PACIFIC GAS AND ELECTRIC COMPANY
SOUTHERN CALIFORNIA EDISON COMPANY
SAN DIEGO GAS & ELECTRIC COMPANY
SB-884 Resolution SPD-37 Joint IOU – Phase I
Application 26-02-005
Data Response

PG&E Data Request No.:	CalAdvocates_001-Q001-008
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Requester:	Merlin Hanauer
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SCE Witness(es):	Bryan Landry
SDG&E Witness(es):	Joaquin Sebastian Peral and DJ Scott

This data request relates to Application A.26-02-005, which was jointly filed by PG&E, SCE, and SDG&E on February 9, 2026. Unless otherwise specified in a question, a separate response is requested for each question from each of the three IOUs named above. Unless otherwise specified in the question, "the IOU" refers to each of the three IOUs named above. These responses may be provided jointly (in one document or email) or separately (in multiple documents or emails), provided each IOU responds by the response date specified on the cover page.

QUESTION 001

Page 10 states,

> "The IOUs do not object to reporting BCR values both with and without a scaling function in the EUP as long as a large electrical corporation is allowed to make mitigation decisions based on either scaled or unscaled BCRs, consistent with the RDF."

a. Is the IOU currently able to share scaled and unscaled BCR calculations at the project and sub-project (RRU) levels for all circuits in the system?

b. If the answer to 1.a is no, at what date will the IOU be able to share such information?

c. What is the IOU's current capability to provide unscaled BCRs at the project level for all circuits in the system? For example, if the IOU provide unscaled BCRs for a specific project or set of projects, but not for the whole system, please explain.

d. What is the IOU's current capability to provide unscaled BCRs at the sub-project level for all circuits in the system? For example, if the IOU provide unscaled BCRs for a specific sub-project or set of sub-projects, but not for the whole system, please explain.

PG&E ANSWER 001

a. PG&E is able to provide scaled BCR calculations for all mitigation projects at the circuit segment level. PG&E is developing the capability to provide unscaled BCRs for mitigation projects at the circuit segment level and expects to have them by the time of the EUP filing. PG&E is still working to define RRUs as it pertains to the EUP before we are able to provide scaled and unscaled BCRs for them.

b. PG&E expects to be able to provide unscaled BCR values for all mitigation projects that have passed EUP Screen 3 at the circuit segment and RRU (sub-project) level, at the time the EUP is filed.

c. PG&E can provide unscaled BCRs for individual projects on a case-by-case basis using illustrative, “back-of-the-envelope" estimates. However, unscaled BCR values are neither a standard analytical output nor maintained in PG&E’s system of record.

   As a result, PG&E is not currently able to provide unscaled BCRs for all mitigation projects at the circuit segment level across the system. Preparing unscaled BCRs for the full electric overhead distribution system would require developing more than 11,000 new project-level calculations that are not required for, or used in, any active regulatory proceeding, and would therefore be unduly burdensome. This is consistent with PG&E’s prior responses explaining the burden associated with generating systemwide analyses outside of established CPUC-approved frameworks.

   As outlined above, PG&E expects to be able to provide unscaled BCRs for the EUP eligible projects at the time of the EUP Filing.

d. As noted in response to Q1(a), PG&E is still working to define RRUs as they pertain to the EUP. Until the RRU definition and associated analytical framework are finalized, PG&E is not currently able to provide unscaled BCRs at the sub-project (RRU) level across the system.

   As outlined above, PG&E expects to be able to provide unscaled BCRs at the RRU level for projects that have passed Screen 3 of the EUP Project Acceptance Framework at the time of the EUP Filing.

SCE ANSWER 001

a. Yes

b. N/A

c. SCE is able to provide unscaled BCRs for all mitigation projects and sub-projects in its respective HFRA/HFTD.

d. SCE is able to provide unscaled BCRs for all mitigation projects and sub-projects in its respective HFRA/HFTD.

SDG&E ANSWER 001

a. Yes

b. N/A

c. SDG&E can provide unscaled BCRs for all mitigation projects and sub-projects in its respective HFTD.

d. SDG&E can provide unscaled BCRs for all mitigation projects and sub-projects in its respective HFTD.

