

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE

STATE OF CALIFORNIA



FILED

07/23/26

04:59 PM

A2505009

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)

**REPLY BRIEF OF THE
CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION**

Sam Harper
John Holler
Harper Advisory LLC
9002 Six Pines Drive
Shenandoah, TX 77380
(214) 463-9423
Sam@harper.energy

Consultant to the California Large Energy
Consumers Association



Nora Sheriff
Samir A. Hafez
Buchalter LLP
425 Market Street, 29th Floor
San Francisco, CA 94105-2491
415.227.3551 office
415.227.0770 fax
nsheriff@buchalter.com
shafez@buchalter.com

Counsel for the California Large Energy
Consumers Association



July 23, 2026

TABLE OF CONTENTS

	Page
1. INTRODUCTION AND GENERAL POLICY AND LEGAL ISSUES	1
1.2 Summary of Recommendations	4
1.3 Customer Impacts	5
1.3.1 Affordability	5
1.4 General Legal and Regulatory Issues	6
1.4.2 Ratemaking Principles	6
1.5 Impact of Recently Enacted Legislation	9
1.5.1 Senate Bill (SB) 254 (Becker, 2025)	9
2. POLICY (Exhibit PG&E-2)	11
2.1 Safety, Risk, and Climate Resilience	11
2.1.1 PG&E’s Opening Brief Mischaracterizes CLECA’s Recommendation and Fails to Justify Risk-Averse Scaling	11
4. ELECTRIC DISTRIBUTION (Exhibit PG&E-4)	13
4.7 Wildfire System Hardening.....	13
4.7.1 PG&E’s Opening Brief Does Not Justify Its Undergrounding Bridge Request	13
4.7.2 The Annual Extension Would Preauthorize an Unidentified Undergrounding Portfolio.....	15
4.10 New Business and Work at the Request of Others	16
4.10.1 PG&E Fails to Justify its New Business (NB) Forecasts and New Business Balancing Account (NBBA) Request	16
7. SHARED SERVICES AND INFORMATION TECHNOLOGY (Exhibit PG&E-7)	18
7.1 Enterprise Health and Safety	18
7.1.1 PG&E Fails to Justify its Academy Expansion Proposal	18
13. CONCLUSION.....	20

TABLE OF AUTHORITIES

	Page(s)
Statutes	
Pub. Util. Code § 740.21	18
Pub. Util. Code § 451.....	18
Pub. Util. Code § 8386.4(a)(2)	9
CPUC Decisions	
D.23-11-069	2, 3
CPUC Rules of Practice and Procedure	
Rule 13.12	1

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.

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA**

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)**

**REPLY BRIEF OF THE
CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION**

The California Large Energy Consumers Association ([CLECA](#))¹ submits this reply brief addressing Pacific Gas and Electric Company's (PG&E) Test Year (TY) 2027 General Rate Case (GRC) Application (A.25-05-009), 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.²

1. INTRODUCTION AND GENERAL POLICY AND LEGAL ISSUES

California electric rates have reached a breaking point, and PG&E's Opening Brief does not establish that its record-setting revenue requirement request is consistent with the

¹ CLECA member companies produce goods essential for daily life, including critical infrastructure, oxygen for hospitals, and food distribution. CLECA members represent the steel, cement, industrial and medical gas, glass, beverage, minerals processing, cold storage, and pipeline transportation industries. Their aggregate electric demand is about 500 Megawatts, which is equivalent to the electricity consumption of approximately 470,000 average California households. CLECA members are large, high load factor and high voltage industrial electric customers in California for whom the price of electricity is essential to their competitiveness and for whom the reliability of electricity service is critically important. For both reasons, CLECA member companies have participated for decades in the Base Interruptible Program (BIP), providing reliability demand response to the grid in times of need. (For more information, please go to [CLECA.org](#)).

² *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.

affordability relief its customers urgently need.³ As CLECA explains, California's economic competitiveness, industrial retention, and decarbonization and electrification objectives all depend on access to reasonably priced electric service.⁴ CLECA's evidence reflects that PG&E's industrial rates have risen more than 50 percent in five years, are the highest among California's large investor-owned utilities, and exceed 300 percent of industrial rates in neighboring states.⁵ PG&E does not meaningfully engage with this evidence or its broader implications.

