

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



June 23, 2026

**Advice Letter 7880-E**

Baylee Larson  
Pacific Gas and Electric Company  
300 Lakeside Drive  
Oakland, CA 94612

**SUBJECT: Staff Disposition of PG&E's AL 7880-E on PG&E's Compliance Filing:  
Decisions (D.) D.23-01-005 and D.25-03-008 Regarding Wildfire Self  
Insurance, Non-Wildfire Self Insurance**

Dear Baylee Larson:

CPUC Energy Division (ED) approves PG&E's Advice Letter (AL) 7880-E with an effective date of May 1, 2026.

Energy Division has reviewed the initial filing of AL 7880-E and the data request response sent May 1, 2026. Based on its analysis, ED has determined that AL 7880-E is generally consistent with the requirements of D.23-01-005 and D.25-03-008 under the specific circumstances presented here.

**Background**

On April 1, 2026, PG&E filed AL 7880-E in compliance with 2023 General Rate Case (GRC) D.23-01-005 (Wildfire Self Insurance) and D.25-03-008 (Non-Wildfire Self Insurance).

The expressed purpose of this AL is to:

1. calculate the revenue requirement to be included in rates for 2026,
2. show the Risk Transfer Balancing Accounts self-insurance activity from 2025,
3. provide an update on Ordering Paragraph (OP 3) of D.23-01-005 regarding recovery of wildfire liability self-insurance from transmission customers, and
4. provide an update on the operation of PG&E's self-insurance fund.

In this AL:

1. PG&E explains that it is committed to a refund of excess funds collected from FERC jurisdictional customers totaling \$38 million dollars. The refund is to be paid from existing assets in the self-insurance fund in December 2026.
2. PG&E estimates a year-end wildfire self-insurance fund balance of \$1.036 billion.
3. PG&E requests "the ability to retain amounts above \$1 billion, including amounts remaining after consideration of the expected FERC revenue refund, to offset future expenses of self-insurance."

June 23, 2026

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On April 28, 2026, ED sent a data request with the following questions:

1. Does D.23-01-005 make provisions for PG&E to retain more than \$1 billion in year-end balance for the Wildfire Self-Insurance Fund? If so, please provide a citation.
2. Please provide justification for why a balance greater than \$1 billion may be necessary or useful in the administration of wildfire self-insurance.

On May 1, 2026, PG&E provided a response stating that D.23-01-005 does not consider a wildfire self-insurance fund balance over \$1 billion and does not provide any provisions for this scenario. PG&E also stated that once its outstanding financial liabilities associated with the self-insurance fund are paid, the year-end balance would be approximately \$1 billion.

In this data request response, PG&E also cited AL 7556-E which arose under the same settlement and self-insurance framework adopted in D.23-01-005. In AL 7556-E, PG&E projected a 2025 year-end wildfire self-insurance fund balance of approximately \$1.009 billion and requested authority to “retain the additional \$9.4 million...to offset future operating expenses”. Advice Letter 7556-E was accepted effective June 3, 2025, pursuant to D.23-01-005. AL 7880-E similarly seeks authority to retain amounts above \$1 billion, but for a larger projected overage tied primarily to identified liabilities, including the estimated FERC refund obligation.

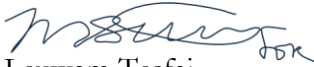
### **Discussion**

ED approves PG&E’s request to temporarily retain amounts exceeding \$1 billion in the wildfire self-insurance fund under the specific circumstances presented in AL 7880-E, namely that the requested overage above \$1 billion is temporary, fact-specific, and tied to the identified liabilities in this record, including the expected FERC revenue refund, and that the remaining balance would return to approximately \$1 billion once those obligations are addressed.

ED finds that the approval of this overage is tied specifically to the circumstances presented in AL 7880-E and does not constitute a broader determination that balances above \$1 billion are generally permissible under D.23-01-005.

Therefore, ED has determined that AL 7880-E is generally consistent with the requirements of D.23-01-005 and D.25-03-008 under the specific circumstances presented here, and AL 7880-E is approved.

