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OF THE STATE OF CALIFORNIA

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Application of Pacific Gas and Electric Company (U39E) for Approval of Electric Rule No. 30 for Transmission-Level Retail Electric Service.	Application 24-11-007

PUBLIC ADVOCATES OFFICE OPENING BRIEF

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SUMMARY OF RECOMMENDATIONS

1. Align customer refunds with contributions by adopting the Revenue Cap method to cap customers' annual refunds at the net revenue provided by the customer in that year.
2. Deny interest on refunds of customer advances, or if allowed, ensure that interest is not included in PG&E's rate base.
3. Impose minimum demand charges and minimum contract term lengths for data center customers by requiring them to commit to 15-year service contracts, pay minimum demand charges based on 90 percent of requested capacity, and face early termination fees to ensure long-term cost recovery.
4. Require PG&E to submit the final Large Load Task Force (LLTF) whitepaper to the Commission for review by parties and the Commission.
5. Retain Commission oversight by requiring PG&E to submit Tier 2 advice letters for transmission-level service requests over 200 MW or at voltages greater than 230 kilovolts (kV), and for any customer-provided prefunding loans.
6. Require PG&E to provide biannual reports on customer interconnection requests to determine if PG&E's load forecasts should be adjusted and annual reports on interconnection costs and customers' actual loads and revenues, to enable ongoing cost-tracking by the Commission.
7. Eliminate vague or unilateral authority granted to PG&E in Proposed Rule 30 to ensure fair and consistent application of the proposed rule.

I. INTRODUCTION

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits this Opening Brief pursuant to Rule 13.12 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure and the Assigned Commissioner's Scoping Memo and Ruling.[1] In Application (A.) 24-11-007 (Application), Pacific Gas and Electric Company (PG&E) requests that the Commission authorize it to implement a new tariff Electric Rule No. 30 (Proposed Rule 30).

As discussed below, the Commission should not approve Proposed Rule 30 without significant modifications to provide protections for ratepayers. Specifically, Cal Advocates recommends that the Commission:

1. Align customer refunds with contributions by adopting the Revenue Cap method to cap customers' annual refunds at the net revenue provided by the customer in that year.
2. Deny interest on refunds of customer advances, or if allowed, ensure that interest is not included in PG&E's rate base.
3. Impose minimum demand charges and minimum contract term lengths for data center customers by requiring them to commit to 15-year service contracts, pay minimum demand charges based on 90 percent of requested capacity, and face early termination fees to ensure long-term cost recovery.
4. Require PG&E to submit the final Large Load Task Force (LLTF) whitepaper to the Commission for review by parties and the Commission.
5. Retain Commission oversight by requiring PG&E to submit Tier 2 advice letters for transmission-level service requests over 200 MW or at voltages greater than 230 kilovolts (kV), and for any customer-provided prefunding loans.
6. Require PG&E to provide biannual reports on customer interconnection requests to determine if PG&E's load forecasts should be adjusted and annual reports on interconnection costs and customers' actual loads and revenues, to enable ongoing cost-tracking by the Commission.

[1] Application (A.) 24-11-007, *Assigned Commissioner's Scoping Memo and Ruling on Pacific Gas and Electric Company's Request to Implement A New Electric Rule 30 Tariff* (Scoping Memo), March 11, 2025.

7. Eliminate vague or unilateral authority granted to PG&E in Proposed Rule 30 to ensure fair and consistent application of the proposed rule.

II. BACKGROUND

A. Factual Background

PG&E's Electric Rules 15 and 16 govern the terms under which customers interconnect at distribution-level voltages.[2] PG&E states that there has been a significant increase in the number of requests for transmission-level voltage in the last few years (i.e., 50 kV and above).[3] For example, in the eight years between 2014 and 2022, PG&E states that it has interconnected 24 customers at the transmission-level.[4] PG&E states that by contrast, in the last two years it received 40 applications for transmission-level interconnections.[5] At the time of PG&E's Supplemental Testimony, 75 percent of customer requests to interconnect at the transmission-level are from data centers.[6] Based on trends observed around the country, Cal Advocates expects the number of data center customer interconnection requests as well as the load they demand to continue to grow.[7] To address this anticipated increase in transmission-level interconnections, PG&E requests approval of Proposed Rule 30, which purports to:

1. Interconnect retail customers at transmission-level voltages at 50 kilovolts (kV) to 230 kV, with exceptional case filings for customers interconnecting above 230 kV.
2. Require customers to provide upfront payments for the actual cost of certain required electrical facilities like transmission line extensions and substations.
3. Issue refunds to customers based on the Base Annual Revenue Calculation (BARC) formula from Electric Rules 15 and 16.

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[2] See, e.g., PG&E Electric Rule 15 (Distribution Line Extensions), and PG&E Electric Rule 16 (Service Extensions).

[3] Application (A.) 24-11-007 at 3, *Application of Pacific Gas and Electric Company (U 39 E) for Approval of Electric Rule No. 30 for Transmission-Level Retail Electric Service* (Application), November 21, 2024.

[4] Exhibit (Ex.) PG&E-01, PG&E Supplemental Testimony, at 3, lines 11-13.

[5] Ex. PG&E-01 at 4, lines 4-6.

[6] Ex. PG&E-01 at 5, Figure 3.

[7] See e.g., Ex. Cal Advocates-01, Cal Advocates' Errata Testimony, at 15.

