Application A.24-09-014
Exhibit No. CLECA/CLFP/CMTA-01
Date October 9, 2026

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company to Revise Its Electric Marginal Costs, Revenue Allocation, and Rate Design. (U39E)	**Application 24-09-014** **(Filed September 30, 2024)**

REBUTTAL TESTIMONY OF

SAM HARPER AND JOHN HOLLER

on behalf of

CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION, CALIFORNIA LEAGUE OF FOOD PRODUCERS, AND CALIFORNIA MANUFACTURERS AND TECHNOLOGY ASSOCIATION

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TABLE OF CONTENTS

I. EXECUTIVE SUMMARY 1

II. INTRODUCTION 3

III. BACKGROUND AND THRESHOLD MATTERS 6

- **A. TURN's Proposal Is Extraordinary and Is Not Supported by a Commensurate Showing 6**
- **B. TURN's Testimony Does Not Acknowledge the Cost Pressure on Other Classes 9**
- **C. TURN's Data Center Concerns More Appropriately Belong in R.26-04-009 ..... 11**

IV. TURN'S EXPANSION OF THE WILDFIRE REVENUE CATEGORY SHOULD BE REJECTED 14

- **A. TURN Treats Wildfire-Associated Costs as Wildfire Costs 14**
- **B. Routine Vegetation Management Is Ordinary Distribution Maintenance 16**
- **C. TURN's Characterization of WMP Distribution Base Is Not Supported by the Discovery It Cites 18**
- **D. The Record Has Not Established Any Portion of OUMBA Expenditures Explicitly for the Purpose of Wildfire Reduction 20**

V. TURN's RE-ALLOCATION OF THE WILDFIRE REVENUE CATEGORY SHOULD BE REJECTED 21

- **A. Marginal Cost and Cost Causation Govern Cost Allocation, and TURN Fails to Address Either One 21**
- **B. Wildfire Mitigation Costs Are Caused by Service Voltage 22**
- **C. TURN's Benefits Theory Is Not a Basis for Allocating Costs 24**
- **D. TURN's kWh Allocation Has No Demonstrated Cost Basis 28**
- **E. Recovering Wildfire Costs Through Public Purpose Program Rates Should Be Rejected 31**
- **F. Large Ratepayers' Recommended Allocation 33**

VI. FERA COST RECOVERY SHOULD REMAIN WITHIN THE RESIDENTIAL CLASS 35

VII. SUMMARY OF RECOMMENDATIONS 38

VIII. CONCLUSION 39

I. EXECUTIVE SUMMARY

The Utility Reform Network (TURN) asks the Commission to direct Pacific Gas and Electric Company (PG&E) to expand its existing wildfire revenue category by two thirds, remove it from the distribution cost of service, and recover it through a non-bypassable public purpose surcharge allocated on an equal-cents-per-kWh basis. Measured by 2024 recorded revenues, TURN's proposal would expand the existing wildfire category from $2.427 billion to $4.038 billion.[1] Combined with TURN's other proposals, the result is a 34.4 percent revenue increase for Schedule B-20T, 17.4 percent for B-20P, 16.7 percent for standby, 11.8 percent for agricultural customers, and a 4.6 percent decrease for residential customers; with most of the B-20T and standby increases come from the wildfire proposal.[2]

TURN proposes this reallocation without any marginal cost or cost causation analysis, and without explaining why kWh, unweighted by time, voltage, demand or load factor, bears any relationship to the costs it proposes to allocate. Its proposed expansion of the category rests largely on PG&E discovery responses describing the added costs as "related to" PG&E's Wildfire Mitigation Plan, which TURN recasts as costs "driven by" it. And its central premise — that the Special Allocator adopted in D.21-11-016 is "entirely arbitrary" and that there is "no

[1] Ex. TURN-03, Prepared Testimony of Sylvie Ashford on behalf of The Utility Reform Network (Mar. 9, 2026), p. 11 (Table 4). Cited hereinafter as "Ex. TURN-03."

[2] Ex. TURN-03, p. 13 (Table 5) shows the effect of TURN's proposed allocator on the expanded wildfire category. B-20T's allocation increases from $165.2 million to $314.4 million, and standby's from $16.5 million to $27.2 million. Present revenue implied by Table 8 (p. 21) is approximately $707 million for B-20T ($716.1 million ÷ 1.013) and $94.5 million for standby ($101.8 million ÷ 1.077). The wildfire proposal alone therefore accounts for an increase of roughly 21 percent of B-20T's total revenue and 11 percent of standby's, compared to TURN's combined figures of 34.4 percent and 16.7 percent.

apparent rationale" for the line it draws — attacks a settlement agreement to which TURN was a signatory, and whose adopting decision TURN repeatedly invokes in its own favor.[3]

TURN's Family Electric Rate Assistance (FERA) cost allocation proposal similarly lacks a sufficient basis for shifting costs to other customer classes. It asks the Commission to shift the costs of a residential discount program to non-residential classes ineligible for FERA, on the theory that FERA has come to resemble CARE. Yet the two programs remain statutorily distinct, and while the Legislature has directed that CARE program costs be recovered across customer classes, it has given no comparable direction for FERA.[4]

Large Ratepayers recommend that the Commission:

1. Reject TURN's proposed expansion of the wildfire revenue category;
2. Reject TURN's proposals to move wildfire costs to public purpose program rates and allocate them on an equal-cents-per-kWh basis;
3. Direct PG&E to retain the Special Allocator adopted in D.21-11-016 to the existing wildfire category up to PG&E's 2024 recorded revenue requirement as currently defined, and allocate wildfire revenue above that level according to the voltage of the underlying work; and
4. Adopt PG&E's proposal to continue recovering FERA costs from the residential customer class.

[3] Ex. TURN-03, pp. 6, 12 and 15, each citing D.21-11-016.
[4] Pub. Util. Code §§ 327(a)(7), 739.1(a), 739.12.

II. INTRODUCTION

Q MR. HARPER, PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Sam Harper. My business address is Harper Advisory LLC, 9002 Six Pines Drive, Shenandoah, TX 77380.

Q WHAT IS YOUR OCCUPATION?

A I am a consultant in the field of energy markets and policy.

Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A Please see Appendix A to this testimony.

Q MR. HOLLER, PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A John Holler. My business address is Harper Advisory LLC, 9002 Six Pines Drive, Shenandoah, TX 77380.

Q WHAT IS YOUR OCCUPATION?

A I am a financial analyst in the field of energy markets and policy.

Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A Please see Appendix B to this testimony.

Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

A We are appearing on behalf of the California Large Energy Consumers Association (CLECA) California League of Food Producers (CLFP) and California Manufacturers and Technology Association (CMTA) (jointly, Large Ratepayers).

CLECA is an organization of large, high load factor industrial customers of PG&E and SCE. The members are in the cement, steel, industrial gas, medical gas, pipeline transportation,

beverage, glass, and minerals processing industries, and share the fact that electricity costs comprise a significant portion of their costs of production.

CLFP is a non-profit trade associated based in Sacramento that represents a broad range of industrial food processing companies with operations throughout California. CLFP member companies are primarily canners, freezers, dryers, and dehydrators of fruits and vegetables. Additional processor members produce a wide variety of food products including dairy, olive oils, sauces, snack foods, juices, and specialty items. Electricity used by these entities represent a significant cost component for their costs of production.

CMTA represents the interests of 25,000 large and small manufacturers in California with 1.2 million employees, about 8% of total state employment and about 11% of gross state product. Manufacturing creates the most wealth of any sector – for every $1 invested in manufacturing, another $1.35 is added to the economy, and every one manufacturing job supports an additional 2.5 jobs in the local region. Since 1918, CMTA has supported state laws and regulations to maintain a competitive business climate to encourage manufacturing investment and job growth. Electricity costs increases have imposed significant pressures on California's manufacturers, impacting retention of members in California as well as the ultimate costs of their products for customers.

Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A This testimony responds to the revenue allocation recommendations of TURN presented in the prepared testimony of Sylvie Ashford, Ex. TURN-3. We address two issues: TURN's proposal to expand and reallocate PG&E's wildfire revenue category, and TURN's proposal to reallocate Family Electric Rate Assistance (FERA) Balancing Account (FERABA) costs outside the residential class.

Mr. Harper and Mr. Holler jointly sponsor the entirety of this testimony.

We do not address the remaining issues in TURN's testimony. Large Ratepayers' silence on any issue should not be taken as agreement with the TURN positions advanced.

Q HOW IS YOUR TESTIMONY ORGANIZED?

A Section III addresses three threshold matters: the magnitude and novelty of TURN's proposal measured against the showing offered in support of it; the cost pressure on classes other than residential that TURN's testimony does not acknowledge; and TURN's mischaracterization of non-residential concerns as Data Center concerns.

Section IV addresses TURN's proposal to expand the wildfire revenue category to include Routine Vegetation Management, Wildfire Mitigation Plan (WMP) Distribution Base, and WMP-related costs recorded in the Overhead and Underground Maintenance Balancing Account (OUMBA).

