



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)

**CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION
OPENING BRIEF**

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CALIFORNIA LARGE
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Summary of Recommendations

General Ratemaking Principles

- **Recognize the current state of electric rate unaffordability** and evaluate PG&E's revenue requirement request on a basis that captures the actual costs ratepayers will bear during the GRC period, including the effects of PG&E's proposed accounting and procedural adjustments.
- **Set the revenue requirement based on total ratepayer cost**, including the effects of PG&E's proposed accounting and procedural adjustments, and approve spending in this GRC only if it results in declining electric rates across the 2027 through 2030 GRC period under all reasonable load-growth scenarios.

Risk Management

- **Evaluate PG&E's risk management programs using risk-neutral Cost-Benefit Ratios (CBRs) as the primary analytical reference**, and require PG&E to justify all program tranches with risk-neutral CBRs below 1 through explicit findings demonstrating safety necessity, legal or regulatory obligation, or clearly articulated non-quantifiable benefits.
- **Direct PG&E to submit unscaled consequence values and CBRs** as part of its 2028 RAMP and 2031 GRC, to ensure a transparent expected-value baseline in future proceedings.

Load Growth Investment Sequencing

- **Acknowledge the uncertainty of load growth investments** by magnitude, sector, timing, utility element, and location of anticipated new customers and electrification demand, and the importance of near-term affordability to individual ratepayer electrification decisions.
- **Direct PG&E to sequence and size load-growth and electrification-related investments** based on observed load growth patterns and realistic demand forecasts, to achieve net rate reductions over each year of this GRC period.
- **Direct PG&E to sequence load-growth investments after implementation of broadly available dynamic pricing, demand response, and other load-shaping programs** that incorporate price signals for transmission and distribution, and require PG&E to incorporate dynamic load flexibility in its transmission and distribution investment planning.

Capital Work Prioritization and Execution

- **Prioritize and limit approved capital work** in this GRC to only those activities that are necessary, urgent, and that PG&E has demonstrated it can reasonably execute within the GRC period.

Specific Spending Recommendations

- **Reject PG&E's proposed increase in Administrative and General spending**, and freeze annual A&G expense at the prior 2026 approved level.
- **Apply rigorous scrutiny before approving any departmental or functional headcount increases**
- **Direct PG&E to prioritize only the proposed power generation projects necessary to be completed in this GRC period.** For any activity PG&E cannot demonstrate is urgent and infeasible for deferral, the Commission should either reject the activity outright or approve it only on a phased basis over two or more GRC cycles.
- **Reject PG&E's proposed \$99 million Academy Building expansion in its entirety**
- **Reject PG&E's request for undergrounding "bridge funding" and PG&E's proposed advice letter extension mechanism for 2028 through 2030**

Balancing and Memorandum Accounts

- **Constrain the use of two-way balancing and memorandum accounts** to circumstances where PG&E has affirmatively demonstrated that such costs cannot be adequately planned for and managed within the GRC-approved budget.
- **Reject PG&E's proposal to expand the scope of the Hydro Licensing Balancing Account**
- **Reject PG&E's proposal to create the New Business Balancing Account and reject PG&E's alternative forecast**
- **Direct PG&E to close the Wildfire Mitigation Plan Memorandum Account (WMPMA) and the Fire Risk Mitigation Memorandum Account (FRMMA) to new entries effective January 1, 2027**
- **In the alternative**, if the Commission preserves the WMPMA and FRMMA in any form, apply a strict incrementality standard modeled on the Catastrophic Event Memorandum Account framework, requiring PG&E to make a project-by-project affirmative showing that each recorded cost is both unforeseen and incremental to the GRC-authorized revenue requirement.

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(Filed May 15, 2025)

**CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION
OPENING BRIEF**

Pursuant to Rule 13.12 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, and the schedule set by Administrative Law Judge (ALJ) Gruen's June 18, 2026 E-Mail Ruling,¹ the California Large Energy Consumers Association² submits this opening brief addressing Pacific Gas and Electric Company's (PG&E) Test Year (TY) 2027 General Rate Case (GRC) Application (A.25-05-009).

¹ *E-Mail Ruling Granting Request Of The Utility Reform Network For An Extension For Opening And Reply Briefs*, A.25-05-009, June 18, 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, 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](https://www.cleca.org)).

1. INTRODUCTION AND GENERAL POLICY AND LEGAL ISSUES

California electric rates have reached a breaking point for ratepayers across PG&E's customer classes. In this proceeding, PG&E seeks the largest single-GRC-period electric revenue requirement increase in its history — an \$11.7 billion cumulative increase over 2027 through 2030.³ If approved, PG&E's electric revenue requirement would grow from \$7.1 billion in 2020 to \$13.8 billion in 2030, a 96 percent increase from 2020 and a 37 percent increase from 2026.⁴ The magnitude of this request cannot be viewed in isolation. Each successive GRC has established a new spending record: PG&E's last GRC (A.18-12-009) produced a \$9.6 billion increase, which itself exceeded the approximately \$3.9 billion increase adopted in the prior GRC.⁵

The Commission in this proceeding must determine whether PG&E has carried its burden to demonstrate that each requested expenditure is necessary, reasonable, and cost-effective when weighed against the substantial rate impacts customers will bear. That inquiry is particularly important where, as here, rate increases are being proposed against a backdrop of

³ CLECA Ex-01 at 12:5-11 ("PG&E projects that its proposed revenue requirement for combined electricity and natural gas will increase by 8% over authorized revenue in 2026, followed by increases of 6.1% each year from 2028-2030. When isolating the electricity revenue requirement, we see a sharper increase: PG&E's proposed 2027 over 2026 adopted revenue requirements for electric distribution show an 11.2% increase, a staggering 24.9% increase for electric generation, and a 13% increase on a combined electric basis, with further increases of 7% each year from 2028 to 2030.") (citing PG&E Ex-10 at Table 1-1 and CLECA Ex-01 at Attachment C (Workpaper 1.1)).

⁴ CLECA Ex-01 at 13:6-8.

⁵ CLECA Ex-01 at 12:16-18 (citing A.18-12-009 at 6 (Table 3 shows PG&E's **adopted** electric (distribution + generation) revenues (\$M): 2018 (6,283) and 2019 (6,555); *Joint Motion for Approval of Settlement Agreement*, A.18-12-009, Jan. 14, 2020 at Appendix C (adopted in D.20-12-005) (showing PG&E's **adopted** electric (distribution + generation) revenues (\$M): 2020 (7,072) and 2021 (7,269); D.23-11-069 at Appendix A (Table 1 shows PG&E's **adopted** electric (distribution + generation) revenues (\$M): 2022 (8,124), 2023 (9,228), 2024 (9,594) and 2025 (9,715)); A.25-05-009 at 22 (Table 1 shows PG&E's **adopted** electric (distribution + generation) revenues (\$M): 2026 (10,080); 23 (Table 2 shows PG&E's **proposed** electric revenues (\$M): 2027 (11,376)).

unprecedented affordability challenges that are affecting residential, commercial, agricultural, and industrial customers alike.

The consequences of rising electric rates extend far beyond monthly utility bills. California's economic competitiveness, industrial retention, decarbonization and electrification objectives all depend on customers having access to reasonably priced electric service. PG&E's industrial rates have already risen more than 50 percent in the last five years. As a result, PG&E now holds the dubious distinction of having the highest industrial rates amongst the large investor-owned utilities in California, and those rates are more than three times higher than industrial rates in many neighboring states.⁶ Such disparities directly affect investment decisions, operating costs, business expansion, and the ability of California employers to compete with facilities located elsewhere.

Much of the spending growth that has driven these escalating rates has been associated with important public-policy objectives, including wildfire-risk mitigation, reliability improvements, and investments intended to support California's clean-energy transition. The question before the Commission in this proceeding is whether PG&E's proposed spending plan is prudent and appropriately balances those objectives against the equally important goal of restoring affordability. The record demonstrates that PG&E has not adequately prioritized projects, sufficiently scrutinized cost escalation, or shown that every requested expenditure is necessary to provide safe and reliable service at just and reasonable rates.

⁶ CLECA Ex-01 at 2:10-13 (citing Energy Information Agency (EIA), EIA-861M Monthly Electric Power Industry Report, Monthly sales to ultimate customers by state and utility for all sectors (Industrial columns) January 2010 - November 2025).

Progress toward more affordable rates is essential not only for customers' economic well-being, but also for advancing California's broader policy objectives. Customers cannot reasonably be expected to electrify homes, businesses, vehicles, and industrial processes if the cost of electric service continues its current trajectory. Accordingly, the Commission should carefully scrutinize PG&E's request and reject expenditures that are inadequately justified, poorly supported, speculative, duplicative, or disproportionate to their claimed benefits. Only by doing so can the Commission fulfill its statutory obligation to ensure that rates remain just and reasonable while maintaining safe and reliable utility service.

1.1 Policy Overview

California's energy policies require the Commission to balance multiple objectives, including safety, reliability, affordability, economic competitiveness, and electrification. The record demonstrates that those objectives are increasingly interconnected. Affordability is not merely one policy objective among many; it is a prerequisite to achieving broader state goals that depend on customers choosing to use more electricity and invest in electrified technologies.⁷

As CLECA witness testimony explains, California is at a critical crossroads where continued electrification and economic development could place downward pressure on rates by spreading fixed utility costs across greater electric sales.⁸ But that outcome is not guaranteed. The pace and magnitude of future load growth remain uncertain, and customers will be less willing to electrify homes, businesses, transportation fleets, and industrial processes if electric rates continue to increase at current levels.⁹

⁷ CLECA Ex-01 at 2:16-18, 8:1-8.

⁸ CLECA Ex-01 at 2:19-3:7.

⁹ CLECA Ex-01 at 8:1-8, 16:10-15.

Accordingly, the Commission must evaluate PG&E's spending proposals through a framework of prioritization, affordability, and demonstrated customer value. The appropriate question is not whether individual projects may provide some incremental benefit. Rather, the Commission must determine whether each requested expenditure is sufficiently necessary, cost-effective, and time-critical to justify the resulting rate impacts on customers. Expenditures that address urgent safety and reliability needs should receive priority. By contrast, proposals that are speculative, premature, insufficiently supported, dependent upon uncertain load-growth assumptions, or capable of being deferred without compromising safe and reliable service warrant heightened scrutiny.¹⁰

The Commission should also recognize that affordability concerns cannot be addressed solely through promises of future benefits. CLECA's testimony demonstrates that PG&E's application relies on historically high revenue requirement increases while providing only limited evidence that the proposed spending program has been sufficiently prioritized or constrained in response to current affordability conditions.¹¹ In these circumstances, prudent utility regulation requires disciplined investment sequencing, realistic assumptions regarding future load growth, and rigorous review of whether proposed expenditures will provide customer benefits commensurate with their costs.

Consistent with those principles, the Commission should approve only those expenditures that PG&E has demonstrated are necessary, executable within the GRC period, and supported by substantial evidence, while deferring, resizing, or rejecting projects whose costs and risks

¹⁰ CLECA Ex-01 at 16:10-15; 17:3-12.

¹¹ CLECA Ex-01 at 17:3-15.

outweigh their demonstrated customer benefits. Such an approach best advances the Commission's obligation to maintain safe and reliable utility service while ensuring that rates remain just and reasonable.

1.2 Summary of Recommendations

Based on the record in this proceeding and the arguments developed in the sections that follow, CLECA respectfully asks the Commission to:

1. **Recognize the current state of electric rate unaffordability** and evaluate PG&E's revenue requirement request on a basis that accounts for the actual costs ratepayers will bear during the GRC period, including the effects of PG&E's proposed accounting and procedural adjustments. Approve spending in this GRC only if it results in declining electric rates across the 2027 through 2030 GRC period under all reasonable load-growth scenarios.¹²
2. **Evaluate PG&E's risk management programs using risk-neutral Cost-Benefit Ratios (CBRs) as the primary analytical reference**, and require PG&E to justify all program tranches with risk-neutral CBRs below 1 with explicit findings demonstrating safety necessity, legal or regulatory obligation, or clearly articulated non-quantifiable benefits.¹³
3. **Acknowledge the uncertainty of load growth investments** by magnitude, sector, timing, utility element, and location of anticipated new customers and electrification demand, and the critical importance of near-term affordability to individual ratepayer decisions to invest in electrification. Direct PG&E to sequence and size load growth and electrification-related investments based on observed load growth patterns and realistic demand forecasts, to achieve net rate reductions over each year of this GRC period.¹⁴
4. **Direct PG&E to sequence load growth investments after implementation of broadly available dynamic pricing, demand response, and other load-shaping programs** that incorporate price signals for transmission and distribution, and require PG&E to incorporate dynamic load flexibility in its transmission and distribution investment planning.¹⁵
5. **Prioritize and limit approved capital work in this GRC to only those activities that are necessary, urgent, and that PG&E has demonstrated it can reasonably execute within the GRC period.**¹⁶

¹² CLECA Ex-01 at 7:6-10.

¹³ CLECA Ex-01 at 7:11-14.

¹⁴ CLECA Ex-01 at 7:15-24.

¹⁵ CLECA Ex-01 at 7:25-29.

¹⁶ CLECA Ex-01 at 7:30-32.

6. Reject spending proposals that PG&E has not adequately justified, specifically:

- a) Freeze Administrative and General (A&G) spending at the prior 2026 approved levels.¹⁷
- b) Apply rigorous scrutiny before approving any departmental or functional headcount increases.¹⁸
- c) Direct PG&E to prioritize only the proposed power generation projects necessary to be completed in the current GRC period. For any activity that PG&E cannot demonstrate is urgent and infeasible for deferral, the Commission should either reject the activity outright or approve it only on a phased basis over two or more GRC cycles.¹⁹
- d) Reject the proposed \$99 million PG&E Academy Building.²⁰
- e) Reject PG&E's request for Undergrounding "bridge funding."²¹

7. Take the following actions regarding balancing and memorandum accounts:

- a) Constrain the use of two-way balancing and memorandum accounts to circumstances where PG&E has demonstrated that such costs cannot be adequately planned for and managed within the GRC-approved budget.²²
- b) Reject PG&E's proposal to create the New Business Balancing Account (NBBA).²³
- c) Direct PG&E to discontinue the Wildfire Mitigation Plan Memorandum Account (WMPMA) and the Fire Risk Mitigation Memorandum Account (FRMMA).²⁴
- d) In the alternative, if the Commission preserves the WMPMA and FRMMA in any form, apply a strict incrementality standard modeled on the Catastrophic Event Memorandum Account (CEMA) framework, requiring PG&E to make a project-by-project affirmative showing, in a formal application proceeding, that each recorded cost is both unforeseen and incremental to the GRC-authorized revenue requirement.²⁵

¹⁷ CLECA Ex-01 at 7:35-36.