4. Permit PG&E to pay interest on customer advances and actual cost payments.
5. Permit an Applicant Build Option for some transmission facilities, and allow customers an option to contribute land, equipment, or in-kind services.
6. Allow customers to pre-fund upgrades to the existing transmission system through a loan to expedite the interconnection process and be reimbursed.
7. Allow customers to request Special Facilities under terms in Proposed Rule 30 rather than Electric Rule 2.[8]

B. Procedural Background

PG&E filed its Application on November 21, 2024.[9] In its Application, PG&E proposes Electric Rule 30 (Proposed Rule 30), a new tariff to interconnect transmission-level customers. Intervenors filed Protests and Responses to the Application on December 23, 2024.[10] [11] On January 24, 2025, 60 days after filing its Application, PG&E filed a Motion for Interim Implementation of Proposed Rule 30 (Motion).[12]

The Assigned Commissioner issued the Scoping Memo on March 11, 2025.[13] The Scoping Memo provides that the proceeding is "focused on the form agreements and

[8] See generally Application.

[9] See Application.

[10] See *Protest of the Public Advocates Office*, December 23, 2024; *Protest of The Utility Reform Network*, December 23, 2024; *Response of the Joint Community Choice Aggregators*, December 24, 2024.

[11] PG&E filed its reply to intervenors on January 2, 2025. *Pacific Gas and Electric Company's (U 39 E) Reply to Protests and Responses Regarding Proposed Electric Rule 30* (PG&E Reply to Protests), January 2, 2025.

[12] See *Pacific Gas and Electric Company's (U 39 E) Motion for Interim Implementation of Electric Rule No. 30* (Motion), January 24, 2025. PG&E's Motion included updates to its Proposed Rule 30 and the form agreement. See Motion at 15-17 (PG&E amended Proposed Rule 30 as part of its Motion). Intervenors filed responses opposing PG&E's Motion on February 10, 2025. See *Public Advocates Office Response Opposing Pacific Gas and Electric Company's Motion for Interim Implementation of Electric Rule No. 30*, February 10, 2025; *Response of The Utility Reform Network to Pacific Gas and Electric Company's Motion for Interim Implementation of Electric Rule No. 30*, February 10, 2025; *Response of the Joint Community Choice Aggregators to Pacific Gas and Electric Company's Motion for Interim Implementation*, February 10, 2025.

[13] See Scoping Memo.

provisions proposed under Electric Rule 30" and would not consider pending legislation, rate structures, resource adequacy, reliability, and incremental generation costs.[14] [15]

On June 20, 2025, ALJ Lakhanpal issued a Proposed Decision (PD) partly granting and partly denying PG&E's January 24th Motion.[16] On July 22, 2025, a Revised PD addressed parties' comments.[17] The Commission issued Decision (D.) 25-07-038 (Interim Decision) partly granting and partly denying PG&E's Motion on July 28, 2025.[18]

On July 25, 2025, PG&E filed a Motion to Strike portions of Cal Advocates' and The Utility Reform Network's (TURN) testimonies.[19] [20] Cal Advocates responded on August 11, 2025,[21] and on September 10, 2025, ALJ Toy denied PG&E's Motion to Strike.[22] In accordance with the Scoping Memo, the parties submitted a Joint Case Management Statement (CMS) on September 15, 2025.[23] In the CMS, PG&E asks for reconsideration of its Motion to Strike, and Cal Advocates and TURN provide that the ALJ September 10th Ruling correctly interpreted the Scoping Memo in its denial of

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[14] Scoping Memo at 5. The Scoping Memo also directed PG&E to serve supplemental testimony on the scoped issues. Scoping Memo at 9.

[15] In compliance with the Scoping Memo, PG&E served Supplemental Testimony, on March 21, 2025. See Ex. PGE-01 at Attachments A and B.

[16] See [*Proposed*] *Decision Partly Granting and Partly Denying Pacific Gas and Electric Company's Motion for Interim Implementation of Electric Rule Number 30* (PD), June 20, 2025.

[17] PD Rev.1, July 22, 2025.

[18] D.25-07-039, *Decision Partly Granting and Partly Denying Pacific Gas and Electric Company's Motion for Interim Implementation of Electric Rule Number 30* (Interim Decision), July 28, 2025.

[19] *Pacific Gas and Electric Company's (U 39 E) Motion to Strike Testimony of the Public Advocates Office of (sic) The California Public Utilities Commission and The Utility Reform Network* (PG&E Motion to Strike), July 25, 2025.

[20] Intervenors served errata testimony on different dates. See Ex. Cal Advocates-01 through Ex. Cal Advocates-05, (Cal Advocates' Errata Testimony, Appendices A-D, and Errata Table 4); Ex. TURN-01, TURN Second Errata Testimony, Appendices A-B; Ex. CalCCA-01, CalCCA Errata Testimony.

[21] *Response of the Public Advocates Office to Pacific Gas and Electric Company's (U 39 E) Motion to Strike Testimony of the Public Advocates Office and The Utility Reform Network* (Cal Advocates Response to Motion to Strike), August 11, 2025.

[22] See *Administrative Law Judge's Ruling Regarding Evidentiary Hearing Information and Motion to Strike Testimony* (ALJ September 10th Ruling), September 10, 2025, at 5.

[23] *Joint Case Management Statement* (CMS), September 15, 2025.

PG&E's Motion to Strike.[24] On September 18, 19, and 22, ALJ Toy held evidentiary hearings where, among other things, he denied reconsideration of PG&E's Motion to Strike and admitted documents into evidence.[25]

C. Policy Issues

PG&E's Proposed Rule 30 raises serious concerns for existing ratepayers, particularly around the issue of affordability. If approved without modification, PG&E's Proposed Rule 30 will shift the financial burden of major grid upgrades onto existing ratepayers. Between 2015 and 2024, PG&E almost doubled its annual capital spending, from $5.4 billion to $10.6 billion per year.[26] This resulted in cumulative rate increases of 130 percent during that time.[27] The Commission should ensure that Proposed Rule 30 does not exacerbate the high electric costs for PG&E ratepayers, especially working families, small businesses, and low-income communities.