Instead, PG&E relies on projected residential bills and anticipated load growth to support its promise of "stabilizing bills."⁶ Those projections do not address the demonstrated effects of industrial rate increases on investment, competitiveness, and customers' ability to electrify or decarbonize.⁷ Nor do they answer CLECA's showing that uncompetitive industrial rates create risks extending beyond the affected customers. Economic leakage threatens California jobs, tax revenues, investment, supply chains, and the load growth PG&E identifies as necessary for long-term affordability. Emissions leakage undermines California's decarbonization objectives by

³ *California Large Energy Consumers Association Opening Brief*, A.25-05-009, Jul. 2, 2026 (CLECA Opening Brief) at 2-3; CLECA Ex-01 at 12:5-18, 13:6-8 & Attachment C, Workpaper 1.1 (CLECA's testimony calculates that PG&E seeks an approximately \$11.7 billion cumulative electric revenue requirement increase over 2027-2030, the largest single-GRC-period increase in PG&E's history, and that the proposed electric revenue requirement would rise from approximately \$7.1 billion in 2020 to \$13.8 billion in 2030, an increase of approximately 96 percent from 2020 and 37 percent from 2026.). *See also* PG&E Ex-10 at 1-1 (Table 1-1); D.23-11-069 at Appendix A; A.25-05-009 at 22-23.

⁴ CLECA Opening Brief at 3-5, 8-12; CLECA Ex-01 at 2:16-3:20, 8:1-8, 9:5-16, 11:5-21.

⁵ CLECA Opening Brief at 8-10, (Figure 1-1); CLECA Ex-01 at 2:7-13, 9:8-16, 9:20-10:9 & (relying on U.S. Energy Information Administration Form EIA-861M data for average industrial electricity rates by state and utility from January 2010 through November 2025.).

⁶ *Pacific Gas And Electric Company's (U39M) Opening Brief*, A.25-05-009, Jul. 2, 2026 (PG&E Opening Brief) at 1-1 to 1-2, 1-11 to 1-13; *see also* PG&E Ex-13 at 1-1:21-32, 1-2:14-24, 1-6:1-17, 2-3:1-9, 2-10:1-4.

⁷ CLECA Opening Brief at 8-12; CLECA Ex-01 at 3:3-20, 9:5-16, 10:4-11:15.

shifting production to jurisdictions with less stringent environmental requirements, potentially increasing global emissions.⁸

PG&E also misleadingly warns that insufficient investment could impose substantial long-term costs.⁹ CLECA does not dispute the need to maintain safe and reliable service or make prudent infrastructure investments. As CLECA explains, premature or insufficiently justified investment presents its own long-term risks; it commits customers to depreciation, financing costs, and shareholder return, increases near-term rates, and may discourage the customer investments and load growth on which PG&E's long-term affordability theory depends.¹⁰ A complete assessment of long-term affordability must account for the costs of imprudent investment as well as the costs of prudently deferred work.

PG&E asserts that the essential nature of its services and their relationship to California's economic and policy objectives should provide the Commission "assurance" that the funding approved in this GRC will benefit customers and communities.¹¹ As CLECA explains, however, generalized claims concerning safety, reliability, economic development, or state policy do not satisfy PG&E's burden of proof in this proceeding.¹² Those assertions alone cannot establish the

⁸ CLECA Opening Brief at 9-12; CLECA Ex-01 at 9:6-25, 10:1-11:21.

⁹ PG&E Opening Brief at 1-5 to 1-7 (arguing that the Commission should consider the long-term costs of inaction, including the costs of failing to address infrastructure needs and other risks, and warning that insufficient funding could increase rates or delay investments needed for safe and reliable service).

¹⁰ CLECA Opening Brief at 11-12, 20-25, 27-29; CLECA Ex-01 at 3:3-20, 23:23-24:15, 27:1-29:6.

¹¹ PG&E Opening Brief at 1-21 to 1-22.

¹² CLECA Opening Brief at 18 ("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."") (quoting 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.")).

reasonableness of the particular amounts, forecasts, and recovery mechanisms PG&E requests in this proceeding. The Commission must determine whether PG&E has affirmatively established that each aspect of its request is necessary, prudent, appropriately timed, and supported by customer benefits commensurate with its costs.

This Reply Brief addresses certain opening brief arguments that warrant further response. The absence of a reply to any particular contention does not constitute agreement with that contention or modify the positions, evidence, and recommendations set forth in CLECA's Opening Brief.

1.2 Summary of Recommendations

CLECA reaffirms the recommendations set forth in its Opening Brief. Nothing in PG&E's Opening Brief warrants modifying those recommendations. CLECA therefore continues to recommend that the Commission:

- Evaluate PG&E's request based on the full costs customers will bear;
- Use risk-neutral Cost-Benefit Ratios (CBRs) as the primary analytical reference;
- Sequence load-growth investments to observed demand, realistic forecasts, and available load-shaping tools;
- Constrain off-GRC cost recovery; and
- Reject or reduce the specific forecasts, mechanisms, and capital requests identified in CLECA's Opening Brief.¹³

¹³ CLECA Opening Brief at 6-7; CLECA Ex-01 at 7:6-8:20.