QUESTION 002

On page 14 the IOUs state,

> "While utilities are required to calculate BCR values using three discount rates, the IOUs recommend that a utility be allowed to make its risk-based decisions based on the discount rate it chooses, as is allowed by the RDF."

This statement is supported by a citation to page 112 of D.24-05-064. The supporting sentence would seem to be,

> "For each mitigation, the IOUs may express their preference for one of three discount rate scenarios, but they must present the results of the three discount rate scenarios for their CBR calculation…"

a. Please confirm that the quoted text form D.24-05-064 is the basis for asserting that the RDF allows the IOU to make risk-based decisions based on the discount rate it chooses.

b. If the quoted text form D.24-05-064 is ***not*** the basis for asserting that the RDF allows the IOU to make risk-based decisions based on the discount rate it chooses, please provide direct reference to the supporting passage.

PG&E ANSWER 002

a. Yes, the quoted text from D.24-05-064 is the basis for asserting that the RDF allows the IOU to make risk-based decisions based on the discount rate it chooses. PG&E clarifies that the statement from page 14 is intended to mean that the IOU will choose from one of the discount rates permitted by D.24-05-064.

b. N/A

SCE ANSWER 002

a. Yes, the quoted text from D.24-05-064 is the basis for asserting that the RDF allows the IOU to make risk-based decisions based on the discount rate it chooses.

b. N/A

SDG&E ANSWER 002

a. Yes, the quoted text from D.24-05-064 is the basis for asserting that the RDF allows the IOU to make risk-based decisions based on the discount rate it chooses.

b. N/A

QUESTION 003

Row 2 of Table 7 on page 26 reads,

> "For example: PG&E considers a project used and useful when it passes the Fire Risk Safety Audit. Passing the Fire Risk Safety Audit consists of all mileage passing based on a successful QC audit from the applicable QC system of record."

a. Please explain how the Fire Risk Safety Audit establishes a basis for a project to be used and useful.

b. Please provide supporting documentation or reference that describes the process and requirements of the Fire Risk Safety Audit.

c. Please provide an explanation and supporting documentation or references for how the other IOUs (SCE and SDG&E) determine when a project is used and useful.

PG&E ANSWER 003

a. For the purposes of accounting and the EUP Audit, PG&E considers a project used and useful when the facilities are energized and providing service to customers. In Table 7, Step 2 of the Joint IOU Phase 1 Application (A.26-02-011), PG&E referenced the Fire Risk Safety Audit as an indicator that a project is used and useful. The Fire Risk Safety Audit is a post-construction quality control step that confirms the installed facilities meet applicable safety, design, and workmanship requirements that is typically done in conjunction with energization of the new underground line and de-energization of the existing bare wire circuitry. As indicated in the Joint Application p.26, each utility will provide used and useful criteria in their EUP filing.

b. Please see the following attachments:

- *"SPD-37-JointIOU-PhI_DR_CalAdvocates_001-Q001-008Atch01.pdf*," which outlines the Quality Control (QC) process for auditing System Hardening work.
- *"SPD-37-JointIOU-PhI_DR_CalAdvocates_001-Q001-008Atch02.pdf"*, which outlines the overhead hardening QC audit process.
- *"SPD-37-JointIOU-PhI_DR_CalAdvocates_001-Q001-008Atch03.pdf*," which outlines the undergrounding QC audit process.

c. N/A

SCE ANSWER 003

a. N/A

b. N/A

c. SCE considers utility plant in service after construction is complete and when the assets are energized and available for use in providing service to customers. At that time, costs are transferred from Construction Work in Progress to Plant in Service, Allowance for Funds Used During Construction (AFUDC) ceases, and depreciation begins. See SCE's Application 23-05-010, Ex. SCE-07 Vol. 2 for additional information.

SDG&E ANSWER 003

a. N/A

b. N/A

c. Under standard utility accounting and ratemaking principles, assets become "used and useful" once they are energized and providing service to customers. This occurs at the point the new facilities are operational and capable of delivering power to ratepayers. At that point, the project is deemed to be providing direct customer benefit, and the costs associated with those assets become eligible for recovery in rates.

   When energization occurs, SDG&E transfers the related project costs from Construction Work in Progress (CWIP) to Plant-in-Service, where the asset will remain for the duration of its service life until it is ultimately retired. The in-service transfer also stops the accrual of Allowance for Funds Used During Construction (AFUDC) and begins the recognition of depreciation expense, reflecting the consumption of the asset's value over time as it provides service.