¹⁸ CLECA Ex-01 at 8:1-2.

¹⁹ CLECA Ex-01 at 8:3-7.

²⁰ CLECA Ex-01 at 8:8.

²¹ CLECA Ex-01 at 8:9.

²² CLECA Ex-01 at 8:12-14.

²³ CLECA Ex-01 at 8:17.

²⁴ CLECA Ex-01 at 8:18-20.

²⁵ See *infra* Section 1.5.1.4.

1.3 Customer Impacts

1.3.1 Affordability

Current electric rate unaffordability must be central to the Commission's review of PG&E's TY 2027 GRC request. The record shows that PG&E's industrial rates have reached levels that directly affect customer operations, competitiveness, and broader statewide economic and policy objectives.²⁶ The Commission has recognized that affordability is an essential component of determining whether a rate is just and reasonable.²⁷ That principle is particularly important here because PG&E contends that its proposed investments will produce long-term customer benefits and support California's broader energy transition goals.²⁸ Yet the record shows that current electric rates are already affecting the investment and operational decisions of industrial customers, including the very decisions that would be necessary to achieve those projected long-term benefits.²⁹ PG&E cannot meet its burden by relying on generalized claims of future affordability while failing to address the demonstrated affordability impacts of its proposed rate increases in the near term.

The record proves that PG&E's industrial electric rates are already severely uncompetitive.³⁰ PG&E industrial rates have risen more than 50 percent in the last five years, are now the highest industrial rates among the large California investor-owned utilities, and exceed 300 percent of industrial rates in neighboring states.³¹ Many CLECA members compete with

²⁶ CLECA Ex-01 at 2:7-18; 9:8-16.

²⁷ D.21-08-036, *Decision On Test Year 2021 General Rate Case For Southern California Edison Company*, A.19-08-013, Aug. 20, 2021 at 18-19 (quoting D.19-05-020 at 11, Pub. Util. Code § 382(b), and Pub. Util. Code §739(d)(2)).

²⁸ PG&E Ex-13 at 1-1:23-32, 1-2:14-24.

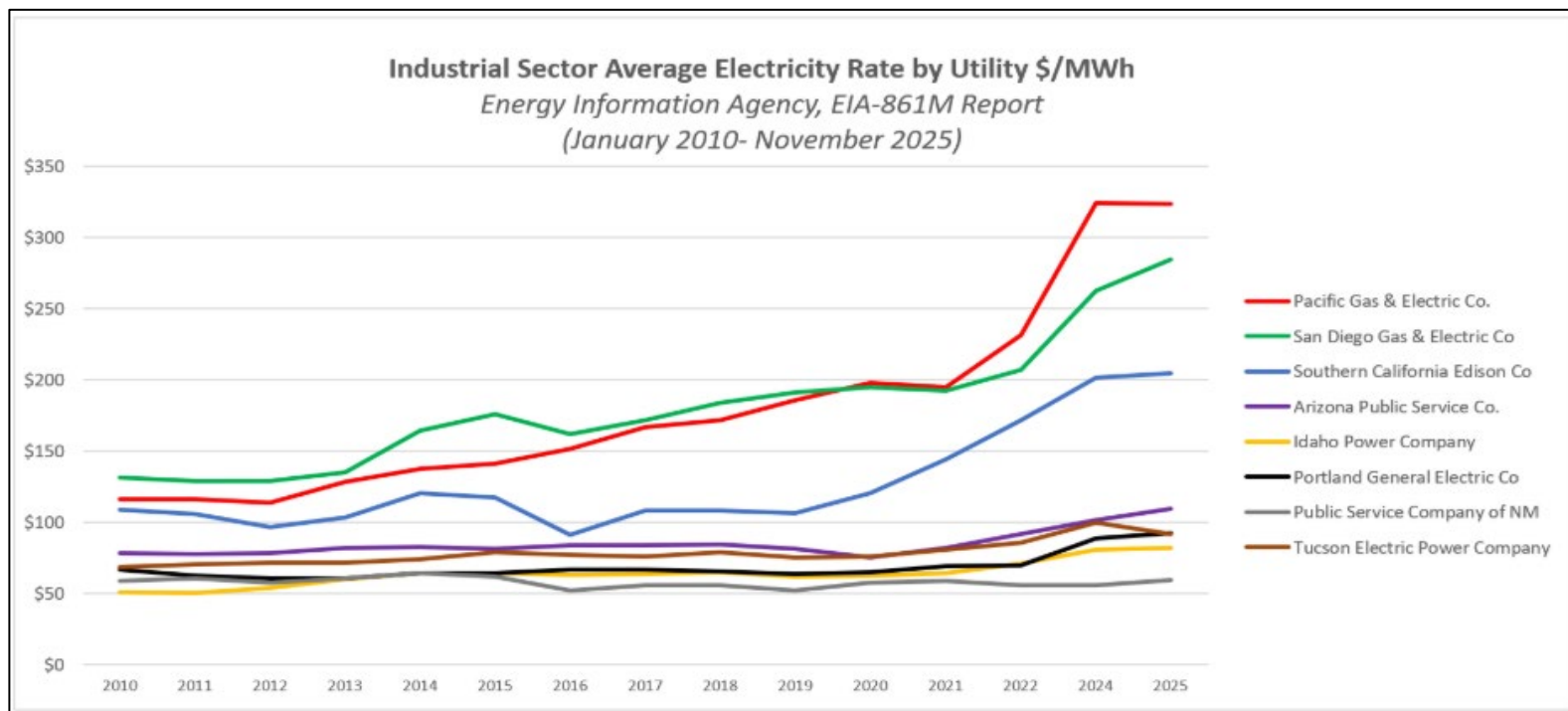
²⁹ CLECA Ex-01 at 3:11-20, 4:1-10.

³⁰ CLECA Ex-01 at 9:20-22; CLECA Ex-01 at 10:1-9.

³¹ CLECA Ex-01 at 2:7-11; CLECA Ex-01 at 10:1-4.

facilities in neighboring states, across the country, and in some cases internationally, and energy costs are a significant driver of whether those companies can maintain or expand California operations.³² Lower electric rates in other states provide a competitive advantage to energy-intensive operations outside California and place pressure on California facilities that are trying to remain, expand, decarbonize, or electrify.³³

Figure 1-1³⁴
Industrial Sector Average Electricity Rate by Utility
(\$/MWh)



³² CLECA Ex-01 at 9:8-16.

³³ CLECA Ex-01 at 10:4-9.

³⁴ CLECA Ex-01 at 10 (citing EIA-861M Monthly Electric Power Industry Report, Monthly sales to ultimate customers by state and utility for all sectors (Industrial columns) January 2010 - November 2025).

The affordability impacts on industrial customers have consequences beyond individual customer bills.³⁵ CLECA members provide critical goods and services,³⁶ and unaffordable electric rates limit their ability to remain or expand in California and meet customer demand.³⁷ When local production becomes uneconomic, California risks losing jobs, tax revenue, investment, and economic activity, while supply chains face added costs, potential delays, logistics burdens, and upward pressure on price inflation. The Commission cannot overlook these broader, statewide consequences when evaluating the reasonableness of PG&E's proposed revenue requirement.

High electricity costs also undermine California's decarbonization objectives.³⁸ Some CLECA members are pursuing electrification, carbon capture, and other technologies to achieve company-specific environmental and decarbonization targets that require significantly greater electricity consumption.³⁹ Because these members compete with companies in other states and countries that may not face comparable electricity costs or decarbonization requirements, increasingly unaffordable electric rates create a significant barrier to achieving those targets while remaining competitive.⁴⁰ PG&E's proposal therefore risks deterring the customer investments needed both to achieve California's decarbonization objectives and to generate the

³⁵ CLECA Ex-01 at 9:6-25 ("CLECA member companies compete with facilities located in neighboring western states, across the country, and in some cases, internationally. Energy costs are a significant driver of CLECA member companies' competitiveness and impact their ability to maintain or expand operations within the state. Additionally, many member companies have set individual environmental targets that involve electrifying portions of their operations or adopting carbon capture or other technologies that involve consuming significantly more electricity. CLECA members' ability to operate competitively and to economically execute these environmental strategies depends directly on the price of electricity.").

³⁶ CLECA Ex-01 at 8:28-9:3 ("CLECA member companies provide goods and services essential to the well-being of all Californians, including materials for critical infrastructure, medical grade oxygen for hospitals, and cold storage for food distribution.").

³⁷ CLECA Ex-01 at 10-11.

³⁸ CLECA Ex-01 at 11:5-15.

³⁹ CLECA Ex-01 at 11:5-10; 9:12-16.

⁴⁰ CLECA Ex-01 at 11:7-13.

additional load growth that PG&E identifies as necessary to produce long-term downward rate pressure.⁴¹

The record thus reflects that PG&E's proposal poses a significant risk of further economic and emissions leakage. Many CLECA member companies are designated as Emissions-Intensive, Trade-Exposed (EITE) with the associated risk of emissions leakage. Emissions leakage occurs when emissions apparently decrease within California but actually just shift out of state and even increase globally.⁴² CLECA's testimony explains that emissions leakage can occur when an industrial facility that produces an essential good is no longer able to economically justify investments to meet customer demand, or is no longer able to compete in California and is forced to close its facility. To meet California's demand, that good must now be imported from an out-of-state jurisdiction with less robust environmental regulations or climate goals, and shipped over longer distances by truck, rail, or ship, with greater supply chain vulnerability. The loss of these companies increases global emissions in the short term and, once lost, may not be replaceable.⁴³

PG&E's rebuttal relies on generalized long-term affordability claims and residential customer measures,⁴⁴ but ignores the record evidence of the economic and emissions impacts associated with its increasingly unaffordable industrial rates. PG&E attempts to frame its request as "affordability-minded," arguing that that near-term capital investments will reduce customer costs over time through capital investment, operating savings, load growth, and financing

⁴¹ CLECA Ex-01 at 3:2-10; PG&E Ex-13 at 1-2:14-24.

⁴² CLECA Ex-01 at 11.

⁴³ CLECA Ex-01 at 11:16-21.

⁴⁴ PG&E Ex-13 at 1-6:1-17; 2-3:1-9; 2-10:1-4.

efficiencies.⁴⁵ CLECA agrees that electrification and load growth can provide long-term affordability benefits, but that outcome depends on individual customer decisions to invest in electrification and on load growth outpacing higher utility spending.⁴⁶ PG&E fails to demonstrate that its proposed spending for the GRC cycle would promote that outcome. Rather, the record shows that PG&E's proposal would increase rates immediately before capital-constrained companies and other customers are expected to make substantial electrification investments.⁴⁷

The scale of PG&E's request confirms that the Application is not an affordability-minded proposal.⁴⁸ PG&E claims that the Application represents a significant turning point and reflects the benefits of its affordability initiatives.⁴⁹ PG&E further claims that this GRC "seeks the smallest percentage test year revenue requirement increase since our 2017 GRC."⁵⁰ That framing obscures the true scale of PG&E's request in this proceeding because it measures only the single-year 2027 percentage increase over 2026 authorized revenues; it does not describe the four-year cumulative impact on ratepayers. Measured by the cumulative revenue requirement increase across the full GRC period, or by the delta between the last authorized year and the final attrition year, PG&E's proposes a staggering \$11.7 billion electric revenue requirement increase—the largest in PG&E's history.⁵¹

⁴⁵ PG&E Ex-13 at 1-1:21-32; 1-2:14-24.

⁴⁶ CLECA Ex-01 at 3:3-10.

⁴⁷ CLECA Ex-01 at 4:1-7 ("The outcome of this proceeding may prove pivotal to electric rate affordability and the ultimate success or failure of the state's policy goals. Higher utility spending that leads to higher near-term customer costs may prevent the very customer investments in electrification that are critical to long-term affordability. Increasing electricity rates right before capital-constrained companies and individual consumers are expected to make investments to electrify is not realistic. A 'spend it, and they will come' approach simply will not work.").

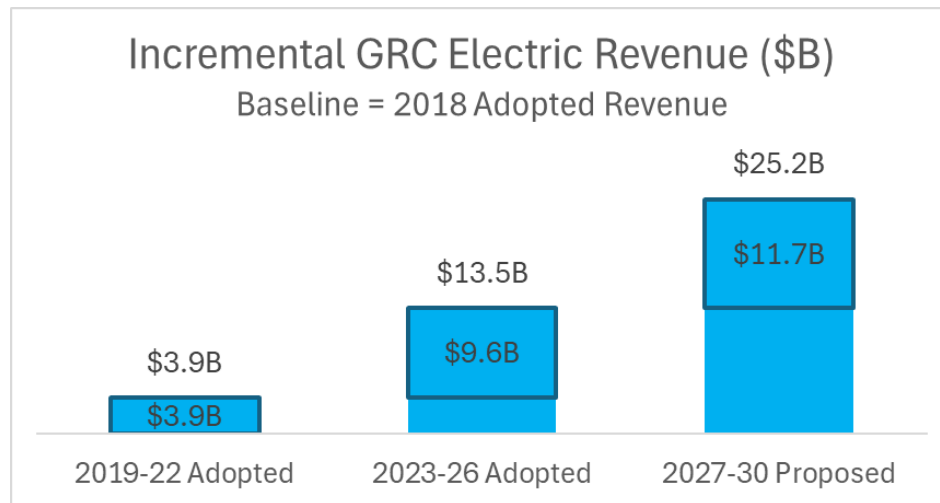
⁴⁸ CLECA Ex-01 at 12:12-16.

⁴⁹ PG&E Ex-01 at 1-1:6-7.

⁵⁰ PG&E Ex-01 at 1-2:19-22.

⁵¹ CLECA Ex-01 at 12:15-18.

