

November 25, 2025

Advice 5147-G/7767-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: 2025 Annual Update on Capital Structure in Compliance with OP 9 of Decision 20-05-053

Purpose

In compliance with Ordering Paragraph (OP) 9 of Decision (D.) 20-05-053, Pacific Gas and Electric Company (PG&E) submits its sixth Annual Update on Capital Structure (Annual Capital Structure Advice Letter), presenting PG&E's current capital structure, as well as PG&E's current credit ratings. PG&E reports that it is in compliance with its authorized ratemaking capital structure following the June 2025 expiration of the temporary capital structure waiver granted by the Commission in D.20-05-053.

Background

On June 1, 2020, the Commission issued D.20-05-053 approving PG&E's Plan of Reorganization (POR) with conditions and modifications.¹ As described in D.20-05-053, PG&E's POR called for the issuance of significant amounts of new debt as well as new equity. PG&E indicated that it would be in compliance with its authorized ratemaking capital structure upon emergence if the Commission approved the specific adjustments requested by PG&E or, alternatively, issued PG&E a waiver from its authorized capital structure.²

In D.20-05-053, the Commission approved the financial elements of PG&E's POR and granted PG&E a temporary waiver from its authorized capital structure. Specifically, the Commission stated:

PG&E is granted a waiver from its current authorized capital structure for a period of five years from the date of this decision. This waiver applies only to the financing in place upon PG&E's exit from bankruptcy. Consistent with PG&E's plan we expect PG&E to expeditiously pay down Temporary Utility debt over the projected five-year period and regain a closer alignment between aggregate utility debt and the amount of recoverable utility debt. PG&E may seek to achieve this through its securitization application, A.20-

¹ Pacific Gas and Electric Company (PG&E) and its holding company PG&E Corporation (jointly Debtors) filed voluntary bankruptcy petitions on January 29, 2019, under Chapter 11 of the U.S. Bankruptcy Code.

² D.20-05-053, at 80-81.

04-023 filed April 30, 2020, its commitment to use Net Operating Losses to reduce leverage, its commitment to not pay common dividends for a time, or through other forms of deleveraging it may identify in the future.³

In granting this waiver, the Commission directed PG&E to make Tier 1 advice filings annually following the issuance of D.20-05-053 to “inform the Commission of its current capital structure and deviation from its authorized capital structure, an updated annual forecast for deleveraging, and its current credit ratings for secured and unsecured debt.”⁴ D.20-05-053 required that PG&E provide this submission annually until directed otherwise by the Commission.⁵

In A.20-05-005, PG&E’s application for authority to issue long-term debt, the Commission issued D.20-12-025 and provided further guidance on this requirement, stating, “[t]he annual Advice Letter updates are intended to provide stakeholders and the Commission an opportunity to review PG&E’s actual capital structure, and should deviations be material, identify solutions to achieve deleveraging and return to the authorized capital structure over time.”⁶

During the five-year period of the temporary waiver, PG&E deleveraged and achieved compliance with its authorized ratemaking capital structure, and the temporary waiver approved in D.20-05-053 expired June 1, 2025. In light of this, there is no longer a “deviation from [PG&E’s] authorized capital structure” to report in this Advice Letter, and PG&E likewise does not present a multiple year annual forecast for deleveraging.⁷ As directed by, and consistent with the other topics specified in, D.20-05-053, this Advice Letter continues to present PG&E’s current capital structure ratios as of the end of September 30, 2025, as well as the forecasted capital structure for end of December 31, 2025, both of which are in compliance with PG&E’s currently approved equity ratio.⁸ PG&E also presents its current credit ratings.

³ D.20-05-053, at 84-85.

⁴ D.20-05-053, at 85.

⁵ D.20-05-053, at 85, 112. In A.24-08-004, PG&E seeks a limited capital structure adjustment permitting the company to temporarily exclude from its ratemaking capital structure certain equity charges related to the Kincade wildfire event and long-term debt related to both the Kincade and Dixie wildfire events as well as a forgivable loan from the Department of Water Resources (DWR Loan). In that proceeding, PG&E offered to continue this annual advice letter for the duration of those temporary adjustments. The application is currently pending Commission decision.

⁶ D.20-12-025 at 43 (citations omitted).

⁷ D.20-05-053, at 85.

⁸ This advice letter presents end of period ratios as of September 30, 2025 and December 31, 2025 in accordance with past annual advice letter filings. PG&E notes that compliance with Rule IX is whether the utility’s equity ratio has been “maintained on average over the period the capital structure is in effect for ratemaking purposes.” See D.06-12-029, Appendix A-3 at 32; see also Decision No. 96-11-017.