Section V addresses how the wildfire revenue category should be allocated, including TURN's shared-benefits rationale, its proposed equal-cents-per-kWh allocator, its proposal to recover these costs through Public Purpose Program rates, and Large Ratepayers' recommended allocation.

Section VI addresses TURN's proposal to reallocate FERA costs and Large Ratepayers' recommendation that the Commission adopt PG&E's proposal to continue recovering those costs from the residential class.

III. BACKGROUND AND THRESHOLD MATTERS

A. TURN's Proposal Is Extraordinary and Is Not Supported by a Commensurate Showing

Q HOW LARGE IS TURN'S PROPOSAL?

A TURN proposes a substantial expansion of the wildfire revenue category. Using 2024 recorded revenues, the category would increase from $2.427 billion to $4.038 billion — an increase of 66 percent. On the 2024 test-year basis used to set rates in this case, the category would increase is $818 million to $2.076 billion.[5] TURN also proposes to allocate the entire category on equal-cents-per-kWh basis and recover it through Public Purpose Program rates.[6]

TURN's Table 8 shows the impact of its combined marginal cost and revenue allocation proposals on the revenue assigned to each customer class. TURN's proposals would reduce the revenue allocated to residential customers by 4.6 percent while substantially increasing the amounts allocated to several non-residential classes. The assigned revenue would increase by 34.4 percent for Schedule B-20T, 17.4 percent for B-20P, 11.8 percent for Agricultural, 16.7 percent for Standby up 16.7 percent, and 100.5 percent for Business Electric Vehicle (BEV) customers.[7]

[5] Ex. TURN-03, p. 11 (Table 4).
[6] Ex. TURN-03, pp. 11-14.
[7] Ex. TURN-03, p. 21 (Table 8). Table 8 reflects TURN's marginal cost proposals in Ex. TURN-1 together with the revenue allocation proposals addressed here.

Figure 1: TURN's Proposed Revenue Allocation vs. PG&E's Proposal[8]

	PG&E		TURN	
Class	$ (000s)	Change	$ (000s)	Change
Res	8,091,935	4.3%	7,401,917	-4.6%
SL&P	2,577,259	-0.4%	2,234,814	-13.6%
ML&P	1,947,019	-7.4%	2,014,998	-4.1%
B19	2,487,657	-9.1%	2,765,022	1.1%
Stlt	59,439	-29.4%	65,522	-22.2%
Stby	101,825	7.7%	110,361	16.7%
AG	1,949,274	6.6%	2,045,059	11.8%
B20T	716,058	1.3%	951,182	34.4%
B20P	1,037,895	-4.1%	1,262,181	17.4%
B20S	291,135	-9.7%	348,214	8.2%
BEV	141,179	46.8%	192,825	100.5%
System	19,400,672	0.0%	19,392,097	0.0%

Q IS A PROPOSAL OF THAT SIZE ORDINARY IN A PHASE II PROCEEDING?

A No. A Phase II proceeding allocates an authorized revenue requirement among classes using marginal cost studies, cost causation, and allocation methods the Commission has developed and applied over decades. TURN proposes to shift more than a third of PG&E's distribution revenue requirement to Public Purpose Program rates and allocate the expanded wildfire category solely by kWh sales, without differentiating by coincident or non-coincident demand, load factor, service voltage, or time of use.[9] TURN's modeling shows distribution revenue falling from $9.804 billion to $6.138 billion, while Public Purpose Program revenues rise from $2.033 billion to $5.689 billion.[10] A radical departure of that magnitude requires a correspondingly substantial justification.

[8] Ex. TURN-03, p. 21 (Table 8). Table 8 reflects TURN's marginal cost proposals in Ex. TURN-1 together with the revenue allocation proposals addressed here.
[9] Ex. TURN-03, p. 21 (Table 9). On TURN's modeled results, distribution revenue falls from $9.804 billion to $6.138 billion, a reduction of $3.666 billion, or 37 percent.
[10] Ex. TURN-03, p. 21 (Table 9).

Q WHAT IS MISSING FROM TURN'S SHOWING?

A TURN's testimony does not explain:

- Why a 4.3 percent increase to the residential class under PG&E's proposal is unreasonable, while the 34.4 percent increase to Schedule B-20T that TURN's proposal produces is not;[11]
- Why its rationale for moving BEV rates towards full cost to "improve the accuracy of price signals," and encourage "more economically efficient consumption" does not apply with equal force to every other class;[12]
- Why the costs it proposes to add should be treated as exclusively wildfire mitigation costs, when the underlying activities address core utility functions of providing reliable and safe electric service. These same activities have been performed in California for decades without being categorized as wildfire mitigation costs;
- Why data center concerns justify reallocating costs to a much broader range of non-residential customers that are not data centers, especially when those concerns are being addressed in a separate proceeding in which TURN is participating;[13]
- How its proposed wildfire allocation is consistent with the Commission's adopted rate design principles,[14] or how the resulting cost shifts would affect customers and the policy goals those principles advance;

[11] Ex. TURN-03, pp. 3 and 21.
[12] Ex. TURN-03, p. 5.
[13] See Assigned *Commissioner's Scoping Memo and Ruling*, R.26-04-009, Sept. 26, 2026 at 2-3.
[14] D.23-04-040, Attachment A (adopting ten electric rate design principles).

- Why, if those rate design principles are set aside in favor of some measure bearing no relation to cost causation, kWh is the appropriate choice.

B. TURN's Testimony Does Not Acknowledge the Cost Pressure on Other Classes

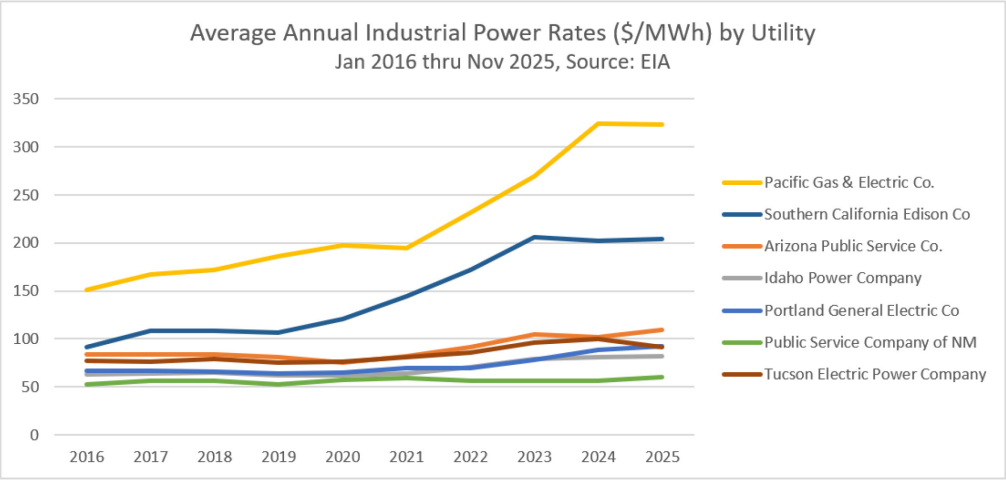
Q TURN PRESENTS ITS PROPOSALS AS A RESPONSE TO AN AFFORDABILITY CRISIS. DO YOU DISPUTE THAT RESIDENTIAL CUSTOMERS FACE ONE?

A No. PG&E's residential rates have risen sharply, and the Large Ratepayers do not question the severity of the rise or its consequences.[15] What TURN's testimony omits is that other classes also face affordability challenges, and seeking relief at those classes' expense exacerbates those challenges.

Q WHAT HAS HAPPENED TO INDUSTRIAL RATES OVER THE PERIOD TURN EXAMINES?

A From 2016 to 2025, PG&E's average industrial power rates have more than doubled. Figure 2 below shows this rate increase alongside the rates seen at neighboring utilities, representing the rates that Large Ratepayers' members' competitors might pay.

Figure 2: Average Industrial Power Rates: PG&E vs. Neighboring Utilities[16]



[15] Ex. TURN-03, pp. 3-4.
[16] Source: EIA-861M Report.

As shown, PG&E's rates remain the highest in the region, exceeding many others by more than 200%.

Q WHY DOES THAT BEAR ON THE COMMISSION'S DECISION HERE?

A First, TURN presents its proposal as relief for one class without adequately examining the burden shifted to the classes that it proposes fund the relief. Affordability must be evaluated across all affected classes, not just those receiving a reduction.

Second, TURN's proposal to shift additional costs to industrial rates risks undermining California's emissions-reductions goals, which both TURN and Cal Advocates both invoke.[17] Higher electricity costs can discourage industrial electrification and increase the risk that production ceases or migrates outside California, to jurisdictions served by higher-emitting grids. The Commission has recognized this risk. It found that, for trade-exposed industries, "the imposition of carbon pricing embedded in the price of electricity creates leakage risk similar to the leakage risk resulting from direct compliance costs."[18] This risk must not be ignored where TURN's combined proposal would increase B-20T's revenue responsibility by 34%.