   Importantly, SDG&E applies the used and useful standard at the point of energization, which corresponds to the end of Stage 5 (construction) of the project lifecycle. This remains true even if additional project management activities continue into Stage 6 (close out), such as final closeout tasks, as-built documentation, or required quality assurance audits. Those post-energization activities do not affect the determination of whether the asset is used and useful, as the facilities are already operational and serving customers.

QUESTION 004

On page 36 the IOUs state,

> "The joint IOUs will continue to consider undergrounding if the BCR for an undergrounding project is within 70 percent of the BCR for an alternative mitigation like covered conductor plus fast trip settings (this is referred to as an "estimate uncertainty factor")."

However, the referencing footnote 50 on the same page states,

> "Previously, PG&E incorporated a 50 percent BCR estimate uncertainty range into its decision-making but reduced it to align with Energy Safety's recommendation in PG&E's 2026-2028 Base WMP… The 30 percent estimate uncertainty range is consistent with the Association for the Advancement of Cost Engineers (AACE) Class 3 estimate…"

a. There appears to be disagreement regarding the uncertainty range between the main text and the supporting footnote quoted above. Please clarify if the proposed estimate uncertainty range/factor is 70 percent or 30 percent. State the basis for your response.

b. It is our understanding that the estimate uncertainty range/factor will allow the IOU to consider undergrounding (UG) if it is within X% (where X is the chosen estimate uncertainty range/factor) of overhead hardening (OH):

   i. Consider UG if: $X \cdot BCR_{OH} \leq BCR_{UG} < BCR_{OH}$.

   ii. Don't consider UG if: $BCR_{UG} < X \cdot BCR_{OH}$.

   Please confirm this is the correct interpretation and how the IOU will use the estimate uncertainty range/factor. If this is incorrect, please clarify.

c. For the underground projects that meet the conditions for consideration (as defined in your response to part b above), please address the following questions as they relate to the three proposed site-specific considerations (Ingress/Egress Risk, Tree Strike Risk, and Public Safety Power Shut-Off Risk):

   i. What will be the objective criteria used by the IOU to assess each of the three listed risks? How will these criteria be evaluated to inform the final mitigation decision?

   ii. What will be the subjective criteria used by the IOU to assess each of the three listed risks? How will these criteria be evaluated to inform the final mitigation decision?

PG&E ANSWER 004

a. The proposed estimate uncertainty range is 30 percent, as described in Phase I Application p. 36, Footnote 50. The reference in the main text to a 70 percent BCR threshold is not a different uncertainty factor, but rather the application of the same 30 percent uncertainty range. Specifically, a 30 percent estimate uncertainty implies that an undergrounding project may be considered if its estimated BCR is at least 70 percent of the BCR of an alternative mitigation. Accordingly, the main text and footnote are consistent and describe the same underlying uncertainty assumption using different framing.

This approach aligns with Energy Safety's recommendation in PG&E's 2026-2028 Base WMP. Specifically, in Energy Safety's February 5, 2026 Decision (p. 20), Energy Safety recommended, given PG&E's experience implementing its undergrounding program, improving to a Class 4 estimate, which has a accuracy range of -20 to +30 percent. Furthermore, Energy Safety concluded in its RN-PGE-26-03 Evaluation (p. 51): "Energy Safety finds that PG&E has resolved this critical issue. PG&E provided the required explanations and support for its system hardening decision-making process. PG&E's system hardening decision-making process will be reviewed further in the Electrical Undergrounding Plan evaluation."

b. No, the estimate uncertainty range as presented by Cal Advocates is not a correct interpretation of how PG&E will use the range. PG&E will use an uncertainty range as follows:

$$\text{Consider UG if: } (1 - X) * BCR_{OH} \leq BCR_{UG} \quad \text{where } X = 30\%$$

c. The utilities are generally aligned on the conditions for consideration. Please see below for specific WMP language that relates the conditions for considering undergrounding.

   i. The objective criteria used by PG&E to assess and evaluate Ingress/Egress Risk, Tree Strike Risk, and PSPS Risk are explained in PG&E WMP 2026-2028 Response to Revision Notice, dated 7/28/2025. Specifically, see PG&E's responses to Critical Issue RN-PGE-26-03 pages 10-16, where PG&E explains its process for evaluating tree strike, ingress and egress, and PSPS factors.

   ii. The subjective criteria used by PG&E to assess and evaluate Ingress/Egress Risk, Tree Strike Risk, and PSPS Risk are explained in PG&E WMP 2026-2028 Response to Revision Notice, dated 7/28/2025. Specifically, see PG&E's responses to Critical Issue RN-PGE-26-03 pages 10-15, where PG&E explains its process for evaluating tree strike, ingress and egress, and PSPS factors.