Capital Structure Ratios

Table 1, below, shows PG&E's actual capital structure ratios as of September 30, 2025, the most recent period for which PG&E has publicly available data. Table 1 also shows estimated capital structure ratios for year-end 2025.

Through the 2024 equity issuance and other steps, PG&E has achieved a common equity ratio as of September 30, 2025 that meets or exceeds 52%—the currently authorized equity ratio for PG&E—which is also projected for December 31, 2025.

As described in D.20-12-025 and D.21-04-030,⁹ PG&E calculates the capital structure ratios set forth in Table 1 in accordance with GAAP, with the following adjustments to its equity balance:

Wildfire Fund contributions. Pursuant to Public Utilities Code section 3292(g), “[a]ll initial and annual contributions [to the Wildfire Fund] shall be excluded from the measurement of the authorized capital structure.” No adjustment is required in connection with the contributions themselves because PG&E plans to finance those contributions to the Wildfire Fund with debt and equity consistent with its authorized capital structure (47.5 percent debt, 52 percent equity). To give effect to the statute, however, an adjustment is necessary to remove the reduction to equity that results from amortization of the Fund contributions. Specifically, PG&E recognizes charges to earnings reflecting amortization of the contributions over 20 years. For purposes of its ratemaking capital structure, PG&E adds back to equity the after-tax charges to earnings reflecting the amortization of the initial and ongoing contributions to the Wildfire Fund.

Wildfire mitigation capital expenditures. Pursuant to Public Utilities Code section 8386.3(e), and consistent with the Commission's decision approving PG&E's 2020 General Rate Case Settlement Agreement, PG&E is required to finance certain Community Wildfire Safety Program capital expenditures with 100% debt. For purposes of calculating its projected capital structure, PG&E excluded securitized debt pursuant to Public Utilities Code section 850.1.¹⁰

Rate-Neutral Securitization. CPUC decision D.21-04-030 approving PG&E's proposed \$7.5 billion rate-neutral securitization transaction authorized PG&E to exclude the impacts of that securitization from the ratemaking capital structure by excluding (i) the amount of securitized debt up to \$7.5 billion and (ii) any non-cash accounting charges related to future revenue credits associated with the Customer Credit Trust.¹¹ Consistent with that decision, PG&E reduces the gross amount of long-term debt by the outstanding balance of the \$7.5 billion of securitized debt

⁹ D.20-12-025 at 41-42; D.21-04-030, at 93, OPs 18-19.

¹⁰ The actual values underlying the capital structure ratios shown in Table 1 represent the securitization of \$3.2 billion of wildfire mitigation capital expenditures pursuant to AB 1054. The Commission's three financing orders, D.21-06-030, D.22-08-004, and D.24-02-011, approving PG&E's Initial, Second, and Third AB1054 Securitizations were issued in November 2021, November 2022, and February 2024, respectively.

¹¹ D.21-04-030 at 93, OPs 18-19.

issued in May and July of 2022. The common equity balance is also increased by the approximately \$5 billion non-cash charge that was recorded on PG&E's financial statements in the second quarter of 2022. That add-back to equity will decrease over time as the contributions to the Customer Credit Trust are used to fund the Customer Credit.

In addition, as noted in prior Annual Capital Structure Advice Letters, PG&E makes a timing adjustment related to the grantor trust election for purposes of calculating the 2020 capital structure ratios set forth in Table 1.

Retroactive grantor trust election. PG&E gives effect to the grantor trust election as of July 1, 2020, the date of PG&E's contributions to the Fire Victim Trust. Even though PG&E's grantor trust election is retroactive to the inception of the Fire Victim Trust, under GAAP it resulted in a Q3 2021 write-off of the \$1.27 billion tax benefit recorded upon emergence from bankruptcy when the Fire Victim Trust was assumed to be a qualified settlement fund. Thus, to establish PG&E's common equity balance as of its exit from bankruptcy, Table 1 (specifically columns "September 30, 2020 Revised" and "2020A") reflects an adjustment from PG&E's GAAP financial statements to show the write-off in Q3 of 2020 instead of Q3 2021. This adjustment appropriately reflects PG&E's actual capital structure as of its emergence from Chapter 11 based on the grantor trust election.

PG&E's currently authorized common equity and long-term debt ratios are 52.0% and 47.5%, respectively.¹² On November 14, 2025, the CPUC issued a proposed decision on Proceeding A25-03-010 (2026 Cost of Capital) which maintains PG&E's authorized common equity and long-term debt ratios of 52.0% and 47.5%, respectively.

