



Pacific Gas and Electric Company 2027 GRC

A.25-05-009

TURN HEARING EXHIBIT

TURN Ex-118

Kerry Hegarty, PG&E

Response of PG&E to TURN 149

PACIFIC GAS AND ELECTRIC COMPANY
2027 General Rate Case Phase I
Application 25-05-009
Data Response

PG&E Data Request No.:	TURN_149-Q001
PG&E File Name:	GRC-2027-Phi_DR_TURN_149-Q001
Request Date:	April 9, 2026
Requester DR No.:	149
Requesting Party:	The Utility Reform Network
Requester:	Bob Finkelstein
Date Sent:	April 15, 2026
PG&E Witness(es):	Kerry Hegarty – Finance

SUBJECT: CAPITALIZATION OF PREPAID IT SERVICES

QUESTION 001

At page 7-18 of PG&E-22, the testimony states that capitalization of prepaid cloud computing is consistent with a recent change made by SDG&E and SoCalGas that was approved as part of those utilities' test year 2024 GRC decision. Please state PG&E's understanding as of the time it prepared its rebuttal testimony of the change that SDG&E and SoCalGas had proposed for capitalization of prepaid cloud computing, including but not limited to the proposed amortization period.

ANSWER 001

PG&E's understanding is that the 2024 GRC decision for SDG&E and SoCalGas approved: "Capitalizing the implementation costs for cloud computing service contracts and amortizing the costs over the term of the associated arrangement based upon FERC guidance, and the capitalization of prepaid agreement costs associated with software and computer hardware, such as cloud Software as Service license arrangements, reserved cloud capacity, and new software and hardware maintenance costs."¹

¹ D.24-12-074, p. 804.

**PACIFIC GAS AND ELECTRIC COMPANY
2027 General Rate Case Phase I
Application 25-05-009
Data Response**

PG&E Data Request No.:	TURN_149-Q002
PG&E File Name:	GRC-2027-PhI_DR_TURN_149-Q002
Request Date:	April 9, 2026
Requester DR No.:	149
Requesting Party:	The Utility Reform Network
Requester:	Bob Finkelstein
Date Sent:	April 15, 2026
PG&E Witness(es):	Kerry Hegarty – Finance

SUBJECT: CAPITALIZATION OF PREPAID IT SERVICES

QUESTION 002

At page 7-26 of PG&E-19, the testimony refers to the current practice of replacing end-of-life IT systems hosted in PG&E data centers. For plant associated with IT systems hosted in PG&E data centers, please state the FERC accounts in which the plant is recorded and, for each such account, the associated average service life used for determining annual depreciation or amortization expense.

ANSWER 002

As of 12/31/2024, PG&E's hardware and software plant was recorded in FERC accounts 303 and 391. PG&E has separate asset classes under FERC account 303 for software with either a 5-year (CMP30302) or 13-year (CMP30304) average service life. PG&E's hardware asset classes under FERC account 391 (CMP39101, CMP39102 and CMP39104) have a 5-year average service life.