1.3 Customer Impacts

1.3.1 Affordability

1.3.1.1 PG&E's Residential Bill Projections Do Not Address Industrial Rate Affordability

As discussed above, PG&E's Opening Brief does not meaningfully engage with CLECA's evidence concerning industrial rate affordability or the broader economic and emissions consequences of increasingly uncompetitive rates. Instead, PG&E presents projected bundled residential bills, recent residential rate reductions, and assistance programs as evidence that its proposal will stabilize customer bills.¹⁴ Those measures may inform the Commission's assessment of residential affordability, but they do not establish the affordability of PG&E's request across customer classes. PG&E does not explain how its requested revenue requirement would affect industrial customers' ability to remain, expand, electrify, or decarbonize in California.¹⁵

CLECA's Opening Brief underscores that the consequences of rising electric rates extend far beyond monthly utility bills.¹⁶ Uncompetitive industrial rates may reduce investment and employment, increase supply-chain costs, impede cost-effective electrification and decarbonization, and shift economic activity and emissions outside California.¹⁷ PG&E's assertion that future load growth will place downward pressure on rates does not address those consequences,¹⁸ nor does it establish that growth from other sources would offset the loss of

¹⁴ PG&E Opening Brief at 1-1 to 1-2, 1-11 to 1-16.

¹⁵ CLECA Opening Brief at 8-12; CLECA Ex-01 at 3:11-20, 4:1-10, 9:5-16, 10:4-11:15.

¹⁶ CLECA Opening Brief at 3, 8-12; *see also* CLECA Ex-01 at 2:7-18, 8:28-9:3, 9:5-25.

¹⁷ CLECA Opening Brief at 9-12; CLECA Ex-01 at 8:28-9:3, 9:5-23, 10:1-11:21.

¹⁸ PG&E Opening Brief at 1-2, 1-13.

industrial load and investment.¹⁹ The Commission should consider these effects when determining whether PG&E has established that each disputed request is just and reasonable.

1.4 General Legal and Regulatory Issues

1.4.2 Ratemaking Principles

1.4.2.1 PG&E's Bill Projections Do Not Establish the Full Ratepayer Cost of Its Proposal

PG&E relies on residential bill projections derived from its March 2026 Cost and Rate Trackers, which it states include approved, pending, and expiring cost-recovery decisions through 2029.²⁰ But PG&E does not demonstrate that those projections capture the full effect of the accounting and procedural treatments CLECA identified, including costs shifted to other proceedings, deferred collection, capitalization changes, and potential recovery through balancing accounts, memorandum accounts, and advice letters.²¹

PG&E's argument that recovering capital investments over their useful lives reduces near-term rates and promotes intergenerational equity is unpersuasive.²² That argument addresses the timing of recovery, not the total amount customers will pay. CLECA explained that capitalization may reduce the stated GRC revenue requirement while increasing future recovery through depreciation, financing costs, and shareholder return.²³ PG&E does not quantify those longer-term effects nor does it establish that the proposed treatments reduce total ratepayer costs.

¹⁹ CLECA Opening Brief at 4-5, 10-12, 27-28; CLECA Ex-01 at 2:19-3:20, 4:1-10, 28:1-16.

²⁰ PG&E Opening Brief at 1-1 to 1-2 & n.2.

²¹ CLECA Opening Brief at 18-25; CLECA Ex-01 at 22:1-24:15; *see also Opening Brief Of The Public Advocates Office*, A.25-05-009, Jul. 2, 2026 (Cal Advocates Opening Brief) at 3-13.

²² PG&E Opening Brief at 1-12.

²³ CLECA Opening Brief at 19-25; CLECA Ex-01 at 23:23-24:15.

TURN and Cal Advocates independently identify costs that may be recovered outside the revenue requirement adopted in this proceeding.²⁴ Their analyses reinforce CLECA's central point: projected bills during the GRC period do not establish that PG&E's proposed accounting and cost-recovery treatments make its spending less costly to ratepayers over time.²⁵

The Commission should therefore evaluate PG&E's proposal based on the total costs customers will bear, not solely the near-term bill projections presented in PG&E's Opening Brief. PG&E has not shown that shifting or deferring recovery makes its requested spending more affordable. Accordingly, the Commission should reject any proposed ratemaking treatment that obscures the total customer cost of PG&E's requested spending.

1.4.2.2 PG&E's Load-Growth Claims Do Not Justify the Scale and Timing of Its Proposed Investments

CLECA's Opening Brief recommends that the Commission require PG&E to sequence and size load-growth and electrification related expenditures based on observed load growth and realistic demand forecast.²⁶ PG&E's Opening Brief reinforces the premise underlying that recommendation. PG&E acknowledges that "[m]aking rate-reducing load growth a reality requires investments from California companies and utilities."²⁷ Utility investment alone therefore will not produce the load growth on which PG&E's affordability theory depends. California companies and other customers must also decide to remain in California and invest in new facilities and technologies to electrify or decarbonize operations.