Sincerely,



Leuwam Tesfai  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division  
California Public Utilities Commission

April 1, 2026

**Advice 7880-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California (CPUC or Commission)

**Subject: 2026 Report Risk Transfer Balancing Account Activities in Prior Year and Calculate Revenue Requirement for Current Year in Compliance with 2023 General Rate Case (GRC) Decisions (D.) 23-01-005 (Wildfire Self Insurance) and D.25-03-008 (Non-Wildfire Self Insurance).**

**1. Purpose**

This Tier 2 advice letter is submitted in accordance with Ordering Paragraph (OP) 2 of the Commission's Decision (D.) 23-01-005 in Pacific Gas and Electric Company's (PG&E) 2023 General Rate Case (GRC).<sup>1</sup> D.23-01-005 approved the establishment of PG&E's Wildfire (WF) Self-Insurance program. This advice letter (i) calculates the revenue requirement to be included in rates for 2026, (ii) shows the Risk Transfer Balancing Accounts self-insurance activity from 2025, (iii) an update on OP 3 of D.23-01-005 regarding recovery of wildfire liability self-insurance from transmission customers and (iiii) an update on the operation of PG&E's self-insurance fund. The revenue requirement is calculated pursuant to the adjustment mechanism in Section 3.2.2 of the Settlement Agreement on WF Self-Insurance Issues<sup>2</sup> among PG&E, The Utility Reform Network (TURN), and the Commission's Public Advocates Office (Cal Advocates) that was adopted in the Decision.

In addition, this Tier 2 advice letter is submitted in accordance with Ordering Paragraph (OP) 4 of the Commission's Decision (D.) 25-03-008 in PG&E's 2023 GRC.<sup>3</sup> D.25-03-008 approved the establishment of PG&E's Non-Wildfire (NWF) Self-Insurance program. This advice letter (i) calculates the revenue requirement to be included in rates for 2026 and (ii) shows the Risk Transfer Balancing Accounts self-insurance activity from 2025 for the NWF Self-Insurance Program. The revenue requirement is calculated pursuant to the adjustment mechanism in Section 3.2.2 of the Settlement Agreement establishing the NWF Self-Insurance Program<sup>4</sup> among PG&E, TURN, and Cal Advocates that was adopted in D.25-03-008.

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<sup>1</sup> Application (A.) 21-06-021.

<sup>2</sup> D.23-01-005, Appendix 1.

<sup>3</sup> Application (A.) 21-06-021.

<sup>4</sup> D.25-03-008, Attachment 1.

## **2. Wildfire Self-Insurance Background**

On June 30, 2021, PG&E filed its 2023 GRC Application requesting the Commission authorize its 2023 GRC revenue requirements for the period 2023-2026 (the 2023 GRC Period). On June 24, 2022, the Commission approved D.22-06-033 authorizing PG&E's TY 2023 GRC revenue requirements effective January 1, 2023.

On October 7, 2022, PG&E, TURN, and Cal Advocates jointly moved for approval of the Settlement regarding the structure and funding of liability insurance for third-party wildfire claims. The Settlement provides for PG&E to move to a 100 percent self-insurance framework for wildfire liability insurance coverage for the 2023 GRC Period.<sup>5</sup> On January 17, 2023, the CPUC issued D.23-01-005 approving the WF Self-Insurance Settlement.

OP 2, part a of D.23-01-005 requires:

Starting on or before April 1, 2024, 2025, and 2026, PG&E shall file a Tier 2 Advice Letter that includes the claims activity for the prior year and shows the calculation of the revenue requirement to be included in rates for the following year under the adjustment mechanism in Section 3.2.2 of the Settlement, effective January 1 of that year. To expedite the adjustment of the revenue requirement, PG&E may file a Tier 2 Advice Letter providing its best estimate of self-insurance costs for the year such that any adjustments to the revenue requirement may be implemented on January 1st of the following year or as soon as practicable thereafter. PG&E may also file two additional advice letters throughout the year to inform the Commission of material changes to self-insurance cost data. The advice letter process described in Section 3.7 of the Settlement will continue until modified by the next general rate case (GRC).