Q DOES ANY OTHER PARTY SHARE TURN'S VIEW THAT AFFORDABILITY REQUIRES CHANGING THE WILDFIRE ALLOCATOR?

A No, and that includes Cal Advocates. Cal Advocates' direct testimony recommends that the Commission retain PG&E's existing special allocation methods "in the interest of rate stability."[19] Cal Advocates explains that retaining those methods would "minimize

[17] Ex. TURN-03, p. 12; Public Advocates Office, Prepared Testimony (Errata served Feb. 6, 2026), Chapter 5, p. 5-7 and n.16.
[18] D.12-12-033, p. 18.
[19] Cal Advocates Prepared Testimony, Feb. 6, 2026 Errata, Ch. 5, p. 5-6. ("The Commission should adopt PG&E's proposal to retain the current special allocation methods for Distribution - Wildfire, Catastrophic

bundled average rate impacts for all customer classes which is desirable given the [] affordability crisis."[20] Thus, Cal Advocates invokes rate stability and affordability *for all customer classes* to support retaining the Special Allocator, not adopting TURN's proposed change.

C. TURN's Data Center Concerns More Appropriately Belong in R.26-04-009

Q WHY IS IT INAPPROPRIATE FOR TURN TO INVOKE DATA CENTER LOADS AS A REASON TO ADOPT ITS PROPOSAL?

A First, TURN's proposed wildfire allocator would apply across customer classes, not just to prospective data center loads. It would allocate the expanded wildfire category by kWh sales, increasing the share assigned to existing industrial customers regardless of whether they operate data centers. For example, B-20T's share would rise from 3.97 percent under the existing Special Allocator to 7.78 percent under TURN's proposed allocator.[21] Anticipated growth in data center load does not explain why existing industrial customers should bear that additional share of wildfire costs.

Second, it is inappropriate to address TURN's proposal here because the September 9, 2025 ALJ Ruling declined to expand this proceeding's scope to address new rate structures for large load transmission level customers.[22] The ruling explained that these issues are not PG&E-specific and belong in a rulemaking to ensure due process and policy consistency across utilities.[23]

Events Memorandum Account (CEMA), Hazardous Substance Mechanism (HSM) and Public Purpose Policy (PPP) in the interest of rate stability.").

[20] Id.

[21] Ex. TURN-03, pp. 13-14, Table 5.)

[22] *Administrative Law Judge's Ruling Denying Motion to Amend the Scoping Memo to Include New Issues Related to Large-Load Customers*, A.24-09-014 (Sept. 9, 2025).

[23] *Id.*, pp. 3-4 ("I agree that consideration of rate structures for interconnecting large-load transmission-level customers is important and there is a need for a forum for addressing broader issues such as the

TURN acknowledges and cites this ruling, stating that "specific tariffs for data center customers are out of scope for this proceeding,"[24] yet invokes data center growth to support a reallocation affecting a much broader customer population.[25]

Q WHERE WILL THESE ISSUES BEING ADDRESSED?

A The California Advanced Electric Rate Design rulemaking docket, R.26-04-009, is the forum to address this topic. Track 1 asks whether the Commission should consider rate design for data centers and, if so, how, based on the following considerations:

- a separate customer class for data centers;
- new rates for data center customers, including alternative generation, transmission and distribution cost allocations and rate designs;
- tariff provisions including contracts between load serving entities and data centers, refunds and exit fees;
- beneficial load growth; and
- ratepayer protections including the prevention of both cost shifts and stranded costs.[26]

Separately, Track 2, Issue 6 asks whether further elements of a utility's authorized distribution revenue requirement, "including embedded customer costs and wildfire-

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associated ratepayer implications, rate structure options, and reporting requirements. However, this proceeding is not the appropriate forum. The surge in very large loads such as data centers is not PG&E-specific and large-load issues cut across investor-owned utilities. Therefore, consideration of new rate structures and ratepayer implications of those structures would be more appropriately addressed in a rulemaking. Such approach would ensure due process, help avoid one off results in a single utility's application, and maintain policy consistency across utility practices").

[24] Ex. TURN-03, p. 13, citing "*Administrative Law Judge's Ruling Denying Motion to Amend the Scoping Memo to Include New Issues Related to Large-Load Customers*," Sept. 9, 2025, pp. 3-4.

[25] Ex. TURN-03, pp. 13-14.

[26] R.26-04-009, Assigned Commissioner's Scoping Memo and Ruling (Sept. 22, 2026), p. 3.

related costs," should be classified as fixed costs for residential customers. Track 3, Issue 9 asks the same question for non-residential customers.[27]

TURN participates in R.26-04-009.[28] The adopted schedule for Track 1 anticipates a proposed decision on data centers in the second quarter of 2027, subject to delay if evidentiary hearings are required.[29]

Q WHAT IS LOST BY ADDRESSING DATA CENTERS IN R.26-04-009 RATHER THAN THIS PROCEEDING?

A Nothing. Addressing those concerns in R.26-04-009 preserves the Commission's ability to act on a record developed specifically for that purpose. It also serves the reasons the ALJ identified for declining to expand the scope of this proceeding: ensuring due process, avoiding utility-specific outcomes, and maintaining policy consistency across utilities.[30] Any resulting changes to PG&E's rates can be implemented as the Commission directs, without using prospective data center growth to justify the broader wildfire cost shifts TURN proposes in this proceeding.

[27] Id., pp. 4-5.
[28] Id., pp. 1-2.
[29] Id., pp.1-2, 6-7.
[30] *ALJ Ruling Denying Motion to Amend the Scoping Memo*, A.24-09-014 (Sept. 9, 2025), pp. 3-4.

IV. TURN'S EXPANSION OF THE WILDFIRE REVENUE CATEGORY SHOULD BE REJECTED

A. TURN Treats Wildfire-Associated Costs as Wildfire Costs

Q WHAT DOES TURN PROPOSE TO ADD TO THE WILDFIRE REVENUE CATEGORY?

A TURN proposes adding three cost categories: Routine Vegetation Management costs recorded to the Vegetation Management Balancing Account (VMBA); WMP Distribution Base costs; and the portion of OUMBA costs that PG&E associates with its WMP.[31]

Q WHAT TEST DOES TURN APPLY TO DECIDE WHAT BELONGS IN THE CATEGORY?

A TURN relies on whether cost categories are "associated with PG&E's Wildfire Mitigation Plan (WMP)."[32] That association does not, by itself, establish that costs warrant special wildfire allocation. An activity may contribute to reduced wildfire risk while also primarily serving ordinary distribution safety and reliability functions. TURN must explain why those costs should be removed from their existing distribution allocation, not merely identify their attenuated connection to the WMP.

Q WHAT IS AN APPROPRIATE TEST FOR THE COMMISSION TO APPLY?

A The Commission should ask whether an activity was undertaken specifically to address wildfire risk. Where the activity serves ordinary distribution safety and reliability functions, its contribution to wildfire mitigation does not, by itself, justify removing its costs from distribution allocation. That test distinguishes, for example, enhanced vegetation management, which is undertaken specifically to address heightened wildfire risk and included in the special category, from routine vegetation management, which serves ordinary distribution functions and predates the WMP.

[31] Ex. TURN-03, pp. 7-10.
[32] Ex. TURN-03, p. 6.

Q DOES TURN'S PROPOSAL "EFFECTUATE THE INTENDED PURPOSE OF THE SPECIAL ALLOCATOR"?

A No. TURN misleadingly relies on the previously approved settlement's provision for "other revenue requirements, including balancing or memorandum accounts PG&E might establish, that are directly related to wildfire mitigation."[33]

But read in the context of the settlement, that provision preserves flexibility to include additional revenue requirements directly related to wildfire mitigation, without limiting the category to the listed accounts.[34] It does not override the settlement's specific category boundaries. In particular, the settlement included Enhanced Vegetation Management in the special wildfire category while leaving traditional vegetation management allocated as distribution. TURN's mistaken interpretation would use that general catch-all to undo the settlement's specific allocation choices and reclassify existing Routine VM, base distribution, and maintenance costs merely because the underlying activities also support PG&E's WMP or indirectly reduce wildfire risk.

Q IS TURN'S APPEAL TO THE SPECIAL ALLOCATOR'S INTENDED PURPOSE CONSISTENT WITH TURN'S DISMISSAL OF THE SPECIAL ALLOCATOR AS "ENTIRELY ARBITRARY"?

A No. On the one hand, TURN invokes the Special Allocator's "intended purpose" (a purpose they misconstrue), and on the other, it argues: "the allocator is entirely arbitrary and was the result of a settlement process that reflect a compromise of positions between parties in the last GRC II."[35]

[33] Ex. TURN-03, p. 6
[34] *Motion of Pacific Gas and Electric Company for Adoption of Revenue Allocation Supplemental Settlement Agreement*, A.19-11-019 (Apr. 8, 2021), p. 9.
[35] Ex. TURN-03, p. 12

Both the category definition and the allocation formula were elements of that compromise. TURN cannot credibly appeal to its mistaken interpretation of the allocator's purpose as support for its proposal and simultaneously dismiss the adopted Special Allocator as entirely arbitrary.