²⁴ TURN Opening Brief at 13-19; Cal Advocates Opening Brief at 2-13.

²⁵ CLECA Opening Brief at 18-20; CLECA Ex-01 at 23:23-24:15.

²⁶ CLECA Opening Brief at 25-29.

²⁷ PG&E Opening Brief at 1-13.

As CLECA explains, those customer decisions depend directly on the price of electricity. Aggressive anticipatory utility spending may increase near-term rates and discourage the very customer investments necessary to produce PG&E's forecast load growth.²⁸ If that load develops later than forecast or does not materialize at the assumed level, customers will bear the authorized infrastructure costs over fewer electric sales, placing further upward pressure on rates.²⁹ PG&E does not address that risk, nor does it establish that its proposed spending is paced to preserve the affordability necessary for corresponding customer investment.

CLECA does not recommend delaying work necessary to connect customers ready for service or to address demonstrated capacity constraints. Rather, CLECA's Opening Brief emphasizes that broader load-growth investment be tied to observed demand, realistic adoption assumptions, customer readiness, and the particular system constraints expected during the GRC period.³⁰ PG&E does not establish that all associated near-term investment is necessary at the scale and pace requested or that the forecast adequately accounts for the ability of dynamic pricing, demand response, and other load-shaping tools to reduce or defer upstream infrastructure needs.

The Commission should therefore authorize electric distribution spending levels necessary to serve customers ready for service and address demonstrated capacity constraints. It should reject or phase broader anticipatory investments that are based on uncertain adoption, timing, or load shapes that have not been evaluated in light of available load-shaping tools. This approach recognizes the need for prudent utility investment while preserving the affordability

²⁸ CLECA Opening Brief at 3-5, 10-12, 27; CLECA Ex-01 at 3:3-20, 4:1-10, 9:5-16, 28:1-16.

²⁹ CLECA Opening Brief at 9-12, 27-28; CLECA Ex-01 at 3:3-20, 28:1-16.

³⁰ CLECA Opening Brief at 25-29; CLECA Ex-01 at 27:1-29:6.

necessary for California companies and other customers to make the corresponding investments on which PG&E's projected load growth depends.

1.5 Impact of Recently Enacted Legislation

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

1.5.1.1 SB 254 Supports Closure of the WMPMA and FRMMA

SB 254 replaced the prior requirement for wildfire mitigation memorandum accounts with a discretionary standard limited to costs that are “unforeseen and incremental” to wildfire mitigation programs and activities authorized in revenue requirements.³¹ Contrary to what PG&E mistakenly suggests, that discretion is immediate, and not contingent on PG&E's Wildfire Mitigation Plan (WMP) and GRC cycles becoming aligned.³² Nothing in Section 8386.4(a)(2) imposes that precondition. As TURN explains, PG&E's interpretation would add a limitation the Legislature did not enact and postpone the Commission's discretion until PG&E's 2031 GRC.³³ The Energy Producers and Users Coalition and the Indicated Shippers (together, EPUC/IS) independently confirm that the statutory change took effect immediately and gives the Commission clear discretion to close the accounts now.³⁴

The record reflects that the factual basis for maintaining broad wildfire memorandum accounts has also dissipated. The WMPMA and FRMMA were created when wildfire mitigation costs had not yet been specifically forecast in PG&E's GRC. Those activities are now routinely

³¹ CLECA Opening Brief at 29-31; Pub. Util. Code § 8386.4(a)(2).

³² PG&E Opening Brief at 1-28 to 1-29.

³³ *Opening Brief Of The Utility Reform Network*, A.25-05-009, Jul. 2, 2026 (TURN Opening Brief) at 32-34.

³⁴ *Energy Producers And Users Coalition And Indicated Shippers Opening Brief*, A.25-05-009, Jul. 2, 2026 (EPUC/IS Opening Brief) at 13-15.

forecast and funded through the GRC.³⁵ Cal Advocates shows that PG&E's forecast 2027 wildfire mitigation spending is comparable to its recorded spending in 2023 and 2024, and that the activities recorded in the WMPMA and FRMMA are now forecast and funded through the GRC.³⁶ TURN similarly demonstrates that, as GRC-authorized wildfire mitigation funding increased, recorded WMPMA and FRMMA amounts declined sharply, confirming that the original timing mismatch no longer exists at anything close to its former magnitude.³⁷

PG&E's claims that evolving wildfire risks and "breakthrough innovations" require continued access to the accounts are entirely unpersuasive. PG&E also retains substantial flexibility to reprioritize work within its authorized revenue requirement, a principle PG&E affirmatively defends elsewhere in its Opening Brief.³⁸ The existing one-way Wildfire Mitigation Balancing Account also addresses variability within authorized wildfire mitigation funding while returning unspent amounts to ratepayers.³⁹ PG&E does not establish that these mechanisms are inadequate to manage foreseeable program variability or "innovations."