OP 3 of D.23-01-005 requires that:

Pacific Gas and Electric Company shall seek recovery of the portion of wildfire liability self-insurance that would be allocated to transmission customers through Federal Energy Regulatory Commission (FERC) transmission owner rates in effect starting on January 1, 2024.

### **a. 2026 Wildfire Revenue Requirement Calculation**

Per Section 3.2.2 of the WF Settlement:

For each year during 2024-2026, if the estimated Self-Insurance Costs for Wildfire Events from the immediately preceding year exceed the amount

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<sup>5</sup> Settlement, Article 2.9, states that "2023 GRC Period" means the period between January 1, 2023 and December 31, 2026 for which rates will be in effect in accordance with the Commission's final decision in this proceeding.

collected for self-insurance in that same year, the self-insurance amount to be collected in rates during the following year would increase by 50% of the difference between the self-insurance amount collected and the estimated Self-Insurance Costs for Wildfire Events in the immediately preceding year.

The total accrued wildfire self-insurance costs for the year 2025 was approximately \$50,000 with PG&E shareholder deductible of approximately \$2,500. Given the minimal total accrued wildfire self-insurance costs for the year 2025, PG&E proposes no adjustment to the revenue requirement for the year 2026.

#### **b. FERC Wildfire Self-Insurance Funding**

On October 13, 2023, PG&E filed its twenty-first Transmission Owner (TO21) Formula Rate (TO21 Formula Rate Filing) with the Federal Energy Regulatory Commission (FERC). In that filing, PG&E requested initial wildfire self-insurance funding from transmission customers in 2024 and 2025.<sup>6</sup> On December 29, 2023, FERC issued an order accepting the TO21 filing for this matter subject to refund, establishing a January 1, 2024 effective date.<sup>7</sup> The initial wildfire self-insurance funding under the FERC issued order was approximately \$104 million (2024) and \$102 million (2025). On August 5, 2025, FERC approved a settlement reached in the proceeding<sup>8</sup>. The maximum amount of available funding for self-insurance is estimated at \$168 million, versus approximately \$206 million already collected in rates as shown, as part of the FERC approved settlement. PG&E has committed to a refund of excess or surplus funds collected from FERC jurisdictional customers. The estimated amount of the refund is \$38 million and PG&E plans to pay this amount from existing assets in the self-insurance fund in December 2026.

#### **c. 2025 Recorded Wildfire Self-Insurance Activity**

PG&E collected \$0 for the year 2025 from CPUC-jurisdictional customers and \$102 million from FERC jurisdictional customers, for a total of \$102 million wildfire self-insurance funding in year 2025. The \$102 million was billed to customers over a 12-month period. PG&E placed these funds into its licensed insurance captive, Pacific Energy Risk Solutions, LLC (PERS). The contributions to the captive were made at the end of each month, following collection from FERC jurisdictional customers.

PERS, the insurance captive, currently invests customer collections in a combination of a money market mutual fund and short-term Treasury securities with varying maturities. The primary use of the money market mutual fund is to hold funding needed for short term cash needs, and compliance with capital requirements set by the Arizona Department of Insurance & Financial Institutions (AZDIFI) which regulates the operation

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<sup>6</sup> See Exhibits PGE-0003, PGE-0004, PGE-0017 and PGE-0023 filed on October 13, 2023 in Docket No. ER24-96-000.

<sup>7</sup> *Pacific Gas and Electric Company*, 185 FERC ¶ 61,243 (2023).

<sup>8</sup> *Pacific Gas and Electric Company*, 192 FERC ¶ 61,124 (2025).

of PERS<sup>9</sup>. The investment strategy selected for PERS is intended to provide a balance between funding and liquidity for cash needs (e.g., operational expenses, accrued claim costs) while also earning income through low-risk investment instruments. PG&E contracted with Merrill Lynch to serve as investment manager for PERS in 2024. Invested funds earned approximately \$40 million in investment income net of fees in year 2025.