B. Routine Vegetation Management Is Ordinary Distribution Maintenance

Q WHAT IS TURN'S ARGUMENT ON ROUTINE VEGETATION MANAGEMENT?

A TURN argues that Routine VM costs are recorded to the VMBA, that the program's goals include supporting "the implementation of PG&E's Wildfire Mitigation Plan," and that other programs recorded in the VMBA are already included in the wildfire category. On that basis, TURN contends that "[t]here is no apparent rationale for this exclusion."[36]

Q IS THERE ACTUALLY A SOUND RATIONALE FOR THE EXCLUSION?

A Yes. The rationale appears in record of PG&E's prior GRC II proceeding that produced the settlement TURN invokes. In response to the Administrative Law Judge's questions concerning that settlement, the Revenue Allocation Settling Parties explained:

> The Settlement leaves the revenue requirement associated with traditional vegetation management to be allocated functionally as distribution while including the revenue requirement associated with enhanced vegetation management activities in response to wildfire mitigation with the other wildfire mitigation revenue requirement subject to the Special Allocator.[37]

The Large Ratepayers acknowledge that this explanation does not control the Commission's decision in this proceeding, nor do the Large Ratepayers rely on the prior settlement precedent. However, it is relevant because TURN relies on that settlement to

[36] Ex. TURN-03, p. 7.

[37] Ex. PG&E-44, *Joint Exhibit of the Revenue Allocation Settling Parties* (A.19-11-019, Apr. 16, 2021), at p. 6. Page references to Ex. PG&E-44 are to the pages of the exhibit as served, which is unpaginated.

claim that there was "no apparent rationale" for excluding Routine VM. The record supporting approval of the prior settlement directly contradicts TURN's claim and demonstrates that the line between traditional and enhanced vegetation management was drawn deliberately.

Q DOES ROUTINE VEGETATION MANAGEMENT MEET THE TEST FOR WILDFIRE COSTS YOU RECOMMENDED?

A No. Routine VM consists of periodic patrols of vegetation near PG&E's overhead distribution lines and the prescribed tree work that follows.[38] It serves ordinary distribution safety, reliability, maintenance, and regulatory-compliance functions and predates PG&E's WMP. It is performed across all of PG&E's overhead lines – not only on lines in high fire-threat areas.[39] Its contribution to wildfire mitigation does not, by itself, justify removing its costs from distribution allocation.

Routine VM is a core utility activity required for the regular provision of electric service, required for reliability, for clearance compliance under General Order 95, and for public and worker safety independent of ignition risk. That it also indirectly reduces wildfire risk does not convert it into a wildfire cost, any more than the reliability benefit of enhanced vegetation management converts that program into a reliability cost.

PG&E's discovery response confirms that Routine VM serves several functions. PG&E explained that: "Routine VM activities support public safety, reliability, maintenance, and regulatory compliance" and it supports "(1) compliance with the VM standards established by the California Public Utility Commission's General Order 95 Rule 35, (2) compliance with Public Resources Code (PRC) 4293, and (3) the implementation of PG&E's

[38] Ex. TURN-03, p.7 (citing PG&E response to TURN Data Request 002, Q004).
[39] D.23-11-069, p. 338 (Routine VM "is based on an annual patrol of all PG&E distribution lines"), citing PG&E Opening Brief, A.21-06-021, p. 459.

Wildfire Mitigation Plan."[40] That response establishes a relationship to the WMP, but it does not establish that Routine VM should be reclassified from ordinary distribution treatment and placed in the special wildfire category. TURN therefore has not made the showing required to justify its proposed reclassification.

C. TURN's Characterization of WMP Distribution Base Is Not Supported by the Discovery It Cites

Q WHAT ARE WMP DISTRIBUTION BASE COSTS?

A PG&E stated that WMP Distribution Base Costs are "the subset of Base Distribution costs related to the WMP," identified "primarily through Planning Orders" — an internal accounting tag applied to costs already recorded to the general distribution account.[41] Nothing is recorded to a wildfire account. These costs sit inside the distribution revenue requirement and are allocated with it. PG&E states that "the authorized revenue requirements for this cost category would be embedded within the overall Electric Distribution revenue requirement and allocated to customers using the standard distribution allocation methodology."[42]

Q WHAT DOES TURN SAY ABOUT WMP DISTRIBUTION BASE?

A First, that "WMP Distribution Base encompasses the subset of Base Distribution costs which are ***driven by*** the implementation of PG&E's Wildfire Mitigation Plan."[43] Second, that "the explicit purpose of this work is to reduce wildfire risk."[44]

[40] Ex. TURN-04, p.23 (PG&E Response to TURN Data Request 002, Q004(b)).
[41] PG&E Response to TURN Data Request 002, Q002(a)-(c).
[42] PG&E Response to TURN Data Request 002, Q002(d).
[43] Ex. TURN-03, p. 8 (emphasis added).
[44] Ex. TURN-03, p. 9.

Q ARE TURN'S ASSERTIONS SUPPORTED?

A No. The first assertion cites PG&E's response to TURN Data Request 2, Question 2, but that response does not support TURN's characterization.

PG&E describes the costs as "related to" the WMP and never describes them as "driven by" wildfire mitigation. "Related to" identifies a connection to the WMP; "driven by" makes the materially different claim that wildfire mitigation causes or gives rise to the costs.

PG&E explains that it "primarily uses Planning Orders to estimate which costs are recorded to Distribution Base in the WMP" and "actively tracks which Distribution Base expenditures relate to the WMP, primarily through Planning Orders."[45] PG&E further states that the associated authorized revenue requirements are "embedded within the overall Electric Distribution revenue requirement and allocated to customers using the standard distribution allocation methodology."[46]

That response explains how PG&E identified the subset of Distribution Base costs related to the WMP and how those costs are currently allocated. It does not establish that wildfire mitigation drives the costs or that the costs should be reclassified for special wildfire allocation.

TURN's second assertion carries no citation at all, and hence is completely unsupported.

[45] Ex. TURN-04, pp. 21-22 (PG&E Response to TURN Data Request 002, Question 002(b)–(c)).
[46] Ex. TURN-04, pp. 21-22 (PG&E Response to TURN Data Request 002, Question 002(d)).

D. The Record Has Not Established Any Portion of OUMBA Expenditures Explicitly for the Purpose of Wildfire Reduction

Q WHAT IS TURN'S ARGUMENT ON OUMBA?

A That approximately two-thirds of OUMBA expenditures are associated with mitigating wildfire risk and are distinctly tracked as WMP expenditures, and that "[a]s with WMP Distribution Base spending, the explicit purpose of this work is to reduce wildfire risk."[47]

Q IS THAT SUPPORTED?

A No. TURN relies on PG&E's discovery response, which states that: "OUMBA costs related to the WMP account for approximately two-thirds of the overall OUMBA costs recorded in 2024."[48] "Related to" should not be construed to imply "explicitly purposed for." The activities recorded to the account carry distribution maintenance work codes, and the account itself is described as recovering the costs of overhead and underground preventative maintenance and equipment repair.[49]

Q WHAT IS THE COMBINED EFFECT OF TURN'S THREE ADDITIONS?

A On a recorded 2024 basis TURN's proposed expansion of the wildfire category would add $1.6 billion to a $2.4 billion category — an increase of 66 percent.[50] This magnitude should not be surprising: Expanding a category to include not just the category itself but anything tangentially related to that category is a sweeping change. Imagine comparing the scope of PG&E's safety costs to that of its safety-*related* costs. Or its compliance costs to its compliance-*related* costs. A defined set of costs or activities becomes an open-ended,

[47] Ex. TURN-03, p. 10.
[48] PG&E Response to TURN Data Request 002, Q001(d).
[49] PG&E Response to TURN Data Request 002, Q001(a) (listing the capital (2A and 2B series) and expense (KA and KB series) MWC/MAT codes recorded to the OUMBA); PG&E Response to TURN Data Request 001, Q002(b) (the account "tracks overhead and underground preventive maintenance and equipment repairs").
[50] Ex. TURN-03, p. 11 (Table 4).

non-exclusive one, bounded only by the creativity of the proponent. TURN's testimony reflects no apparent attempt to narrow the category. To the extent any work within these three categories is specific to high fire-threat areas, TURN has not identified it or separated it from ordinary distribution maintenance.

V. TURN'S RE-ALLOCATION OF THE WILDFIRE REVENUE CATEGORY SHOULD BE REJECTED

A. Marginal Cost and Cost Causation Govern Cost Allocation, and TURN Fails to Address Either One

Q HOW DOES THE COMMISSION ALLOCATE DISTRIBUTION COSTS AMONG CLASSES?

A The Commission's starting point is marginal cost based allocation, with each class's marginal cost revenues reconciled to the authorized revenue requirement on an equal percentage of marginal cost basis. In D.21-11-016, the Commission affirmed its support for the use of marginal costs for determining revenue allocation,[51] and described marginal cost as "the foundation of the Commission's approach to these issues."[52]

Q HAS THE COMMISSION ADOPTED RATE DESIGN PRINCIPLES THAT BEAR ON THIS?