The Commission should therefore close the WMPMA and FRMMA to new entries effective January 1, 2027. That disposition is supported by CLECA, TURN, Cal Advocates, and EPUC/IS, based on both the statutory change reflected in SB 254, and the record showing that wildfire mitigation is now routinely forecast and funded through the GRC.⁴⁰ If the Commission

³⁵ CLECA Opening Brief at 31-33; *see generally* PG&E-04, Chapter 4 (discussing expenditures for wildfire programs).

³⁶ Cal Advocates Opening Brief at 33-37.

³⁷ TURN Opening Brief at 29-31.

³⁸ PG&E Opening Brief at 1-39 to 1-41.

³⁹ Cal Advocates Opening Brief at 36-40.

⁴⁰ CLECA Opening Brief at 29-34; TURN Opening Brief at 27-34; Cal Advocates Opening Brief at 32-42; EPUC/IS Opening Brief at 13-15.

retains any memorandum-account mechanism, PG&E should be required to demonstrate that each recorded cost was reasonably unforeseeable, required resources incremental to those already authorized, and was not recovered through the GRC or another mechanism. Those requirements preserve recovery for genuinely unforeseen and incremental costs without allowing memorandum accounts to substitute for prospective GRC review.

2. POLICY (EXHIBIT PG&E-2)

2.1 Safety, Risk, and Climate Resilience

2.1.1 PG&E's Opening Brief Mischaracterizes CLECA's Recommendation and Fails to Justify Risk-Averse Scaling

PG&E's Opening Brief does not rebut CLECA's actual proposed risk-management framework. Instead, PG&E continues to mischaracterize CLECA's recommendation as requiring the Commission to reject every program with a risk-neutral Cost-Benefit Ratio (CBR) below 1.⁴¹ As CLECA explains, risk-neutral CBRs should provide the primary analytical reference, while PG&E may justify lower-CBR programs based on safety necessity, legal or regulatory obligation, or clearly articulated non-quantifiable benefits.⁴² That framework preserves necessary safety work while requiring PG&E to identify and justify spending that does not demonstrate positive expected value.

PG&E's quantified risk claims do not establish the consequences of CLECA's proposed framework. PG&E estimates that residual risk would increase by 64 percent and safety risk would triple if programs with risk-neutral CBRs below 1 were eliminated or reduced, as compared with

⁴¹ PG&E Opening Brief at 2-1, 2-10 to 2-11.

⁴² CLECA Opening Brief at 37, 40-44; CLECA Ex-01 at 25:10-26:14.

PG&E's proposed portfolio based on risk-averse scaled values.⁴³ Those estimates depend on two disputed assumptions. First, CLECA recommends individualized justification for programs with risk-neutral CBRs below 1, not their automatic elimination. Second, PG&E measures the asserted increase against residual-risk values produced through the same risk-averse scaling methodology CLECA challenges. Cal Advocates further explains that PG&E could not identify a single program that the use of risk-neutral CBRs would eliminate and thereby produce the asserted increase in residual or safety risk.⁴⁴ PG&E's modeled consequences therefore neither describe CLECA's recommended approach nor independently validate the scaling methodology on which the estimates depend.

PG&E separately points to approximately \$10 billion of compliance-related spending among programs with risk-neutral CBRs below 1.⁴⁵ That evidence does not support using risk-averse CBRs as the primary reference for PG&E's entire portfolio. CLECA expressly identifies legal and regulatory obligations as grounds for approving lower-CBR programs.⁴⁶ Compliance-related programs therefore illustrate how CLECA's framework would operate, not why the Commission should reject it.

Nor does PG&E establish that its risk-averse CBRs provide the appropriate primary reference. Cal Advocates shows that PG&E's catastrophe-bond multiplier reflects not only risk aversion, but also triggers design, investor-required return, basis risk, and other market imperfections.⁴⁷ PG&E also acknowledged that Commission precedent neither identifies risk-

⁴³ PG&E Opening Brief at 2-1, 2-10 to 2-11; PG&E Ex-14 at 1-42 to 1-44.

⁴⁴ Cal Advocates Opening Brief at 53-54; Tr. Vol. 5 at 578-580 (Oum, PG&E).

⁴⁵ PG&E Opening Brief at 2-10 to 2-11.

⁴⁶ CLECA Opening Brief at 43-44; CLECA Ex-01 at 26:8-14.