Figure 1-2⁵²
Incremental Electric Revenue by GRC Period

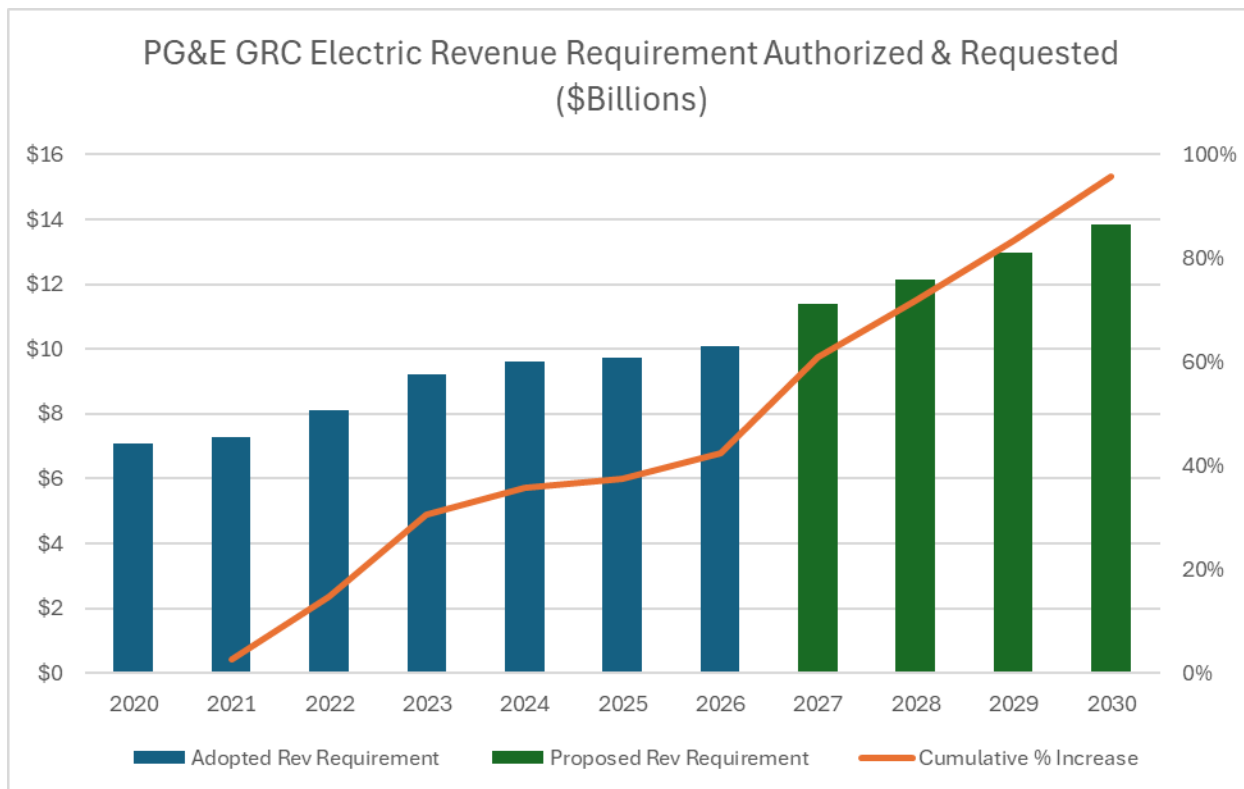


If adopted, PG&E's electric revenue requirement would increase from \$7.1 billion in 2020 to the proposed \$13.8 billion in 2030, a 96 percent increase from 2020 and a 37 percent increase from 2026.⁵³

⁵² CLECA Ex-01 at 13 (Figure 2).

⁵³ CLECA Ex-01 at 14 (Figure 3).

Figure 1-3⁵⁴
GRC Electric Revenue Requirement by Year since 2020



The proposed revenue requirement increases presented in this proceeding are simply incompatible with electric rate affordability.

PG&E has not shown that the Commission can approve this level of increased electric revenue requirement while also mitigating the affordability concerns faced by all customer classes, and supporting the investments necessary to achieve long-term electrification and load growth. Accordingly, the Commission should evaluate each contested request in this GRC through the affordability lens established by this record and approve only those costs PG&E has affirmatively shown are necessary, prudent, and appropriately timed.

⁵⁴ CLECA Ex-01 at Attachment C (Workpaper 1.1).

1.3.2 Environmental and Social Justice Communities

1.3.3 Other Customer Issues

1.4 General Legal and Regulatory Issues

1.4.1 Burden and Standard of Proof

Public Utilities Code Section 451 provides that “all charges demanded or received by any public utility ... shall be just and reasonable.”⁵⁵ Public Utilities Code Section 454(a) further provides that “[a] public utility shall not change any rate or so alter any classification, contract, practice, or rule as to result in any new rate, except upon a showing before the commission and a finding by the commission that the new rate is justified.”⁵⁶ Under these statutes, the Commission bears the responsibility of ensuring that all rates demanded or received by a public utility are just and reasonable.

It is well established that, as the applicant, PG&E bears the burden of proving that it is entitled to the relief it seeks in this proceeding.⁵⁷ That burden is not limited to the aggregate revenue requirement; PG&E “has the burden of affirmatively establishing the reasonableness of all aspects of its Application.”⁵⁸ This affirmative burden requires PG&E “to demonstrate with admissible evidence that the costs which it seeks to include in revenue requirement are reasonable and prudent.”⁵⁹

⁵⁵ Pub. Util. Code § 451.

⁵⁶ Pub. Util. Code § 454(a).

⁵⁷ D.09-03-025, *Alternate Decision Of President Peevey On Test Year 2009 General Rate Case For Southern California Edison Company*, A.07-11-011/I.08-01-026, Mar. 17, 2009 at 8; D.06-05-016, *Opinion On Southern California Edison Company’s Test Year 2006 General Rate Increase Request*, A.04-12-014/I.05-05-024, May 17, 2006 at 7; D.23-11-069, *Decision on Test Year 2023 General Rate Case for Pacific Gas and Electric Company*, A.21-06-021, Nov. 17, 2023 at 24-25.

⁵⁸ D.23-11-069 at 24.

⁵⁹ D.16-06-056, *Authorizing PG&E’s 2015-2018 Revenue Requirements for GT&S Services and Adopting Interim Rates*, A.13-12-012/I.1-06-016, Jul. 1, 2016 at 21.

The standard of proof PG&E must meet is a preponderance of the evidence.⁶⁰ Preponderance of the evidence is defined “in terms of probability of truth, e.g., ‘such evidence as, when weighed with that opposed to it, has more convincing force and the greater probability of truth.’”⁶¹ To satisfy this standard, PG&E must present more evidence supporting its requested result than would support an alternative outcome.⁶² Specifically, to meet its burden, PG&E “must clearly delineate . . . how [its] forecasted costs are just, reasonable and necessary, as well as being separate and distinct from the costs [it is] presently, or in the future, tracking in balancing and memorandum accounts.”⁶³

Costs are just and reasonable only where they “have been prudently incurred by competent management exercising the best practices of the era, and using well-trained, well-informed and conscientious employees and contractors who are performing their jobs properly.”⁶⁴ Consistent with this principle, the Commission applies a prudent manager standard when evaluating whether requested costs are reasonable.⁶⁵ Under that standard, the

⁶⁰ D.19-05-020, *Decision On Test Year 2018 General Rate Case For Southern California Edison Company*, A.16-09-001, May 24, 2019 at 7; D.15-11-021, *On Test Year 2015 General Rate Case For Southern California Edison Company*, A.13-11-003, Nov. 12, 2015 at 8-9; D.14-08-032, *Authorizing PG&E's GRC Revenue Requirement for 2014-2016*, A.12-11-009/I.13-03-007 at 17; D.23-11-069 at 25.

⁶¹ D.08-12-058, *Decision Granting A Certificate Of Public Convenience And Necessity For The Sunrise Powerlink Transmission Project*, A.06-08—010, Dec. 24, 2008 at 19 (citing Witkin, Cal. Evidence (4th ed., Vol. 1), at 184); D.23-11-069 at 25.

⁶² D.16-06-056 at 23.

⁶³ D.23-11-069 at 25 (citing D.23-02-017 at 26).

⁶⁴ D.14-06-007, *Decision Implementing A Safety Enhancement Plan And Approval Process For San Diego Gas & Electric Company And Southern California Gas Company; Denying The Proposed Cost Allocation For Safety Enhancement Costs; And Adopting A Ratemaking Settlement*, A.11-11-002, Jun. 20, 2014 at 31; D.16-06-056 at 22; D.24-12-074, *Decision Addressing The 2024 Test Year General Rate Cases Of Southern California Gas Company And San Diego Gas & Electric Company*, A.22-05-015, et al., Dec. 23, 2024 at 17.

⁶⁵ D.23-11-069 at 25-26; D.22-06-032, *Decision Addressing Southern California Edison Company's Track 3 Request For Recovery Of Wildfire Mitigation Memorandum And Balancing Account Balances*, A.19-08-013, Jun. 30, 2022 at 18.

Commission evaluates reasonableness based on what the utility “knew or should have known at the time it made its decision.”⁶⁶ The prudent manager standard extends not only to the activities and associated costs for which PG&E seeks recovery, but also to “the actions or inactions that resulted in those activities being necessary.”⁶⁷

PG&E cannot satisfy its burden by relying on generalized claims about the importance of safety, reliability, or long-term policy objectives. To the contrary, the Commission has emphasized that “ratepayers’ ability to pay for safety or risk reduction is not unlimited; as with all safety measures, the Commission must consider the cost and impact on affordability.”⁶⁸ The Commission has also emphasized that “liberal use of two-way balancing accounts . . . disincentivizes utilities ... from controlling their costs through efficient operations and protecting ratepayers from future cost recoveries due to undercollection.”⁶⁹ These principles apply with equal force to PG&E’s proposed revenue requirement, capital forecasts, and ratemaking mechanisms in this proceeding. PG&E must therefore demonstrate that the substantial record evidence shows each requested cost is necessary, prudent, and appropriately timed.

Although parties challenging PG&E’s proposals have a “burden of going forward” to produce evidence supporting an alternative outcome, that burden does not shift the ultimate

⁶⁶ D.23-11-069 at 25-26 (citing D.22-06-032 at 18).

⁶⁷ D.23-11-069 at 26 (citing D.18-07-025, Order Denying Rehearing Of Decision (D.) 17-11-033, A.15-09-010, Jul. 13, 2018 at 3, 5, 6; D.21-11-036, *Order Modifying Decision 19-09-025 And Denying Rehearing Of Decision 19-09-025, As Modified*, A.17-11-009, Nov. 19, 2021 at 15).

⁶⁸ D.23-11-069 at 799, Finding of Fact 97 (“Risk reduction alone is not a sufficient metric to judge the prudence of proposed mitigations”) and Finding of Fact 98 (“It is reasonable to find that ratepayers’ ability to pay for safety or risk reduction is not unlimited; as with all safety measures, the Commission must consider the cost and impact on affordability.”).

⁶⁹ D.24-12-074 at 850.

burden of proof, which remains PG&E's throughout the proceeding.⁷⁰ Once intervenor evidence raises reasonable doubt about the reasonableness of a utility's request, PG&E bears the burden of overcoming that doubt. "When this counterpoint causes the Commission to entertain a reasonable doubt regarding the applicant's position, and applicant does not overcome this doubt, the applicant has not met its burden of proof."⁷¹ Applying this framework to the record before it, the Commission should evaluate each contested request in this Application against PG&E's affirmative burden. Where PG&E has failed to overcome the reasonable doubt raised by intervenor evidence, the Commission should deny or reduce recovery, consistent with the Commission's obligation to set just and reasonable rates under Pub. Util. Code Sections 451 and 454.

1.4.2 Ratemaking Principles

1.4.2.1 The Commission Must Evaluate PG&E's Proposal Based on Total Ratepayer Costs, Not the Headline GRC Revenue Requirement

The Commission must evaluate the real cost to ratepayers of PG&E's proposal, not merely the GRC revenue requirement as PG&E chooses to present it. As TURN aptly frames the issue, the Commission "must read beyond the headline to the fine print of PG&E's request to evaluate its affordability and compare its reasonableness to prior GRCs."⁷² CLECA's testimony explains that

⁷⁰ D.19-05-020 at 7 ("Although there are many instances when SCE is the only party to have introduced evidence on an issue; we will not conclude, based on the lack of any evidence to the contrary, that SCE has met its burden to establish that its request is just and reasonable. Even in the absence of any countervailing evidence from another party, SCE must meet its burden of proof to establish by a preponderance of the evidence that its proposal, if adopted, will result in fair and reasonable rates at a just and reasonable rate of return."); D.20-07-038 at 3-4; D.23-11-069 at 24-25.

⁷¹ D.21-08-036 at 17.

⁷² TURN Ex-02E at 8.

PG&E's proposal relies on a series of accounting treatments, exclusions, and collection-timing changes that reduce the stated GRC revenue requirement without reducing the total costs ultimately borne by ratepayers.⁷³ Those adjustments do not reflect underlying efficiencies or permanent cost reductions. Instead, they shift costs across proceedings, defer recovery into future periods, or increase rate base in ways that reduce the near-term headline request while preserving or increasing the total amount customers will pay over time.⁷⁴

TURN demonstrates that this pattern is well-established. Since 2020, the Commission has approved at least \$7.6 billion in energization and wildfire safety related revenue requirements outside of PG&E's GRCs.⁷⁵ PG&E's 2027 GRC proposal continues this pattern. As TURN observes, PG&E's proposals "appear to exclude significant amounts of work and programs that have typically been included in GRC base revenues, and which PG&E is likely to seek in separate applications or through balancing accounts during this GRC period."⁷⁶

This principle is especially important because PG&E repeatedly characterizes its request as "affordability-minded" and emphasizes the relative size of its headline GRC increase.⁷⁷ But a proposal is not more affordable simply because some costs are excluded from the GRC, moved to balancing accounts, capitalized, or deferred for later recovery. If the same costs remain recoverable from ratepayers through other mechanisms, the apparent reduction in the GRC request does not represent true affordability relief; it merely obscures the actual burden on

⁷³ CLECA Ex-01 at 22:1-23:9.

⁷⁴ CLECA Ex-01 at 24:1-15.

⁷⁵ TURN Ex-02E at 5.

⁷⁶ TURN Ex-02E at 7.

⁷⁷ PG&E Ex-13 at 1-1:23-32.

customers. The Commission should therefore assess PG&E's proposal on a basis that captures the full ratepayer burden associated with the requested spending program.

1.4.2.1.1

**PG&E's Accounting and Procedural
Adjustments Reduce the Headline Request
Without Reducing Total Ratepayer Costs**

CLECA's testimony identifies several specific adjustments that illustrate this concern.⁷⁸ PG&E's presentation of its 2027 GRC revenue requirement excludes or reduces near-term revenue requirement through items such as Diablo Canyon payments outside the GRC, medical trust repurposing, depreciation treatment, capitalization policy changes, and collection-timing changes for Potter Valley decommissioning.⁷⁹ In some instances, these items merely move the costs to other proceedings. In others, they defer recovery through capitalization or timing changes, often increasing total ratepayer cost by layering on financing costs and shareholder return.⁸⁰ The Commission cannot treat those mechanisms as evidence that PG&E's underlying spending proposal is more reasonable.