A Yes. In D.23-04-040 the Commission adopted ten electric rate design principles. Four bear directly on TURN's proposal:[53]

- Rate Design Principle (2): Rates should be based on marginal cost.
- Rate Design Principle (3): Rates should be based on cost causation. The Commission explains that this principle "affirms that a customer, or a customer class, that causes a cost to be incurred by receiving service should pay for the cost of service," in order "to fairly apportion utility costs to customers and to encourage economically efficient decision making by customers for consumption and investments in electrification technologies and DERs."

[51] D.21-11-016, pp. 15-16 and n.37 (citing D.92749 at 2 and D.18-08-013).
[52] D.21-11-016, p. 7.
[53] D.23-04-040, Attachment A, pp. 1-2.

- Rate Design Principle (4): Rates should encourage economically efficient use of energy, reduction of greenhouse gas emissions, and electrification.
- Rate Design Principle (8): Rates should avoid cross-subsidies that do not transparently and appropriately support explicit state policy goals.

Q DOES TURN'S TESTIMONY ENGAGE WITH THAT FRAMEWORK?

A No. TURN does not argue that marginal cost is the wrong method for this category, or that cost causation should not govern, or that the Commission's principles should be revisited. TURN proceeds as though a different standard applies, without identifying it or defending it. TURN provides no justification for its proposal's complete departure from the Commission's established rate design principles.

B. Wildfire Mitigation Costs Are Caused by Service Voltage

Q TURN SUGGESTS THAT WILDFIRE COSTS "ARE NOT ATTRIBUTABLE TO SPECIFIC USAGE OR DEMAND PATTERNS BY INDIVIDUAL CUSTOMERS OR CLASSES." [54] IS THAT CORRECT?

A No. The wildfire mitigation costs at issue — those recorded to the WMBA, FRMMA, WMPMA, FHPMA, and MGMA, the enhanced vegetation management and tree mortality costs in the VMBA, and the securitized hardening charges, together with the three categories TURN proposes to add — fund PG&E's efforts to mitigate 'the wildfire risk posed by its distribution network.'[55] These costs are attributable to the distribution system,[56] and customers differ in the extent to which they cause distribution system costs. A customer served at transmission voltage takes no distribution service. Marginal

[54] Ex. TURN-03, p. 11.
[55] D.21-11-016, pp. 93-94 (finding that "all of PG&E's customers benefit from PG&E's efforts to mitigate the wildfire risk posed by its distribution network"); see PG&E Response to TURN Data Request 001, Q001(b) (identifying the accounts included in the wildfire revenue category).
[56] Ex. PG&E-44, Joint Exhibit of the Revenue Allocation Settling Parties, A.19-11-019 (served Apr. 16, 2021), Response 5, p. 6 ("the Commission has recognized wildfire mitigation costs as distribution costs").

load at distribution voltage requires more distribution plant to build, inspect, maintain, and clear; marginal load at transmission voltage does not. That is the basis for voltage-differentiated distribution rates throughout this proceeding, and TURN does not propose to abandon voltage differentiation anywhere else.

Q DOES THE EXISTING COST ALLOCATION APPROACH AFFECT ANYTHING BEYOND THE DIVISION OF COSTS AMONG EXISTING CUSTOMERS?

A Yes. Interconnection voltage is a site selection and design choice, and it is made by new and expanding industrial customers, housing developments, hospitals, schools, water districts, and agricultural customers. Allocating wildfire costs without regard to service voltage tells those customers that the distribution system's largest and fastest-growing cost does not depend on their selection of service voltage at the margin, which dilutes an important price signal and would thus tend to increase service at distribution voltage, increasing distribution plant, wildfire mitigation spending, and wildfire risk.

Q HOW WOULD YOU RESPOND TO THE ARGUMENT THAT THE DISTRIBUTION LINES ALREADY EXIST, SO THERE IS NO MARGINAL COST TO SIGNAL?

A Marginal cost ratemaking prices the next increment of service; it does not assign a share of plant already in the ground. If "the lines already exist" defeated voltage-based allocation, it would equally defeat marginal generation capacity cost and marginal transmission capacity cost, each of which is computed against plant that largely exists.

The Commission considered and rejected a version of this argument in the previous GRC II. DACC proposed to replace marginal customer equipment cost with an embedded cost analysis on the ground that the marginal cost sent no actionable price signal. The Commission declined, finding that "a marginal access price signal is capable of being sent

to a potential utility customer" and reaffirming its support for marginal costs in revenue allocation.[57]

C. TURN's Benefits Theory Is Not a Basis for Allocating Costs

Q WHAT IS TURN'S AFFIRMATIVE THEORY FOR EQUAL CENTS RECOVERY?

A TURN argues that wildfire mitigation "benefits all people in California by reducing the risk of catastrophic wildfires," and therefore proposes allocating wildfire mitigation costs on an equal-cents-per-kWh basis.[58]

Q WHY DOES THAT THEORY FAIL TO SUPPORT TURN'S PROPOSED ALLOCATION?

A First, TURN does not measure the asserted benefits or explain how they are distributed among customer classes. Instead, it relies on the general proposition that wildfire mitigation broadly benefits Californians. Nearly every utility investment produces benefits beyond the customer whose service causes the investment, and many arguably produce multiple benefits. Repairing a distribution line provides a restoration of utility service, improved safety, better reliability and potentially wildfire risk mitigation benefits. Bringing on new generation or storage provides affordability, reliability, and greenhouse gas reduction benefits. Extending service to a hospital, a school, a water treatment plant, or a small business benefits the surrounding community. Energizing a manufacturing plant provides jobs, economic development, and the provision of critical goods and services. And some of those benefits may even extend beyond the PG&E service territory. Thus, TURN's suggestion to allocate these costs based on their purported benefits is inherently speculative and prohibitively impractical.

[57] D.21-11-016, pp. 15-16.
[58] Ex. TURN-03, p. 11.

Second, if those entities who actually cause the costs do not get proper feedback through price signals, they would have no incentive to regulate their cost-causing behavior. The Commission recognizes that cost causation serves "to fairly apportion utility costs to customers and to encourage economically efficient decision making."[59]

Consider a homeowner who fences his yard to contain his dog. The surrounding neighbors benefit: no dog in their garden, no risk of attacks. So, who should pay for the fence? The dog owner who causes the need for the fence, or, under TURN's theory, the neighbors who might benefit from it? And if the neighbors paid, what incentive would the homeowner have to build a maximally cost-effective fence?

Q TURN QUOTES THE 2020 GRC PHASE II DECISION IN SUPPORT OF SPREADING THESE COSTS. HOW DO YOU RESPOND?

A The passage TURN quotes states:

> This decision also finds that because all of PG&E's customers benefit from PG&E's efforts to mitigate the wildfire risk posed by its distribution network, and given that wildfire mitigation work is normatively distinct from PG&E's ordinary distribution investments, it is desirable to reallocate PG&E's wildfire mitigation costs away from a strict distribution cost allocation and to more fairly distribute those costs to all of PG&E's customers …[60]

That finding does not support TURN's proposal. The Commission did not adopt equal-cents-per-kWh allocation or move wildfire costs to Public Purpose Program rates. It approved the negotiated Special Allocator, which combines distribution and broader revenue-responsibility components while retaining recovery through distribution rates.

The Large Ratepayers' recommendation preserves that broader allocation of the existing wildfire category. The Large Ratepayers do not propose strict distribution allocation for

[59] D.23-04-040, Attachment A, p. 1 (Electric Rate Design Principle (3)).
[60] D.21-11-016, pp. 93-94, quoted at Ex. TURN-03, p. 12.

the entire wildfire revenue category or ask the Commission to reverse the previously approved Special Allocator. In contrast, TURN misleadingly invokes the decision's rejection of strict distribution allocation to support the equal-cents-per-kWh allocation and potential Public Purpose Program recovery it advocated before the prior GRC II settlement, and that the Commission did not adopt. [61]

Q TURN CALLS THE SPECIAL ALLOCATOR "ENTIRELY ARBITRARY." DO YOU AGREE?

A No. The Special Allocator resolved a contested issue through a negotiated compromise between competing approaches. The settling parties explained that the resulting allocation fell within the range of the parties' initial positions and reflected a reasonable sharing of wildfire revenue requirements.[62] The Commission agreed, finding the Revenue Allocation Settlement reasonable in light of the whole record, consistent with law, and in the public interest.[63] The allocator is therefore a reasoned compromise approved by the Commission, not an arbitrary formula.

Q IS THE ALLOCATOR'S TWO-PART STRUCTURE ARBITRARY, AS TURN SUGGESTS?