⁴⁷ Cal Advocates Opening Brief at 49-50; Tr. Vol. 5 at 574:4-9 (Oum, PG&E).

averse scaling as the best method, nor requires its use.⁴⁸ Those admissions reinforce CLECA's Opening Brief showing that the Commission may consider catastrophic consequences without embedding PG&E's contested scaling assumptions in the primary measure of mitigation benefits.⁴⁹

The Commission should use risk-neutral CBRs as the primary analytical reference and require PG&E to justify proposed tranches with risk-neutral CBRs below 1. It should also require PG&E to provide unscaled values in its 2028 RAMP and 2031 GRC, together with scaled values calculated under the framework the Commission ultimately adopts. This approach preserves a transparent expected-value baseline while allowing the Commission to consider safety, compliance, and other relevant factors.⁵⁰

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

4.7 Wildfire System Hardening

4.7.1 PG&E's Opening Brief Does Not Justify Its Undergrounding Bridge Request

As CLECA explains in its Opening Brief, PG&E has not justified either its 307-mile Undergrounding Bridge Program or the annual extension mechanism that could authorize 400 additional miles and approximately \$1.212 billion each year.⁵¹ Other parties' Opening Briefs similarly confirm that PG&E has not established that its proposed undergrounding mileage

⁴⁸ Cal Advocates Opening Brief at 54-55; Tr. Vol. 5 at 564:19-565:6 (Oum, PG&E).

⁴⁹ CLECA Opening Brief at 41-43.

⁵⁰ CLECA Opening Brief at 43-44.

⁵¹ CLECA Opening Brief at 46-50.

reflects a reasonable selection among available wildfire mitigations, or that its unidentified post-2027 portfolio should be preauthorized through a ministerial advice letter process.⁵²

PG&E's Opening Brief fails to overcome the substantial doubt concerning the reasonableness of its requests. PG&E first relies on the mileage authorized in the 2023 GRC.⁵³ But, as TURN explains, prior approval of undergrounding "does not by itself warrant any additional funding in this GRC."⁵⁴ PG&E must justify its current request based on the portfolio and mitigation choices presented here, not simply carry forward the average mileage authorized in a prior record.

PG&E next relies on its recent execution of undergrounding work and the disruption it asserts would result from reducing the program.⁵⁵ CLECA's Opening Brief already answers that contention: "program continuity is not a substitute for a sufficient evidentiary showing of reasonableness."⁵⁶ PG&E does not identify the work necessary to avoid the asserted disruption or establish that continuity requires approval of the full 307-mile request. To the extent limited work is genuinely necessary to maintain continuity, PG&E bears the burden of identifying and justifying that work on the record.⁵⁷

Finally, PG&E emphasizes undergrounding's risk-reduction, reliability, and permanency benefits.⁵⁸ Those benefits may support undergrounding at particular locations, but they do not

⁵² TURN Opening Brief at 255-261; Cal Advocates Opening Brief at 173-175; EPUC/IS Opening Brief at 83-94.

⁵³ PG&E Opening Brief at 4-52 to 4-53.

⁵⁴ TURN Ex-07 at 5:10-17; TURN Opening Brief at 257.

⁵⁵ PG&E Opening Brief at 4-52 to 4-53, 4-60 to 4-61.

⁵⁶ CLECA Opening Brief at 50.

⁵⁷ CLECA Opening Brief at 50; CLECA Ex-01 at 21:9-13.

⁵⁸ PG&E Opening Brief at 4-53, 4-56 to 4-57.

justify the proposed portfolio in this proceeding. As CLECA explains, overhead hardening combined with PSPS and EPSS provides approximately 97 percent ignition-risk reduction, compared with approximately 98 percent for undergrounding.⁵⁹ PG&E's own circuit-specific analysis also found overhead hardening more cost-effective than undergrounding for 308 of the 473 miles evaluated for 2027.⁶⁰ TURN further demonstrates that PG&E's decision tree nevertheless selects undergrounding for many of those circuits, or substantial portions of them.⁶¹ PG&E's general discussion of undergrounding's benefits does not establish that the resulting 307-mile portfolio reflects a reasonable, cost-effective selection among available mitigations.

4.7.2 The Annual Extension Would Preauthorize an Unidentified Undergrounding Portfolio

PG&E argues that the Annual Extension has received sufficient review because the parties litigated its proposed 400-mile target, \$3.03 million unit cost, trigger, and program framework in this GRC.⁶² But review of those general parameters does not constitute the necessary review of the projects the mechanism would fund. PG&E is still planning and scoping its 2028 work and seeks authority to depart from circuit-segment risk rankings for portions of that portfolio.⁶³ Cal Advocates likewise confirms that PG&E has not scoped its post-2027 system-hardening work or provided project-level documentation, alternative-mitigation analysis, or cost drivers supporting that work.⁶⁴ The record therefore does not establish that the projects ultimately selected will be

⁵⁹ CLECA Opening Brief at 48; PG&E Ex-16, Ch. 7 at 7-13.

⁶⁰ CLECA Opening Brief at 48-49; TURN Opening Brief at 260-261; TURN Ex-07 at 14:9-15:3.

