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)**

THE ENERGY PRODUCERS AND USERS COALITION, THE INDICATED SHIPPERS, AND CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION'S COMMENTS ON PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGE REGARDING RATESETTING

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- **Deny PG&E's Motion for Interim Rate Recovery.**

- **Correct the PD's Application of the Governing Standard for Interim Rate Recovery.** Revise Conclusion of Law 2 to state that PG&E bears the burden of establishing, by a preponderance of the evidence, that fairness to both the utility and the public requires immediate action. Revise Conclusion of Law 3 to conclude that PG&E has not met that burden, particularly because it seeks recovery of disputed forecast costs that have not been incurred, rather than recorded costs already carried by the utility.[1]

- **Recognize the Material Distinction Between Prior Decisions Granting Interim Recovery for Recorded Costs and PG&E's Disputed Forecast Costs**. Add findings recognizing that the recent decisions granting interim recovery involved costs already incurred and recorded in memorandum or balancing accounts, while PG&E seeks advance recovery of disputed forecast costs for future operations. Conclude that the forecast nature of PG&E's request, combined with the absence of any operational necessity, financial-integrity concern, or concrete time-sensitive harm, does not establish that fairness to PG&E and the public requires immediate action.

- **Adopt Findings Supporting Denial of PG&E's Motion.** Add findings that PG&E's gas and electric forecasts remain disputed; the record does not establish that the interim adjustments will produce the claimed rate-smoothing benefit; and changing rates based on disputed forecast amounts creates a substantial risk of a subsequent corrective rate change.

[1] See D.24-07-012 at pp. 6-7, 14-17, Conclusions of Law 1, 6; D.24-09-003 at pp. 7-9, 15-21, Conclusions of Law 4-5.)

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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)**

THE ENERGY PRODUCERS AND USERS COALITION, THE INDICATED SHIPPERS, AND CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION'S COMMENTS ON PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGE REGARDING RATESETTING

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the Energy Producers and Users Coalition (EPUC),[2] Indicated Shippers[3] and the California Large Energy Consumers Association California Large Energy Consumers Association (CLECA)[4] (together, the Joint Parties) submit these comments on the [Proposed] *Decision Authorizing Interim Rate Recovery* (Proposed Decision or PD).[5]

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

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

[4] 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, 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).

[5] [Proposed] *Decision Authorizing Interim Rate Recovery*, A.25-05-009, Sep. 22, 2026 (Proposed Decision or PD).

I. INTRODUCTION

The Proposed Decision erroneously concludes that the "totality of circumstances" justifies interim recovery[6] of Pacific Gas and Electric Company's (PG&E) disputed forecast revenue requirement increase before the Commission determines whether the underlying costs are just and reasonable.[7] In reaching that conclusion, the PD misapplies *TURN v. PUC*,[8] which requires facts warranting summary relief and upheld interim recovery because "fairness to both the utility and the public required immediate action."[9] The PD identifies no operational need, financial harm, or other concrete circumstance requiring immediate action. Its findings establish only that recent General Rate Cases (GRCs) resulted in final authorizations ranging from 31.5 to 56.9 percent of the requested increases and that residential bills are typically higher during summer.[10] Neither finding supports interim recovery here.

The PD's rate-smoothing rationale is similarly unsupported. It assumes that the Commission will approve enough of PG&E's disputed increase for the interim adjustment to reduce the magnitude of the later rate increase.[11] But the PD supports that assumption with final outcomes reached in other GRCs on different records, which provide no reasonable basis to predict the authorization here. The PD therefore guarantees an additional rate adjustment

[6] *Motion of Pacific Gas and Electric Company (U 39 M) for Interim Rate Recovery*, A.25-05-009, May 7, 2026 (PG&E Motion).
[7] PD at p. 13; Conclusion of Law 3.
[8] *Toward Utility Rate Normalization v. Public Utilities Commission* (1988) 44 Cal.3d 870.
[9] *TURN v. PUC*, 44 Cal.3d 870, 878-879.
[10] PD at p. 15; Findings of Fact 4-5.
[11] PD at pp. 11-14.