A The structure is not two parts; it is a continuous formula, and it has a stated rationale. The distribution weight equals 12.5 percent plus $187.5 million divided by the combined revenue requirement, capped at 50 percent, with the balance carried on the equal percent of total revenue allocator.[64] The settling parties explained that the formula draws

[61] Ex. PG&E-44, Joint Exhibit of the Revenue Allocation Settling Parties, A.19-11-019 (served Apr. 16, 2021), Response 5, p. 6 (settlement resolved a dispute between parties favoring functional distribution allocation and parties favoring allocation "on an equal cents per kWh basis … and to potentially include those costs in PPP"; the settling parties "agreed to continue to recover these costs through distribution rather than through PPP").

[62] Ex. PG&E-44, Joint Exhibit of the Revenue Allocation Settling Parties, A.19-11-019 (Apr. 16, 2021), Response 5, p. 6.

[63] D.21-11-016, pp. 92-94; Findings of Fact 26-30.

[64] "Motion of Pacific Gas and Electric Company for Adoption of Revenue Allocation Supplemental Settlement Agreement," A.19-11-019 (Apr. 8, 2021), p. 9.

a distinction between the burden "that has been experienced over the last few years versus a sharing for the anticipated revenue requirement burden that could be experienced over the next several years."[65] TURN's objection that there is "no theoretical basis which supports different allocation for two dollars spent on the exact same activity"[66] describes a marginal-versus-average distinction that appears throughout ratemaking, including in the tiered residential rates TURN relies on elsewhere in its testimony.[67]

Q CAL ADVOCATES, WHOM TURN CITES, RELIES ON PUBLIC UTILITIES CODE SECTION 327(a)(7). IS THAT AUTHORITY APPLICABLE HERE?

A No. TURN cites Cal Advocates for the proposition that equal cents per kWh is the more accurate way to assign wildfire-related costs. The only authority Cal Advocates offers for that proposition is a footnote citing Public Utilities Code section 327(a)(7).[68] Section 327(a) governs administration of the California Alternate Rates for Energy (CARE) program. Paragraph (7) directs certain utilities to allocate "the costs of the CARE program" on an equal cents per kilowatt-hour basis. It does not establish a general rule for allocating costs associated with programs that provide broadly shared benefits, and it says nothing about wildfire mitigation costs. The Legislature's express direction for CARE therefore does not support applying the same allocator to PG&E's wildfire revenue category.

[65] Ex. PG&E-44, Joint Exhibit of the Revenue Allocation Settling Parties, A.19-11-019 (served Apr. 16, 2021), Response 5, p. 6 (the settling parties defended the allocator, calling it "[o]ne indicia of the Settlement's reasonableness" that it "falls within the wide range of those initial positions").
[66] Ex. TURN-03, p. 12.
[67] Ex. TURN-03, pp. 22-29 (recommending increases to PG&E's residential baseline percentages, including Basic/All-Electric summer from 53.8 to 60 percent in baseline territories R, S and W, and All-Electric winter from 63.8 to 70 percent).
[68] Ex. TURN-03, p. 11, citing Public Advocates Office, Prepared Testimony (Errata served Feb. 6, 2026), Chapter 5, p. 5-7 and n.16.

D. TURN's kWh Allocation Has No Demonstrated Cost Basis

Q WHAT ALLOCATION METHODOLOGY DOES TURN PROPOSE?

A TURN proposes an equal-cents-per-kWh allocation, which it describes as allocation "According to Total Sales." The allocator measures annual kWh usage, unweighted by time of use, voltage, demand, or load factor.[69]

Q IS UNWEIGHTED kWh A COST DRIVER?

A No. Few, if any, of a utility's costs are caused by unweighted kWh. Fuel and variable generation operating costs come closest, and even those vary greatly by hour; PG&E forecasts marginal energy cost hourly, not as an annual average.[70] Each major cost category in this proceeding has its own driver: generation capacity by contribution to load in the highest adjusted-net-load hours of the year;[71] transmission by 12 coincident peak demands;[72] distribution by service voltage and by contribution to peak loading on the specific facilities that serve the customer, measured as coincident demand at the circuit and substation level for primary and non-coincident demand at the final line transformer for secondary;[73] and customer costs by the number of customer connections.[74] None of those methods treat unweighted annual kWh sales as a general measure of cost responsibility.

[69] Ex. TURN-03, p. 11.
[70] Ex. PG&E-2 (Oct. 29, 2025 Errata), Ch. 2, p. 2-4; Ch. 3, § F.
[71] Ex. PG&E-2, Ch. 1, p. 1-11; Ch. 3, pp. 3-2 to 3-3. PG&E's Peak Capacity Allocation Factor method assigns the annual marginal generation capacity cost only to high-load hours — approximately 438 hours per year under PG&E's proposed 95th-percentile threshold.
[72] Ex. PG&E-3 (Jan. 23, 2026 Errata), Ch. 2, Table 2-3, p. 2-6.
[73] Ex. PG&E-2, Ch. 1, Table 1-5, p. 1-19; Ch. 7, p. 7-4 & n.3 (primary covers substations and circuits at 4-60 kV; secondary covers final line transformers below 4 kV).
[74] Ex. PG&E-2, Ch. 8, p. 8-1 (customer-related costs "vary with the number of customer connections"), citing D.21-11-016, pp. 7, 27.

Equal-cents-per-kWh recovery does appear elsewhere in PG&E's rates, including for certain legislatively directed charges and Commission-authorized public policy programs.[75] Those examples do not establish that annual kWh sales measure responsibility for wildfire-mitigation costs or that such treatment is appropriate for the wildfire category at issue here. Unweighted energy consumption is not the measure the Commission uses when it assigns costs to the customers who cause them. TURN offers no cost analysis connecting its chosen allocator to the costs at issue here. Instead, it selects the one measure that produces its preferred cost shift without demonstrating why annual kWh usage is the appropriate measure of class responsibility.

Q TURN OBSERVES THAT RESIDENTIAL CUSTOMERS WERE ALLOCATED 40 TO 45 PERCENT OF THIS CATEGORY WHILE ACCOUNTING FOR ABOUT 35 PERCENT OF SALES, AND CALLS THAT AN IMBALANCE. IS THAT ACTUALLY AN IMBALANCE?

A No. The comparison assumes its conclusion. A 40 to 45 percent cost share against a 35 percent kWh share is not an imbalance per se, much less evidence of "disproportionately high and unjustifiable" costs.[76] It becomes an imbalance only if one first assumes that each class's share of wildfire costs ought to equal its share of kWh. TURN does not establish that premise or explain why kWh sales is the appropriate benchmark for allocating these costs.

There is a straightforward explanation for the difference. What TURN calls wildfire costs are predominantly distribution costs, and the residential class is responsible for approximately 53 percent of PG&E's distribution cost of service.[77] Measured against

[75] See Ex. PG&E-3, Ch. 2, Table 2-3, p. 2-6 (Wildfire Fund Charge, nuclear decommissioning, the Energy Cost Recovery Amount and the recovery bond charge are each collected on an equal cents per kWh basis).
[76] Ex. TURN-03, p. 12.
[77] PG&E revenue allocation model (RA_Rev Alloc_GRC.xlsx, Base/Full RA), residential share of the distribution allocation factor (0.5299).

distribution cost responsibility, a residential share of 40 to 45 percent is not disproportionately high; it is well below cost. The Special Allocator has already moved a substantial share of these costs off the residential class, which is what the settlement was designed to do. TURN compares the result to a volumetric measure instead and then calls the resulting difference an imbalance.

Q WOULD A DIVERGENCE APPEAR UNDER OTHER ALLOCATION METHODS?

A Yes. Different allocators necessarily produce different class shares; that is what distinguishes them. The residential class carries 40 to 45 percent of this category under the Special Allocator, 35 percent under TURN's kWh measure, and approximately 53 percent under the distribution allocator that applies to the rest of PG&E's distribution revenue requirement.[78] Three measures, three values. The mere difference between any two allocation outcomes does not establish an "imbalance." It establishes only that the allocators measure class responsibility differently. The relevant question is which allocator has a sound basis for assigning the costs at issue.

Q WOULD RECOVERING WILDFIRE COSTS THROUGH AN EQUAL-CENTS-PER-KWH CHARGE DISTORT PRICE SIGNALS IMPORTANT TO THE STATE'S EMISSIONS GOALS?

A Yes. Allocating wildfire costs on an equal-cents-per-kWh basis would add the same amount to each kWh regardless of when the electricity is consumed, the availability of renewable generation, or the marginal emissions associated with that consumption. It would therefore dilute time-varying price signals intended to encourage customers to reduce or shift usage when the grid is constrained or marginal emissions are high.

The same charge would also increase the cost of consumption during hours when the grid has available capacity and marginal emissions are lower. That can discourage beneficial

[78] Ex. TURN-03, p. 13 (Table 5); PG&E revenue allocation model (RA_Rev Alloc_GRC.xlsx, Base/Full RA).

load shifting, industrial electrification, and investment in other decarbonization technologies. TURN's proposal would thus weaken price signals in both directions: it would make high-cost hours relatively less distinct and low-cost hours more expensive, frustrating the State's climate goals.

E. Recovering Wildfire Costs Through Public Purpose Program Rates Should Be Rejected

Q WHAT DOES TURN PROPOSE BEYOND REALLOCATION?

