
10	2028	30,669	319	18,560	725	50,273
11	2029	29,794	281	18,079	698	48,852
12	2030	28,840	275	17,605	680	47,400
13	Interest (2021-2027)	4,410	46	5,155	43	9,654
14	Total	205,775	2,628	146,082	5,648	360,132

Line No.	Annual RRQ and Interest	Electric Distribution Capital RRQ	Electric Generation Capital RRQ	Gas Distribution Capital RRQ	Gas Transmission Capital RRQ	Total Functional Area Capital RRQ
1	2019	2	-	(12)	-	(10)
2	2020	5	-	(2)	-	3
3	2021	51	-	10	-	61
4	2022	86	-	9	-	95
5	2023	(1,992)	(336)	8,493	(121)	6,044
<u>6</u>	<u>2024</u>	<u>25,314</u>	<u>559</u>	<u>20,092</u>	<u>359</u>	<u>47,124</u>
7	2025	28,036	503	19,582	302	48,422
8	2026	27,931	491	17,966	300	46,689
9	2027	31,095	473	18,819	292	50,680
10	2028	30,005	313	18,178	239	48,735
11	2029	29,160	276	17,712	225	47,373
12	2030	28,236	270	17,253	220	45,979
13	Interest (2021-2026)	4,410	46	5,155	43	9,654
<u>14</u>	<u>Total</u>	<u>202,337</u>	<u>2,595</u>	<u>144,055</u>	<u>1,861</u>	<u>350,848</u>

TABLE 12-7
TOTAL REVENUE REQUIREMENT – SUMMARY BY YEAR (2018-2030)
(THOUSANDS OF DOLLARS)

Line No.	Annual RRQ and Interest	Electric Distribution RRQ	Electric Generation RRQ	Gas Distribution RRQ	Gas Transmission RRQ	Total Functional Area RRQ
1	2018	(13)	-	(60)	59	(14)
2	2019	(1,305)	-	1,267	14	(24)
3	2020	20,326	-	4,815	-	25,141
4	2021	17,227	-	4,857	-	22,084
5	2022	(20,888)	-	(8,662)	-	(29,549)
6	2023	51,628	2,704	916	4,561	59,809
7	2024	25,339	559	20,898	849	47,645
8	2025	28,202	505	19,678	810	49,195
9	2026	28,570	499	18,368	815	48,252
10	2027	31,792	480	19,216	792	52,279
11	2028	30,669	319	18,560	725	50,273
12	2029	29,794	281	18,079	698	48,852
13	2030	28,840	275	17,605	680	47,400
14	Subtotal - Without Interest	270,181	5,622	135,537	10,003	421,343
15	Interest (2018-2027)	16,562	1,005	3,991	1,341	22,898
16	Total RRQ	286,743	6,626	139,528	11,344	444,241
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Line No.	Annual RRQ and Interest	Electric Distribution RRQ	Electric Generation RRQ	Gas Distribution RRQ	Gas Transmission RRQ	Total Functional Area RRQ
1	2018	(13)	-	(60)	59	(14)
2	2019	(1,305)	-	1,267	14	(24)
3	2020	20,326	-	4,808	-	25,134
4	2021	17,226	-	4,850	-	22,077
5	2022	(20,889)	-	(8,667)	-	(29,556)
6	2023	51,623	2,704	909	4,203	59,439
7	2024	25,314	559	20,892	359	47,124
8	2025	28,036	503	19,582	302	48,422
9	2026	27,931	491	17,966	300	46,689
10	2027	31,095	473	18,819	292	50,680
11	2028	30,005	313	18,178	239	48,735
12	2029	29,160	276	17,712	225	47,373
13	2030	28,236	270	17,253	220	45,979
14	Subtotal - Without Interest	266,744	5,589	133,510	6,215	412,058
15	Interest (2018-2026)	16,562	1,005	3,991	1,341	22,898
16	Total RRQ	283,305	6,594	137,501	7,556	434,956

PACIFIC GAS AND ELECTRIC COMPANY
APPENDIX A
ERNST AND YOUNG WILDFIRE MITIGATION AND
CATASTROPHIC EVENTS COST ANALYSIS

THIS APPENDIX HAS NO ERRATA

PACIFIC GAS AND ELECTRIC COMPANY
APPENDIX B
STATEMENTS OF QUALIFICATIONS

THIS APPENDIX HAS NO ERRATA