PERS also incurred approximately \$14 million in operating costs which include income tax expense, excise tax on the contributions placed into PERS, captive management fees, and auditor fees. The income tax portion of the expense is recorded on the financial records of PERS; however, there has been no direct payment to date for this expense from the self-insurance assets.

**d. 2026 Forecasted Wildfire Self-Insurance Activity**

For the year 2026, PG&E expects to collect \$0 from CPUC-jurisdictional customers and \$0 million from FERC-jurisdictional customers. PG&E expects to earn interest on investments and incur operating expenses. Additionally, as previously mentioned, PG&E agreed to a lower total funding amount from FERC customers for 2024-2025 and agreed to return excess funds; the FERC reimbursement is expected to take place in the second half of 2026. Assuming no accrued wildfire claims in the year 2026, and investment income and operating expenses being at or near the levels from 2025, PG&E estimates the year-end balance of the wildfire self-insurance fund to be approximately \$1.036 billion as presented in Table 1 below. PG&E requests the ability to retain amounts above \$1 billion, including amounts remaining after consideration of the expected FERC revenue refund, to offset future expenses of self-insurance.

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<sup>9</sup> PERS is required to maintain \$7.5 million in cash or cash equivalents as a condition for its operating license.

**Table 1:  
Wildfire Self-Insurance Fund Projected 2026 Year End Balance**

<b>Wildfire Self-Insurance Fund Balance</b>			
	<b>Total</b>	<b>Jurisdiction</b>	
		<b>CPUC (note a)</b>	<b>FERC (note b)</b>
<b>2023 Recorded Activity</b>	406,568,256	406,568,256	-
<b>2024 Recorded Activity</b>	500,488,375	397,194,144	103,294,231
<b>2025 Recorded Activity:</b>			
CPUC Funded RRQ (note c)	-	-	-
FERC Funded RRQ	102,312,293		102,312,293
Self-Insurance Costs	(49,615)	(36,596)	(13,019)
5% of Recorded Self-Insurance Cost (note d)	2,481	1,830	651
Interest Income net of fees	40,186,676	32,942,941	7,243,735
Operational Expense (note e)	(13,620,488)	(9,354,438)	(4,266,050)
<b>2025 Recorded Activity</b>	<b>128,831,347</b>	<b>23,553,736</b>	<b>105,277,611</b>
<b>2026 Forecast Activity:</b>			
CPUC Funded RRQ (note c)	-	-	-
FERC RRQ Refund (f)	-	-	TBD
Self-Insurance Costs	TBD	TBD	TBD
5% of Recorded Self-Insurance Cost	TBD	TBD	TBD
Interest Income net of fees	TBD	TBD	TBD
Operational Expense	TBD	TBD	TBD
Unanticipated Operational Costs	TBD	TBD	TBD
	-	-	-
<b>Estimated 2026 Year End Balance (excluding TBD items identified above)</b>	<b>1,035,887,978</b>	<b>827,316,136</b>	<b>208,571,842</b>
<b>Notes:</b>			
(a)	Activity recorded to Risk Transfer Balancing Account "Wildfire Self-Insurance Sub-Account"		
(b)	Activity recorded through Transmission Owner Formula Rate		
(c)	No requested CPUC RRQ for 2025 and 2026 due to attaining \$1B in wildfire self-insurance funds		
(d)	Deductible, computed as 5% of the annual recorded self-insurance costs, not exceed \$50 million		
(e)	Includes captive management fees, audit fees, income taxes on earnings, Nonadmitted Insurance Tax and other operational costs		
(f)	PG&E 's TO21 Formula Rate provides for cap on FERC RRQ funding. Expect refunding of amounts above to be computed cap.		

### **3. Non-Wildfire Self-Insurance Background**

On December 20, 2024, PG&E, TURN and Cal Advocates jointly requested approval of an Agreement moving a portion of PG&E's NWF Liability Insurance Program with commercial insurers to a NWF Self-Insurance Program for 2025 and 2026. The Settlement provided for PG&E to move to a self-insurance framework for a portion of PG&E's NWF Liability Insurance Program.