⁷⁸ CLECA Ex-01 at 23:9-25 (Table 2).

⁷⁹ CLECA Ex-01 at 23:9-25.

⁸⁰ CLECA Ex-01 at 23:23-24:15.

Table 1-1⁸¹
Accounting and Procedural Adjustments Impacting GRC Revenue

Adjustment implemented in GRC application	Reduction in GRC Revenue (2027-2030)
Diablo Canyon Payments ⁸²	\$700M
Medical Trust Repurposing ⁸³	\$500M
Depreciation Exception ⁸⁴	\$546M
Generation Inspection LTSA Capitalization Policy ⁸⁵	\$41M
IT O&M Capitalization Policy	Unknown
Test & Treat + Pole Reinforcement Capitalization Policy	\$149M ⁸⁶ + \$38M ⁸⁷
Potter Valley Decommissioning Collection Change ⁸⁸	\$266M
11 Pending / To-Be-Filed Applications with CPUC that may impact revenue	Unknown
Total Known Impact	\$2,240M

TURN independently identifies the same concern. Considering the typical GRC operating costs that are excluded from PG&E’s headline request, TURN calculates that PG&E’s “All-In” 2027

⁸¹ CLECA Ex-01 at 23 (Table 2).

⁸² PG&E Ex-01 at 1-3.

⁸³ PG&E Ex-01 at 1-3.

⁸⁴ PG&E Ex-10 at Table 8-3 (\$546M “Saved” by not following the depreciation study via a one-time exception).

⁸⁵ PG&E Ex-05 at 7-18.

⁸⁶ PG&E Ex-04 at 15-1 (Table 15-22 shows Pole Test & Treat capital of \$41,398 for each GRC year. Previously recorded as expense. Total for GRC period is \$165M capital that would have been expense. Assuming a 20-year recovery period, the actual portion of this capital recovered during the GRC would be approximately \$16.5M, so the net impact of this change in policy is \$149M).

⁸⁷ PG&E Ex-04 at 15-55 (Table 15-24 shows capital spending on pole reinforcement of \$10,592M per year. Previously recorded as expense. Total for GRC period is \$42M capital that would have been expense. Assuming a 20-year recovery period, the actual portion of this capital recovered during the GRC would be approximately \$4.2M, so the net impact of this change in policy is \$38M).

⁸⁸ PG&E Ex-05 at 7-14 (“In an effort to reduce customer costs, PG&E is proposing to recover the costs for the Potter Valley project over two GRC periods (8 years).” (Table 7-2 lists the decommissioning cost estimate as \$532M; therefore the impact of spreading it over 2 GRC periods (rather than 1) would be reducing the current GRC’s revenue requirement by \$266M).).

GRC base annual revenues will increase from \$16.599 billion in 2026 to \$22.364 billion in 2030, an increase of approximately 31 percent.⁸⁹ That figure includes non-GRC incremental revenues during this period of more than \$5 billion for typical GRC functions such as utility-owned generation, new business, grid hardening, and employee benefits, representing 40 percent more than indicated in PG&E's explicit 2027 GRC request relative to 2026.⁹⁰ The magnitude of this gap between PG&E's headline request and the actual ratepayer burden underscores why the Commission must evaluate PG&E's proposal on a total ratepayer cost basis.

1.4.2.1.2 PG&E's Capitalization Policy Changes Require Explicit Quantification and Transparency

The same ratemaking principle applies to PG&E's proposed capitalization policy changes. CLECA's testimony explains that PG&E's proposed capitalization of certain information technology expenditures reduces the presented GRC revenue requirement while increasing rate base, and obscuring the actual amount PG&E seeks to recover from customers over time.⁹¹ PG&E characterizes those proposals as matters of consistency and intergenerational equity,⁹² but that framing does not eliminate the need for transparency regarding their revenue requirement effect. If a proposed accounting change materially affects the apparent size of the GRC request, the Commission should require that effect to be explicitly quantified and reflected in the overall assessment of reasonableness. Otherwise, the Commission and parties cannot accurately

⁸⁹ TURN Ex-02E at 11-12.

⁹⁰ TURN Ex-02E at 12.

⁹¹ CLECA Ex-01 at 24:5-22.

⁹² PG&E Ex-10 at 7-21 - 7-23.

compare this GRC request to prior periods or determine whether the proposal truly mitigates affordability concerns.⁹³

1.4.2.1.3 The Commission Must Constrain the Use of Balancing and Memorandum Accounts

The Commission should apply the same discipline to PG&E's reliance on balancing and memorandum accounts. As CLECA's testimony explains, the GRC is "the primary tool ratepayers rely upon to hold utilities accountable" through fixed budgets, prospective review, and a high level of cost justification.⁹⁴ Broad reliance on two-way balancing accounts and similar off-budget recovery mechanisms weakens that discipline by shifting costs outside the GRC-approved budget and reducing the utility's incentive to plan, prioritize, and manage costs within the revenue requirement authorized by the Commission.⁹⁵ Those mechanisms may be appropriate in narrow circumstances involving genuinely unpredictable costs, but they should remain exceptions, not substitutes for accurate forecasting and cost control in the GRC.⁹⁶

That principle has direct application here. PG&E currently maintains approximately \$2.2 billion recorded in balancing and memorandum accounts for which it has not yet filed for rate recovery.⁹⁷ Beyond those existing balances, PG&E seeks to continue or expand reliance on off-GRC recovery tools for large categories of spending, including new business investments, hydro licensing-related costs, and wildfire-related memorandum accounts. CLECA's position is not that all uncertainty can be eliminated. Rather, reasonably foreseeable costs should be forecasted and

⁹³ CLECA Ex-01 at 24:16-22.

⁹⁴ CLECA Ex-01 at 30:14 - 31:6.

⁹⁵ CLECA Ex-01 at 30:16-30.

⁹⁶ CLECA Ex-01 at 30:14 - 31:6.

⁹⁷ TURN Ex-02E at 10.

managed within the GRC whenever possible, and off-GRC recovery should be tightly constrained to circumstances PG&E has affirmatively shown cannot be planned for or managed within the authorized budget.⁹⁸ That approach is necessary to preserve the GRC's role as the Commission's primary instrument of transparency, accountability, and cost discipline.

1.4.2.1.4 PG&E's Rebuttal Confirms the Need for Total Ratepayer Cost Analysis

PG&E's rebuttal does not undermine CLECA's recommendation; it confirms the need for it. PG&E expressly asks the Commission to preserve maximum flexibility for off-GRC cost recovery through "establishing memorandum or balancing accounts, or authorizing utilities to submit separate applications, advice letters or motions to adjust revenue requirements."⁹⁹ PG&E also acknowledges the "timing mismatch" between GRC forecasts and actual costs, which it argues supports greater use of these mechanisms.¹⁰⁰ PG&E's own framing confirms CLECA's core concern: the headline GRC request materially understates what ratepayers will actually be asked to pay during the GRC period. The Commission cannot evaluate the affordability or reasonableness of PG&E's proposal without accounting for the full ratepayer burden PG&E itself acknowledges is coming.

1.4.2.1.5 The Commission Should Evaluate PG&E's Request on a Total Ratepayer Cost Basis

Because rates are already at crisis levels, the Commission should be especially cautious about approving mechanisms that make a proposal appear smaller in the near term without

⁹⁸ CLECA Ex-01 at 31:1-6.

⁹⁹ PG&E Ex-14 at 2-14.

¹⁰⁰ PG&E Ex-14 at 2-13 to 2-14.

reducing the total burden on customers. A proposal that lowers the headline request while deferring or relocating the same costs does not solve the affordability problem; it obscures it. The Commission should therefore evaluate PG&E's revenue requirement on a basis that accounts for the effect of accounting, procedural, and timing adjustments. Any proposed ratemaking treatment that undermines transparent review of the total customer cost of PG&E's requested spending must be rejected.

1.4.2.2 The Commission Should Require PG&E to Sequence and Size Load-Growth and Electrification-Related Investments Based on Observed Load Growth and Realistic Demand Forecasts

The Commission should require PG&E to sequence and size load-growth and electrification-related spending based on observed load growth, realistic demand forecasts, and available load-shaping tools. CLECA does not dispute that PG&E must connect actual customers who are ready for service, nor does CLECA recommend delaying customer-driven energization work necessary to satisfy PG&E's service obligations. Rather, CLECA's concern is with the scale and timing of broader load-growth-related capital investment during this GRC period, which PG&E has proposed based on optimistic assumptions about the pace, magnitude, location, and timing of electrification load growth.¹⁰¹

1.4.2.2.1 PG&E's Proposal Rests on Aspirational Adoption Assumptions Rather Than Observed Demand

PG&E's own testimony confirms that load growth is a significant driver of its Electric Distribution forecast. PG&E states that its proposed investments in distribution capacity and new

¹⁰¹ CLECA Ex-01 at 27:1-29:6.

business work will support California's decarbonization goals and are a significant driver of the overall Electric Distribution forecast.¹⁰² PG&E forecasts a 4.5 times increase in non-residential electric vehicle demand and a 2.3 times increase in residential electric vehicle demand from 2024 to 2027 alone.¹⁰³ PG&E further asserts that new business and capacity investment will be required to meet this demand, including conversion of legacy 4 kV systems to support electric vehicle growth and building electrification.¹⁰⁴

Statewide policy goals are not a substitute for a record-based showing that PG&E's requested investments are appropriately sized and timed. PG&E states that its New Business forecast and proposed two-way balancing account address the need to timely invest in distribution infrastructure to support customer energization demand and forecasted PEV adoption.¹⁰⁵ However, forecasted adoption is not the same as observed demand, and PG&E has not shown that all proposed near-term spending is necessary at the scale and pace requested. In a GRC defined by acute affordability pressures, the Commission should require PG&E to demonstrate that load-growth-related investments are tied to realistic demand conditions, actual customer readiness, and the specific distribution constraints that must be addressed during the 2027-2030 period.

¹⁰² PG&E Ex-04 at 2-2:13-15.

¹⁰³ PG&E Ex-04 at 2-2:15-18.

¹⁰⁴ PG&E Ex-04 at 2-2:18-20.

¹⁰⁵ PG&E Ex-04 at 10-1:28 to 10-2:2.

1.4.2.2.2

Aggressive Anticipatory Investment Undermines Both Affordability and the Long-Term Load Growth PG&E Relies On

CLECA's sequencing recommendation is grounded in the relationship between affordability and electrification adoption. CLECA explains that this GRC period presents an important opportunity to leverage load growth to reduce unit rates, but only if investment is carefully paced and aligned with rate affordability.¹⁰⁶ If rates rise too quickly because of aggressive anticipatory capital spending, electrification adoption may fall short of PG&E's projections, leaving remaining ratepayers to bear higher costs.¹⁰⁷ That risk is central to the reasonableness of PG&E's request because PG&E's long-term affordability theory depends on customers making electrification investments that PG&E's near-term rate increases may discourage.¹⁰⁸

1.4.2.2.3

The Commission Should Require PG&E to Incorporate Demand Flexibility Into Its Load-Growth Investment Planning

The Commission should also require PG&E to incorporate demand flexibility into its load-growth investment planning. CLECA's testimony explains that dynamic pricing and other load-shaping mechanisms can reduce peak demand, mitigate grid constraints, and defer, avoid, or shift distribution infrastructure upgrades.¹⁰⁹ The Commission has recognized that distributed energy resources and flexible loads can be incentivized to improve system reliability and the efficiency of grid infrastructure use.¹¹⁰ PG&E's load growth and capital forecasts do not

¹⁰⁶ CLECA Ex-01 at 28:1-7

¹⁰⁷ CLECA Ex-01 at 28:7-12

¹⁰⁸ CLECA Ex-01 at 28:1-16.

¹⁰⁹ CLECA Ex-01 at 28:13-29:2.

¹¹⁰ CLECA Ex-01 at 28:13-20.

adequately reflect this potential, and therefore risk overstating near-term infrastructure needs and understating the role of price-based demand management.¹¹¹

1.4.2.2.4 PG&E's Rebuttal Does Not Answer CLECA's Sequencing Point

PG&E's rebuttal attempts to reframe CLECA's sequencing argument as a challenge to New Business forecasting. PG&E argues that demand flexibility does not defer or negate a New Business project, and therefore does not affect its MWC 16 PEV forecast.¹¹² However, that fails to overcome CLECA's recommendation, which applies to the broader load-growth-related capital investment PG&E proposes, including the upstream distribution capacity work needed to serve forecasted electrification demand. PG&E itself concedes that demand flexibility affects that upstream work.¹¹³ The Commission should evaluate PG&E's load-growth investment as a whole against realistic demand assumptions and available load-shaping tools, not as a series of siloed customer-connection decisions.

1.4.2.2.5 Commission Should Approve Only Load-Growth Investments Necessary and Appropriately Timed for This GRC Period

The Commission should authorize the funding needed to connect actual customers ready for service and to address demonstrated capacity constraints during the GRC period. But it should reject or phase load-growth-related investments that depend on aspirational adoption assumptions, uncertain timing, or load shapes that have not been evaluated in light of less capital-intensive alternatives. As applied to specific programs, this approach is discussed in

¹¹¹ CLECA Ex-01 at 28:21-29:2.

¹¹² PG&E Ex-16 at 10-27:9-21.

¹¹³ PG&E Ex-16 at 10-27:22-24.

Section 4.2 (Electric Distribution Forecast), Section 4.7 (Wildfire System Hardening), and Section 4.10 (New Business and WRO). For each category of load-growth-related investment, PG&E should be required to demonstrate that the investment is needed to serve actual customer requests during the GRC period, that the need reflects a specific and demonstrated capacity constraint, and that demand flexibility or other load-shaping tools could not defer, avoid, or reduce the required investment. Where PG&E has not made all three showings, the Commission should reject or reduce the request.

1.5 Impact of Recently Enacted Legislation

1.5.1 Senate Bill (SB) 254 (Becker, 2025)

SB 254 directly affects the ratemaking treatment of PG&E's wildfire mitigation costs in this proceeding. The Amended Scoping Memo added SB 254 to the scope of this GRC and asked whether the Commission should direct PG&E to close the Wildfire Mitigation Plan Memorandum Account (WMPMA) and the Fire Risk Mitigation Memorandum Account (FRMMA) in light of the statutory change.¹¹⁴ The record and the law reflect that the Commission should direct PG&E to close both accounts to new entries effective January 1, 2027.¹¹⁵ In the alternative, the Commission should limit any continued use of the accounts to costs that are demonstrably unforeseen and incremental to PG&E's GRC-authorized revenue requirement.