SCE ANSWER 004

a. SCE agrees with PG&E's response to part a.

b. SCE agrees with PG&E's response to part b.

c.

   i. Ingress/Egress Risk (Objective): SCE has identified the locations of limited-access communities (e.g., one primary route), evacuation route designation, or high consequence evacuation constraints. These are modeled outside of its wildfire risk model and then added into its final risk score. See SCE's 2026-2028 Base Wildfire Mitigation Plan, Section 5, pp. 49-54 for additional details.

   Tree Strike Risk (Objective): SCE does not currently have a separate metric for Tree Strike Risk. Instead, it is captured through the vegetation-contact module embedded in the probability of ignition module of SCE's wildfire-risk model, See SCE's 2026-2028 Base Wildfire Mitigation Plan, Section 5, pp. 71-78 for additional details.

PSPS (Objective): PSPS likelihood (e.g., customer counts, including AFN/NRCI customers, historical PSPS frequency/duration). How much additional PSPS (frequency/duration) could be reduced by UG beyond CC thresholds. See SCE's 2026-2028 Base Wildfire Mitigation Plan, Section 5, pg. 78 for additional details.

SCE also uses a "Review and Revise" procedure to assess the outputs of its risk models. See SCE's 2026-2028 Base Wildfire Mitigation Plan, Section 5, pp. 62-65 for additional details.

ii. N/A

SDG&E ANSWER 004

a. SDG&E agrees with PG&E response to part a.

b. SDG&E agrees with PG&E response to part b.

c.

i. For each feeder segment (project) identified as a potential candidate for strategic undergrounding based on its benefit-cost ratio (BCR), SDG&E conducts an additional desktop screening to assess key considerations that may not be fully reflected in the model's assumptions. This supplemental review helps ensure that long-term mitigation investments account not only for the quantitative BCR results but also for critical qualitative and location-specific factors, such as unique operational constraints, key ingress/egress routes, the presence of critical facilities that support community resilience during extreme fire-weather conditions, and distinctive asset or vegetation characteristics, that may otherwise be underrepresented in the initial modeling.

ii. See response to 4.c.i

QUESTION 005

This question is a follow-up to Question 4, relating to considerations outside the IOU consequence model. It is our understanding that there are instances in which ingress/egress, tree strike, and PSPS risks are explicitly incorporated into the models of the three IOUs. For example, according to PG&E's Wildfire Consequence Model version 4 (WFC v4), a public egress model is included in the WFC v4 model architecture.[1] For each of the risks considered in Section V.A of the Joint Application (ingress/egress, tree strike, and PSPS), each IOU should provide answers to the following:

a. Please explain ***if*** and ***how*** each of the risks are incorporated into the current consequence model.

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1 *Wildfire Consequence Model Version 4(WFC v4) Documentation*. Section 2.4.

b. For each risk currently included in the consequence model, how will the framework outlined in Section V.A of the Joint Application enhance the decision-making of the IOU?

PG&E ANSWER 005

a. Component descriptions concerning the consideration of ingress, egress, tree strike, and PSPS aspects for PG&E's current risk models are included in the latest 2026-2028 WMP (Section 5.2.1, pages 52-57) and its appendices (Wildfire Consequence Model Documentation Version 4, Distribution Event Probability Version 4).

b. See PG&E's response to Q004(c). Specifically, see PG&E's responses to Critical Issue RN-PGE-26-03 pages 10-16.

SCE ANSWER 005

a. Egress is considered in the safety component of SCE's wildfire-risk model; tree-strike potential is captured through the vegetation-contact module embedded in the probability of ignition module of SCE's wildfire-risk model; and community-level reliability impacts under extreme fire-weather conditions are reflected in the PSPS risk model. For a description of the components contained in SCE's most recent wildfire and PSPS risk models, see SCE's 2026-2028 Base Wildfire Mitigation Plan, Section 5, pp. 39-119.

b. See SCE's response to Q004(c).

