



BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE

STATE OF CALIFORNIA

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Application of Pacific Gas and Electric Company (U 39 E) and Pacific Generation LLC for Approval to Transfer Certain Generation Assets, for a Certificate of Public Convenience and Necessity, for Authorization to File Tariffs and to Issue Debt, and for Related Determinations.

Application 22-09-018

(Filed September 28, 2022)

**ENERGY PRODUCERS AND USERS COALITION
OPENING COMMENTS ON PROPOSED DECISION**

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April 4, 2024

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The Energy Producers and Users Coalition (EPUC)¹ submits these opening comments to the March 15, 2024 [Proposed] *Decision Denying Application* (PD) pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission). EPUC strongly supports the PD's denial of Pacific Gas & Electric Company (PG&E) and Pacific Generation LLC (Pacific Generation) (together, the Applicants) request for authorization to transfer substantially all of PG&E's non-nuclear generation assets to Pacific Generation (the Proposed Transaction). The PD, relying on the record evidence of this proceeding and appropriate interpretations of the law, concludes that the Proposed Transaction is, on balance, not in the public interest. EPUC concurs with the PD's assessment and recommends the Commission adopt the PD.

¹ 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.

I. COMMENTS

EPUC appreciates the Commission's careful scrutiny of the Applicants' novel and complex proposal, and the potential risks to ratepayers and the Commission's regulatory jurisdiction. The PD correctly concludes that the Commission has broad discretion to determine whether the sale of a public utility's property should be approved under Section 851, and that the nature of the Proposed Transaction warrants a heightened standard of review.² The PD's application of this heightened standard is supported by Commission precedent, and is justified by the ample record evidence showing the high likelihood of adverse impacts on rates and the Commission's jurisdiction and regulatory authority. While it is true that PG&E requires significant equity capital to fund investments and achieve deleveraging goals, EPUC concurs with the PD's conclusion that the risks associated with the Proposed Transaction outweigh any purported benefits.

Importantly, the PD highlights the lack of information supporting Applicants' claims "that the Proposed Transaction is the superior alternative for raising equity, particularly for ratepayers."³ The PD correctly acknowledges that Applicants failed to provide adequate support for the majority of purported benefits, including Applicants' claims that the Proposed Transaction would generate equity proceeds at a better valuation than an issuance of stock by PG&E Corporation.⁴ As EPUC and several other intervenors demonstrated in testimony and briefing, the Proposed Transaction is not the best approach from the ratepayer perspective to accomplish Applicants' goals. Rather, the record evidence shows that the Proposed Transaction

² PD at Conclusion of Law (CoL) 6.

³ *Id.* at p. 54.

⁴ *Id.* at p. 52.

would allow PG&E to raise a portion of equity capital in a manner that is beneficial to shareholders and large investors, but largely adverse to ratepayer interests. Thus, the PD properly finds that Applicants have failed to meet their burden of demonstrating that the Proposed Transaction is adequately justified, reasonable, and in the public interest.⁵

II. CONCLUSION

EPUC appreciates the opportunity to provide these comments supporting the PD's denial of the Proposed Transaction, and urges the Commission to expeditiously adopt the PD's outcome.

Respectfully submitted,

Buchalter, A Professional Corporation

By:



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April 4, 2024

⁵ *Id.* at CoL 18.