PG&E's Proposed Rule 30 prioritizes interconnection for well-capitalized, large-load customers, particularly data centers, while ratepayers foot the bill for those interconnection costs and PG&E's rate of return for capital investments. This is not a hypothetical concern. In areas of the country where there has been rapid growth in data center load, ratepayers' rates have increased.[28] Further complicating the issue is the fact that data center customers can be transient and shift their location based on tax incentives, regulatory climates, or energy availability. This raises the risk that ratepayers will be burdened with stranded costs.

Given the uncertainty of data center load growth, should the Commission approve Proposed Rule 30, it is crucial that the Commission adopt Cal Advocates' recommendations to ensure ratepayers are adequately protected.

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[24] CMS at 7.

[25] Reporter's Transcript (RT) Volume (V.) I, II, and III.

[26] Ex. TURN-01 at 13.

[27] Ex. TURN-01 at 13.

[28] Ex. TURN-01 at 25-26; Ex. TURN-01, Appendix B at 47-58.

D. Burden of Proof

As the applicant in this proceeding, PG&E bears the burden of proof to affirmatively show that its requests are necessary, just, and reasonable.[29] PG&E is required to show that its proposed rule meets the standard set forth in Public Utilities Code Section 451, that "all charges demanded or received by any public utility…be just and reasonable."[30]

III. DISCUSSION

A. Issue 1. Reasonableness: Are the provisions of Electric Rule 30 just and reasonable for the new transmission-level customers and the existing ratepayers?

No. The provisions for PG&E's Proposed Rule 30 are not just and reasonable for existing ratepayers.

1. PG&E's Application is not just and reasonable because it fails to protect ratepayers.

PG&E mischaracterizes its Proposed Rule 30 as a "'win-win' for new transmission-level retail electric customers, existing electric customers [i.e., ratepayers], the Commission, and parties."[31] PG&E is wrong. The terms of Proposed Rule 30 will require existing ratepayers to pay the substantial costs of the transmission upgrades needed to serve large-load, mostly data center, customers and bear the very real risk of stranded costs created by these customers.[32] PG&E fails to demonstrate that the terms in Proposed Rule 30 are just and reasonable.[33]

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[29] Decision 09-03-025, *Decision on Test Year 2009 GRC for Southern California Edison*, at 8; Decision 06-05-016, *Opinion on Southern California Edison Company's Test Year 2006 General Rate Increase Request*, at 7.

[30] Pub. Util. Code § 451.

[31] Application at 2.

[32] Ex. Cal Advocates-01 at 3, lines 12-18.

[33] Pub. Util. Code § 451.

PG&E concedes that the ratepayer benefits it claims will occur under Proposed Rule 30 are not guaranteed.[34] In fact, it is clear that PG&E's claimed ratepayer benefits are based on illustrative information that fails to adequately consider known costs. For example, PG&E's illustrative customer scenarios do not account for other electrical system improvements and ratepayer risks, maintenance, and cost increases from uncertainties that may occur (e.g., construction delays, changes in transmission rates, a customer ends service early, a customer fails to meet their forecasted load, etc.).[35] This opening brief provides modifications to Proposed Rule 30 that are necessary to protect ratepayers from paying for the costs of multiple large-load transmission-level customers, particularly data center customers,[36] [37] interconnecting for retail service. The Commission should not approve Proposed Rule 30 unless all ratepayer safeguards are incorporated.

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[34] RT, V.I at 71:25, 72:1-19 (PG&E Sienna Rogers) ("Q …so PG&E cannot ensure that there will be rate benefits related to these transmission-level customers triggering transmission network upgrades; is that right? A We can't guarantee it, but we do believe that our proposal provides a lot of safeguards to protect against potential costs that our remaining customers might have to pay without commensurate revenue from the new customers coming online…So we recognize there is some risk…we feel the risk of that being costly to many customers is low.").

[35] Ex. PGE-04 at 29, lines 8-20. See discussion in section III.C.6.a (Issue 3.f) regarding PG&E's proposals relying on "best case scenario" conditions when it projects ratepayer benefits. See also RT, V.I at 51:11-25, 52:13 (TURN Jennifer Dowdell); Ex. PGE-04 at 29, lines 8-20.

[36] Ex. Cal Advocates-01C, Cal Advocates' Errata Testimony Confidential Version, at 17, lines 2-4 (40 plus active transmission-level service requests with PG&E as of June 2, 2025); Ex. Cal Advocates-03C, Appendix C Confidential Version, at Appendix C-1, C-0003-C-0013. See also Cal Advocates-01 at 32, fn. 126 ("The 10-year ratepayer bill analysis only considers the interconnection of a single transmission customer, and would compound per ratepayer by the number of transmission-level customers taking service from PG&E.") Citing Ex. Cal Advocates-04, Appendix D, at D-0014 (10-year bill analysis customer scenario no. 7).

[37] RT, V.I at 39:19-25, 41:1-5 (TURN Jennifer Dowdell) ("A ... And basically TURN's concern is that ratepayers – existing ratepayers, and in particular residential ratepayers, are not made to be -- to subsidize large, well-capitalized data centers. And so TURN is primarily concerned with protecting customers rather than the speed at which data centers can be signed up.")

2. If Proposed Rule 30 is adopted, the Commission should incorporate changes stipulated to by parties.

In the CMS, parties stipulated that Proposed Rule 30 should be revised to provide certain terms.[38] The parties also stipulated that minimum demand charges and minimum contract terms should be included in Proposed Rule 30, which is in section III.C.11.[39] If the proposed rule is adopted, the Commission should incorporate the stipulated changes to Proposed Rule 30 agreed to by parties in the CMS.[40]

3. Issue 1.a. Is the current process for customers requesting electric service at transmission voltages efficient and adequate?