Table 1									
Pacific Gas & Electric Company									
End of Period Ratios ¹									
	September 30, 2020 (revised) ²	2020A ²	2021A	2022A	2023A	2024A	June 30, 2025A ³	September 30, 2025A	2025E
Long Term Debt	57.08%	56.60%	57.37%	50.16%	49.10%	47.78%	48.39%	47.38%	47.08%
Common Equity	42.47%	42.95%	42.22%	49.48%	50.55%	51.92%	51.32%	52.33%	52.62%
Preferred Stock	0.45%	0.45%	0.41%	0.37%	0.35%	0.31%	0.30%	0.30%	0.29%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

¹ Excludes: (i) charges to equity related to contributions to the California Wildfire Fund; (ii) debt that finances AB 1054 capital expenditures prior to securitization; and (iii) rate neutral securitized debt and the related non-cash charges related to future revenue credits associated with the Customer Credit Trust. Includes: The State of California has authorized a loan of up to \$1.4 billion to the Utility from the Department of Water Resources (DWR) to support the extension of Diablo Canyon Power Plant operations. Loan amounts are recorded as long-term debt on PG&E's GAAP financial statements and therefore are included in the actuals and forecast presented here. The forecasted values for the end of 2025 do not reflect the limited capital structure adjustments to equity and long-term debt requested in Application (A.) 24-08-004, currently pending before the Commission.

² Reflects \$1.27 billion charge associated with contributions to Fire Victim Trust as if recorded in Q3 2020 rather than Q3 2021.

¹² See D.22-12-031 at 6, 50.

³ The POR Waiver period ended June 1, 2025. PG&E's regulated equity ratio on June 30, 2025, was slightly below 52% due to timing of long-term debt issuances since PG&E issued \$1.25 billion of first mortgage bonds in June 2025 in part to prefund a long-term debt maturity in July 2025. Regulatory compliance is based on PG&E's weighted average equity ratio "maintained on average over the period the capital structure is in effect for ratemaking purposes." For the period 6/1/2025 - 12/31/2025, the weighted average ratio is expected to be in compliance at 52.14%.

* Dates followed by an "A" reflect actual values; dates followed by an "E" reflect estimated values.

Credit Ratings

PG&E's current credit ratings are reflected in Table 2.

Table 2
Pacific Gas & Electric Company
Current Credit Ratings

	Standard and Poor's	Moody's	Fitch
Secured Debt	BBB	Baa1	BBB+
Issuer Rating	BB	Baa3	BBB-
Unsecured Debt	NA	NA	NA

Protests

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than December 15, 2025, 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 96-B, Rule 5.2, and OP 9 of D.20-05-053, this advice letter is submitted with a Tier 1 designation. PG&E requests that this Tier 1 advice submittal become effective on the date of submittal, which is November 25, 2025.

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.19-04-014 and I.19-09-016. Address changes to the General Order 96-B service list should be directed to PG&E at e-mail 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/>.

/S/

Sidney Bob Dietz II
Director, Regulatory Relations
CPUC Communications

cc: Service List A.19-04-014
Service List I.19-09-016
Michael Conklin, Energy Division



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 (ID U39 M)

Utility type:

☒ ELC ☒ GAS ☐ WATER
☐ PLC ☐ HEAT

Contact Person: Kimberly Loo

Phone #: (279)789-6209

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: Kimberly.Loo@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) #: 5147-G/7767-E

Tier Designation: 1

Subject of AL: 2025 Annual Update on Capital Structure in Compliance with OP 9 of Decision 20-05-053

Keywords (choose from CPUC listing): Compliance

AL Type: ☐ Monthly ☐ Quarterly ☒ Annual ☐ One-Time ☐ Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.20-05-053

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:

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: 11/25/25

No. of tariff sheets: N/A

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:

Service affected and changes proposed¹: N/A

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

¹Discuss 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

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		
Braun Blasing Smith Wynne, P.C.	Hanna & Morton LLP	San Diego Gas & Electric Company
		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	Keyes & Fox LLP	
Chevron Pipeline and Power	Leviton Manufacturing Co., Inc.	Tecogen, Inc.
	Los Angeles County Integrated	TerraVerde Renewable Partners
		Tiger Natural Gas, Inc.
Clean Power Research	Waste Management Task Force	
Coast Economic Consulting		
Commercial Energy	MRW & Associates	Utility Cost Management
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		
	OnGrid Solar	