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December 1, 2025

Ms. Debbie-Anne Reese, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E., Room 1A  
Washington, DC 20426

**Re: Pacific Gas and Electric Company  
Transmission Owner Rate Year 2026 Annual Update Informational Filing  
under the Formula Rate  
Docket No. ER26-XXX-000**

Dear Ms. Reese:

Pacific Gas and Electric Company ("PG&E") respectfully submits its Annual Update Filing for Rate Year 2026 under its twenty-first Transmission Owner ("TO21") Formula Rate for rates that will go in effect on January 1, 2026 (the "Filing").<sup>1</sup>

This submittal is provided to the Federal Energy Regulatory Commission ("FERC" or the "Commission") for informational purposes only and is not subject to the requirements of Section 205 of the Federal Power Act.<sup>2</sup> Nor does this Filing subject PG&E's TO21 Formula Rate to modification.<sup>3</sup>

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<sup>1</sup> The TO21 Formula Rate consists of the Protocols and Model included in Appendix VIII of PG&E's Transmission Owner ("TO") Tariff, in Attachments 1 and 2, respectively, and as approved in *Pac. Gas & Elec. Co.*, 192 FERC ¶ 61,124 (2025) ("TO21 Settlement Order").

<sup>2</sup> 16 U.S.C. § 824d (2025).

<sup>3</sup> See Section 4.7.4 of PG&E's TO21 Formula Rate Protocols ("Protocols").

## I. TO21 Background

On October 13, 2023, PG&E submitted its TO21 rate case to FERC in Docket No. ER24-96-000 for the rates that PG&E requested to go in effect on January 1, 2024. On December 29, 2023, FERC issued its *Order Rejecting in Part and Accepting and Suspending in Part PG&E's Proposed Formula Rate Filing* authorizing PG&E to implement the TO21 Formula Rate as of January 1, 2024 and establishing hearings and settlement judge procedures.<sup>4</sup> On March 21, 2025, PG&E submitted an unopposed settlement and on August 5, 2025, the Commission issued its order approving the settlement. The settlement resolved all issues raised in the TO21 proceeding.<sup>5</sup>

## II. Summary of the Rate Year 2026 Annual Update

This Annual Update for the 12-month period from January 1, 2026 to December 31, 2026, results in a Retail Base Transmission Revenue Requirement ("TRR") of \$2,576 million, which represents a decrease of \$332 million, or a 11.12 percent decrease, compared to the Rate Year 2025 Annual Update TRR of \$2,898 million.

The wholesale Base TRR is \$2,557 million, which represents a decrease of \$323 million, or a 11.21 percent decrease, compared to the Rate Year 2025 Annual Update TRR of \$2,880 million. This wholesale Base TRR amount includes the Transmission Revenue Balancing Account Adjustment ("TRBAA") authorized by the Commission Letter Order issued on November 25, 2025, in Docket No. ER25-3533, as provided in Attachments A and B.

The net decrease in transmission rates is attributed primarily to the following:

- The reflection of the FERC-approved revised TO21 Formula Rate Model resulting from the TO21 Settlement;
- As agreed to in the TO21 Settlement, a one-time credit of \$75 million for settled wildfire claims;
- Reduced incremental TRR from the Rate Year 2025 Annual Update due to a lower annual fixed charge rate; and,

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<sup>4</sup> *Pac. Gas & Elec. Co.*, 185 FERC ¶ 61,243 (2023).

<sup>5</sup> *Pac. Gas & Elec. Co.*, 192 FERC ¶ 61,124 (2025). As required in Section 4.7.1 of the Protocols, the docket numbers of all prior Annual Updates submitted under the TO21 Formula Rate are as follows: (1) ER24-96 (Rate Year 2024); and (2) ER25-624 (Rate Year 2025).

- A decrease in self-insurance costs (Rate Year 2026 only includes replenishment funding, whereas Rate Year 2025 included initial funding costs).

Below is a year-by-year comparison of the major components of PG&E's TRR.

