PACIFIC GAS AND ELECTRIC COMPANY
Risk Spending Accountability Report Discovery 2025
Data Response

PG&E Data Request No.:	ED_002-Q005
PG&E File Name:	RSARDiscovery2025_DR_ED_002-Q005
Request Date:	September 24, 2026
Requester DR No.:	002
Requesting Party:	Energy Division
Requester:	Abigail "Bender" Bender
Date Sent:	October 8, 2026
PG&E Witness(es):	N/A

QUESTION 005

Underspend Capital

Capital – Gas Distribution – MWC 47 G Dist Subst Capacity MAT 47B Cons/Acq New Fac-G-Cap-Mains (RAMP Risk Name: SRM Total)

Type	Functional Area	MWC	MWC Name	MAT	MAT Name	Difference for 2025 ($000)	Spending Percent Variance for 2025 (%)	Unit Percent Variance for 2025 (%)
Capital	Gas Distribution	47	G Dist Capacity	47B	Cons/Acq New Fac-G-Cap-Mains	$(27,945.8)	-76.4%	-84.5%

PG&E Explanation

Actual costs were lower than imputed due to reprioritization of funds to higher priority work.

MWC 47 includes capacity additions to meet load growth by reinforcing the existing gas systems. This MWC relates to safety and/or reliability and/or maintenance as it includes capacity additions to meet load growth.

MAT 47B includes installation of gas main to provide additional capacity. This program relates to safety and/or reliability and/or maintenance as it involves installation of gas main to provide additional capacity.

DR Questions to PG&E:

1. Please provide a specific breakdown of how ~$28,000,000 difference was reallocated for 2025 work.
2. What were the higher priority programs that the funding was reallocated towards?

3. Please explain how PG&E determines the process to reprioritize funding and how work is prioritized.
4. Please explain if there is any funding available for this program currently.
5. Significant underspending for this MAT has been a trend from 2023-2025. Please explain how much funding has been requested in the TY 2027 GRC for this MAT code. Has PG&E accordingly requested a lower amount of funding for this program?
6. Please provide a timeline for the rescheduling of this work and when PG&E plans to complete the work associated with this program.
7. If less funding has been dedicated to this program, how does PG&E appropriately assess the safety of load on gas systems?
8. Is there any backlog associated with this program?
    a. Is there any lag associated with inspection and reinforcement of gas systems that may be reaching capacity?
    b. If so, how does PG&E plan to address the backlog?

ANSWER 005

1. Generally, in 2025 through our annual prioritization process, reallocation occurred either within the Gas Functional Area or across the company. While PG&E provides examples in the RSAR of where funding was re-allocated from lower priority work to higher priority work, in general, portfolio-level prioritization (across MWCs or MATs) decisions are not made based upon a direct correlation from one program to another, and there was no exception in this case, therefore, we cannot provide the specific dollar amounts reallocated between programs.
2. PG&E was able to reprioritize funds to other higher priority work than MAT 47B in light of the short-term ability to address capacity constraints through the use of manual operations and injecting Compressed Natural Gas (CNG) and Liquified Natural Gas (LNG) to maintain pressure. Generally, there are programs within Gas that were overspent and underspent compared to the adopted forecast for different reasons that are factored into the gas portfolio prioritization process. MAT 47B is part of the general gas portfolio prioritization process and there are no specific programs or MAT codes that received funding directly from MAT 47B.[1]

    While there were other capital gas programs that recorded more spend in 2025 than the forecast adopted in the 2023 GRC, the Gas organization underspent in capital spending compared to the adopted forecast.
3. The Gas planning and prioritization process consists of portfolio prioritization and investment decisions that consider a variety of factors including: (1) maintaining system safety and reliability; (2) meeting all compliance, regulatory and public commitments; (3) performing all mandatory work (including new and emergent

[1] The Commission has a well-established principle allowing a utility to reprioritize adopted funding as necessary to safely and reliably manage utility operations in order to meet customers' needs: In the 2023 GRC Decision, the Commission noted "within the context of a rate case, the Commission does not require the utility to implement authorized forecasted budgets; a rate case proceeding is an authorized forecast and utilities are provided with discretion to implement these budgets in real time in accordance with best judgment." (D.23-11-069, p. 710)

work); (4) considering risk reduction, cost, and the availability of PG&E and contractor resources; (5) evaluating synergies with other work; and (6) accounting for dependencies and other requirements such as permitting and the different rules for working with California's counties and cities. There is also a risk-based prioritization input factored into the prioritization process.[2]

4. Yes, PG&E is currently performing projects under this MAT.
5. In the 2027 GRC, PG&E forecast $18.8 million in 2027, $18.9 million in 2028, $19.0 million in 2029 and $19.2 million in 2030 in MAT 47B, which is approximately half of what was adopted for this program in the 2023 GRC.
6. The nature of GD capacity work does not lend itself to knowing years in advance exactly what projects will be needed. PG&E's 2023 GRC testimony did not identify specifically scheduled work, but rather a forecast of the work it expected at the time it would need to perform. PG&E does not at this time anticipate executing all units that were forecast in the 2023 GRC as has been shown in the RSAR in 2023-2025. This is attributed primarily to: 1) reprioritization of funds to higher risk work, and 2) the ability to compensate for Capacity, Mains work by planning to use manual operations, sometimes including the injection of CNG or LNG into the system as an alternative to main installation for meeting increased demand.
7. PG&E interprets this question as asking if PG&E is spending less money on this program than before, how do we ensure that the gas system is safe and that the amount of gas flowing through the system isn't creating a safety risk. PG&E continuously reassesses both system conditions and projected demand to determine the path forward. If funding limitations delay a planned project, PG&E can identify an alternative engineering or operational solution to maintain safe and reliable service. As mentioned above, over the 2023 GRC period PG&E was able to address capacity constraints through the use of manual operations and injecting CNG and LNG to maintain pressure.
8. There are pending capital capacity investment projects associated with MAT 47B.
    a. PG&E interprets this question as asking whether inspections or assessments of gas system capacity are being delayed because of funding or resource constraints. No, PG&E does not delay capacity evaluations due to reduced funding in the capital capacity program in MAT code 47B because engineering evaluation is an expense item. Gas system capacity assessments are performed annually by PG&E's Gas System Planning engineers captured under MAT code GGA. As part of this annual review, engineers evaluate system performance, forecasted customer growth, and available capacity to identify potential constraints and refine capacity recommendations. Capacity investment recommendations are initially developed using available growth forecasts and planning assumptions. Through the annual assessment process, PG&E monitors actual customer growth and system utilization to determine whether forecasted growth has materialized as expected. As more accurate information becomes available, PG&E updates its analyses and may modify the scope, priority, or timing of recommended capacity investments to better align with current system conditions and projected demand. This ongoing evaluation process helps ensure

[2] 2027 GRC, PG&E Ex-03, Chapter 2, Section D.

that capacity investments are appropriately prioritized and targeted at locations where capacity needs are expected to occur.

b. PG&E uses a risk-based planning process to prioritize capacity reinforcement projects. Project timing and implementation are based on the severity of identified capacity constraints, forecasted growth, operational considerations, and available funding.