¹¹⁴ Amended Scoping Memo at 3-4.

¹¹⁵ CLECA Ex-01 at 33:1-35:3.

1.5.1.1

SB 254 Grants the Commission Discretion to Close the WMPMA and FRMMA and Reflects the Legislature’s Intent to Return Wildfire Mitigation Costs to the GRC

Before SB 254 came into effect on September 19, 2025, the Commission was required to authorize memorandum accounts for the utilities to track and later seek recovery of wildfire-related costs outside of the GRC process.¹¹⁶ In practice, those costs were tracked in the WMPMA and FRMMA. SB 254 replaced the mandatory language with a discretionary standard, providing that “[i]n the commission’s discretion, each electrical corporation may establish a memorandum account to track costs incurred for wildfire risk mitigation that are unforeseen and incremental to the wildfire risk mitigation programs and activities authorized in the corporation’s revenue requirements.”¹¹⁷ The statutory change reflects the Legislature’s intent that GRC ratemaking serve as the primary vehicle for budgeting and reviewing wildfire mitigation programs. This focus on GRC ratemaking is intended to restore the transparency, cost discipline, and prospective review that is essential for safeguarding ratepayer affordability.¹¹⁸

The Legislature enacted SB 254 as an urgency statute, and found that immediate reform was necessary “to ensure the provision of reliable and affordable electricity to ratepayers” and “to protect California consumers from high electricity bills.”¹¹⁹ CLECA’s testimony explains that the Commission reached substantially the same conclusion several months prior to SB 254’s passage, in its February 18, 2025 Response to Executive Order (EO) N-5-24.¹²⁰ That Commission

¹¹⁶ Former Pub. Util. Code § 8386.4(a) (AB 1054, Stats. 2019, ch. 79).

¹¹⁷ Pub. Util. Code § 8386.4(a)(2) (effective Sept. 19, 2025).

¹¹⁸ CLECA EX-01 at 34:13-16.

¹¹⁹ CLECA Ex-01 at 33:14-17 (quoting SB 254 §75).

¹²⁰ CLECA Ex-01 at 33:18-34.

response found that wildfire risk mitigation costs are a primary driver of ratepayer bill increases, totaling approximately \$24 billion in ratepayer collections between 2019 and 2024.¹²¹ The Commission also found that reliance on multiple venues for wildfire-related cost recovery, including memorandum accounts operating outside the GRC, reduced transparency, complicated oversight, and led to significant above-authorized spending.¹²²

1.5.1.2 PG&E Can Now Reasonably Forecast Its Wildfire Mitigation Costs, and the Existing WMBA Already Addresses Any Remaining Variability

The record reflects that, over the past six years, PG&E's WMPMA and FRMMA have functioned as routine cost recovery mechanisms outside the GRC, rather than as narrow tools for genuinely unforeseen costs. Cal Advocates' testimony establishes that PG&E recorded approximately \$9.674 billion in wildfire mitigation balancing and memorandum accounts between 2019 and 2024, of which approximately \$4.12 billion was recorded to the WMPMA and FRMMA specifically.¹²³ PG&E has already sought recovery of approximately \$3.558 billion of those WMPMA and FRMMA balances across several separate reasonableness review applications outside the GRC.¹²⁴ That pattern of recovery is not consistent with the narrow function these accounts were intended to serve; rather, it reflects a systemic use of memorandum accounts as a supplemental cost recovery mechanism outside the GRC's transparent, prospective review process.

¹²¹ CLECA Ex-01 at 34:2-4 (citing CPUC Response to EO N-5-24 at 22).

¹²² CLECA Ex-01 at 34:4-7 (citing CPUC Response to EO N-5-24 at 23-24).

¹²³ CA Ex-29 at 11.

¹²⁴ CA Ex-29 at 12-13, Table 29-3 (including the 2020, 2021, 2022, 2023, and 2024 Wildfire Mitigation and Catastrophic Events applications, the 2023 GRC Track 2, and the Wildfire and Gas Safety Costs proceeding.).

Critically, the record also shows that the activities recorded to these accounts are the same categories PG&E now requests to fund through the GRC. Cal Advocates identifies 12 categories of wildfire mitigation activity recorded to the WMPMA and FRMMA, including system hardening, vegetation management, PSPS, EPSS, operational practices, inspection programs, and alternative technologies.¹²⁵ The Commission authorized funding for each of these activities in PG&E's 2023 GRC for 2023 through 2026, and PG&E again requests funding for these activities in its 2027 GRC for 2027 through 2030.¹²⁶

PG&E's own tariff underscores the point. The WMPMA preliminary statement provides that "[c]osts recorded to the WMPMA will not include costs approved for recovery in PG&E General Rate Cases."¹²⁷ Yet PG&E expressly proposes to record costs to the WMPMA whenever "actual costs" exceed GRC-authorized amounts, even when those costs relate to planned wildfire mitigation activities already forecast and funded through the GRC.¹²⁸ PG&E's request therefore contradicts the express terms of its own WMPMA tariff.

Nor can PG&E credibly maintain that its GRC-funded wildfire mitigation costs are "unforeseen."¹²⁹ Under cross-examination, PG&E Witness Abranches acknowledged that several categories PG&E records to the WMPMA, including system hardening, vegetation management, and inspections, are "predictable and foreseen."¹³⁰ He identified only PSPS and EPSS as programs

¹²⁵ CA Ex-29 at 8-9.

¹²⁶ CA Ex-29 at 8-9.

¹²⁷ Transcript (Tr.) Volume (Vol.) 5 at 627:1-8 (Abranches, PG&E).

¹²⁸ CA Ex-29 at 8:23-9:2 (citing PG&E Ex-04 Testimony at 4-31); Tr. at 625:12-18 ("Witness Abranches admitting that, under PG&E's proposal here, costs could be recorded to the WMPMA simply because they exceed PG&E's forecasted funding levels even if those costs are associated with planned wildfire mitigation activities).

¹²⁹ PG&E Ex-04 at 4-31.

¹³⁰ Tr. Vol. 5 at 627:23-628:3 (Abranches, PG&E).

with a genuine weather-driven variability.¹³¹ But even for PSPS and EPSS, the record shows that PG&E has been forecasting these programs since 2018 (PSPS) and 2021 (EPSS), and the existing WMBA already addresses forecasting variability by ensuring that unspent funds are returned to ratepayers.¹³² Indeed, PG&E refunded approximately \$200 million in unspent WMBA funding in 2025 for the 2023 calendar year.¹³³ That is how the WMBA is designed to work, and it is why the more expansive WMPMA and FRMMA are no longer necessary.

1.5.1.3 PG&E's Rebuttal Misreads SB 254 and Is Contradicted by PG&E's Own Statements in the Record

PG&E's rebuttal fails to overcome the substantial evidence supporting closure of the two accounts because it is based on a clear misreading of SB 254. PG&E argues that alignment between the GRC and Wildfire Mitigation Plan cycles is a "necessary precondition" before the Commission can exercise its discretion to close the memorandum accounts.¹³⁴ However, Section 8386.4(a)(2) is discretionary on its face: "[i]n the commission's discretion, each electrical corporation may establish a memorandum account[.]"¹³⁵ PG&E cannot point to any legislative history supporting its interpretation.

Critically, the record evidence advanced by TURN fully undermines PG&E's misleading interpretation of SB 254. In an August 28, 2024 email to the Governor's Office and Senator Dodd's staff regarding SB 1003, the predecessor to SB 254, PG&E acknowledged that the discretionary language "takes away the requirement that we have a memo account."¹³⁶ PG&E further wrote:

¹³¹ Tr. Vol. 5 at 628:5-14 (Abranches, PG&E).

¹³² Tr. Vol. 5 at 629:22-630:4, 643:18-21 (Abranches, PG&E).

¹³³ PG&E Ex-16 at 4-8:14-18; Tr. Vol. 5 at 643:18-21 (Abranches, PG&E).

¹³⁴ PG&E Ex-16 at 4-11:1-2.

¹³⁵ Pub. Util. Code § 8386.4(a)(2) (emphasis added).

¹³⁶ TURN Ex-113 at 3, 7-8.

“Yes, the commission can allow the memo account to continue and may allow for a new one, but it’s not required and we fully expect intervenors to argue to abandon it once the legislature sends that signal.”¹³⁷ PG&E’s own words thus confirm the plain meaning of the statute: SB 254 gives the Commission discretion to close the memorandum accounts, without any precondition requiring GRC and WMP cycle alignment.

Accordingly, the Commission should direct PG&E to close the WMPMA and FRMMA to new entries effective January 1, 2027, and require PG&E to forecast its wildfire mitigation costs within the GRC revenue requirement going forward.

1.5.1.4 If the Commission Preserves Any Memorandum Accounts, It Must Apply a Strict CEMA-Style Incrementality Standard

If the Commission authorizes the continuation of the memorandum accounts despite the above concerns, it must adopt clear and enforceable requirements to ensure that any recorded costs satisfy Section 8386.4(a)(2)’s narrow standard. Specifically, PG&E must be required to make an affirmative showing, in a formal application proceeding, that a cost is truly unforeseen and incremental to its GRC-authorized revenue requirement. The Commission must adopt a stringent evidentiary framework, with clear guardrails, that mitigates the risk of such accounts becoming a vehicle for evading GRC review. PG&E must demonstrate, through contemporaneous documentation and a detailed showing, that it could not reasonably anticipate or mitigate each recorded cost through prudent planning, historical experience, project pacing, or sound

¹³⁷ TURN Ex-113 at 3, 8.

engineering judgment. Crucially, PG&E must show it could not complete the work by redirecting existing resources authorized for a related work category.

The Commission should model its approach here on its approach for the Catastrophic Event Memorandum Accounts (CEMA). Utilities rely on the CEMA for tracking and resolving recovery of costs associated with unforeseen catastrophic events that are incremental to amounts already authorized in rates.¹³⁸ However, the Commission has clarified that recovery of CEMA costs through rates is not guaranteed by the fact that the costs are associated with a catastrophic event. Instead, the Commission examines the requested costs “in the context of the company’s overall rate structure and specific circumstances surrounding the case” to establish whether the costs are incremental and reasonable.¹³⁹

Critically, to determine incrementality, the Commission will “compare CEMA costs to authorized recovery for similar expenditures.”¹⁴⁰ If a new activity is completed by redirecting existing resources in a related work category, the Commission will find that no incremental cost was incurred, despite the activity itself being incremental, or unforeseen.¹⁴¹ This approach makes clear that an activity’s novelty or unexpected nature, by itself, does not establish incrementality,

¹³⁸ D.22-05-010, *Order Modifying Decision 21-07-029 And Denying Rehearing Of The Decision, As Modified*, R.17-06-024, May 9, 2022 at 4; Resolution E-3238, *Order Authorizing All Utilities to Establish Catastrophic Event Memorandum Accounts, as Defined, to Record Costs Resulting from Declared Disasters*, July 24, 1991 at Ordering Paragraph 1.

¹³⁹ D.24-07-013, *Decision Authorizing San Diego Gas & Electric Company To Recover Costs Incurred From 2014 To 2022 Related To Eight Catastrophic Events*, A.22-10-021, Jul. 16, 2024 at 17; D.01-02-075, A.99-03-049, Feb. 22, 2001 at 12.

¹⁴⁰ D.24-05-037, *Decision Authorizing Southern California Edison Company to Recover Costs related to 2019 Winter Storms, 2020 Heatwaves, and 2020 Fires Recorded in the Catastrophic Memorandum Account*, A.22-03-018, June 4, 2024 at 10 (citing D.21-08-024, *Decision Authorizing Southern California Edison Company to Recover Costs Related to 2017-2018 Drought in Catastrophic Event Memorandum Account, and Denying Without Prejudice Costs Related to 2017 Catastrophic Firestorms*, A. 19-07-021, Aug. 24, 2021 at 20).

¹⁴¹ *Id.* (quoting D.23-02-017, *Decision Approving Settlement*, A.20-09-019, Feb. 8, 2023 at 27).

and that utilities cannot use memorandum accounts to remedy deficient forecasting or project and cost-management practices.

These principles provide the appropriate template for evaluating any costs PG&E might attempt to record under Section 8386.4(a)(2). Like the CEMA, SB 254 authorizes memorandum account tracking only for truly unforeseen and incremental costs. The Commission must enforce that requirement rigorously by requiring a well-documented showing that PG&E was truly unable to forecast the requested cost in the GRC, that the claimed incremental cost is actually above authorized budgets, and that the cost was prudently incurred. If PG&E cannot affirmatively establish these elements, the Commission must deny the request with prejudice.

Applying this established approach here will help to prevent PG&E from utilizing a newly authorized memorandum account as an open-ended mechanism to shift ordinary or forecastable expenses onto ratepayers. Moreover, this approach would uphold SB 254's intent by creating a strong incentive for PG&E to operate within its GRC-authorized revenue requirement, thereby promoting the provision of safe, reliable, and affordable electricity to ratepayers.

1.5.2 Impact of Assembly Bill (AB) 2666 (Boerner, 2024)

1.5.3 Impact of Assembly Bill (AB) 2847 (Addis, 2024)

1.6 Other General Issues

2. POLICY (EXHIBIT PG&E-2)

2.1 Safety, Risk, and Climate Resilience

2.1.1 The Commission Should Use Risk-Neutral Cost-Benefit Ratios (CBRs) as the Primary Analytical Reference for Risk Mitigation Spending, While Requiring Explicit Justification for Any Low-CBR Programs It Approves

CLECA does not dispute that PG&E must maintain a safe and reliable system, nor does CLECA contend that CBRs are the only permissible basis for approving risk mitigation spending.¹⁴² Rather, CLECA's testimony highlights the importance of requiring PG&E to justify the scale and prioritization of its 252 proposed risk management programs in light of the ratepayer costs and the comparative value of the proposed mitigations.¹⁴³

2.1.1.1 The Record Establishes That Risk-Neutral CBRs Provide the More Reliable Analytical Reference for This GRC

The record reflects why risk-neutral CBRs must guide the Commission's review in this proceeding. PG&E presents its risk management program CBRs using risk-averse scaling, but CLECA's testimony demonstrates that, compared to risk-neutral CBRs for the same programs, PG&E's approach inflates estimated benefits relative to costs by 169 percent.¹⁴⁴ CLECA found that, of approximately \$50 billion in proposed spending, less than \$20 billion of PG&E's risk mitigation portfolio is associated with programs with a risk-neutral CBR above 1.¹⁴⁵ At the tranche level, only about \$10 billion, or roughly 20 percent, exceeds that threshold. These figures show

¹⁴² CLECA Ex-01 at 25:13-16 ("CLECA acknowledges that CBRs are not the only criterion for project selection, and does not contend that programs with CBRs below 1 must be rejected categorically. However, such programs should be the exception rather than the rule, and should require clear and specific justification.") (citing D.22-12-027 at 26-27).