On March 17, 2025, the CPUC issued D.25-03-008 in PG&E's 2023 GRC, approving the Joint Settlement Agreement that converts a portion of PG&E's NWF insurance revenue requirement for purchase of commercial insurance policies to create a NWF self-insurance fund.

PG&E's NWF General Liability Insurance Program is comprised of three layers of insurance coverage procured through third-party commercial market insurers providing a total \$700 million of coverage for the 2023 GRC period.

Beginning June 1, 2025, PG&E's NWF Liability Insurance Program consists of a hybrid of commercial market insurance policies and a self-insurance framework. Specifically, PG&E has continued to purchase commercial insurance for Layers 1 and 3 and moved to a self-insurance framework for Layer 2 of coverage beginning June 1, 2025<sup>10</sup> through 2026 with the following coverage and adopted funding amounts:

<b>Adopted NWF Hybrid Liability Insurance Structure<sup>11</sup></b>			
<b>(Millions of Dollars)</b>			
<b>Insurance Layer</b>	<b>Insurance Type</b>	<b>Coverage</b>	<b>Adopted Funding</b>
<b>Layer 1</b>	Commercial	\$10-75	\$41
<b>Layer 2</b>	Self-Insurance	\$75-535	\$96 <sup>12</sup>
<b>Layer 3</b>	Commercial	\$535-700	\$19
<b>Total</b>		\$700M	\$156

<sup>10</sup> PG&E's existing commercial policies expire May 31, 2025.

<sup>11</sup> D.25-03-008, Attachment A, Agreement, Article 3.1.

<sup>12</sup> In 2025, the Layer 2 \$96 million of adopted funding is allocated \$40 million (M) (\$96M/12\*5 months (Jan-May)) for recovery of commercial insurance policies and \$56 million (\$96M/12\*7 months (Jun-Dec)) to self-insurance. In 2026, all \$96 million of adopted funding is allocated to the self-insurance program.

Self-insurance funding will continue to be included in rates until an available self-insurance amount of \$460 million is achieved, which represents the amount of NWF liability expenses covered by Layer 2 (\$75 million - \$535 million). Available self-insurance means a surplus amount of self-insurance that PG&E has already collected in rates, which has not been identified by PG&E as necessary to be reserved to pay for Self-Insurance Costs from a Non-wildfire Event.<sup>13</sup>

The NWF self-insurance framework includes a shareholder deductible equal to 2.5 percent of the qualifying claims that fall within Layer 2, comprised of claims between \$75 million and \$535 million. The total amount of the deductible will not exceed \$11.5 million annually (i.e., 2.5 percent of \$460 million). The amount of the deductible will not be included in customer rates.<sup>14</sup>

**a. 2026 Non-Wildfire Revenue Requirement Calculation**

The NWF Settlement Agreement did not revise the \$156 million of annual adopted funding for years 2025 and 2026, except as authorized pursuant to an Adjustment Mechanism for the NWF Self Insurance Program based on the level of self-insurance costs for NWF Events<sup>15</sup> that occurred in the prior year.<sup>16</sup> Specifically, for each year during program years 2025 and 2026, if the estimated self-insurance costs for NWF Events from the immediately preceding year exceed the amount collected for self-insurance in that same year, the self-insurance amount to be collected in rates during the following year would increase by 50% of the difference between the self-insurance amount collected for Layer 2 and the estimated self-insurance costs for NWF Events in the immediately preceding year for Layer 2.<sup>17</sup>

The total accrued NWF self-insurance costs for the year 2025 was \$0 with PG&E shareholder deductible of \$0. Given no accrued NWF self-insurance costs for the year 2025, PG&E proposes no adjustment to the revenue requirement for the year 2026.

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<sup>13</sup> D.25-03-008, Attachment A, Agreement, Article 3.2.2.2.