SDG&E ANSWER 005

a. SDG&E's wildfire, PSPS, and PEDS models incorporate several of these factors within their existing risk frameworks. Ingress and egress considerations are included within the safety component of the wildfire-risk model; tree-strike potential is captured through the vegetation-contact module embedded in the wildfire-risk model; and community-level reliability impacts under extreme fire-weather conditions are reflected in the PSPS risk model. Additional detail on these models and how they feed into overall risk quantification and benefit-cost ratio metrics can be found in SDG&E's 2026–2028 WMP Base Plan[2].

b. See SDG&E's response to Q004(c).

QUESTION 006

In Section II.H the IOUs address salvage values. On page 15, the IOUs state, "Salvage values are addressed by the utilities in different ways." This is supported by an example

[2] https://www.sdge.com/sites/default/files/regulatory/SDG%26E_2026-2028_Base-WMP_R2.pdf

of the manner in which PG&E addresses salvage values. For each IOU, please explain how salvage values are addressed and how that supports exemption of salvage values from BCR calculations.

PG&E ANSWER 006

PG&E addresses salvage values through group depreciation accounting, under which net salvage is incorporated into CPUC-approved depreciation rates for broad asset classes rather than tracked or modeled at the individual project level. Under this approach, the salvage values are recovered systematically over the service life of assets through depreciation expense. As a result, salvage is already embedded in the PVRR multipliers that PG&E uses in the denominator of the BCR calculation and is not modeled separately.

SCE ANSWER 006

The depreciation system SCE uses is the straight-line remaining life method based on the Commission's Standard Practice U-04-W. This method is "designed to ratably recover the cost of plant, less net salvage and less depreciation reserve, over the remaining life of plant" (see Standard Practice U-04-W). Additionally, SCE also uses the broad group, average life procedure to determine depreciation, which groups certain categories of plant and depreciates them as a single group. See SCE's Application 23-05-010, Exhibit SCE-07, Volume 03 – SCE Asset Depreciation Study for additional information. SCE does not intend to include salvage values in BCR calculations. SCE understands that each IOU uses the same approach to calculating net salvage, but SCE and SDG&E do not include net salvage when calculating BCRs, while PG&E does.

SDG&E ANSWER 006

SDG&E does not intend to include salvage values in its BCR calculations. Consistent with its established methodology, SDG&E calculates BCRs using direct cost inputs only, inclusive of capital expenditures, operations and maintenance costs, and any other direct dollars associated with implementation and ongoing execution of the mitigation activity. Indirect costs, salvage values, or residual asset value assumptions are intentionally excluded to ensure methodological consistency, comparability across mitigations, and alignment with prior regulatory filings and approved analytical frameworks.

SDG&E recovers salvage through its depreciation rate calculation, as described below.

SDG&E utilizes the average life group ("ALG") depreciation methodology, wherein ALG groups are defined by their respective account dispersion, life, and salvage estimates. A depreciation rate for each ALG group is calculated by computing the composite remaining life for each group, dividing the remaining investment to be recovered by the composite remaining life to find the annual depreciation expense, and dividing the annual depreciation expense by the investment balance to be recovered less net salvage.

QUESTION 007

In Section II.E, the IOUs address using the ICE Calculator to derive value of service (VOS). Each IOU should address the following:

a. What level of spatial granularity (e.g., system-wide, circuit, circuit segment, RRU, etc.) does the IOU propose using to derive VOS (i.e., the spatial granularity used to define SAIDI, SAIFI, and CAIDI)?

b. On page 11 and 12, the IOUs state, “Each IOU may determine the appropriate level of granularity for individual locations to apply unique 'blended' VOS depending on the nature of the reliability risk event and IOU's grid characteristics.” What level of spatial granularity (e.g., system-wide, circuit, circuit segment, RRU, etc.) does the IOU propose using to apply the VOS in the calculation of reliability risk?

c. If the spatial scales in a. and b. differ, please explain why the IOU proposes using different spatial granularity in the calculation of VOS (SAIDI, SAIFI, and CAIDI) and reliability risk.