without demonstrating that it will mitigate potential rate shock, while undermining the rate stability it purports to promote.[12]

Importantly, the PD's reasoning risks making interim recovery routine whenever a utility submits a large, disputed GRC request that cannot be fully reviewed before the test year begins. A Commission endorsement of that erroneous rationale would weaken incentives to limit requested increases and submit accurate, well-supported GRC forecasts, while doing nothing to reduce the underlying costs driving the worsening affordability crisis affecting all customers.

To correct these errors, the PD should be revised to correctly apply the governing standard under *TURN v. PUC*, conclude that PG&E has not established that fairness to the utility and the public requires immediate action, and deny PG&E's Motion for interim rate recovery. The specific revisions necessary to effectuate that disposition are set forth in Appendix A.

II. THE PD COMMITS LEGAL AND FACTUAL ERROR IN AUTHORIZING INTERIM RECOVERY

A. The PD Misapplies *TURN v. PUC*

The PD misapplies *TURN v. PUC* by relying on the Court's ultimate statement that "the Commission could set interim rates as long as the rate is subject to refund and sufficiently justified" while omitting the standard the Court applied.[13] The Court recognized interim-rate authority "if the facts warrant such summary relief" and upheld the relief because "fairness to both the utility and the public required immediate action."[14] The PD thus mistakes the Court's ultimate conclusion for the standard governing interim relief.

[12] PD at pp. 13-14; Ordering Paragraphs 1-2.
[13] PD at pp. 10-11.
[14] *TURN v. PUC*, *supra*, 44 Cal.3d at 878-879.

The Commission has continued to apply *TURN v. PUC*'s immediate-action standard even when summarizing the Court's holding as permitting interim rates that are "subject to refund and sufficiently justified." Recent decisions granting interim recovery rested on specific, record-based findings concerning costs already incurred. The Commission identified concrete consequences of delay, including accruing interest on recorded balances, adverse credit or financing effects, and potential impacts on infrastructure, safety, reliability, or customer-service investments.[15]

The PD makes no comparable finding here. Rather than seek recovery of costs already incurred and carried in regulatory accounts, PG&E seeks advance recovery of disputed forecasts for future operations. PG&E identified no operational activity dependent on interim recovery, threat to its financial integrity, or concrete, time-sensitive harm requiring immediate action.[16] Findings of Fact 4 and 5 likewise do not establish that fairness to PG&E and the public requires immediate recovery of disputed forecast costs.

Refundability provides a remedy after an overcollection; it does not establish why customers should pay disputed costs before reasonableness review. The PD therefore commits critical legal error by misapplying *TURN v. PUC* to support its grant of PG&E's request. To correct that error, the PD should be revised to conclude that PG&E has not established by a

[15] D.23-06-004, *Decision Granting Interim Rate Recovery*, A.22-12-009, June 13, 2023, at 10-11, 15-26, Finding of Fact (FOF) 5, Conclusions of Law (COL) 2, 5-8; D.24-03-006, *Decision Granting Interim Rate Recovery*, A.23-06-008, March 12, 2024, at pp. 10-11, 21-33, FOF 7, COL 2-5; D.24-07-012, *Decision Granting, in Part, Motion for Expedited Interim Rate Recovery for 2022 Wildfire Mitigation and Vegetation Management Costs*, A.23-10-001, July 17, 2024, at 6-7, 14-16, FOF 4-7, COL 1-5; D.24-09-003, *Decision Granting, in Part, Motion by Pacific Gas and Electric Company for Wildfire Mitigation and Catastrophic Events Interim Rates*, A.23-12-001, September 16, 2024, at 7-9, 15-18, FOF 2-6, COL 1-4.