<sup>14</sup> D.25-03-008, Attachment A, Agreement, Article 3.2.3.

<sup>15</sup> D.25-03-008, Attachment A, Agreement, Article 2.13. NWF Event means an accident or injury resulting in a liability claim(s) from a third party that occurred or is alleged to have occurred between June 1, 2025, and December 31, 2026. It also includes NWF Events that occurred or are alleged to have occurred in 2027 or beyond this date, to the extent the self-insurance framework is extended into 2027 as provided for in the Settlement.

<sup>16</sup> D.25-03-008, Attachment A, Agreement, Article 3.2.2.

<sup>17</sup> D.25-03-008, Attachment A, Agreement, Article 3.2.2.1.

**b. FERC Non-Wildfire Self-Insurance Funding**

To the extent authorized by FERC in a future TO proceeding filed after TO 21, PG&E will (i) allocate NWF self-insurance liability insurance costs to TO customers using the FERC-adopted allocations and (ii) use any amounts collected from TO customers for self-insurance and apply those amounts toward achieving a total, available NWF self-insurance amount of \$460 million. Self-Insurance will not be available for any NWF claims allocated to FERC TO customers unless FERC approves PG&E's request to recover self-insurance through the formula rate. If FERC does not approve an allocation of self-insurance costs to TO customers, self-insurance will continue to be fully allocated to CPUC jurisdictional customers as described in this section.<sup>18</sup>

**c. 2025 Recorded Non-Wildfire Self-Insurance Activity**

PG&E collected \$56 million from CPUC-jurisdictional customers for NWF Liability self-insurance funding in 2025. PG&E placed these funds into its licensed insurance captive, Pacific Casualty Insurance Company, LLC (PCIC). PG&E contributed total funds of \$96 million to the captive in 2025, representing \$56 million from CPUC customers and \$40 million from PG&E general funds. The \$96 million in total funding is the estimated amount PG&E would have spent in June 2025 for commercial market policies that were replaced by self-insurance as part of the agreement reached and approved under D.25-03-008. PG&E opted to invest the full \$96 million that would have been paid to the commercial markets into PCIC to provide advance funding for potential claims, and to help grow the fund balance to \$460 million on an earlier timeframe.

PCIC, the insurance captive, currently invests customer collections in a combination of a mutual fund and short-term Treasury securities with varying maturities. The primary use of the money market mutual fund is to hold funding needed for short term cash needs, and compliance with capital requirements set by the AZDIFI which regulates the operation of PCIC.<sup>19</sup> The investment strategy is intended to provide a balance between funding for immediate cash needs (e.g., operational expenses) and accrued non-wildfire claims costs, while also earning income through low-risk investment instruments. PG&E contracted with Merrill Lynch to serve as investment manager. Invested funds earned approximately \$1 million in investment income net of fees in year 2025.

PCIC also incurred approximately \$2 million in operating costs which include income tax expense, excise tax on the contributions placed into PCIC, captive management fees, and auditor fees. The income tax portion of the expense is recorded on the financial records of PCIC; however, there has been no direct payment for this expense to date from the self-insurance assets.

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<sup>18</sup> D.25-03-008, Attachment A, Agreement, Article 3.5.

<sup>19</sup> PCIC is required to maintain \$19.2 million in cash or cash equivalents as a condition for its operating license.

**d. 2026 Forecasted Non-Wildfire Self-Insurance Activity**

In 2026, PG&E expects to collect \$96 million from CPUC-jurisdictional customers. PG&E expects to earn interest on investments and incur operating expenses. The \$96 million is consistent with the 2026 funding levels as approved under D.25-03-008.