Yes. The current exceptional case filing process available in Electric Rules 15 and 16 is sufficient to address the interconnection of transmission-level customers over the next several years. Electric Rules 15 and 16 address the interconnection of distribution-level customers.[41] Distribution-level and transmission-level customers have distinct differences that need to be addressed in order to protect ratepayers from being burdened with costs triggered by large-load data center customers. While Electric Rules 15 and 16

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[38] In the CMS, in part, the parties stipulated that:

> Electric Rule 30 and/or the form agreement should be revised to provide that:
>
> (1) exceptional case filing provisions align with Electric Rules 15 and 16;
>
> (2) a Tier 2 advice letter will be submitted for service requests above 230 kilovolts (kV). Cal Advocates believes an additional megawatt threshold should apply;
>
> (3) the definition of "Retail Service" should be modified; and,
>
> (4) a provision should be added to Electric Rule 30 regarding the role of Community Choice Aggregators (CCA) as default providers of generation service for facilities at a location within the service area of a CCA, and the information sharing between PG&E and affected CCAs CMS at 1-2.

[39] The parties dispute how the minimum demand charges and minimum contract terms should be implemented. See CMS at 2.

[40] CMS at 1-2.

[41] See Electric Rules No. 15 and 16.

can still expose ratepayers to risk of large-load interconnections,[42] [43] the current process is sufficient in the next several years to address the interconnection transmission-level customers.

Currently, the exceptional case filing process (i.e. advice letter) is used to interconnect transmission-level customers when application of Electric Rules 15 and 16 appears impractical or unjust.[44] PG&E asserts that the advice letter process (i.e., exceptional case filing) is inefficient, and a new rule is needed to allow the interconnection of numerous transmission-level customers.[45] However, none of PG&E's statements about the number of customers at the transmission-level that require interconnection have come to fruition. On April 4, 2025, PG&E claimed that it planned to submit nine advice letters to interconnect transmission-level customers by the end of June.[46] PG&E also stated that it would submit a number of applications throughout the rest of 2025 and 2026.[47] To date, PG&E only submitted three advice letters to Energy Division to interconnect data centers at the transmission-level.[48] Three advice letters is a far cry from nine or more applications. The Commission should either adopt necessary protections and safeguards for ratepayers in Proposed Rule 30 as modified with Cal

[42] See Electric Rules Nos. 15.I.3 and 16.G.

[43] Ex. Cal Advocates-01 at 4, lines 16-18 ("Under the current process in Electric Rules 15 and 16 (Existing Rules), ratepayers are exposed to financial risk because transmission-level customers are interconnected through distribution agreements and non-standardized exceptional case agreements.").

[44] See Electric Rules Nos. 15.I.3 and 16.G.

[45] Ex. PGE-01 at 27, lines 14-26.

[46] *Pacific Gas and Electric Company's (U 39 E) Response to Administrative Law Judge's Ruling Requesting Information on the Motion for Interim Implementation of Electric Rule No. 30* (PG&E April 4th Response), April 4, 2025, at 8 ("PG&E anticipates that there will be up to nine (9) applications ready to submit to the Commission for review and approval by the end of June 30, 2025.").

[47] PG&E April 4th Response at 8 ("Additional exceptional case filings will be made in the remainder of 2025 and 2026, however the timing of these exceptional case filings is more uncertain at this point given the early phases of negotiation.").

[48] See PG&E Advice Letter (AL) 7569-E, PG&E AL 7667-E, and PG&E 7635-E. PG&E withdrew AL 7606-E and resubmitted it as 7667-E. PG&E also submitted AL 7653-E, which is not an exceptional case filing but is related to AL 7569-E.

Advocates' recommendations[49] or reject PG&E's Application and use the existing process to address the trickle of PG&E's transmission-level interconnection requests.

B. Issue 2. Jurisdiction, Statutes, and Decisions: Does Electric Rule 30 align with existing laws, regulations, or other Commission decisions?

No. Proposed Rule 30 does not align with existing law, regulation or other Commission decisions.

1. Proposed Rule 30 should be modified to align with Electric Rule No. 2.

Electric Rule 2 addresses the accounting of Special Facilities and costs associated with such facilities.[50] PG&E's Proposed Rule 30 conflicts with Electric Rule 2 and provides a new definition of "Special Facilities."[51] PG&E argues that the "primary difference is that section A.3.a of Electric Rule 30 includes an additional definition of Special Facilities (i.e., 'facilities required by project-specific circumstances, such as limited space constraints, which result in additional costs.')."[52] PG&E's argument ignores that fact that PG&E introduces the new term "bona fide load" in its Proposed Rule 30 definition.[53] This undefined term introduces ambiguity into the proposed rule which gives PG&E greater flexibility and discretion to determine what is a Special Facility. PG&E's added language to Proposed Rule 30 section A.3.a does not resolve the issue that PG&E is deviating from Electric Rule 2 with language that is broad, vague, and

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[49] See generally, Ex. Cal Advocates-01 through Ex. Cal Advocates-05.

[50] See Electric Rule No. 2.

[51] Ex. PGE-01 at Attachment A at AtchA-2 ("SPECIAL FACILITIES: PG&E normally installs only those standard facilities which PG&E deems, in its sole discretion, are necessary to provide Retail Service. Applicant may request Special Facilities and/or Special Facilities may be required in order to provide Retail Service to Applicant's Facility.").

[52] Ex. PGE-04 at 35, lines 1-4 ("…primary difference is that Electric Rule 30.A.3.a includes an additional definition of Special Facilities (i.e., 'facilities required by project-specific circumstances, such as limited space constraints, which result in additional costs.').").

