



Wildfire Mitigation, Catastrophic Events Decision

Dec. 17, 2024

Summary


On November 7, 2024, the CPUC issued two proposals to resolve proceeding [A.21-09-008](#), a Pacific Gas and Electric Company (PG&E) application seeking reimbursement for \$592 million in incremental 2020 vegetation management costs. On December 12, 2024, and December 17, 2024, revised versions of both proposals were issued, respectively, an Administrative Law Judge's Proposed Decision and an Alternate Proposed Decision by the Commissioner assigned to the proceeding, President Alice Reynolds. Both proposals approved some costs for recovery in rates and rejected other portions of PG&E's request, finding that PG&E failed to justify certain costs associated with its 2020 vegetation management work.


On Dec. 19, 2024, the CPUC approved the Alternate Proposed Decision, which includes the following:


- Reimburses PG&E, at cost, for operating and maintenance expenses already incurred to reduce wildfire risk and for which PG&E will not make a profit.
- Reimburses PG&E for four types of vegetation management expenses in 2020: Routine Vegetation Management (RVM), Enhanced Vegetation Management (EVM), Tree Mortality (TM), and Power Generation Tree Mortality (PG TM).
- Authorizes \$429 million and denies \$163 million of PG&E's \$592 million request, determining that the \$429 million should be collected in rates over 12 months.

PG&E Rate Information

PG&E's rates in 2024 and 2025 are projected to fluctuate as costs are recouped through rates and fall off of bills. Here is a high-level summary:

 **Increase:** January 2024 – PG&E's Test Year 2023 General Rate Case ([A.21-06-021](#)) authorization was introduced into rates. PG&E's January 2024 [Rate Change Advisory](#), which also addresses other proceedings, reported that the average residential non-CARE electric bill increased by \$31.52 (16.5%) to \$222.36.

 **Decrease:** April 2024 – [Climate Credit](#) (\$55.17).

 **Decrease:** June 2024 – Interim rate relief for \$1 billion of 2022 wildfire risk reduction costs was completed and removed from rates ([A.22-12-009](#)).

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- ▼ **Decrease:** July 2024 – PG&E removed previously approved revenue changes from rates, decreasing the residential non-CARE average rate from 47.38 cents per kilowatt-hour to 43.15 cents (9.4%).

 - ▲ **Increase:** September 2024 – PG&E implemented AB 1054 Securitization Financing Order Three, which increased the residential non-CARE average rate from 43.15 cents per kilowatt-hour to 43.38 cents.

 - ▼ **Decrease:** October 2024 – [Climate Credit](#) (\$55.17).

 - ▲ **Increase:** October 2024 – Interim rates for PG&E's 2023 Wildfire Mitigation, Catastrophic Events proceeding ([A.23-12-001](#)) of approximately \$950 million to be collected through Feb. 28, 2026. According to PG&E's October 2024 [Rate Change Advisory](#), this will increase the residential non-CARE average rate from 43.38 cents per kilowatt-hour to 44.66 cents.

 - ▼ **Projected decrease:** March 2025 – \$640 million for wildfire risk reduction costs will be complete and will be removed from rates ([A.20-09-019](#)).

 - ▼ **Projected decrease:** April 2025 – The collection of \$516 million for 2022 wildfire and natural gas safety costs will be complete and will be removed from rates ([A.23-06-008](#)).

 - ▼ **Projected decrease:** 2025 – The Test Year 2023 PG&E General Rate Case ([A.21-06-021](#)) approval to collect for years 2023 and 2024 in the same year will end and the 2023 collection will be removed from rates.
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Background

In late 2018, in response to the growing risk of catastrophic wildfires throughout the state, Governor Newsom and the California Legislature significantly expanded the state's wildfire risk mitigation by enacting Senate Bill (SB) 901 and Assembly Bill (AB) 1054.

SB 901 and AB 1054 said that utilities such as PG&E needed to invest in both hardening their electrical infrastructure and executing vegetation management work to reduce the risk of catastrophic wildfires.

In 2019, the Legislature also adopted SB 247 to further support vegetation management work by mandating that all qualified line clearance tree trimmers be paid no less than the prevailing wage.

In PG&E's 2020 General Rate Case, the CPUC recognized the enhanced wildfire risk on PG&E's system and noted that it might be necessary for PG&E to conduct more vegetation management work than forecast.

As a result, the CPUC authorized PG&E to collect at least \$658 million for its 2020 vegetation management work and directed PG&E to seek CPUC review for any costs above this amount in a separate application.

On Sept. 16, 2021, PG&E filed [A.21-09-008](#), seeking CPUC review of, among other things, \$592 million in incremental 2020 vegetation management costs.¹

¹ A.21-09-008 seeks approximately \$1.5 billion in costs incurred in 2020 to reduce the risk of wildfires and respond to catastrophic government-declared emergency events. On August 10, 2023, the CPUC adopted a partial settlement resolving all issues in the proceeding, except those related to the \$592 million in incremental vegetation management costs. It's projected that the \$727 million in costs earlier approved in this proceeding will fall out of rates in September 2025.