CPUC Docket: A.25-05-009
Exhibit Number: TURN Ex-22

UPDATE PHASE

PG&E RESPONSE TO TURN DATA REQUEST 164-Q003

Submitted on Behalf of

THE UTILITY REFORM NETWORK

360 Grand Avenue, #150
Oakland, CA 94610

Telephone: (415) 929-8876
Facsimile: (415) 912-1422
E-mail: hayley@turn.org

September 18, 2026

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

PG&E Data Request No.:	TURN_164-Q003
PG&E File Name:	GRC-2027-PhI_DR_TURN_164-Q003
Request Date:	August 24, 2026
Requester DR No.:	164
Requesting Party:	The Utility Reform Network
Requester:	Hayley Goodson
Date Sent:	August 31, 2026
PG&E Witness(es):	Amara Hayashida and Dawna Lewski – Finance

SUBJECT: UPDATE TESTIMONY (PG&E EX-58)

QUESTION 003

Removal of CAMT: In the 2023 GRC decision, D.23-11-069, the Commission considered the fact that “PG&E has rarely made actual cash payments in recent years, and the same holds true for the forecasted years of this GRC” in determining a reasonable federal income tax lag for calculating working cash. The Commission specifically noted that “PG&E has not paid state income taxes since 2018 and federal income taxes since 2010.” D.23-11-069, pp. 692-694. Please discuss the facts distinguishing PG&E’s tax circumstances for the 2027 GRC test year and 2027 GRC period, as presented in Update Testimony, from the facts considered by the Commission in the 2023 GRC.

ANSWER 003

In the 2023 GRC, PG&E did not forecast federal or state cash income taxes to be paid to the tax authorities for the 2023 GRC cycle, due to the presence of shareholder-borne net operating losses.

For the 2027 GRC, for federal cash income taxes, PG&E originally forecasted federal cash income taxes payable solely because of CAMT. PG&E’s Update Filing reflects IRS Notice 2026-7 and removes CAMT. Therefore, PG&E does not forecast federal or state cash income taxes to be paid to the tax authorities for the 2027 GRC cycle. In addition, the same shareholder-borne net operating losses present during the 2023 GRC period are anticipated during the 2027 GRC period. As a result, after PG&E’s Update Testimony, PG&E’s cash tax circumstances for the 2027 GRC period are similar to the circumstances described above for the 2023 GRC period.

However, TURN’s reference to D.23-11-069 in the question is incomplete. The Commission’s resolution of income tax expense lags was based on the treatment of the same issue in SCE’s 2021 GRC.[1] While SCE had issued a securitization (D.20-11-007) and had an additional one pending (A.21-06-16) when D.21-08-036 was issued, to

[1] D.21-08-036; D.23-11-069, pp. 691-94.

PG&E's knowledge, neither securitization involved use of tax benefits from net operating losses to offset fixed recovery charges. In contrast, PG&E's rate-neutral securitization was completed in 2022, before D.23-11-069 was issued. However, PG&E is unable to find any reference to the rate-neutral securitization in D.23-11-069, suggesting that D.23-11-069 did not consider the implications of the rate-neutral securitization and the customer credit trust funded by income tax benefits in deciding the income tax expense lag issue.

The change in PG&E's forecasted tax circumstances informs the appropriate treatment of income tax expense lags when no cash income taxes are expected to be paid, as described in the Update Testimony. In addition, PG&E's 2027 GRC direct testimony in Exhibit PG&E-10, Chapter 11, section D.2.b, at pages 11-11 to 11-13 discusses net operating losses from wildfire liabilities and the rate-neutral securitization, and how the income tax expense lags should be set equal to the revenue lag when cash income taxes are not being paid.