[53] Ex. PGE-04 at Attachment B at AtchB-2 (section A.3.a.: "Special Facilities include: (1) facilities requested by the Applicant beyond those PG&E would normally provide for standard service to bona-fide load, where bona-fide load is determined by PG&E using actual and historic load(s) for customer(s) of similar type and size…").

discretionary without limits.[54] As such, Proposed Rule 30 should adopt the same language as Electric Rule 2 or simply refer to Electric Rule 2 to address Special Facilities.[55] [56]

2. Proposed Rule 30 should be modified to remove PG&E's "sole discretion."

PG&E agrees with Cal Advocates' proposal to remove language giving PG&E "sole discretion."[57] However, in contradiction of its agreement, PG&E maintains its "sole discretion" over pre-funding loans, contracts for the Applicant Build Option, customer Contributions, and when determining which facilities are standard facilities.[58] PG&E having "sole discretion" deviates from the Commission approved Electric Rules[59] and introduces vagueness into the proposed rule. In addition, PG&E fails to provide reasoning or support for its maintaining "sole discretion" in certain instances. The term "sole discretion" should be removed and replaced throughout Proposed Rule 30, with language consistent with Cal Advocates' testimony and PG&E's agreement to include Cal Advocates' proposed language.[60]

a) Proposed Rule 30 should be modified to be consistent with existing Commission approved electric rules.

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[54] Ex. PGE-04 at 35, lines 13-20 (PG&E claiming that it added language regarding Special Facilities to address Cal Advocates' concerns).

[55] Ex. Cal Adovcates-01 at 65, lines 10-20, 66, lines 1-2; Ex. Cal Advocates-02, Appendix B, at B-0004-B-0005, B-0024-B-0025.

[56] PG&E does not address Cal Advocates' recommendation to add terms that define Standard Facilities to Proposed Rule 30 and which is incorporated directly from Electric Rule No. 2. Ex. Cal Advocates-01 at 65, lines 10-20, 66, lines 1-2; Ex. Cal Advoactes-02 at Appendix B, B-0003. The Commission should adopt this recommendation to Proposed Rule 30.

[57] Ex. PGE-04 at 33, lines 16-20.

[58] Ex. PGE-04 at Attachment B at AtchB-14-AtchB-16, AtchB-19, AtchE-15, AtchE-39.

[59] See Electric Rules Nos. 2, 15, 15, and 21.

[60] Ex. Cal Advocates-01 at 64-67; Ex. Cal Advocates-02, Appendix B-4 at B-0047-B-0050, B-3, at B-0051-B-0053.

Cal Advocates' revisions to Proposed Rule 30 align the proposed rule with existing Commission approved electric rules, remove ambiguities, and allow for clear and consistent application.[61] PG&E does not explain why it chose to deviate from language in the existing rules. Nor does PG&E explain in its rebuttal testimony why it chose to reject changes provided by Cal Advocates that align the language with existing rules. Therefore, the Commission should adopt the revisions provided by Cal Advocates that will make Proposed Rule 30 consistent with existing Electric Rules.[62]

3. Issue 2.a. How should the Commission determine what parts of PG&E's Rule 30 proposal are within the CPUC or FERC's jurisdiction?

The Federal Power Act (FPA) defines where FERC's authority ends and the Commission's begins. Specifically, §201(a)-(b) of the FPA limits FERC jurisdiction to the regulation of "the transmission of electric energy in *inter*state commerce and to the sale of electricity at wholesale in *inter*state commerce."[63] The FPA notes that unless explicitly provided, it may not regulate "facilities used in local distribution or only for the transmission of electric energy in *intra*state commerce, or over facilities for the transmission of electric energy consumed wholly by the transmitter."[64] Numerous FERC orders apply this jurisdictional authority to afford open access to generation interconnection[65] and i*nter*state transmission planning,[66] but the fundamental delineation

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[61] Ex. Cal Advocates-01 at 67, lines 11-12; Ex. Cal Advocates-02 at Appendix B-2, B-0035-B-0043 (Table providing revisions to sections in Proposed Rule 30 to align language with existing rules).

[62] Ex. Cal Advocates-01 at 67, lines 11-12; Ex. Cal Advocates-02 at Appendix B-2, B-0035-B-0043 (Table providing revisions to sections in Proposed Rule 30 to align language with existing rules).

[63] Federal Power Act, §201(b), 16 U.S.C. § 824(b) (2020) (emphasis added).

[64] Federal Power Act, §201(b), 16 U.S.C. § 824(b) (2020) (emphasis added).

[65] *Nat'l Ass'n of Regul. Util. Comm'rs v. FERC*, 475 F.3d 1277, 1280 (D.C. Cir. 2007) (quoting FERC Order No. 2003-C, at P 51, 104 FERC ¶ 61,236 (2003)) (emphasis added) ("[T]he rule applies only 'to interconnections to the facilities of a public utility's Transmission System that, *at the time the interconnection is requested*, may be used either to transmit electric energy in interstate commerce or to sell electric energy at wholesale in interstate commerce.'"). See also FERC Order No. 888 (similarly attempting to regulate generation interconnection at an earlier time than Order No. 2003).

[66] FERC Order No. 1000, 1-2 (requiring that transmission-providing public utilities participate in a regional transmission planning process that allocates costs of new facilities according to six principles);

is *intra*state Commission authority versus *inter*state FERC authority. In addition, the FPA clarifies that these regulatory powers "extend only to those matters which are not subject to regulation by the states."[67] Therefore, the Commission should consider all *intra*state interconnections and facilities to be within its jurisdiction that facilitate transmissions and sales within California.