<b>Table 1: Rate Years 2025 and 2026 Comparison</b>			
	<b>Rate Year 2025</b>	<b>Rate Year 2026</b>	<b>Change</b>
Prior Year TRR	\$2,749 million	\$2,539 million	(\$210 million)
Incremental TRR	\$368 million	\$312 million	(\$56 million)
Annual True-Up Adjustment ("ATA")	(\$340 million)	(\$295 million)	\$45 million
Self-Insurance	\$103 million*	1 million**	(\$102 million)

\*Includes \$102 million initial funding

\*\* Reflects only the amount for replenishment funding

### **III. Compliance with the TO21 Formula Rate Protocols**

#### **A. Draft Annual Update Process**

The Protocols include a transparent and robust annual process that allows Interested Parties an opportunity to review a draft of the Annual Update before it is submitted to the Commission, propound Information Requests, provide comments and feedback to PG&E, and participate in Technical Conferences to engage directly with PG&E in order to resolve and address issues before the Filing.

This Rate Year 2026 Annual Update filing is consistent with the Protocols.

In accordance with Sections 4.1 through 4.6 of the Protocols, PG&E followed the process below for this Rate Year 2026 Annual Update:

<b>Table 2: 2026 Annual Update Timeline</b>	
<b><u>Milestone</u></b>	<b><u>Date</u></b>
PG&E posted the Rate Year 2026 Draft Annual Update on its website	June 16, 2025
PG&E hosted an Initial Technical Conference	July 7, 2025
Interested Parties propounded and PG&E responded to more than 495 Information Requests (including subparts)	Between June 15-December 1, 2025
PG&E hosted optional Weekly Information Request Calls	Each Thursday from August 1 to November 1
PG&E provided to Interested Parties a Revised Rate Year 2026 Annual Update Draft	October 31, 2025
PG&E hosted a Supplemental Technical Conference	November 6, 2025

## **B. Annual Update Filing Requirements**

Pursuant to Section 4.7.2(1) of the Protocols, PG&E has implemented the following accounting changes that affect Formula Rate inputs:

- In Prior Year 2024, changes were made to reclassify: (1) unamortized Short-Term Debt Expenses from FERC Account 181 to Account 186; (2) amortization of Short-Term Debt Expenses from FERC Account 428 to Account 431; and (3) amortization of Deferred Assembly Bill 1054 and Rate Neutral Securitization Interest Expense from FERC Account 427 to Account 431.
- In Prior Year 2024, consistent with the Rate Year 2022 Annual Update Order in ER19-13, PG&E reclassified the Right-of-Way (“ROW”) Expansion Program from capital to expense. PG&E removed capitalized costs from plant in service accumulated depreciation, and construction work in progress and instead recorded these costs in expense accounts excluding the Allowance for Funds Used During Construction. Any accrued depreciation expense was also reversed. In addition,

deferred income taxes was also adjusted to reflect the tax method related to the ROW Expansion Program Adjustment.

Pursuant to Sections 4.7.2(2) and 4.7.2(3) of the Protocols, PG&E provides in Attachment C, a detailed description of the methodologies used to allocate and directly assign costs between PG&E and its affiliates by service category function, including any changes to such cost allocation methodologies from the Prior Year and the reasons for those changes. The magnitude of such costs that have been allocated or directly assigned between PG&E and each affiliate by service category or function is reflected in the Model.

Pursuant to Section 4.7.3 of the Protocols, in Prior Year 2024, there were no instances where PG&E did not apply to the California Wildfire Fund for recovery of eligible claims related to Settled Wildfire and/or Non-Settled Wildfires, as those terms are defined in the TO21 Settlement.<sup>6</sup>

Pursuant to Section 4.7.6 of the Protocols, in this Rate Year 2026 Annual Update, PG&E has included revisions to the Base TRR, Access Charges, or Transmission Rates, including any interest, as required by a final Commission Order.

Finally, pursuant to Section 4.7.7 of the Protocols, in this Rate Year 2026 Annual Update, PG&E has determined that previously filed Annual Updates contained errors. Table 3 includes details on the impact of these errors on the incremental ATA and Table 4 for the list of error corrections.

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<sup>6</sup> See *Pac. Gas & Elec. Co.*, 192 FERC ¶ 61,124 (2025).