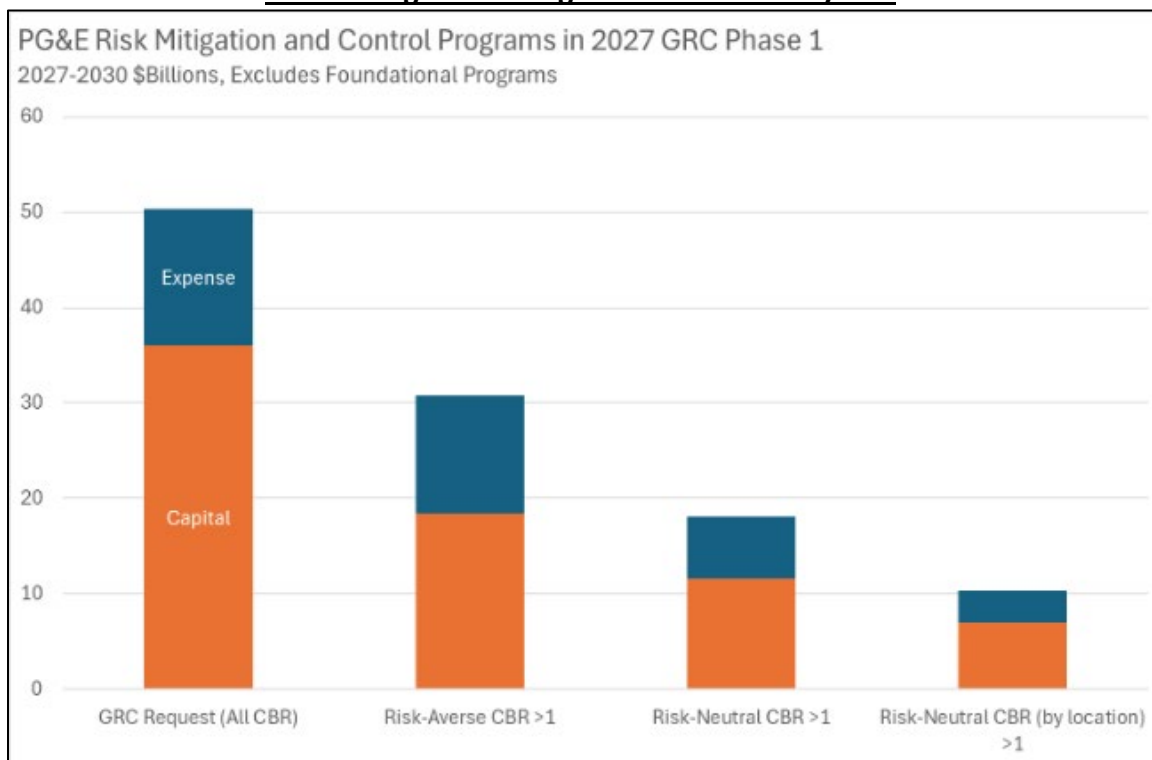
¹⁴³ CLECA Ex-01 at 25:4-6 ("PG&E proposes 75 foundational risk management activities and 252 risk management programs in this GRC. While foundational activities are not subject to cost-benefit scoring, PG&E assigns CBRs to its risk management programs.") (citing PG&E Ex-02 Workpapers at WP 1-11 [Foundational Activity Allocated Spend lists 75 activities] and WP 1-14 [*GRC Mitigations and Controls and their CBRs_Errata*11.10.25 lists 252 programs.]).

¹⁴⁴ CLECA Ex-01 at 25:7-8 (Total benefit of programs in PG&E Ex-02 Workpapers at WP 1-14 = \$467M; total benefit of (same) programs in PG&E Ex-02 Workpapers at WP 1-16 = \$174M); See CLECA EX-01 at Attachment C, Workpaper 1.2 for calculation).

¹⁴⁵ CLECA Ex-01 at 25-26.

that PG&E's risk-averse presentation materially changes how the Commission and parties perceive the value of PG&E's proposed risk mitigation portfolio.

Figure 2-1¹⁴⁶
Risk Management Programs & Tranches by CBR



2.1.1.2 Cal Advocates' Independent Analysis Confirms That PG&E's Risk-Averse Scaling Is Not Supported

Cal Advocates' testimony provides additional, independent grounds for rejecting PG&E's approach to justifying its risk mitigation spending proposals. First, Cal Advocates shows that the 7.5x consequence multiplier embedded in PG&E's risk-averse scaling is arbitrary and unsupported. PG&E concedes through discovery that it has no specific reasoning for adopting a 7.5x multiplier, and that it does not possess the methods by which the bond issuers actually

¹⁴⁶ CLECA Ex-01 at Attachment C (Workpaper 1.2).

assess risk for pricing purposes.¹⁴⁷ Second, Cal Advocates demonstrates that the combined application of PG&E's truncated power-law distribution¹⁴⁸ and the 7.5x multiplier yields estimated potential wildfire losses of approximately \$711.9 billion, or 37.5 times the losses of the Camp Fire.¹⁴⁹ Cal Advocates aptly observes that "allowing for catastrophic losses up to 37.5 times" the "most catastrophic fire in California history" ¹⁵⁰ is "illogical and unreasonable."¹⁵¹ Third, Cal Advocates establishes that PG&E's risk-averse scaling improperly substitutes the risk preferences of catastrophe bondholders, who freely choose whether to transact, for the risk preferences of PG&E's captive ratepayers, who do not.¹⁵² PG&E is now self-insured up to \$1 billion and the California Wildfire Fund covers losses above that level, so ratepayers do not face the kind of risk exposure that a catastrophe bond is designed to mitigate.¹⁵³ The price of a catastrophe bond is therefore not an applicable measure of the risk aversion of PG&E's ratepayers.

¹⁴⁷ CA Ex-28 at 4:11-5:25

¹⁴⁸ CA Ex-28 at 6:5-7 ("PG&E utilizes a truncated power-law distribution for assessment of its wildfire consequence.¹⁷ When one does not truncate a power law distribution, the cutoff can be stated simply as 'everything burns'") (internal citations omitted). PG&E has stated that its chosen loss cutoff for its power law distribution is roughly 5 times that of the 2018 Camp Fire (or \$94,920,849,000) and that it believes this is the best approach for estimating potential real-world wildfire consequences to customers.

¹⁴⁹ CA Ex-28 at 6:10-12.

¹⁵⁰ CA Ex-28 at 6:12 – 7:1 (citing CalFire, *Top 20 Most Destructive California Wildfires*, October 9, 2025.).

¹⁵¹ CA Ex-28 7:2.

¹⁵² CA Ex-28 at 7:14-8:5 ("In a regulated monopoly (which is California's method of providing electricity), ratepayers do not have choice in what provider they use, be it for electricity or some other good. Conversely, the purchaser of a catastrophe bond and the bond issuer both have a choice in whether to transact. The bond issuer may decide that the purchaser is too risky and not issue the bond to the prospective purchaser and choose a different purchaser. Likewise, the bond purchaser may determine that the price is too high and go elsewhere for its bond or pursue some other mechanism such as self-insurance (as PG&E has in fact done)").

¹⁵³ CA Ex-28 at 8:5-9. ("In PG&E's case, the AB 1054 Wildfire Fund covers losses to the utility from catastrophic wildfires after \$1 billion. Therefore PG&E, and by extension the PG&E ratepayer, does not need catastrophe bonds to cover its potential losses.")

Taken together, the evidence provided by CLECA and Cal Advocates confirm that PG&E's risk-averse approach distorts how the Commission and parties should evaluate PG&E's proposed risk mitigation portfolio. Given the magnitude of PG&E's requested revenue increases, and the acute affordability concerns they raise for all ratepayer classes, the Commission must ensure that risk-mitigation spending is both safety-focused and economically disciplined. To achieve this, CLECA's testimony recommends that the Commission evaluate PG&E's risk management programs using risk-neutral CBRs as the primary analytical reference, and require PG&E to prioritize its proposed spending accordingly.¹⁵⁴ Risk-neutral CBRs are the more informative metric for this GRC because they reflect expected costs and benefits without embedding unvetted policy judgments about customer risk tolerance.¹⁵⁵ This approach does not eliminate the Commission's discretion to approve necessary safety work, but it ensures that exceptions to positive expected value are identified, justified, and limited.

2.1.1.3 PG&E's Rebuttal Does Not Undermine CLECA's Recommendation

PG&E acknowledges that it must place safety as a top priority, and that it must "meet this mandate in a manner that balances safety and reliability with customer affordability."¹⁵⁶ CLECA agrees with that principle, but PG&E's rebuttal does not establish that risk-averse scaling is an adequate substitute for transparent, program-specific cost-benefit review. Contrary to what PG&E suggests, CLECA's position is not that every program with a risk-neutral CBR below 1 must

¹⁵⁴ CLECA Ex-01 at 26:8-10.

¹⁵⁵ CLECA Ex-01 at 25:10-12.

¹⁵⁶ PG&E Ex-14 at 1-2.

be rejected.¹⁵⁷ Rather, given the magnitude of PG&E's proposed spending and the affordability concerns raised in this proceeding, the Commission must ensure that PG&E's risk mitigation portfolio is just, reasonable, and consistent with the prudent manager standard.

PG&E's principal rebuttal argument, that risk-neutral analysis would cause residual risk to be approximately 64 percent higher and would triple safety risk by 2030, fails under scrutiny.¹⁵⁸ Those residual risk figures are themselves calculated using PG&E's risk-averse scaling. By PG&E's own acknowledgment, risk-neutral scaling reduces modeled wildfire risk to approximately \$0.9 billion compared to PG&E's risk-averse-scaled figure.¹⁵⁹ PG&E therefore cannot use risk-averse-scaled residual risk projections to justify continued reliance on risk-averse scaling. Moreover, CLECA's framework does not require defunding sub-1 CBR programs; it requires PG&E to justify them through an explicit record showing. The "tripling safety risk" argument answers a position CLECA does not take. PG&E's related argument that CAT bond pricing remains a valid proxy for ratepayer risk preferences, even though PG&E no longer transacts CAT bonds, also fails to engage Cal Advocates' point that ratepayers are not exposed to CAT bond pricing and do not pay a market premium for catastrophic loss coverage.¹⁶⁰

2.1.1.4 PG&E's Reliance on D.22-12-027 Is Misplaced

PG&E's reliance on D.22-12-027 to justify its risk-averse scaling approach is misplaced. In that decision, the Commission adopted the Cost-Benefit Approach to improve transparency,

¹⁵⁷ PG&E Ex-02 at 1-2.

¹⁵⁸ PG&E Ex-14 at 1-12:20-28.

¹⁵⁹ PG&E Ex-14 1-10:9-14.

¹⁶⁰ CA Ex-28 at 7:13-8:9; PG&E Ex-14 at 1-28:18-1-31:2.

replace unitless risk scores with monetized risk values, and provide information on whether mitigation benefits exceed costs.¹⁶¹ The Commission held that CBRs “must be used” to rank risk mitigations in GRC applications, but recognized that CBRs need not be the only consideration in mitigation selection, and required utilities to “clearly and transparently explain” their rationale for selecting mitigations and the overall mitigation portfolio.¹⁶²

PG&E mistakenly asserts that D.22-12-027 “expressly allowed” risk-averse scaling and that CLECA’s framework is inconsistent with the Commission’s prior determinations.¹⁶³ However, this argument confuses what the decision permits with what it requires. D.22-12-027 allows utilities to use risk-averse scaling; it does not compel the Commission to evaluate proposed risk mitigation spending through that lens. Risk-neutral CBRs serve the transparency objective set forth in D.22-12-027 by reflecting expected value before any policy judgment about risk tolerance is layered on.¹⁶⁴ In contrast, PG&E’s risk-averse scaling approach embeds specific and contested policy judgment about catastrophe aversion in every CBR by relying on catastrophe bond pricing as a proxy for ratepayer preferences.¹⁶⁵ While that additional adjustment is permitted under the RDF, it is not the default analytical reference the Commission must use to evaluate proposed spending.

D.22-12-027 also does not permit PG&E to replace cost-benefit review with generalized assertions of necessity or conclusory appeals to operator judgment.¹⁶⁶ While the decision allows

¹⁶¹ D.22-12-027 at 20-26.

¹⁶² D.22-12-027 at 26.

¹⁶³ PG&E Ex-14 at 1-20:18-1-21:21; 1-45:20 -1-46:13.

¹⁶⁴ CLECA Ex-01 at 25:11-26:14.

¹⁶⁵ CA Ex-28 at 7:6-8:9.

¹⁶⁶ PG&E Ex-14 at 1-5:17-1-6:1-4.

utilities to consider factors other than CBRs, including modeling limitations, compliance requirements, and operational constraints, it also requires the utility to explain whether and how those factors affected its mitigation selections in the GRC.¹⁶⁷ PG&E's rebuttal improperly substitutes its "prudent operator" framing for the explicit justification the Commission required, asking the Commission to approve a portfolio in which most spending lacks positive expected value on a risk-neutral basis based on PG&E's holistic judgment alone.¹⁶⁸

The correct application of D.22-12-027 is therefore the framework CLECA proposes in this proceeding. If PG&E seeks approval of tranches with risk-neutral CBRs below 1, PG&E must provide a clear, record-based explanation for why ratepayers should fund those tranches notwithstanding their failure to demonstrate positive expected value. That is the transparency the Commission required in D.22-12-027, and it is the approach the record in this proceeding supports.

2.1.2 The Commission Should Adopt CLECA's Risk Management Review Framework and Direct PG&E to Submit Unscaled CBRs Going Forward

Accordingly, the Commission should adopt CLECA's recommended risk management review framework for this GRC. The Commission should use risk-neutral CBRs as the primary analytical reference, and require PG&E to prioritize spending accordingly. The Commission should approve proposed spending on tranches with risk-neutral CBRs below 1 only where PG&E has made a specific showing of safety necessity, legal or regulatory obligation, or clearly articulated non-quantifiable benefits. This approach applies D.22-12-027 as intended, preserves

¹⁶⁷ D.22-12-027 at 26-27.