4. Issue 2.b. Is Section 783 applicable to Electric Rule 30?

Public Utilities Code Section 783 is applicable to PG&E's Proposed Electric Rule 30. The plain language of section 783(b) directs that:

> Whenever the commission institutes an investigation into the terms and conditions for the extension of services provided by gas and electrical corporations to new or existing customers, or considers issuing an order or decision amending those terms or conditions, the commission shall make written findings[.][68]

Further, the legislative history of section 783 makes clear that, given the impact that changes to service extension rules have on the state economy and existing ratepayers, "it is imperative that the Public Utilities Commission study their impact[.]"[69]

In D.15-06-045, the Commission recognized that section 783 requires an impact analysis "before the Commission can authorize changes to utility line and service extension rules."[70]

Section 783 and its requirements apply to this Application because PG&E proposes a change to the service extension rules to create a new electric service interconnection rule for transmission-level customers. Therefore, the Commission must consider the impact of the new rule and make written findings per the requirements set

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FERC Order No. 1920.

[67] Federal Power Act, §201(a), 16 U.S.C. § 824(a) (2020) (emphasis added).

[68] Pub. Util. Code § 783(b).

[69] Stats. 1983, ch. 1229, section 1(h).

[70] D.15-06-045, *Decision on Two Issue Referred by Bankruptcy Court*, 2015 WL 4034963 (Cal.P.U.C.), June 25, 2025, at *11.

forth in section 783(b).[71] Specifically, the Commission must conduct an impact analysis which includes the conditions prescribed by section 783(b).[72] Additionally, if approved, Electric Rule 30 must not take effect until July 1 of the following year per section 783(d), "to ensure the public has at least six months to consider the new order or decision."[73]

C. Issue 3. Rates, Cost Causation, and Allocation: For each of the four electrical facility types to interconnect customers at the transmission-level – Facility Type 1: Transmission Service Facilities, Facility Type 2: Transmission Interconnection Upgrades, Facility Type 3: Transmission Interconnection Network Upgrades, and Facility Type 4: Transmission Network Upgrades[74]

1. Issue 3.a. How should the Commission determine cost causation to ensure that beneficiaries pay for Facility Types 1-4?

Cal Advocates reserves the right to respond to parties' positions in reply briefs.

2. Issue 3.b. Is there a jurisdictional split between FERC and CPUC costs for these transmission-level load interconnections for Facility Types 1-4? If so, what is the split?

Cal Advocates reserves the right to respond to parties' positions in reply briefs.

3. Issue 3.c. How should PG&E account for and recover costs accrued under CPUC jurisdictional rates and those under FERC jurisdictional rates?

Cal Advocates reserves the right to respond to parties' positions in reply briefs.

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[71] Pub. Util. Code § 783(b).

[72] Pub. Util. Code § 783(b).

[73] Pub. Util. Code § 783(d). For example, if approved by Commission Decision on or before December 31, 2025, Electric Rule 30 would not take effect until July 1, 2026. If approved in 2026, Electric Rule 30 would not take effect until July 1, 2027, and so on.

[74] Cal Advocates reserves the right to respond to parties' positions in reply briefs.

4. Issue 3.d. How should the Commission allocate the cost of new transmission-level infrastructure between existing ratepayers and the transmission-level applicant to ensure the allocation of costs is commensurate with the benefits of the facilities for ratepayers and the applicant?

Cal Advocates reserves the right to respond to parties' positions in reply briefs.

5. Issue 3.e. How will the load from new transmission-level customers affect electric service and reliability, electric utility revenue requirement, and electric rates for existing customers?

The load from new transmission-level customers interconnected under Proposed Rule 30 could negatively impact reliability and rates for all ratepayers. As discussed in the next section, PG&E's proposal depends on "best case scenario" conditions for new transmission-level customers to deliver bill benefits for ratepayers.[75] In reality, the best case scenario is least likely to occur. This makes a cost shift to ratepayers the most likely outcome.[76] Specifically, the risk of a cost shift to ratepayers is likely because of the uncertainty that exists with the majority of PG&E's transmission-level applicants (i.e., data centers)[77] and multiple real-world variables that PG&E's hypothetical scenarios do not consider.[78]

PG&E assumes that transmission-level customers can deliver bill benefits because customers' revenues will exceed the costs of building the transmission facilities[79] the new customers require.[80] However, if transmission-level customers terminate service, reduce load significantly, or fail to meet usage projections, PG&E will seek to recover the fixed

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[75] Ex. Cal Advocates-01 at 7, lines 6-12.

[76] Ex. Cal Advocates-01 at 31, lines 16-18, 32, lines 1-2, fn. 122.

[77] Ex. Cal Advocates-01 at 12, lines 13-16, fn. 40.

[78] Ex. Cal Advocates-01 at 13-15, 33, lines 1-9.

[79] Ex. PGE-04 at Attachment B, AtchB-18 ("TRANSMISSION FACILITIES: All facilities including Transmission Service Facilities [Facility Type 1], Transmission Interconnection Upgrades [Facility Type 2], Transmission Interconnection Network Upgrades [Facility Type 3], and/or Transmission Network Upgrades [Facility Type 4] to furnish Retail Service to non-residential Applicants seeking Retail Service.").

[80] Ex. Cal Advocates-01 at 31, lines 12-18, 32, lines 1-19.

costs associated with these underutilized facilities from ratepayers.[81] Also, PG&E's proposal does not guard against the risk of overbuilding transmission facilities for energy-intensive loads that may not materialize. Again, this puts ratepayers at risk of having to pay for facilities built to serve a transmission-level customer.[82]

PG&E's ratepayers already pay some of the highest rates in the country.[83] PG&E asserts that Proposed Rule 30 will benefit ratepayers because it may reduce ratepayer rates.[84] Trends around the United States are to the contrary, they demonstrate that rapid data center and industrial growth will likely lead to higher rates.[85] Further, data centers pose substantial risk to ratepayers under PG&E's Proposed Rule 30.[86] Data centers have distinctly speculative and uncertain future loads because of the rapidly developing and evolving nature of the industry. In particular:

- data centers tend to "shop around" their interconnection requests;[87]
- less sophisticated developers abandon proposed projects at a higher rate;[88]
- data centers are more likely to underutilize capacity or terminate service early;[89]
- electric utilities face challenges around incorporating speculative data center load into forecasts; and[90]

[81] Ex. Cal Advocates-01 at 8, lines 6-8.