⁶¹ TURN Opening Brief at 260-261; TURN Ex-07 at 14:9-15:3.

⁶² PG&E Opening Brief at 4-65 to 4-67.

⁶³ PG&E Opening Brief at 4-66, 4-70; EPUC/IS Opening Brief at 90-91.

⁶⁴ Cal Advocates Opening Brief at 174-175.

appropriately prioritized or that undergrounding will be the reasonable mitigation for those projects.

PG&E's claim that the September 1 trigger and subsequent reporting provide adequate safeguards is not persuasive.⁶⁵ The trigger determines only whether PG&E may invoke the Annual Extension, while the reporting requirements would track implementation after authorization. Neither supplies the prospective review necessary to authorize approximately \$1.212 billion for an unidentified portfolio. As EPUC/IS explain, an annual capital authorization of that magnitude exceeds the routine, ministerial, and noncontroversial matters appropriate for streamlined advice-letter treatment.⁶⁶ PG&E's cited precedents establish only that advice letters may implement defined capital authorizations in particular circumstances; they do not establish that PG&E has justified this proposed authorization.⁶⁷

The Commission should reject the Annual Extension and require any request for post-2027 undergrounding funding to permit review of the actual projects, costs, risk prioritization, execution capability, and available alternatives.⁶⁸ That review is particularly necessary where PG&E seeks authority to select an initial 2028 portfolio that may depart from strict highest-to-lowest wildfire-risk criteria before the Electric Undergrounding Plan framework becomes effective.⁶⁹

4.10 New Business and Work at the Request of Others

4.10.1 PG&E Fails to Justify its New Business (NB) Forecasts and New

⁶⁵ PG&E Opening Brief at 4-66 to 4-67.

⁶⁶ EPUC/IS Opening Brief at 89-90; General Order 96-B, § 5.1.

⁶⁷ PG&E Opening Brief at 4-68 to 4-69.

⁶⁸ CLECA Opening Brief at 49-50; CLECA Ex-01 at 20:10-21:17.

⁶⁹ EPUC/IS Opening Brief at 90-92.

Business Balancing Account (NBBA) Request

PG&E's Opening Brief does not establish that its NB forecast and request for the NBBA, or its alternative forecast, are just and reasonable. PG&E's request is structured so that shareholders are protected however the Commission rules. If the NBBA is adopted, ratepayers absorb any costs above the forecast. If it is denied, PG&E requests the Commission adopt an increased, alternative forecast with special attrition treatment.⁷⁰ Though PG&E claims this alternative to be a "reasonable forecast of potential" NB work,⁷¹ TURN aptly notes that PG&E's rebuttal characterizes the alternative as the "upper-bound of the funding needed."⁷² That inconsistency confirms that the alternative reflects the ceiling of what PG&E might spend, not a reasoned estimate of the costs it expects to incur, and it is not a sufficient basis for the funding PG&E seeks.

That structure is unjustified because NB work can be forecast. Despite describing its new bottom-up methodology as granular, data-driven, and responsive to application trends, cancellations, and customer timing, PG&E nonetheless claims that NB demand is too uncertain to forecast.⁷³ As CLECA explains, NB work is a core utility function, and the appropriate response to forecasting uncertainty is improved forecasting, not a mechanism that returns actual costs to ratepayers dollar-for-dollar.⁷⁴ TURN agrees that ordinary forecasting uncertainty does not justify shifting the risk of costs above the adopted forecast onto ratepayers.⁷⁵

⁷⁰ PG&E Opening Brief at 4-137, Table 4.10-5.

⁷¹ PG&E Opening Brief at 4-129.

⁷² TURN Opening Brief at 320 (quoting PG&E Ex-16 at 10-35).

⁷³ PG&E Opening Brief at 4-128 to 4-131.

⁷⁴ CLECA Opening Brief at 50-53.

⁷⁵ TURN Opening Brief at 305-306.

PG&E, not the other parties, bears the burden of justifying both a two-way balancing account and the level of its forecast in this proceeding. PG&E's claims about its energization obligations⁷⁶ and state policy goals⁷⁷ do not carry that burden. As CLECA explains, customer-readiness delays involving permitting, site work, and equipment are project-execution and queue-management issues rather than forecasting uncertainty.⁷⁸ TURN further explains that PG&E's energization obligations require prudent workforce planning rather than expanded contractor cost recovery.⁷⁹ TURN also emphasizes that Pub. Util. Code Section 740.21 requires PG&E to consider electric-vehicle goals, but does not displace its burden under Section 451 to show that forecast costs are just and reasonable.⁸⁰

7. SHARED SERVICES AND INFORMATION TECHNOLOGY (EXHIBIT PG&E-7)

7.1 Enterprise Health and Safety

7.1.1 PG&E Fails to Justify its Academy Expansion Proposal

CLECA's Opening Brief demonstrates that PG&E has not established that its proposed \$99 million Academy expansion is necessary or the most efficient means of meeting its training needs. The record shows that PG&E considered alternate training locations, available classroom and meeting space, and construction at another location only qualitatively, without comparing the costs of those alternatives to its proposed expansion.⁸¹ PG&E also could not quantify the annual costs of rented or offsite training space allegedly necessitated by insufficient Academy

⁷⁶ PG&E Opening Brief at 4-149 to 4-153.