**Table 2:  
Non-Wildfire Self-Insurance Fund Projected 2026 Year End Balance**

<b>Non-Wildfire Self-Insurance Fund Balance</b>			
	<b>Total</b>	<b>Electric</b>	<b>Gas</b>
<b>2025 Recorded Activity:</b>			
CPUC Funded RRQ	56,000,000	39,244,800	16,755,200
Self-Insurance Costs	-	-	-
2.5% of Recorded Self-Insurance Cost (note b)	-	-	-
Interest Income net of fees	1,255,216	879,655	375,561
Operational Expense (note c)	(1,606,183)	(1,125,613)	(480,570)
<b>2025 Recorded Activity</b>	<b>55,649,033</b>	<b>38,998,842</b>	<b>16,650,191</b>
<b>2026 Forecast Activity:</b>			
CPUC Funded RRQ (note d)	96,000,000	64,838,400	31,161,600
Self-Insurance Costs	TBD	TBD	TBD
2.5% of Recorded Self-Insurance Cost	TBD	TBD	TBD
Interest Income net of fees	TBD	TBD	TBD
Operational Expense	TBD	TBD	TBD
Unanticipated Operational Costs	TBD	TBD	TBD
	96,000,000	64,838,400	31,161,600
Estimated 2026 Year End Balance (excluding TBD items identified above)	<b>151,649,033</b>	<b>103,837,242</b>	<b>47,811,791</b>
<b>Notes:</b>			
(a)	Activity recorded to Risk Transfer Balancing Account "Non-Wildfire Self-Insurance Sub-Account"		
(b)	Deductible, computed as 2.5% of the annual recorded self-insurance costs, not exceed \$11.5 million		
(c)	Includes captive management fees, audit fees, income taxes on earnings, Nonadmitted Insurance Tax and other operational costs		
(d)	(D) 25-03-008 provides for usage of a maximum of \$96 million of the authorized cost for 2026 for the non-wildfire liability self-insurance program.		

#### **4. Self-Insurance Fund Structure & Operation**

In 2025, PG&E established a new captive insurance company called PCIC for the management of the Non-Wildfire Liability self-insurance program. The primary purpose of PCIC is to hold and invest customer funding for self-insurance and pay accrued claim costs from accumulated funds as claim costs become payable.

PCIC is a wholly owned subsidiary of PG&E. All activities of PCIC are managed by a three-member Board. PG&E began conducting business through PCIC in September 2025 following regulatory approval of PCIC and establishment of financial accounts for holding customer funds. The initial funding of the captive commenced in the same month, consisting of the \$96 million as discussed in the “2025 Recorded Non-Wildfire Self-Insurance Activity” section of this Advice Letter.

Beginning in January 2026, PG&E plans to remit future funding to PCIC at the end of each month, in an amount equal to customer collections received in the same month of the remittance. For 2026, the additional funding amount is \$96 million. PG&E will amortize these costs over a 12-month period to mitigate the bill impact on customers. These collections will be additive to the year 2025 funding residing in the captive. All customer collections will be invested by the investment manager (Merrill Lynch) in accordance with the investment strategy as previously discussed.

In terms of the claims process, PCIC is designed to reimburse PG&E for claim costs paid in connection with non-wildfire events. The expectation is that PG&E reaches settlements and issues payments first. Once payments are made, PG&E is to submit a reimbursement request to PCIC, inclusive of documentation supporting the claim amounts. The reimbursement amount requested shall exclude the 2.5 percent shareholder deductible agreed to by the settling parties under Decision 25-03-008. Reimbursement requests are subject to review and approval by the PCIC Board of Directors, and a majority vote is required prior to any reimbursement of claim costs to PG&E. The claim process for PCIC is intended to operate like the commercial insurance policies replaced by self-insurance, which also required payment first by PG&E and payment consent by insurance companies before reimbursement of claim costs. The claim payment structure also enables the opportunity for the non-wildfire self-insurance balance to grow and accumulate investment income during the time that claim negotiations are taking place.

As discussed above, the total accrued non-wildfire claims for the year 2025 was \$0, and there have been no claim payments issued by PCIC to date through accumulated funds.

#### **Protests**

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than **April 21, 2026**, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be electronically sent to PG&E via E-mail at the address shown below on the same date it is electronically delivered to the Commission:

Sidney Bob Dietz II  
Director, Regulatory Relations  
c/o Megan Lawson  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name and e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

### **Effective Date**

Pursuant to General Order (GO) 96-B, Rule 5.2, and OP 2, this advice letter is submitted with a Tier 2 designation. PG&E requests that this **Tier 2** advice letter become effective **May 1, 2026**.