[82] Ex. Cal Advocates-01 at 33, lines 1-14.

[83] Ex. Cal Advocates-01 at 12, fn. 37, 38.

[84] See, e.g., PGE-01 at 34, lines 1-6.

[85] Ex. Cal Advates-01 at 9-12. Cal Advocates provides analysis that rates increased in PJM territory due to rapid data center growth. Expert analysis shows energy supply cannot keep pace with growing demand resulting in increases in energy prices for all ratepayer. Further, the revenues recovered from data centers are insufficient to cover the costs of transmission upgrades and ratepayers have to cover the gap.

[86] Ex. Cal Advocates-01 at 12, lines 13-16, 13, lines 1-5.

[87] Ex. Cal Advocates-01 at 13, lines 8-12, 14, lines 1-3.

[88] Ex. Cal Advocates-01 at 14, line 4.

[89] Ex. Cal Advocates-01 at 18, lines 1-16.

[90] Ex. Cal Advocates-01 at 14, lines 4-19.

- data centers may operate at very high energy intensities, which can strain the transmission system.[91]

Due to the unique risks data centers pose, the Commission should adopt specific regulations in Proposed Rule 30 to protect ratepayers from the risk of stranded or oversized assets.[92]

Further, PG&E underestimates how upgrades to the transmission system caused by transmission-level customers will impact rates for all ratepayers.[93] CAISO Transmission Plans show that PG&E will make hundreds of millions of dollars in capital investments over the next decade to accommodate increases in data center demand forecasts in the South Bay Area.[94] [95] The scale and pace of transmission facilities PG&E builds will impact rates, particularly if revenues do not materialize to cover the costs of upgrades built to serve transmission-level customers.[96]

Even if loads materialize as planned, PG&E's proposal prioritizes the acceleration of transmission-level infrastructure but fails to address the significant cost burden this would place on ratepayers due to faster cost recovery timelines.[97] Based on current load

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[91] Ex. Cal Advocates-01 at 16, lines 11-18 ("Data centers operate at very high energy intensities - using at least 10 to 40 times more energy per square foot than the typical office building... Several recent data center applications request capacity of 500 MW to 1,000 MW at a single site."); Ex. TURN-01 at 6, Table 2 (Data Centers' Maximum Watt per Square Foot is 15-25 times higher than that of office buildings.); Ex. TURN-01, Attachment B at 48 (For example, the power required for a single data center of significant size could support 425,000 homes and would cover the land the size of 15 football fields.).

[92] Ex. Cal Advocates-01 at 19, lines 1-11, 48, lines 11-31, 49, lines 1-2. See section III.C.11.a-b for discussion on specific data center protections that should be adopted.

[93] Ex. Cal Advocates-01 at 19, lines 16-21.

[94] Ex. Cal Advocates-01 at 22, lines 1-3.

[95] Ex. Cal Advocates-01 at 22, lines 1-11; RT, V.II at 266:24-25-267:1-24 (PG&E witness Ashwini Mani) ("A There could be a lime [sic] lag between when those assumptions are locked by the California ISO to do their studies versus the rapid growth of applications. It could be data centers, it could be other customers too."). PG&E's proposal does not also account for the time lag that may occur between CAISO's annual TPP and if any forecasted load decreases.

[96] Ex. Cal Advocates-01 at 22, lines 1-11.

[97] Ex. PGE-04 at 52, lines 27-30, 53, lines 1-11 ("As the transmission-level customers receive refunds through the BARC process, existing customer rates are raised minimally as the interconnect costs are included into rate base to socialize the costs among other existing customers…").

forecasts,[98] as of this writing,[99] PG&E's proposal would inject substantial costs associated with all facility types into rate base, and rapidly expand PG&E's overall rate base.[100] As TURN rightly notes, PG&E's effort to increase capital supply under Proposed Rule 30 is not in ratepayers' interest, it serves large, capital-intensive customers that seek to finance infrastructure for their own benefit.[101] The Revenue Cap refund mechanism described in the sections below eliminates unnecessary expenses by reducing rate base growth to a prudent level. Doing so would limit PG&E's annual operating costs and expenses and help mitigate rate increases amid the affordability crisis.

Lastly, PG&E does not recognize the risks that large-load customers pose on grid reliability. PG&E claims that large-load transmission-level customers' facilities will have the ability to disconnect from the grid and isolate components due to failure or to prevent outages.[102] Yet, PG&E's claim does not account for the many situations where customers with large-loads pose a risk to grid reliability, including sensitivity to voltage fluctuations.[103] Data centers, in particular, can suddenly disconnect from the grid due to voltage fluctuations.[104] This abrupt drop in load can compromise power quality across

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[98] All else being equal and increasing annual costs for taxes, returns, etc.

[99] Ex. PGE-01 at 4, lines 6-7, 5, lines 1-6 ("The total combined current requested load of the 40 applications is 8,422 MW. Should all these transmission level projects proceed to construction and interconnection, the demand served by transmission level electric retail customer interconnections will increase by more than 4,000 percent from 196 MW to 8,618 MW (i.e., 8,422 MW proposed + 196 MW existing). This increase in transmission level customer load will require substantial upgrades to PG&E's existing electrical grid.").

