



BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE

STATE OF CALIFORNIA

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Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2027. (U 39 M)

Application 25-05-009

(Filed May 15, 2025)

**JOINT RESPONSE OF CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION,
INDICATED SHIPPERS, AND ENERGY PRODUCERS AND USERS COALITION IN
OPPOSITION TO MOTION OF PACIFIC GAS AND ELECTRIC COMPANY FOR
INTERIM RATE RECOVERY**

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Pursuant to Rule 11.1 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, and Administrative Law Judge (ALJ) Larsen's May 14, 2026 Ruling,¹ California Large Energy Consumers Association ([CLECA](#)),² the Energy Producers and Users

¹ During the evidentiary hearing on May 14, 2026, ALJ Larsen granted PG&E's oral motion to extend the deadline for responses to PG&E's motion for interim rate recovery to June 1, 2026.

² CLECA member companies produce goods essential for daily life, including critical infrastructure, oxygen for hospitals, and food distribution. CLECA members represent the steel, cement, industrial and medical gas, glass, beverage, minerals processing, cold storage, and pipeline transportation industries. Their aggregate electric demand is about 500 Megawatts, which is equivalent to the electricity consumption of approximately 470,000 average California households. CLECA members are large, high load factor and high voltage industrial electric customers in California for whom the price of electricity is essential to their competitiveness and for whom the reliability of electricity service is critically important. For both reasons, CLECA member companies have participated for decades in the Base Interruptible Program (BIP), providing reliability demand response to the grid in times of need. (For more information, please go to [CLECA.org](#)).

Coalition,³ and the Indicated Shippers⁴ submit this joint response opposing Pacific Gas and Electric Company's (PG&E) May 7, 2026 Motion for Interim Rate Recovery (Motion).⁵

I. INTRODUCTION

The Commission should deny PG&E's request for interim recovery of any portion of its proposed test year (TY) 2027 revenue requirement increase. Public Utilities Code Section 451 dictates that rates must be found just and reasonable *prior* to being demanded or received.⁶ Although PG&E acknowledges the governing legal standard and the various factors the Commission weighs when evaluating interim rate options,⁷ the Motion fails to establish that the facts of this forward-looking general rate case (GRC) warrant such relief.

First, PG&E overstates the extent to which its request for early recovery of forward-looking costs resembles the interim rate relief the Commission has granted in prior cases. The recent decisions PG&E cites largely involved recorded or already-incurred costs, where the Commission was asked to address growing interest on existing balances while reasonableness review continued. The Motion is different; although a GRC may include some amortization of historical tracking accounts, the \$1.18 billion base revenue requirement increase at issue here is overwhelmingly driven by a forward-looking test-year forecast. That significant distinction

³ EPUC represents the electricity end-use interests of the following companies in this proceeding: California Resources Corp., Chevron U.S.A. Inc., PBF Holding Company, Phillips 66 Company, and Tesoro Refining & Marketing Company LLC.

⁴ The Indicated Shippers represent the natural gas non-core customer interests of the following companies in this proceeding: California Resources Corp., Chevron U.S.A. Inc., Marathon Petroleum Company LP, PBF Holding Company, and Phillips 66 Company.

⁵ *Motion Of Pacific Gas And Electric Company (U 39 M) For Interim Rate Recovery*, A.25-05-009, May 7, 2026 (Motion).

⁶ D.23-06-004 at 9 (citing Pub. Util. Code § 451; Application of Pacific Gas and Electric Company (2000) D.00-02-046, at 36, 2000 Cal. PUC LEXIS 239 ["no public utility shall change any rate ... except upon a showing before the Commission, and a finding by the Commission that the new rate is justified"]).

⁷ Motion at 5-6.

substantially undermines PG&E's effort to rely on those prior decisions and the case-specific factors that supported interim relief therein.