¹⁶⁸ PG&E Ex-14 at 1-5:17-24; 1-45:18-1-46:13.

the Commission’s ability to approve necessary safety work, and protects ratepayers from risk management spending that PG&E has not shown to be reasonable.

The Commission should also adopt Cal Advocates’ recommendation that, going forward, PG&E should be required to submit unscaled consequence values and CBRs as part of its 2028 RAMP and 2031 GRC. As Cal Advocates explains, “unscaled values represent the interests of utility ratepayers and allow for mitigation of safety risks to the public that also accounts for affordability of an essential service.”¹⁶⁹ This forward-looking direction ensures that the Commission, PG&E, and parties will have a transparent expected-value baseline against which to evaluate future risk-mitigation spending.

2.2 Business Planning and Execution

3. GAS OPERATIONS (EXHIBIT PG&E-3)

3.1 Gas Policy and Introduction

3.2 Gas Summary and Investment Planning

3.3 Gas Risk Management

3.4 Asset Family – Distribution Mains and Services Issues

3.5 Asset Family – Transmission Pipe

3.6 Asset Family – Facilities

3.7 Asset Family – Storage

3.8 Gas Operations and Maintenance

3.9 Gas System Operations & Natural Gas Storage Strategy

3.10 Gas Technology

3.11 Other Gas Operations Support

¹⁶⁹ CA Ex-28 at 4:1-2.

4. ELECTRIC DISTRIBUTION (EXHIBIT PG&E-4)

4.1 Electric Distribution Policy and Introduction

4.2 Electric Distribution Forecast Summary and Investment Planning

PG&E's Electric Distribution capital plan is the single largest driver of the revenue requirement increase in this Application. PG&E proposes approximately \$27 billion in Electric Distribution capital spending over 2027 through 2030, with TY 2027 capital expenditures increasing by roughly \$1.3 billion, or 25 percent, relative to 2026.¹⁷⁰ The resulting TY 2027 Electric Distribution revenue requirement increase of \$982 million, or 11.1 percent, accounts for the majority of PG&E's requested 2027 revenue increase.¹⁷¹

The record identifies two principal drivers of the ED capital increase. PG&E projects a substantial expansion of load-growth and electrification-related capital investment, including a 4.5 times increase in non-residential electric vehicle demand and a 2.3 times increase in residential electric vehicle demand from 2024 to 2027.¹⁷² PG&E also continues to seek substantial wildfire-related capital investment, principally through system hardening and undergrounding.¹⁷³ Policy objectives underlying either category of investment do not relieve PG&E of its burden to show that the proposed level, pace, and timing of capital additions are reasonable for this GRC period.¹⁷⁴

CLECA's testimony recommends that the Commission disallow aspects of PG&E's Electric Distribution capital plan that PG&E has not established to be cost-effective, accurately paced to

¹⁷⁰ EPUC/IS Ex-001 at 20:14-17, 21:1-3.

¹⁷¹ CA Ex-01 at 7:5-16.

¹⁷² PG&E Ex-04 at 2-2:13-18.

¹⁷³ PG&E Ex-04, Ch. 7 at 7-2 to 7-3.

¹⁷⁴ D.23-11-069 at 24-25.

demand, or reasonably executable during the GRC period. Specifically, PG&E must be required to sequence and size load-growth and electrification-related spending based on observed load growth and realistic demand forecasts, rather than the aspirational assumptions PG&E's spending plan relies on.¹⁷⁵ PG&E must also show that it appropriately prioritized risk mitigation and other capital spending based on demonstrated cost-effectiveness; programs that are not cost-effective must be fully justified and supported by admissible evidence.¹⁷⁶ Finally, the Commission must limit approved capital work to activities PG&E has demonstrated it can reasonably execute within the GRC period, so that ratepayers are not funding capital PG&E cannot deliver.¹⁷⁷ These principles protect ratepayers because front-loaded capital additions, once placed in rate base, impose long-term revenue requirement obligations through depreciation, return, and taxes over the life of the assets.¹⁷⁸

4.3 Electric Distribution Risk Management

4.4 Wildfire Mitigation Summary and Strategy Support

4.5 Wildfire Situational Awareness and Forecasting

4.6 Wildfire Operational Mitigations (PSPS, EPSS, and Customer Battery Programs)

4.7 Wildfire System Hardening

PG&E's wildfire system hardening request, particularly its 2027 undergrounding "bridge funding" proposal and proposed annual extension mechanism, illustrates the affordability and investment-sequencing concerns CLECA identified in Section 4.2. PG&E requests \$932 million in

¹⁷⁵ CLECA Ex-01 at 27:1-29:6.

¹⁷⁶ CLECA Ex-01 at 25:11-26:14.

¹⁷⁷ CLECA Ex-01 at 7:30-32.

¹⁷⁸ EPUC/IS Ex-001 at 17:11-22.

2027 undergrounding capital, plus authority to recover an estimated \$1.212 billion annually in 2028 through 2030 through advice letter filings rather than through the GRC.¹⁷⁹ Together, PG&E's request would obligate ratepayers for more than \$4.5 billion in undergrounding spending across the GRC period, the vast majority of which lacks the evidentiary support required to authorize that magnitude of capital recovery.¹⁸⁰

The Commission must reject the bridge funding request because PG&E has not affirmatively justified the proposed spending in this GRC. Cal Advocates confirms that PG&E's forecast is not built on project-level scope or finalized engineering. Its testimony underscores that PG&E developed its forecast using a "top-down" multi-year budgeting methodology, and did not provide project-specific schedules, cost build-ups, or vendor pricing.¹⁸¹ Cal Advocates also highlights PG&E's concession that its 2027 Bridge Program projects "are still being scoped and do not yet have finalized scope, construction and close-out costs, or identified vendors."¹⁸² EPUC/IS witness Gorman similarly concludes that PG&E "has not fully scoped its proposed 2027 Test Year or 2028-2030 PTY undergrounding work and has not demonstrated that its GRC-proposed undergrounding mileage reflects the selection of the most cost-effective wildfire mitigation options."¹⁸³ Without a defined scope and supporting project-level data, the Commission cannot determine that the requested capital is reasonable.

The procedural structure of PG&E's request is independently disqualifying. PG&E's stated purpose for the bridge funding is to continue its current undergrounding program during the

¹⁷⁹ PG&E Ex-04 at 7-29:1-21; 7-53:1-22; CA Ex-03 at 26:11-27:4.

¹⁸⁰ CLECA Ex-01 at 20:12-21:6.

¹⁸¹ CA Ex-03 at 22:7-19.

¹⁸² CA Ex-03 at 27:1-10.

¹⁸³ EPUC/IS Ex-005 at 4:13-15.

interim period between the end of the 2023 GRC and the anticipated Commission decision on its separate Electric Undergrounding Program (EUP) application.¹⁸⁴ Under that approach, the GRC would pre-authorize funding for work PG&E intends to subject to substantive review in the EUP, while the EUP would be deprived of meaningful independent review of the same scope.¹⁸⁵ This approach thus risks allowing PG&E to recover substantial undergrounding expenditures “without a comprehensive scope of work, project-level cost estimates, vendor pricing, risk prioritization, or demonstration that undergrounding is the most cost-effective risk-reduction option relative to alternatives.”¹⁸⁶ PG&E itself confirmed during hearings that the proposed extension is intended only as a “backstop” if the EUP proceeding is delayed, which underscores that the massive bridge funding request is not anchored in a substantive showing on the merits.¹⁸⁷

Moreover, PG&E has also not demonstrated that its requested scale and pace of undergrounding is cost-effective relative to available alternatives. PG&E acknowledges that overhead hardening, combined with PSPS and EPSS, provides approximately 97 percent ignition risk reduction, compared to approximately 98 percent for undergrounding.¹⁸⁸ TURN witness Borden testifies that overhead hardening has reduced more wildfire risk per dollar than undergrounding from 2020 through 2026, even setting aside PSPS and EPSS.¹⁸⁹ PG&E’s own circuit-specific analysis confirms the point: for 308 of the 473 circuit miles PG&E evaluated for 2027, overhead hardening was more cost-effective than undergrounding, yet PG&E nonetheless

¹⁸⁴ CLECA Ex-01 at 21:1-6; PG&E Ex-04 at 7-10:1-15; 7-23:18-25.

¹⁸⁵ CLECA Ex-01 at 21:6-13.

¹⁸⁶ EPUC/IS Ex-005 at 7:22-8:5.

¹⁸⁷ Tr. Vol. 12 at 1212:17-1213:6 (Colvin, PG&E; Ash, PG&E); CA Ex-35 at 4:1-15.

¹⁸⁸ PG&E Ex-16, Ch. 7 at 7-13; Tr. Vol. 12 at 1167:1-1168:19 (Colvin, PG&E; Ash, PG&E).

¹⁸⁹ TURN Ex-07 at 13:11-14:5.

proposed to underground those circuits or large portions of them.¹⁹⁰ Cal Advocates further shows that many proposed 2027 undergrounding projects could have been completed as a hybrid mitigation at materially lower unit cost.¹⁹¹ CLECA does not contend that undergrounding is never appropriate. But in a proceeding defined by acute affordability pressure, the Commission should not authorize the most expensive wildfire mitigation, at this scale, absent a clear demonstration that PG&E properly considered less costly alternatives.

The proposed annual extension mechanism should likewise be rejected. PG&E proposes to use a Tier 2 advice letter process to authorize approximately \$1.212 billion per year in 2028 through 2030 for 400 additional undergrounding miles annually, if the EUP is delayed.¹⁹² As EPUC/IS explains, that approach would allow PG&E to recover billions of dollars in undergrounding spending “without a defined project scope, required economic mitigation option selection, nor a specified endpoint for these extensions.”¹⁹³ Cal Advocates confirms that PG&E has not yet scoped any post-2027 system hardening work, has not provided project-level documentation, and has never installed more than 285 undergrounding miles in a single year, yet now seeks authority to install 400 miles annually for three years through advice letter filings.¹⁹⁴ Advice letter procedures are intended for non-controversial and ministerial matters and do not provide the evidentiary record necessary to evaluate multi-billion-dollar capital programs.¹⁹⁵

¹⁹⁰ TURN Ex-07 at 14:9-15:3.

¹⁹¹ CA Ex-03 at 25:1-26:4.

¹⁹² PG&E Ex-04 at 7:53:17-22; CA Ex-03 at 27:1-9.

¹⁹³ EPUC/IS Ex-005 at 2:14-19.

¹⁹⁴ CA Ex-03 at 27:8-28:6.

¹⁹⁵ EPUC/IS Ex-005 at 9:9-10:14 (citing General Order 96-B).

Authorizing extensions of this magnitude through advice letters would shortcut the type of full evidentiary review that the GRC and EUP processes are intended to provide.

PG&E's rebuttal fails to overcome the clear deficiencies in its request. PG&E argues that the bridge funding and extension mechanism are necessary to maintain program continuity, retain contractors, and avoid disruption to in-flight projects.¹⁹⁶ But program continuity is not a substitute for a sufficient evidentiary showing of reasonableness. Critically, PG&E has not shown that its purported disruption concerns outweigh the burden of authorizing multi-billion-dollar capital recovery without adequate justification.¹⁹⁷ To the extent any limited undergrounding work is genuinely necessary to maintain program continuity in 2027, PG&E bears the burden of identifying that work specifically, justifying it on the record, and demonstrating that more cost-effective alternatives are not available.¹⁹⁸

4.8 Vegetation Management

4.9 Electric Distribution Capacity, Engineering, and Planning

4.10 New Business and Work at the Request of Others

PG&E fails to demonstrate that its New Business (NB) and Work at the Request of Others (WRO) request, including its proposed two-way New Business Balancing Account (NBBA), is just and reasonable. The record reflects that NB work is forecastable, and that PG&E's NBBA is structured to shift ordinary utility forecasting and management risk from shareholders to ratepayers. Accordingly, the Commission should deny the NBBA, reject PG&E's alternative

¹⁹⁶ PG&E Ex-16 at 7-11:9-25; 7-67 to 7-69.

¹⁹⁷ EPUC/IS Ex-005 at 9:18-10:5.

¹⁹⁸ CLECA Ex-01 at 21:9-13.

forecast, and adopt a more modest NB and WRO forecast that reflects realistic demand assumptions and demonstrated customer readiness.

4.10.1 The Record Reflects that PG&E's Request for a Two-Way NBBA is Unreasonable

PG&E's NBBA proposal is, at its core, a transfer of fundamental utility risk from shareholders to ratepayers. CLECA's testimony explains that the Commission should reject the NBBA because NB costs can be reasonably forecasted and budgeted in the GRC.¹⁹⁹ As Walmart correctly notes, connecting new customers has always been a core function of an electric utility, yet PG&E argues that because this work is "customer-driven," it should be shielded from the financial variability associated with it.²⁰⁰ A two-way balancing account "effectively removes the risk of forecasting errors and cost overruns from its shareholders and places it upon customers," and "violates the principle that the utility should bear the risk of managing its own operations within the authorized revenue requirement."²⁰¹

4.10.2 PG&E's Argument That NB Demand Is Too Uncertain To Forecast Is Internally Inconsistent

PG&E acknowledges in rebuttal that it has improved its forecasting methodology in this GRC, introducing a new Bottoms-Up Forecast precisely because prior methodologies were not reasonably accurate.²⁰² PG&E does not contest that the bottoms-up methodology produces a

¹⁹⁹ CLECA Ex-01 at 32:18 - 33:4.

²⁰⁰ Walmart Ex-01 at 12:22 -13:3 (citing PG&E Ex-04 at 10-49).

²⁰¹ Walmart Ex-01 at 13:3-7 ("By implementing a two-way balancing account, the Company removes the financial discipline required to manage its capital budget and places the entire burden of forecast variances and cost overruns onto customers. This transfer violates the principle that the utility should bear the risk of managing its own operations within the authorized revenue requirement.")