⁷⁷ PG&E Opening Brief at 4-141 to 4-143, 4-148.

⁷⁸ CLECA Opening Brief at 52-53.

⁷⁹ TURN Opening Brief at 313-314.

⁸⁰ TURN Opening Brief at 318-319.

⁸¹ CLECA Opening Brief at 56-57; ALJ Ex-04 at 2-3.

capacity. The only example PG&E identified reflected approximately \$32,000 in offsite training costs during 2020 and 2021.⁸²

PG&E's Opening Brief does not fill this evidentiary gap. PG&E argues that the Academy is operating at full capacity, training demand is increasing, and apprentice and journey-level training requires hands-on instruction, specialized equipment, and controlled environments.⁸³ Those assertions do not establish how much additional purpose-built capacity PG&E requires, which training needs cannot be accommodated through existing or alternative facilities, or why the proposed \$99 million expansion is the most efficient solution. PG&E cannot justify the requested capital investment merely by establishing the importance of the function the investment would support.

PG&E's phased alternative further confirms that the original request is not necessary during this GRC period. PG&E proposes to defer approximately \$67 million while spending approximately \$31.5 million on a new building containing classrooms and meeting space, expanded cafeteria capacity, and parking.⁸⁴ As CLECA explains, PG&E's ability to defer approximately two-thirds of the project without impairing its training program undermines the asserted need for the full request.⁸⁵ However, PG&E does not separately justify the remaining \$31.5 million. It provides no quantitative analysis of the additional classroom or meeting space required, the need for expanded cafeteria or parking capacity, or the comparative cost of

⁸² CLECA Opening Brief at 57; ALJ Ex-04 at 2.

⁸³ PG&E Opening Brief at 7-12, 7-14 to 7-15.

⁸⁴ PG&E Opening Brief at 7-12 to 7-13.

⁸⁵ CLECA Opening Brief at 57.

meeting those needs through existing, leased, or alternative facilities. Reducing an unsupported request does not establish that the remaining amount is reasonable.

PG&E's safety argument likewise does not support the requested capital expenditures. PG&E asserts that inadequate training capacity could increase operational errors, serious incidents, and injuries.⁸⁶ But PG&E identifies no existing safety or compliance deficiency attributable to Academy capacity, nor does it demonstrate that expansion would address a specific deficiency that cannot be resolved through a less costly alternative. The importance of workforce safety does not relieve PG&E of its burden to establish that the specific project it seeks to place in rate base is necessary, appropriately scoped, and cost-effective.

The Commission should therefore reject both PG&E's \$99 million request and its \$31.5 million phased alternative. CLECA's Opening Brief cites record evidence raising reasonable doubt as to whether either proposal is the most efficient means of meeting PG&E's training needs. PG&E's generalized evidence concerning training demand, hands-on instruction, and safety does not overcome that showing or affirmatively establish the reasonableness of the requested capital investment.

13. CONCLUSION

PG&E's Opening Brief repeatedly invokes the importance of safety, reliability, energization, and economic growth, but those objectives do not establish that the particular amounts, forecasts, and recovery mechanisms PG&E requests are just and reasonable. On the disputed issues addressed by CLECA, PG&E does not overcome the record evidence showing that

⁸⁶ PG&E Opening Brief at 7-14.

its proposals are insufficiently justified, prematurely authorized, or structured to shift ordinary forecasting and cost-management risk to ratepayers. CLECA's recommendations in this proceeding are intended to preserve funding for demonstrated safety, reliability, and service needs while protecting customers from costs PG&E has not shown are necessary, prudent, appropriately timed, and commensurate with their benefits.

California is at a critical affordability crossroads. The Commission's decision in this proceeding will affect not only the rates customers pay during the GRC period, but also whether customers can make the investments necessary to remain, expand, electrify, and decarbonize in California. Restoring affordability therefore requires disciplined choices now. The Commission should approve the spending PG&E has justified and reject, reduce, or phase the requests it has not.

Pursuant to the Scoping Memo, CLECA is joining with Cal Advocates, TURN, and EPUC/IS in a separate motion requesting oral argument, to be filed concurrently with the parties' reply briefs. CLECA appreciates this opportunity to submit this reply brief.

Respectfully submitted,

BUCHALTER LLP

By:



Nora Sheriff
Counsel for the California Large Energy
Consumers Association



July 23, 2026