PG&E ANSWER 007

a. As described in the Joint Application on pages 10-13, PG&E will derive a baseline value of reliability using a system-wide estimate for each customer class (i.e., residential and non-residential customers).

b. The unique blended VOS is calculated by applying the system-wide baseline value of reliability to the characteristics of the granularity being analyzed (e.g., system-wide, circuit, circuit segment, RRU). Specifically, PG&E’s model will use a weighted average $/CMI at the granularity being analyzed and calculated as follows:

$$\text{WeightedAverage } \$/\text{CMI} = \%\text{ResCust} * \$/\text{ResCMI} + [1 - \%\text{ResCust}] * \$/\text{NonResCMI}$$

c. PG&E provides further explanation and justification for this on pages 5 in its “June 20, 2025 Response to the April 22, 2025 ALJ Ruling that Directed the Submission of Additional Information Regarding the 2027 General Rate Case.”

SCE ANSWER 007

a. As described in the Joint Application on pages 10-13, SCE will derive a baseline value of reliability for each customer class (i.e., residential and non-residential customers) using a system-wide estimate. The location specific value of reliability for each project will be based on a weighted average of the number of residential and non-residential customers served by that project at that location.

b. SCE intends to use RRU-level granularity, consistent with its forthcoming 2026 RAMP filing.

c. N/A.

SDG&E ANSWER 007

a. As described in the Joint Application on pages 10-13, SDG&E will derive a baseline value of reliability (which we interpret to be the same as Value of Service) using a system-wide estimate for each customer class (i.e., residential and non-residential customers). An example of how SDG&E calculates the value of reliability is provided in Table 2: Example of Value of Service by Customer Type Calculation.

b. SDG&E will calculate risk and benefit-cost ratios at the feeder-segment level to ensure that mitigation decisions reflect location-specific conditions and customer characteristics. At this time, SDG&E intends to align each feeder-segment with its corresponding RRU to maintain consistency between the modeling framework and the way the electrical system is operated in practice. This alignment supports clearer traceability between model outputs and operational decision-making, enhances comparability across projects, and helps ensure that mitigation selections reflect both analytical results and operational realities.

c. N/A

QUESTION 008

On page 24 of the application, regarding their proposed audit methodology, the IOUs state:

> The Auditor should only audit costs (denominator) in the BCR calculation and not the risk reduction benefits (numerator). It is not possible for the utility to provide the actual risk reduction achieved (e.g. the actual amount of wildfire risk removed from the system) from implementing a particular undergrounding project or subproject. Rather, the utility can provide the estimated effectiveness of the mitigation at that location.

D.23-11-069 (PG&E's 2023 General Rate Case decision) in Ordering Paragraphs 20 through 26 requires PG&E to file annual System Hardening Accountability Reports (SHARs) that detail the wildfire risk reduction achieved by their undergrounding and covered conductor projects at the work-order (RRU) level per PG&E's risk models. Specifically, PG&E is required to "explain its progress and the degree to which they meet or exceed reducing risk by 18% of the 2023 baseline risk amount." (Ordering Paragraph 22). PG&E has submitted such reports (Advice Letter 7312-E for year 2024 and Advice letter 7632-E for year 2025) showing their risk reduction progress.

D.25-09-030 (SCE's 2025 General Rate Case decision) in Ordering Paragraph 31 requires SCE to file annual Grid Hardening Progress Reports (GHPRs) that detail the wildfire risk reduction achieved by their undergrounding, covered conductor, and Rapid Earth Fault Current Limiter (REFCL) projects at the work-order (RRU) level per SCE's risk models. Specifically, SCE is required to "explain its annual progress and the degree to which it meets or exceeds reducing risk by at least a total of 10.5 percent of SCE's 2018 baseline risk amount by December 31, 2028." (D.25- 09-030 at 386). SCE's first Grid Hardening Progress Report will be submitted on March 1, 2026.

a. Please explain why, per the above quotation from the application, the joint IOUs cannot "provide the actual risk reduction" of a given undergrounding project or subproject.

b. Please explain what is meant by "estimated mitigation effectiveness" in the above quotation from the application and how it relates to what is provided in PG&E's SHARs and SCE's forthcoming GHPRs.

c. Is it the IOUs' position that the risk reduction reported in PG&E's SHARs and SCE's GHPRs are not the "actual amount of wildfire risk removed from the system?"

d. If the answer to subpart (c) is yes, please explain what is being provided in PG&E's SHARs and SCE's forthcoming GHPRs.

e. If the answer to subpart (c) is no, please clarify the above quotation from the application.