²⁰² PG&E Ex-16 at 10-67.

reasonable forecast for GRC purposes.²⁰³ This improved methodology, not a permanent two-way balancing account, is the proper response to historical forecasting challenges. Adopting the NBBA as a substitute for accurate forecasting would eliminate any incentive for PG&E to refine and validate its new methodology and would relieve PG&E of the forecasting discipline the GRC process is designed to enforce. As Walmart aptly explains, “[t]he cost-of-service ratemaking model provides a budget based on a forecast; it does not promise a dollar-for-dollar true-up for every category where the utility finds prediction challenging.”²⁰⁴

4.10.3 PG&E’s Customer-Readiness Justification Undermines Its Request

PG&E concedes that, following D.25-08-036, SB 410 cost caps are no longer the limiting factor in completing the customer applications in PG&E’s queue.²⁰⁵ Instead, PG&E states that 6,065 customer ADCs not included in its 2027 forecast “are not yet ready to be served,” and it is “unclear when these customers will complete their construction, secure permits, obtain land rights/easements, or otherwise be ready for service.”²⁰⁶ But customer-readiness delays involving permitting, site work, and equipment are project-execution and queue-management issues, not forecasting uncertainty. The total number of customer projects in PG&E’s queue is known, and the funding required to complete that queue is known. What varies is customer timing, which is operational uncertainty that utility management is responsible for handling. Walmart’s testimony notes that customers already pay PG&E to forecast and manage demand through Administrative and General expenses.²⁰⁷ “If the Company’s forecasting is so inaccurate that it is

²⁰³ Id.

²⁰⁴ Walmart Ex-01 at 13:18 - 14:2.

²⁰⁵ PG&E Ex-16 at 10-65.

²⁰⁶ PG&E Ex-16 at 10-65.

²⁰⁷ Walmart Ex-01 at 13.

deemed ‘difficult to predict with accuracy,’ customers should not be required to insure the Company against its own management limitations.”²⁰⁸

4.10.4 PG&E’s Proposal Is Structured to Disproportionately Benefit Shareholders at Ratepayer Expense

PG&E presents only two forecasts: a primary forecast and a significantly higher “alternative” forecast that PG&E characterizes as the “upper-bound” of funding needed.²⁰⁹ PG&E offers no corresponding lower-bound scenario.²¹⁰ As Walmart correctly observes, that asymmetry “reveals that the Company’s proposal is skewed” and leaves “no symmetrical reference point to inform decision making.”²¹¹ The Commission should reject both the NBBA and PG&E’s alternative forecast on this basis alone.

4.10.5 PG&E’s Aggressive Electrification Assumptions Further Undermine Its Request

Cal Advocates demonstrates that PG&E’s electrification-related forecasts in this GRC are inflated and inconsistent with the most recent IEPR projections.²¹² Notably, PG&E itself has recommended downward revisions to the CEC’s draft 2025 IEPR forecasts, citing “recent policy developments and market conditions that materially weaken near-term EV sales trajectories.”²¹³ PG&E cannot credibly argue in one proceeding that near-term electrification demand is weakening while simultaneously relying on aggressive growth assumptions and demand uncertainty to justify a permanent balancing account here.

²⁰⁸ Walmart Ex-01 at 13.

²⁰⁹ Walmart Ex-01 at 14.

²¹⁰ Walmart Ex-01 at 15.

²¹¹ Walmart Ex-01 at 15.

²¹² CA Ex-05 at 11:1-4, 15:10-22.

²¹³ CA Ex-05 at 15:10-22.

For all these reasons, the Commission should deny the proposed NBBA, reject PG&E's alternative forecast, and adopt an NB and WRO forecast based on realistic demand assumptions and demonstrated customer readiness. PG&E has not shown that the variability in NB and WRO costs cannot be reasonably managed within an appropriately sized GRC forecast.²¹⁴ Approving the NBBA would shift ordinary forecasting risk from shareholders to ratepayers, undermine the discipline the GRC process is designed to enforce, and leave ratepayers responsible for capital expenditures that may prove unnecessary or premature.²¹⁵

- 4.11 Electric Emergency Recovery**
- 4.12 Distribution Systems Operations**
- 4.13 Field Metering**
- 4.14 Distribution Inspections**
- 4.15 Overhead Maintenance and Poles**
- 4.16 Underground Maintenance and Infrastructure Replacement**
- 4.17 Overhead Infrastructure Replacement and Reliability**
- 4.18 Substation Asset Management**
- 4.19 Distribution System Automation and Protection**
- 4.20 Electric Distribution Mapping and Data Management**
- 4.21 Electric Distribution and Wildfire Mitigation Information Technology**
- 4.22 Grid Modernization and Grid Technology**
- 4.23 Electric Distribution Support Activities**
- 5. ENERGY SUPPLY (EXHIBIT PG&E-5)**
 - 5.1 Energy Supply Policy and Summary of Exhibit**
 - 5.2 Energy Supply Risk Management**

²¹⁴ EPUC/IS Ex-001 at 12:17-13:5, 79:17-80:3.

²¹⁵ Walmart Ex-01 at 13; EPUC/IS Ex-001 at 25:14-19.

- 5.3 **Hydro Operations Costs**
- 5.4 **Natural Gas, Solar, and Energy Storage Operations Costs**
- 5.5 **Energy Policy and Procurement Administration**
- 5.6 **Energy Supply Technology Programs**
- 5.7 **Energy Supply Ratemaking**
- 6. **CUSTOMER AND ENTERPRISE SOLUTIONS (EXHIBIT PG&E-6)**
 - 6.1 **Customer and Enterprise Solutions Summary**
 - 6.2 **Local Customer Engagement**
 - 6.3 **Customer Programs**
 - 6.4 **Customer Communications**
 - 6.5 **Customer Service**
 - 6.6 **Billing, Revenue, and Credit**
 - 6.7 **Metering Services and Engineering**
 - 6.8 **Gas Advanced Metering Infrastructure Program**
 - 6.9 **Electric Advanced Metering Infrastructure Program**
 - 6.10 **Customer and Enterprise Solutions Business Operations**
 - 6.11 **Customer and Enterprise Solutions Technology Value Streams**
 - 6.12 **Mobile Home Park Utility Upgrade Program**
- 7. **SHARED SERVICES AND INFORMATION TECHNOLOGY (EXHIBIT PG&E-7)**
 - 7.1 **Enterprise Health and Safety**
 - 7.1.1 **The Commission Should Reject PG&E's \$99 Million Academy Expansion Request (MWC 22)**

PG&E's request for \$99 million in capital expenditures over 2027-2030 to construct a new Academy Training Facility expansion at its Livermore campus must be denied in its entirety.²¹⁶

The record establishes that PG&E has not demonstrated the request to be necessary, prudent,

²¹⁶ PG&E Ex-19 at 1-14:5-15. CLECA Ex-01 at 8:8; 20:3-9.

or the most efficient means of meeting its training needs. In fact, PG&E concedes that the proposed Academy expansion is “non-mandated.”²¹⁷ In a proceeding defined by acute ratepayer affordability pressures and the largest revenue requirement increase in PG&E’s history, that concession weighs heavily against ratepayer funding for the project

7.1.2 PG&E Has Not Demonstrated That The Proposed Expansion Is The Most Efficient Way To Meet Its Training Needs

CLECA’s testimony explains that PG&E failed to account for technological advances that have augmented or obviated the need for many in-person trainings, or for the office and meeting space likely available within PG&E’s own remote and hybrid workplace footprint.²¹⁸ In rebuttal, PG&E misleadingly argues that electric apprentice and journey-level training requires hands-on instruction in purpose-built facilities.²¹⁹ However, this response misses the point. The operative question is not whether some hands-on training is required; it is whether PG&E has demonstrated that a \$99 million new facility is the most efficient way to meet the entirety of its training needs. The record reflects that PG&E has not made that showing.

PG&E’s data response to ALJ Data Request CPUC_002-Q007 confirms that PG&E has not conducted the alternatives analysis required to demonstrate efficiency. PG&E acknowledges that it considered three categories of alternatives — a separate training location, use of alternate meeting or classroom space, and a new facility at a different location — but only at “a qualitative level” and without any quantitative comparison.²²⁰ PG&E further concedes that it has not

²¹⁷ PG&E Ex-19 at 1-AtchA-2.

²¹⁸ CLECA Ex-01 at 20:5-9.

²¹⁹ PG&E Ex-19 at 1-17:28-1-18:2.

²²⁰ ALJ Ex-04 at 2-3.

separately tracked the costs of rented or offsite training space and is “not able to provide a summary table providing annual costs for renting hotel/conference facilities due to insufficient capacity at the Livermore Electric Safety Academy.”²²¹ The single example PG&E provides reflects approximately \$32,000 in offsite training costs over 2020-2021.²²² That figure is not remotely commensurate with the \$99 million capital request. Without a quantitative comparison of alternatives, PG&E cannot demonstrate that its preferred solution is the most efficient way to meet its training needs; it can only demonstrate that the preferred solution exists.

PG&E’s extended phased alternative further undermines its request. In rebuttal, PG&E offered to complete approximately \$31.5 million of work in this GRC cycle and defer the remaining scope to a subsequent GRC.²²³ That proposal serves as a tacit admission that approximately \$67 million of the original request can be deferred without impairing PG&E’s ability to meet its training needs during this GRC cycle. It also confirms that PG&E has not conducted a quantitative alternatives analysis for the remaining \$31.5 million portion, and that PG&E’s fallback is offered without any reassessment of whether the underlying expansion is the most efficient way to meet its training needs.

7.1.3 Cal Advocates And TURN Provide Additional Record Evidence Reinforcing The Case For Denial

Cal Advocates confirms that the Academy delivered over 70,000 student days of training in 2024 in its current form, which undermines PG&E’s premise that the current facility is

²²¹ Id. at 2.

²²² Id.

²²³ PG&E Ex-19 at 1-18:20-1-19:5, 1-AtchA-1.

inadequate.²²⁴ Cal Advocates also identifies a potential offsetting revenue source PG&E has not evaluated: 14 other utilities currently use the Academy for third-party training.²²⁵ PG&E does not address whether that third-party utilization is monetized to offset ratepayer costs, or whether the Academy's use by other utilities suggests that shareholder or third-party funding is more appropriate than ratepayer funding for this expansion. TURN separately identifies \$16.8 million in contingency funding embedded in the forecast, which TURN correctly explains is "not known and measurable" and has previously been disallowed by the Commission.²²⁶

Accordingly, PG&E has not carried its burden of demonstrating that the Academy expansion is reasonable, prudent, and necessary. PG&E concedes that the project is non-mandated, and it has not conducted the quantitative alternatives analysis that would be required to justify a \$99 million capital investment. PG&E's own phased alternative further confirms that approximately \$67 million of the request can be deferred without impairing its ability to meet its training needs during this GRC cycle. The Commission should therefore reject the request in full.

- 7.2 Transportation and Aviation Services**
- 7.3 Sourcing and Materials**
- 7.4 Real Estate**
- 7.5 Land, Environmental, and Permitting Services**
- 7.6 Information & Records Governance**
- 7.7 Information Technology and Data Management**
- 7.8 Cyber and Corporate Security**
- 7.9 Emergency Preparedness & Response**

²²⁴ CA Ex-18 at 14:10-14.

²²⁵ CA Ex-18 at 14:15-23.

²²⁶ TURN Ex-17 at 19:1-20.

- 7.10 Enterprise Risk Management**
- 8. PEOPLE, COMPENSATION, & BENEFITS (EXHIBIT PG&E-8)**
 - 8.1 People Organization Overview**
 - 8.2 People Organization**
 - 8.3 Compensation and Labor Escalation**
 - 8.4 Employee Benefits**
 - 8.5 Occupational Health**
 - 8.6 Report on Inclusion and Belonging**
 - 8.7 Total Compensation Study**
- 9. ADMINISTRATIVE AND GENERAL (EXHIBIT PG&E-9)**
 - 9.1 Introduction**
 - 9.2 Finance Organization Costs**
 - 9.3 Insurance Company-Wide Expense**
 - 9.4 Corporate Affairs**
 - 9.5 Ethics and Compliance**
 - 9.6 Law Organization**
 - 9.7 PG&E Corporation, PG&E Executive Offices, and Corporate Secretary Department Costs**
 - 9.8 Strategy**
 - 9.9 Administrative and General Ratemaking Adjustments**
- 10. RESULTS OF OPERATIONS (EXHIBIT PG&E-10)**
 - 10.1 Summary of Exhibit**
 - 10.2 Cost Allocation**
 - 10.3 SAP FERC Translation**
 - 10.4 Operations and Maintenance Expense**
 - 10.5 Administrative and General Expenses**
 - 10.6 Payroll and Other Taxes**
 - 10.7 Electric, Gas, and Common Plant**

- 10.8 Depreciation Reserve and Expense**
 - 10.9 Depreciation Study**
 - 10.10 Income and Property Taxes**
 - 10.11 Working Cash**
 - 10.12 Electric, Gas, and Generation Rate Base**
 - 10.13 Other Operating Revenues**
 - 10.14 Calculation of the Revenue Requirement**
 - 10.15 Escalation Rates**
 - 10.16 Balancing Accounts**
 - 10.17 Balance Sheet and Statement of Operations**
 - 10.18 Present and Illustrative Proposed Electric Rates**
 - 10.19 Present and Illustrative Proposed Gas Rates – Transmission, Storage, and End-User Gas Rates**
- 11. POST TEST-YEAR RATEMAKING (EXHIBIT PG&E-11)**
 - 11.1 Post Test-Year Ratemaking Proposal**
 - 11.2 Attrition and Proposed Attrition Changes**
 - 11.3 Rate Base Growth in Attrition Years and Related Costs**
- 12. OTHER ISSUES**
- 13. CONCLUSION**

The record demonstrates that PG&E has not met its burden to justify all of the spending increases proposed in this proceeding. While the Commission should continue to support prudent investments necessary to maintain safe and reliable service, the evidence does not support approving every project, program, headcount increase, and infrastructure expansion PG&E seeks. As discussed throughout this brief, numerous proposals are inadequately justified, based on speculative or uncertain forecasts, disproportionate to their claimed benefits, or unsupported by a showing that the expenditures are necessary during the 2027-2030 GRC period.

The Commission should therefore reject, defer, resize, or otherwise modify those requests and adopt a more disciplined revenue requirement that reflects demonstrated need, realistic execution capability, and appropriate cost control.

This proceeding arrives at a pivotal moment for California's energy future. Rising electric rates increasingly threaten customer affordability, economic competitiveness, and the success of the state's electrification objectives. The Commission cannot address those challenges by continuing a pattern of record-setting rate increases without rigorous scrutiny of whether the associated spending is truly justified. By approving only those expenditures supported by substantial evidence and shown to provide commensurate customer benefits, the Commission can protect ratepayers, maintain safe and reliable service, and promote a more affordable path toward California's long-term energy and climate goals. For these reasons, the Commission should adopt CLECA's recommendations and make the specific findings requested throughout this brief.

Respectfully submitted,

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