A That the expanded category be moved out of distribution and recovered through Public Purpose Program rates on a non-bypassable basis.[79] The stated justification is that "[w]ildfire mitigation does not provide unique benefits to distribution customers but improves public safety for all Californians."[80]

Q WHY SHOULD THAT BE REJECTED?

A Because it conflicts with the rate design principles the Commission adopted in D.23-04-040:

- Rate Design Principle (2): Rates should be based on marginal cost: Recovery through PPP removes these costs from the distribution cost-of-service framework in which marginal cost is applied.
- Rate Design Principle (3): Rates should be based on cost causation: A non-bypassable surcharge severs the cost from the service that causes it. (For example, an agricultural load served by self-generated power reduces distribution marginal cost to serve.)

[79] Ex. TURN-03, p. 14.
[80] Id.

- Rate Design Principle (4): Rates should encourage economically efficient use of energy: A surcharge collected on all kWh conveys no signal about the service decisions that drive the underlying spending.
- Rate Design Principle (8): Rates should avoid cross-subsidies that do not transparently and appropriately support explicit state policy goals: The shift moves costs to classes that do not cause them without transparent support of an explicit policy goal and cuts directly against the policy goals underlying the rate design principles.

TURN cites none of the principles in support of its reallocation proposal.

Q DOES RECOVERY THROUGH PUBLIC PURPOSE PROGRAM RATES CHANGE THE PRICE SIGNAL CUSTOMERS RECEIVE?

A Yes. Where a category is recovered through distribution rates, an increase in a class's allocated revenue is generally reflected by proportionally scaling that class's distribution charges — customer, demand, and energy — by an equal percentage. That approach preserves and increases the differentials embedded in the distribution rate design as revenue grows.

Public Purpose Program rates operate differently. They are collected as a charge per kWh that is uniform across load profile and time-of-use periods.[81] The same dollars therefore raise the average price the customer pays and leave the price signal differentials where they were, effectively diluting those signals.

[81] PG&E Schedule B-19 bills the Public Purpose Programs component per kWh on all usage, at rates that do not vary by time-of-use period.

Q WHY DOES THAT MATTER FOR THIS CATEGORY OF COSTS?

A Because Schedules B-19 and B-20 collect distribution revenue principally through time-related demand charges, and TURN's proposal takes nearly all of that revenue out of them. On TURN's showing, Schedule B-20T's distribution revenue falls from $87.3 million to $1.5 million while its Public Purpose Program revenue rises from $160.7 million to $470.4 million.[82] The charge that tells a large customer to manage peak demand on the distribution system is replaced by one that is the same in every hour.

That is contrary to the Commission's rate design principle (6): "Rates should encourage customer behaviors that optimize the use of existing grid infrastructure to reduce long-term electric system costs."[83] The Commission's explanation of the principle supplies the example: "reduction of coincident peak demand can reduce the need to invest in certain infrastructure upgrade costs."[84]

The distribution plant this category serves is built to serve peak demand, and recovering the cost of serving it through a charge that is indifferent to when energy is taken removes the customer's reason to reduce the demand that drives the investment.

F. Large Ratepayers' Recommended Allocation

Q WHAT DO LARGE RATEPAYERS RECOMMEND?

A First, the Commission should reject TURN's proposed expansion, and retain the wildfire revenue category as defined in the prior settlement, and as proposed by PG&E in this proceeding.

[82] Ex. TURN-03, p. 21 (Table 9). As with Table 8, Table 9 reflects TURN's marginal cost proposals in Ex. TURN-1 together with the revenue allocation proposals addressed here.
[83] D.23-04-040, Attachment A, p. 2 (Rate Design Principle 6).
[84] D.23-04-040, Attachment A, p. 2.

Second, the Commission should continue to apply the Special Allocator to the existing category, but cap the combined revenue requirement used in the allocator's formula at $2.4 billion, representing the category's 2024 recorded revenue.

Third, wildfire revenue above $2.4 billion should be allocated according to the voltage of the underlying work, consistent with cost causation and the Commission's rate design principles.

Q WHY CAP THE ALLOCATOR'S APPLICATION?

A The category stood at $994 million in 2022 and $1.057 billion in 2023 before reaching $2.427 billion in 2024.[85]

TURN is right that the category has grown far beyond what the parties expected, but it draws the wrong conclusion from that fact. Proper cost causation and price signals work to constrain costs. Growing costs need accurate price signals even more desperately. The remedy for growth beyond the negotiated range is to allocate the growth on cost, not to discard the negotiated result and allocate the whole of it on a measure blind to cost causation.

Q WHAT IS LARGE RATEPAYERS' ALTERNATIVE RECOMMENDATION?

A If the Commission declines to adopt voltage-based allocation above $2.4 billion, it should apply the Special Allocator to all revenue within the existing definition of the category and reject the proposed expansion.

[85] Ex. TURN-03, p. 6 (Table 1).

VI. FERA COST RECOVERY SHOULD REMAIN WITHIN THE RESIDENTIAL CLASS

Q WHAT CHANGE DOES TURN PROPOSE FOR FERA?

A TURN argues that FERABA costs should be allocated to all non-discount customers through Public Purpose Program rates on an equal-cents-per-kWh basis, in the same manner as CARE.[86] The amount at issue is $21.093 million on a 2024 basis, of which TURN would shift approximately $15.2 million to non-residential classes.[87]

Q DOES ANY OTHER PARTY SUPPORT TURN'S PROPOSAL?

A No. TURN is the only intervenor that proposes in direct testimony to reallocate FERABA cost outside the residential class. No other intervenor's direct testimony supports that change, and PG&E's direct testimony proposes to retain the current treatment.[88]

Q WHAT IS LARGE RATEPAYERS' POSITION?

A The Commission should adopt PG&E's proposal to continue recovering FERA costs from the residential customer class. FERA is a residential program, and non-residential customers, including the Large Ratepayers' members, are not eligible to participate. TURN has not established a sufficient basis for shifting those costs outside the residential class.

Q HOW WAS FERA DESIGNED WHEN THE COMMISSION CREATED IT?

A The Commission established the program in D.04-02-057, where it was called the Middle Income Large Household Program. It delivered a lower tier rate for usage that would otherwise be billed at a higher tier, inside the residential rate structure, and its costs were

[86] Ex. TURN-03, p. 17.
[87] Ex. TURN-03, p. 18 (Table 7).
[88] Based on a review of the opening testimony served by all parties in this proceeding. FERA cost allocation is addressed only at Ex. TURN-03, pp. 17-20.

recovered within the residential class. Recovery from residential customers was a feature of the program's design rather than an artifact of implementation.

Q HAS THE COMMISSION ADDRESSED FERA COST ALLOCATION DIRECTLY?

A Yes. D.21-11-016 adopted a revenue allocation settlement for PG&E whose uncontested terms included: "For the FERA program, allocate revenues only to the residential class."[89] In the same decision, the Commission recorded that TURN "believed that costs related to the [FERA] program should continue to be allocated to the residential class, even though PG&E did not propose to do so in this case."[90]

The Commission had reached the same result for Southern California Edison (SCE). In D.15-07-001, the Commission's 2015 residential rate reform decision, Southern California Edison proposed to recover the revenue loss from its FERA discount from non-CARE customers within the residential class. Until then SCE had been recovering that loss from all customer classes. Its reason for the change was that "the FERA discount is only provided to residential customers and there is no statutory requirement to recover its costs outside the residential class."[91]

The Commission agreed:

> Finally, we agree with SCE that any undercollection in the FERA discount should be funded by the non-CARE residential class and not from all customer classes. We direct SCE to make this change as part of its advice letter filing for 2015 rates.[92]

[89] D.21-11-016, p. 91.
[90] D.21-11-016, p. 82, citing Exh. TURN-01 at 36.
[91] D.15-07-001, p. 244.
[92] D.15-07-001, p. 247.

Q TURN SAYS THERE IS "NO LOGICAL EXPLANATION" FOR TREATING FERA DIFFERENTLY FROM CARE. IS THERE ONE?

A Yes, and it is statutory. CARE carries three legislative directives that FERA does not. Section 739.1 provides that the costs of the CARE program shall not be borne solely by any single class of customer. Section 327(a)(7) directs that those costs be allocated on an equal cents per kilowatt-hour basis. Sections 381 and 382 provide for their collection through the non-bypassable Public Purpose Program rate component. Section 739.12, which establishes FERA, contains no comparable cost-allocation or recovery requirements.

SB 987 in 1988 directed the Commission to establish the low-income assistance program that became CARE, and provided that its cost "shall not be borne by any single class of customer."[93] The Commission accordingly adopted an equal-cents-per-kWh surcharge because it was "more consistent with the goal of minimizing the burden on any one class of ratepayers."[94] The Legislature later codified equal-cents recovery for CARE in Section 327(a)(7), defining the class base by reference to the surcharge the Commission had already built.[95] FERA has no comparable legislative directive and has received no equivalent statutory treatment at any point in that sequence. That is the explanation TURN claims does not exist.