PG&E ANSWER 008

a. The joint IOUs cannot provide the "actual risk reduction" of a given undergrounding project or RRU if that phrase is interpreted to mean empirically observed wildfire outcomes or a verified counterfactual (i.e., what wildfire ignitions, spread, damages, or consequences would have occurred absent the mitigation).

   As reflected in D.23-11-069 and D.25-09-030, the CPUC has directed utilities to use modeled approaches to establish baseline wildfire risk and to forecast and track risk reduction over time for large-scale grid-hardening programs, including undergrounding, rather than relying on empirically observed wildfire outcomes. Building on that CPUC framework, the IOUs note that wildfire risk reduction from grid-hardening measures is inherently prospective and dependent on future conditions, particularly for large-scale undergrounding programs implemented over long asset lives and across varying weather, fuel, and operational conditions. Accordingly, true realized wildfire outcomes can only be observed over long time horizons and under conditions that may not occur consistently or at all, and the counterfactual cannot be directly observed.

   Consistent with the CPUC's Risk-based Decision-making Framework, the IOU's assessment of wildfire risk and risk reduction is based on modeled estimates under defined assumptions and baselines. The CPUC has required PG&E and SCE to **demonstrate** wildfire risk reduction using Energy Safety WMP approved wildfire risk models that compare baseline and mitigated scenarios, rather than to measure empirically observed wildfire outcomes. The CPUC's use of the term "**demonstrate**" reflects an understanding that modeled, scenario-based estimates, rather than auditable measurements of realized events, are the appropriate and feasible means of assessing wildfire risk reduction for wildfire system hardening investments.

b. "Estimated mitigation effectiveness", as used in the Joint Application, refers to the modeled change (delta) in wildfire risk attributable to implementing a specific mitigation at a given location, as quantified under each IOU's Energy Safety WMP-approved wildfire risk modeling framework.

   This estimate reflects a comparison between baseline (pre-mitigation) and mitigated (post-mitigation) modeled risk, using defined model versions, assumptions, and input data. It represents demonstrated, model-based wildfire risk reduction, not an

empirically measured or directly auditable quantity. This is the same conceptual approach reflected in PG&E's 2023 & 2024 SHARs, approved by the CPUC, and SCE's forthcoming GHPRs, which the CPUC expressly required to demonstrate wildfire risk reduction achieved by completed projects.

c. Yes. The IOU's position is that the wildfire risk reduction reported in PG&E's SHARs and SCE's upcoming GHPRs represent demonstrated, model-based estimates of wildfire risk reduction calculated using Energy Safety approved wildfire risk models, consistent with CPUC directives and reporting requirements.

   These reported values reflect the modeled change in wildfire risk between baseline and mitigated scenarios for completed projects under defined assumptions, model versions, and input data, as described in responses to subparts (a) and (b). They are not intended to represent empirically observed wildfire outcomes or a verified counterfactual based on realized ignition, spread, damage, or consequence data.

d. PG&E's SHARs and SCE's upcoming GHPRs provide or will provide demonstrated wildfire risk reduction for completed projects based on the risk model calculations used to select the work as approved by each respective GRC decision.

   For PG&E, these reports quantify modeled risk reduction by comparing baseline and completed project scenarios using defined methodologies, model versions, and assumptions approved by the CPUC through the Advice Letter AL 7312-E and Supplemental Advice Letter AL 7632-E-A, and demonstrate progress toward CPUC-adopted risk-reduction targets relative to established baseline risk amounts.

e. N/A

SCE ANSWER 008

a. SCE agrees with PG&E's response to part a.

b. SCE agrees with PG&E's response to part b.

c. SCE agrees with PG&E's response to part c.

d. SCE agrees with PG&E's response to part d.

e. N/A

SDG&E ANSWER 008

a. SDG&E agrees with PG&E response to part a.

b. SDG&E agrees with PG&E response to part b.

c. SDG&E agrees with PG&E response to part c.

d. SDG&E agrees with PG&E response to part d.

e. N/A