Second, PG&E's asserted ratepayer benefits regarding customer "interest savings," "rate smoothing," and "intergenerational equity" rest on the unsupported premise that its proposed \$1.18 billion revenue increase is reasonable and will be approved. In reality, this request is the subject of substantial dispute in this proceeding, and numerous parties have challenged multiple components of PG&E's gas and electric cost of service forecasts. If PG&E's underlying revenue requirement proposal is materially overstated or unsupported, then PG&E's claimed ratepayer benefits from accelerated recovery are necessarily overstated as well. The Commission has not had the opportunity to make this determination.

Finally, PG&E's flawed affordability and rate-volatility showing is fundamentally incomplete. Although PG&E acknowledges that its proposed interim rates would affect all gas and electric customer classes, PG&E frames its flawed rate volatility and affordability analysis almost exclusively through illustrative residential bill impacts and offers no comparable analysis for non-residential customers, including large industrial electric customers or non-core natural gas customers. PG&E therefore cannot establish that its proposal is fair to the public as a whole while failing to meaningfully assess the impacts on the customer classes for whom utility costs materially affect business operations, market competitiveness, and investment decisions.

II. RESPONSE TO MOTION

A. PG&E Overstates the Extent to Which Its Request Resembles Prior Decisions Authorizing Interim Relief for Recorded Costs

PG&E attempts to justify its request for early recovery by improperly equating the anticipated delay in the approval of its forward-looking TY 2027 budget with the financial

pressures of carrying unrecovered, already-incurred costs which are accruing interest. Under the standard established by the California Supreme Court in *Toward Utility Rate Normalization v. Public Utilities Commission* interim rate relief requires a showing that “fairness to both the utility and the public required immediate action.”⁸ PG&E fails to demonstrate that the facts of this GRC proceeding meet that standard.

Each of the recent decisions cited by PG&E as supportive Commission “precedent” involved applications for the recovery of already-recorded expenditures.⁹ In those proceedings, the Commission evaluated requests to recover costs that the utility incurred in prior years and recorded to memorandum and balancing accounts.¹⁰ When the Commission granted interim relief in those limited circumstances, it considered the utilities’ assertions regarding the carrying costs of uncollected balances and the purported impacts on customer rates, as well as the utilities’ financial conditions.¹¹

PG&E’s GRC request presents a materially different issue. While PG&E’s requested revenue increase may include amortization of certain regulatory account balances, the proposed \$1.18 billion base revenue requirement increase is overwhelmingly driven by a highly contested TY 2027 forecast. On January 1, 2027, PG&E will not have incurred the bulk of the prospective costs and capital expenditures comprising this request. As a result, the carrying cost and financial pressure considerations that figured prominently in PG&E’s cited recorded-cost cases have less force here.

⁸ *TURN v. PUC* (1988) 44 Cal.3d at 878.

⁹ Motion at 11 (citing D.23-06-004, D.24-03-006, D.24-07-012, and D.24-09-003).

¹⁰ See e.g., D.23-06-004 at 3-4; D.24-03-006 at 6-8; D.24-07-012 at 2; D.24-09-003 at 2-3.

¹¹ D.23-06-004 at 11-12; D.24-07-012 at 8-10; D.24-03-006 at 12; D.24-09-003 at 9-12.

PG&E nonetheless attempts to treat the standard regulatory lag associated with a forward-looking GRC as equivalent to the financing burden of carrying already-incurred costs through reasonableness review. The Motion does not identify any specific existing recorded expenditures for which delayed recovery is causing mounting carrying costs on a known balance. Instead, PG&E seeks upfront collection of future costs that are inherently uncertain, without demonstrating that such recovery is time sensitive. Notably, PG&E references the procedural schedules for prior GRC decisions as “context” for its request, but fails to demonstrate that these prior schedules resulted in any type of financial harm that would justify the interim recovery requested here.¹²

B. PG&E’s Asserted “Interest Savings” and “Rate Smoothing” Benefits Rely on an Unsupported and Highly Contested Baseline

PG&E bases its request on the flawed premise that interim relief will benefit customers through “interest savings,” “rate smoothing,” and “intergenerational equity.”¹³ These purported benefits, however, rest entirely on the speculative assumption that PG&E’s full \$1.18 billion requested revenue requirement increase will be found just and reasonable, and ultimately approved in its entirety. This assumption is entirely inconsistent with the record evidence advanced by numerous intervenors opposing the various drivers of PG&E’s requested revenue requirement increase.¹⁴

Ratepayers would not accrue interest obligations on disallowed costs. Given the highly contested nature of PG&E’s underlying request, the “interest savings” PG&E claims from

¹² Motion at 3.