Q HAS THE LEGISLATURE HAD THE OPPORTUNITY TO CHANGE MODIFY THE ALLOCATION?

A Yes. In 2018, SB 1135 codified FERA in Section 739.12 and increased the discount from 12 to 18 percent. In 2024, SB 1130 removed the household-size restriction and directed the

[93] D.88-09-027, p. 3, describing Senate Bill 987 (Stats. 1988, ch. 212).
[94] D.89-09-044, Finding of Fact 20.
[95] Senate Bill 695 (Stats. 2009, ch. 337), adding Pub. Util. Code § 327(a)(7).

Commission to strengthen enrollment.[96] Neither amendment directed that FERA be recovered across customer classes, allocated on an equal-cents basis, or collected through Public Purpose Program rates.

TURN cites these amendments to argue that FERA has become more like CARE. But although the Legislature expanded FERA and strengthened participation requirements, it did not extend to FERA the cross-class cost-allocation requirements that expressly apply to CARE. Thus, the Legislature revisited the FERA statute twice in six years and left the difference in cost allocation unchanged, providing additional evidence that it did not intend to alter the Commission's existing treatment of FERA costs.

Q WHAT ABOUT THE OTHER CHANGES TURN IDENTIFIES?

A Those changes expand the program's discount, eligibility, and related benefits. They do not change the fact that FERA is a residential program, nor do they direct that its costs be recovered from non-residential customers. Thus, none of those changes alter the fundamental structure of the program that the Commission has relied upon for the current allocation. FERA therefore remains statutorily distinct from CARE, and TURN's testimony provides no reasonable basis for disregarding that distinction or imposing FERA costs on customer classes that are ineligible for the program.

VII. SUMMARY OF RECOMMENDATIONS

Q PROVIDE A SUMMARY OF YOUR POSITIONS IN THIS TESTIMONY.

A Large Ratepayers make four recommendations.

First, the Commission should reject TURN's expansion of the wildfire revenue category. Routine Vegetation Management, WMP Distribution Base, and WMP-related OUMBA

[96] Ex. TURN-03, pp. 18-19.

costs are recorded and allocated as distribution costs, and TURN has not shown that any of them are caused by wildfire mitigation.

Second, the Commission should reject TURN's proposal to allocate the wildfire revenue category on an equal cents per kWh basis and to recover it through Public Purpose Program rates.

Third, the Commission should continue to apply the Special Allocator adopted in D.21-11-016, capping the combined revenue requirement used in the allocator's formula at $2.4 billion, and should allocate wildfire revenue above that level according to the voltage of the underlying work, using the standard distribution allocation factors. In the alternative, the Commission should apply the Special Allocator to all revenue within the existing definition of the category.

Fourth, the Commission should reject TURN's proposal to spread FERA cost recovery to non-participating classes.

VIII. CONCLUSION

Q WAS THIS MATERIAL PREPARED BY YOU OR UNDER YOUR SUPERVISION?

A Yes, it was.

Q INSOFAR AS THIS MATERIAL IS FACTUAL IN NATURE, DO YOU BELIEVE IT TO BE CORRECT?

A Yes, we do.

Q INSOFAR AS THIS MATERIAL IS IN THE NATURE OF PROFESSIONAL OPINION OR JUDGMENT, DOES IT REPRESENT YOUR BEST PROFESSIONAL OPINION OR JUDGEMENT?

A Yes, it does.

Q DO YOU ADOPT THIS TESTIMONY AS YOUR SWORN TESTIMONY IN THESE CONSOLIDATED PROCEEDINGS?

A Yes

Q DOES THIS CONCLUDE YOUR TESTIMONY?

A Yes.

APPENDIX A

QUALIFICATIONS OF SAM HARPER

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Sam Harper. My business address is Harper Advisory LLC, 9002 Six Pines Drive, Shenandoah, TX 77380.

Q WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?

A I am a consultant in the field of energy markets and policy. I am employed by Harper Advisory LLC.

Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A I have extensive experience in energy procurement, utility regulation, ISO/RTO governance, renewable energy development, and demand response. I have direct experience with commercial energy arrangements, demand response, and the stakeholder processes in PJM, MISO, ERCOT, CAISO, IESO, CENACE, and various unorganized markets. In my current role as a consultant, I advise organizations that engage across the energy supply chain, including large energy consumers for whom energy is a significant percentage of their cost of production.

Prior to consulting, I was the Director of Energy of North American operations for Gerdau, a major steel producer with significant energy requirements and active demand response participation. From 2013-2022, I held a variety of positions for Gerdau, which included Regional Energy Manager and Assistant Vice President of Operations for Gerdau's subsidiary load serving entity. My responsibilities included demand response operations,

RTO/ISO stakeholder process, utility regulatory intervention, commercial energy contract negotiations, commodity risk management, and renewable energy development.

I was elected each year from 2016 through 2021 to the Board of Directors of the Electric Reliability Council of Texas (ERCOT). I served on the Human Resources and Governance Committee throughout my tenure, and in 2021 was elected Vice-Chair. I served during the Storm Uri reliability crisis in February 2021 and its aftermath.

I represented the Commercial and Industrial sector (C&I) customer sector on the Regional Organization for Western Energy (ROWE) Nominating Committee to select the inaugural Board in 2026. I currently sit on the ERCOT Wholesale Markets Subcommittee. I served on the Advisory Board for the Renewable Development Fund of Minnesota from 2017-2020, ensuring renewable energy grants were executed prudently and consistent with state policy goals.

From 2008-2013, I was employed by ArcelorMittal, a global steel producer, ending as the Sourcing Manager of Electricity for US Operations. During that time, I created and managed a load serving entity and curtailment service provider in the PJM territory.

I earned a Bachelor of Science degree in Business Administration from the University of Illinois at Urbana-Champaign in 2008, graduating with Honors.

CERTIFICATION

I, Sam Harper, hereby certify, pursuant to Rule 13.7(e) of the Rules of Practice and Procedure of the CPUC, under penalty of perjury under the laws of the State of California,

that the foregoing is true and correct to the best of my knowledge, and that this Certification was executed on this 9th day of October at Shenandoah, Texas.

By: 

Name: Sam Harper

Title: Consultant to the California Large Energy Consumers Association

APPENDIX B

QUALIFICATIONS OF JOHN HOLLER

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A John Holler. My business address is Harper Advisory LLC, 9002 Six Pines Drive, Shenandoah, TX 77380.

Q WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?

A I am a financial analyst in the field of energy markets and policy. I am employed by Harper Advisory LLC.

Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A I have professional experience in energy-sector commercial analysis, negotiations, and financial modeling. In my current role as a financial analyst, I advise organizations that operate across the energy supply chain, including large energy consumers for whom energy costs represent a material component of total production costs. My work includes analysis of energy procurement strategies, evaluation of utility rate impacts, and financial assessment of energy-related investments and regulatory proposals.

Prior to joining Harper Advisory, I worked as a financial analyst, advising small- and medium-sized businesses on financial management, performance analysis, and cash flow planning.

From 2009 through 2014, I was employed by ExxonMobil in its Gas & Power Marketing organization, where I held a series of commercial and analytical roles. These included U.S. Gas Supply Planner, Global LNG Advisor, and Commercial Advisor for RasGas, a joint venture between ExxonMobil and the State of Qatar. In these roles, I was responsible for

commercial analysis, supply planning, contract evaluation, and support of gas and power marketing activities in both domestic and international markets.

I earned a Bachelor of Science degree in Industrial & Systems Engineering from the University of Florida in 2007, graduating summa cum laude, and a Master of Business Administration from the University of Florida in 2009, graduating with honors.

Q WHAT TESTIMONY ARE YOU SPONSORING IN THIS PROCEEDING?

A I am jointly sponsoring the Rebuttal Testimony of Sam Harper and John Holler on behalf of the California Large Energy Consumers Association, California League Of Food Producers, And California Manufacturers And Technology Association.

Q WAS THIS MATERIAL PREPARED BY YOU OR UNDER YOUR SUPERVISION?

A Yes, it was.

Q INSOFAR AS THIS MATERIAL IS FACTUAL IN NATURE, DO YOU BELIEVE IT TO BE CORRECT?

A Yes, I do.

Q INSOFAR AS THIS MATERIAL IS IN THE NATURE OF PROFESSIONAL OPINION OR JUDGMENT, DOES IT REPRESENT YOUR BEST PROFESSIONAL OPINION OR JUDGEMENT?

A Yes, it does.

Q DO YOU ADOPT THIS TESTIMONY AS YOUR SWORN TESTIMONY IN THIS PROCEEDING?

A Yes.

Q DOES THIS CONCLUDE YOUR TESTIMONY?

A Yes.

CERTIFICATION

I, John Holler, hereby certify, pursuant to Rule 13.7(e) of the Rules of Practice and Procedure of the CPUC, under penalty of perjury under the laws of the State of California, that the foregoing is true and correct to the best of my knowledge, and that this Certification was executed on this 9th day of October at Hixson, Tennessee.

By: 

Name: John Holler

Title: Financial Analyst for the California Large Energy Consumers Association