[16] *Public Advocates Office Response in Opposition to Pacific Gas and Electric Company's Motion for Interim Rate Recovery*, A.25-05-009, June 1, 2026 (Cal Advocates Response) at 3-5.

preponderance of the evidence that fairness to both the utility and the public requires immediate action and that PG&E's Motion should be denied.

B. The PD's Rate-Smoothing, Minimal-Risk, and Rate-Stability Rationales Lack Record Support

The PD's claimed rate-smoothing benefit depends on the unsupported premise that the interim adjustments will align closely enough with the final authorized revenue requirement to moderate the rate changes following the final decision. PG&E's gas and electric forecasts remain highly disputed, and multiple parties have recommended substantial adjustments to the requested revenue requirements.[17] Thus, the record provides no basis to find that the interim adjustments will produce the rate-smoothing benefit on which the PD relies.

The PD attempts to support that premise with percentages of requested increases authorized in other GRCs.[18] However, those percentages reflect final determinations based on different forecasts, disputed costs, party recommendations, and evidentiary records. The PD neither compares those underlying issues to PG&E's request nor explains why the results reasonably predict the final authorized revenue requirement here. Those outcomes therefore provide no factual basis for finding that the interim adjustments will smooth rates or mitigate potential shock.

The PD's suggestion that granting interim recovery here presents "minimal risk of pre-approving cost recovery for costs that will not be incurred" is equally unsupported.[19] Unlike

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[17] *Joint Response of California Large Energy Consumers Association, Indicated Shippers, and Energy Producers and Users Coalition in Opposition to Motion of Pacific Gas and Electric Company for Interim Rate Recovery*, A.25-05-009, June 1, 2026 (Joint Response) at 5-6; *Response of The Utility Reform Network to the Motion of Pacific Gas and Electric Company for Interim Rate Recovery*, A.25-05-009, June 1, 2026 (TURN Response) at 6-10.

[18] PD at 12-13.

[19] PD at 13.

recorded costs, PG&E's GRC forecasts concern future expenditures that may change as projects are added or canceled and funding is reprioritized.[20] The percentages of requested revenue requirement increases authorized in other GRCs say nothing about whether PG&E will perform the work forecast here, incur the projected costs, or establish that those costs are just and reasonable.

The PD's authorization thus ultimately undermines the rate stability it purports to promote.[21] Changing rates based on disputed forecast amounts creates a substantial risk that customers will face another rate change when the final decision is implemented.[22] An interim rate change followed by a corrective change does not stabilize rates; it introduces an additional adjustment based on amounts the Commission has not found just and reasonable.

C. The PD's Reasoning Would Make Interim Recovery Routine and Weaken Incentives to Limit and Accurately Support Requested Increases

The PD acknowledges that interim recovery "is not, and should not be, routine."[23] Yet it relies on circumstances common to GRC proceedings: a substantial disputed request, a final decision expected after the test year begins, and the asserted rate benefits of advance collection.[24] Under that reasoning, a utility could seek interim recovery whenever a substantial GRC request cannot be fully reviewed before its requested effective date.

Adopting the PD's approach risks weakening utilities' incentives both to limit requested increases and to submit timely, accurate, and well-supported GRC forecasts. If the magnitude of

[20] Cal Advocates Response at 3, citing D.11-05-018 p. 27.
[21] PD at 12.
[22] PD at pp. 13-14; Ordering Paragraphs 1-2.
[23] PD at 7.
[24] PD at 2, 10-13.

a requested increase would help justify interim recovery, a utility would have less incentive to reduce its request by reprioritizing expenditures, deferring less essential investments, or operating within existing authorized revenues where practicable. The size of a disputed request should not become a reason to require customers to begin funding it before the underlying costs are found just and reasonable.

The same concern applies when a utility's showing requires successive, material corrections. Errata to forecasts, testimony, workpapers, and calculations may require additional discovery, analysis, and evidentiary review before the Commission can determine the just and reasonable revenue requirement. If the resulting procedural delay could serve as a basis for the utility to seek interim recovery, customers would bear the consequences of deficiencies in the utility's initial showing by paying disputed forecast costs before that showing is fully tested.