¹³ Motion at 5-11.

¹⁴ See, e.g., EPUC/IS Ex-001 at 6 (Table 3), CLECA Ex-01 at 7-8, CA Ex-01 at 3 (Table 01-1); *Case Management Statement*, A.25-05-009, Apr. 10, 2026.

accelerating recovery are likely overstated by a significant amount. Because PG&E's underlying revenue request is subject to such extensive, well-supported disallowance recommendations, granting interim recovery poses an unacceptable risk of substantial ratepayer overcollection.

PG&E's claims regarding "rate smoothing" suffer from the same analytical flaw. If the Commission adopts the substantial disallowances recommended by intervenors, the final authorized revenue requirement will be significantly lower than the requested amount. Consequently, collecting interim rates based on PG&E's unvetted forecast would not "smooth" rates at all. Instead, it would promote rate volatility, subjecting ratepayers to an unjustified, premature rate spike in 2027, followed by a downward adjustment or refund once the final decision is issued.

Similarly, the principle of intergenerational equity exists to ensure the fair allocation of just and reasonable costs, not to guarantee immediate cash flow for contested and potentially imprudent expenditures. As discussed below, a subsequent refund does not cure this inequity, particularly for large non-residential customers who suffer substantial opportunity costs when deprived of their working capital in the interim.

C. PG&E's Affordability Analysis Is Fundamentally Flawed Because It Ignores Impacts on Non-Residential Customers

As the applicant in this ratesetting proceeding, PG&E bears the burden of demonstrating that its proposal is reasonable under the applicable standard.¹⁵ PG&E fails to meet that burden by framing its rate volatility and affordability analysis exclusively through the narrow lens of an average residential customer bill. While PG&E explicitly acknowledges that its proposed interim

¹⁵ D.23-06-004 at 9-10; D.24-03-006 at 10-11; D.24-07-012 at 6-8.

rates will affect charges for all electric and gas customer classes,¹⁶ the Motion offers no comparable analysis of the resulting impacts on non-residential electric customers or noncore natural gas customers.

The record reflects that PG&E's industrial electric and gas rates are already unaffordable, and significantly impact these customers' business operations, market competitiveness, and investment decisions.¹⁷ The record further reflects that the rate increases associated with PG&E's GRC request would exacerbate those impacts.¹⁸ The Motion's request to accelerate this highly-contested rate increase would further exacerbate ratepayer harm and pose a serious threat to these customers' operational viability and competitiveness. Thus, by focusing solely on residential bills, PG&E's affordability analysis fails to provide a complete picture of the requested rate relief and its impacts.

Furthermore, PG&E's argument that making the interim rates "subject to refund" fully protects customers¹⁹ is economically unsound, because it ignores the substantial opportunity cost of capital imposed on large energy consumers. By seeking early recovery of a highly disputed forward-looking revenue requirement increase, PG&E is effectively forcing ratepayers to provide a massive capital float to the utility. For large industrial customers, being deprived of this working capital in the interim restricts financial liquidity and imposes unnecessary and unjustified operational opportunity costs. A subsequent refund calculated at the short-term commercial paper rate does not adequately compensate a capital-constrained business for the lost economic

¹⁶ Motion at 3-4.

¹⁷ CLECA Ex-01 at 8-11.

¹⁸ CLECA Ex-01 at 12-15; EPUC/IS Ex-01 at 5.

¹⁹ Motion at 4-5.

value of its own working capital during the period of overcollection. Accordingly, the Motion cannot establish that its proposal is fair to the public as a whole while ignoring the near-term impacts on the nonresidential customers who would bear those charges.

III. CONCLUSION

California Large Energy Consumers Association, Energy Producers and Users Coalition, and Indicated Shippers appreciate the opportunity to provide this response and urge rejection of the Motion.

Respectfully submitted,

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