### **Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically to parties shown on the attached list and the parties on the service list for A.21-06-021. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process\_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

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Sidney Bob Dietz II  
Director, Regulatory Relations  
CPUC Communications

cc: Service List A.21-06-021



# ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (U 39 E)

Utility type:

- ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Baylee Larson

Phone #: (279) 789-6486

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: baylee.larson@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
 PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 7880-E

Tier Designation: 2

Subject of AL: 2026 Report Risk Transfer Balancing Account Activities in Prior Year and Calculate Revenue Requirement for Current Year in Compliance with 2023 General Rate Case (GRC) Decisions (D.) 23-01-005 (Wildfire Self Insurance) and D.25-03-008 (Non-Wildfire Self Insurance).

Keywords (choose from CPUC listing): Compliance, Balancing Account, GRC

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.23-01-005, D.25-03-008

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes  No

Requested effective date: 5/1/26

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and correspondence regarding this AL are to be sent via email and are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

California Public Utilities Commission  
Energy Division Tariff Unit Email:  
[EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Contact Name: Sidnev Bob Dietz II. c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility/Entity Name: Pacific Gas and Electric Company  
  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email: PGETariffs@pge.com

Contact Name:  
Title:  
Utility/Entity Name:  
  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

CPUC  
Energy Division Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Clear Form

**PG&E Gas and Electric  
Advice Submittal List  
General Order 96-B, Section IV**

AT&T	Ellison Schneider & Harris LLP	Pacific Gas and Electric Company
Albion Power Company		Peninsula Clean Energy
Alta Power Group, LLC	Electrical Power Systems, Inc. Fresno	Pioneer Community Energy
Anderson & Poole	Engie North America	Public Advocates Office
BART	Engineers and Scientists of California	Redwood Coast Energy Authority
Ava Community Energy		Regulatory & Cogeneration Service, Inc.
BART		Resource Innovations
Buchalter	GenOn Energy, Inc.	Rockpoint Gas Storage
Barkovich & Yap, Inc.	Green Power Institute	
Biering & Brown LLP		San Diego Gas & Electric Company
Braun Blasing Smith Wynne, P.C.	Hanna & Morton LLP	San Jose Clean Energy
		SPURR
California Community Choice Association	ICF consulting	
California Cotton Ginners & Growers Association	iCommLaw	Sempra Utilities
California Energy Commission	International Power Technology	Sierra Telephone Company, Inc.
California Hub for Energy Efficiency	Intertie	Southern California Edison Company
California Alternative Energy and Advanced Transportation Financing Authority	Intestate Gas Services, Inc.	Southern California Gas Company
California Public Utilities Commission		Spark Energy
Calpine	Kaplan Kirsch LLP	Sun Light & Power
Cameron-Daniel, P.C.	Kelly Group	Sunshine Design
Casner, Steve	Ken Bohn Consulting	Stoel Rives LLP
Center for Biological Diversity	Keys & Fox LLP	
Chevron Pipeline and Power	Leviton Manufacturing Co., Inc. Los Angeles County Integrated	Tecogen, Inc.
		TerraVerde Renewable Partners
		Tiger Natural Gas, Inc.
Clean Power Research	Waste Management Task Force	
Coast Economic Consulting		Utility Cost Management
Commercial Energy	MRW & Associates	
Crossborder Energy	Manatt Phelps Phillips	
Crown Road Energy, LLC	Marin Energy Authority	Water and Energy Consulting
	McClintock IP	
	McKenzie & Associates	
Davis Wright Tremaine LLP	Modesto Irrigation District	
Day Carter Murphy	NLine Energy Inc.	Yep Energy
Dept of General Services	NOSSAMAN LLP	
Douglass & Liddell	NRG Energy Inc.	
Downey Brand LLP		