**Table 3: Incremental Annual True-Up Adjustments for Previously Filed Annual Updates, with Interest through 2026 (in \$ millions)**

<b>Impacted Rate Year(s)</b>	<b>Previous Incorrect True-up TRR</b>	<b>Revised True-up TRR</b>	<b>Incremental Annual True-Up Adjustment, including interest through Rate Year 2026 (Refund) or Charge</b>
<b>2023</b>	\$2,958	\$2,950	(\$10.4)
<b>2022</b>	\$2,685	\$2,687	\$2.7
<b>2021</b>	\$2,532	\$2,528	(\$6.0)
<b>2020</b>	\$2,374	\$2,372	(\$2.3)
<b>2019</b>	\$1,843	\$1,842	(\$0.3)
<b>2016-2019 Additional ROW Adjustments</b>	N/A	N/A	\$15.7
<b>Total</b>			(\$0.6)

The cumulative amount of the difference (including interest through Rate Year 2026) of all the errors is \$0.6 million, which has been included as an additional component to PG&E's ATA as a one-time true-up adjustment. Simultaneously with the filing, PG&E is providing the corrected prior years Models as additional supporting workpapers to the notification list and interested parties.

**Table 4: List of Error Corrections and Rate Years Impacted**

	Error Description	Rate Year Impacted				
		2023	2022	2021	2020	2019
1	Removal of plant related costs not sought for recovery identified in Cal Train audit	X	X			
2	Additional correction to reclassify the vegetation management right-of-way costs from capital to expense.	X	X	X	X	X
3	Reclassification of plant related balances: (a) correction of transfer between network and non-network transmission plant; (b) correction of classification from network transmission to electric distribution; (c) removal of Cayucos-Cambria December 2022 balance from 2023 true up model.	X	X			
4	Reclassification of PIT PH#1 from network transmission to non-network transmission	X	X	X	X	X
5	Correction to O&M and A&G for selected samples from FERC audit of PG&E's formula rate*	X	X			
6	Removal of payroll taxes covered by grant	X				
7	Correction of 2022 and 2023 Grizzly Tap adjustments to classify costs from FERC 571 to FERC 925	X	X			
8	Reclassification of O&M from electric distribution to electric transmission identified in an audit performed by external party.		X	X		
9	Miscellaneous corrections of O&M and A&G	X		X		

\*This includes an adjustment resulting from correcting the specific errors PG&E discovered during the FERC Audit of \$0.2 million included in the ATA adjustment.

Pursuant to Section 15 of the Protocols, PG&E used the most recently approved Gross Load forecast. The Rate Year 2026 Gross Load forecast did not change by +/- 5 percent or more from the Rate Year 2025 forecast.

#### **IV. List of Documents Submitted**

This filing consists of the following documents:

- 1) This Annual Update Transmittal Letter
- 2) Attachment A: TO21 Rate Year 2026 Model (PDF)
- 3) Attachment B: TO21 Rate Year 2026 Mode (Excel)
- 4) Attachment C: Affiliates Cost Allocation methodology

#### **V. Posting and Service**

Copies of this filing and the Commission docket number have been served on the Notification List. Electronic copies of this filing will be posted and available at [www.pge.com](http://www.pge.com).

#### **VI. Correspondence**

PG&E requests that all correspondence, pleadings, and other communications concerning this filing be served upon the following:

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Ms. Debbie-Anne A. Reese, Secretary

December 1, 2025

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## **VII. Conclusion**

PG&E respectfully requests that the Commission issue a notice of filing for the Rate Year 2026 Annual Update and establish the following comment dates, which are aligned with Section 4.1 of the Protocols: (1) formal comments or protests by January 30, 2026; and (2) PG&E answer to comments or protests by March 15, 2026.

Respectfully submitted,

/s/ Charles Middlekauff

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Attachments and Enclosures

## CERTIFICATE OF SERVICE

I hereby certify that I have this day caused a copy of the foregoing document to be served upon all the parties designated on the official service list in this proceeding pursuant to 18 C.F.R. § 385.2010 of the Commission's Rules of Practice and Procedure and the additional parties listed below:

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Dated at Oakland, California, this 1st day of December, 2025.

/s/ Debbie Lee

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