The PD's approach also mistakes accelerated collection for a ratepayer affordability benefit. Earlier recovery may reduce interest on amounts ultimately approved, but it does not reduce the underlying costs driving customer rates, nor does it produce any savings on amounts disallowed. It instead requires customers to pay disputed forecast costs sooner and deprives them of the use of those funds while reasonableness review remains pending.[25] Affordability is better served by preserving incentives to limit requested increases, prioritize essential expenditures, and operate within authorized revenues.

III. CONCLUSION

The PD would grant interim recovery without the concrete need, immediate harm, or record support required under *TURN v. PUC*. Its rate-smoothing and minimal-risk rationales

[25] Joint Response at pp. 5-8.

depend on assumptions about the outcome of this GRC that the Commission cannot make before completing reasonableness review. The proposed interim rate change neither resolves affordability concerns nor promotes rate stability. Instead, it requires customers to fund disputed forecast costs prematurely and establishes a rationale that could make interim recovery routine in future GRCs.

The Commission should reject that result. It should adopt the revisions set forth in Appendix A, conclude that PG&E has not established by a preponderance of the evidence that fairness to the utility and the public requires immediate action, and deny PG&E's Motion for interim rate recovery.

Respectfully submitted,

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October 13, 2026

Appendix with Proposed Changes to Findings of Fact and Conclusions of Law

(Proposed additions are underlined; proposed deletions are ~~stricken~~)

Findings of Fact (FOF)

FOF 4: ~~In recent GRCs, the Commission has authorized recovery of between 31.5 percent and 56.9 percent of total revenue requirement increase requests.~~

FOF 5: ~~Residential customer bills are typically higher in the summer months.~~

New FOF: The recent Commission decisions granting interim rate recovery involved costs already incurred and recorded in memorandum, balancing, or other regulatory accounts. PG&E instead seeks advance recovery of disputed forecast costs for future operations.

New FOF: PG&E's forecast costs have not been incurred or found just and reasonable and remain disputed and subject to reasonableness review in this proceeding.

New FOF: PG&E identified no operational activity that depends on interim recovery, threat to its financial integrity, or concrete, time-sensitive harm that interim recovery is necessary to prevent.

New FOF: The record does not establish that the interim adjustments will align closely enough with the final authorized revenue requirement to produce the claimed rate-smoothing benefit.

Conclusions of Law (COL)

COL 2: ~~In TURN v. PUC, the California Supreme Court held that the Commission could set interim rates as long as the rate is subject to refund and sufficiently justified.~~ PG&E bears the burden of establishing, by a preponderance of the evidence, that fairness to both the utility and the public requires immediate action before the Commission determines whether the costs underlying PG&E's forecast revenue requirement are just and reasonable. (See D.24-07-012 at pp. 6-7, 14-17, Conclusions of Law 1, 6; D.24-09-003 at pp. 7-9, 15-21, Conclusions of Law 4-5.)

COL 3: ~~The totality of circumstances justifies granting interim cost recovery prior to a determination on whether the costs are reasonable.~~
PG&E has not established by a preponderance of the evidence that fairness to both the utility and the public requires immediate recovery of its disputed forecast GRC costs before the Commission determines whether those costs are just and reasonable.

COL 4: ~~It is reasonable for the Commission to authorize PG&E to recover, on an interim basis, 55 percent of PG&E's requested revenue requirement increase for Electric Distribution and Electric Generation, and 85 percent of PG&E's requested revenue requirement decrease for Gas Distribution, and Gas Transmission & Storage.~~
PG&E's Motion for Interim Rate Recovery should be denied.

COL 6: ~~The amount authorized for interim rate recovery by this decision is subject to refund, with interest, depending on the final resolution of all outstanding issues in this proceeding.~~