[100] Ex. PGE-02, PG&E Supplemental Testimony Work Paper 2, "Customer A RRQ_All" tab. In the customer A example, PG&E's proposal results in a year 1 plant addition of $107 million for Facility Type 1-4 (line 90). PG&E would deduct the $50 million customer advance from plant by year 3, resulting in a $97 million rate base (line 144).

[101] Ex. TURN-01 at 24, lines 1-5; RT, V.I at 40:19 – 41:1-9 (TURN Jennifer Dowdell) ("…basically TURN's concern is that ratepayers – existing ratepayers, and in particular residential ratepayers, are not made to be -- to subsidize large, well-capitalized data centers. And so, TURN is primarily concerned with protecting customers rather than the speed at which data centers can be signed up.")

[102] Ex. PGE-01 at 35-36, lines 28-3; Ex. Cal Advocates-01 at 24, lines 14-18.

[103] Ex. Cal Advocates-01 at 24, lines 19-24, fn. 88 (North American Reliability Corporation (NERC) incident review in Virginia where a reliability incident occurred due to large-load customers).

[104] Ex. Cal Advocates-01 at 24, lines 23-24.

the entire system.[105] Due to the risks to reliability posed by Proposed Rule 30, the Commission should adopt the reporting requirements recommended below which will provide important precautions regarding the need for load-to-grid stabilization.[106] [107]

a) Proposed Rule 30 should address exceptionally large-load customers who may impact grid reliability.

To ensure adequate oversight, the Commission should require PG&E to submit a Tier 2 advice letter for any project above 200 megawatts (MW).[108] While the parties stipulated that service requests exceeding 230 kV should require an advice letter, Cal Advocates' disputes that applications exceeding 200 MW should also be included in this requirement.[109] PG&E argues that since "it may be that a 250 MW interconnection costs less and involves less complexity than a 50 MW interconnection" this requirement should not be included in Proposed Rule 30.[110] PG&E appears to compare apples to oranges; if in a given location a 50 MW customer requires a capacity upgrade to interconnect, a significantly larger customer at the same point of interconnection will likely need a larger capacity upgrade and impact grid reliability to a greater degree.[111] A Tier 2 advice letter

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[105] Ex. Cal Advocates-01 at 25, lines 1-2.

[106] See sections III.D.1.a.

[107] PG&E should also be required to submit NERC's Large Load Task Force's (LLTF) study on reliability expected between Q2 2025 and Q2 2026 via an advice letter after the final decision. Ex. Cal Advocates-01 at 25, lines 6-18. The LLTF's study will provide recommendations to mitigate impacts on reliability posed by large-load transmission-level customers. By requiring PG&E to submit the final study via advice letter, and with parties' responses or protest, the Commission can determine if modifications are needed to Proposed Rule 30 to better protect ratepayers and reliability of the grid. Ex. Cal Advocates-01 at 25, lines 6-18.

[108] Ex. Cal Advocates-01 at 63, lines 3-12.

[109] CMS at 2 (parties stipulated: "Electric Rule 30 and/or the form agreement should be revised to provide that:…(2) a Tier 2 advice letter will be submitted for service requests above 230 kilovolts (kV). Cal Advocates believes an additional megawatt threshold should apply…"). Ex. Cal Advocates-01 at 63, lines 6-7.

[110] Ex. PGE-04 at 31, lines 20-22.

[111] See, e.g., Ex. Cal Advocates-01 at 63, lines 13-20. "Other jurisdictions have recently approved or considered measures to ensure adequate Commission review of large-load contracts." Ex. Cal Advocates-01 at 63, lines 13-14. In Georgia, Utah, Missouri, and Idaho, these states established requirements for electric utilities to submit service requests above a certain capacity (e.g., 100 MW). See Ex. Cal Advocates-01 at 63, fn. 220-223.

filing will allow Energy Division to ensure the request is consistent with Commission policy and approved tariff terms, assess whether costs are reasonable, and evaluate reliability impacts.[112] Because Proposed Rule 30 addresses speculative and uncertain new large-load transmission-level customers, maximum Commission oversight is needed to protect ratepayers.

6. Issue 3.f. Are the proposed refund provisions of customer Advances, Actual Cost Payments, and reimbursement for Contributions and costs associated with Applicant Build Facilities over a 10-year period reasonable? If so, why? If not, what alternative should the Commission consider?

No. PG&E's proposed provisions on customer Advances,[113] Actual Cost Payments,[114] [115] and the value of their Contributions[116] and Applicant Build Facilities[117] are not reasonable. The Commission should adopt the Revenue Cap method discussed in section III.C.7.b.

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[112] Ex. Cal Advocates-01 at 63, lines 7-9.

[113] Ex. PGE-04, Attachment B at AtchB-16 ("ADVANCE: Cash payments made to PG&E for work that has been or will be performed by PG&E on the Transmission Facilities. An Advance may not include preliminary work performed by PG&E as described in Section C.2.a.").

[114] Ex. PGE-04, Attachment B at AtchB-15 ("ACTUAL COST: PG&E's fully loaded costs, including direct, indirect, and overhead costs billed in accordance with PG&E's systems for allocating charges to customers. Direct, indirect and overhead costs include, without limitation, payroll, payroll taxes, external charges, benefits, Allowance for Funds Used During Construction, Administrative and General Costs, estimating, mapping, surveying, permitting costs, land rights acquisition, transportation, service planning, contract management, sourcing, stores and tool expense, material and supplies, public liability and property damage insurance, estimated and actual state and federal income tax, and close out costs.").

[115] The applicant payment is adjusted for purposes of the BARC formula. See Ex. PGE-04, Attachment B at AtchB-9 (Section D.1), AtchB-16 (ADJUSTED APPLICANT PAYMENT: Includes any Advance and/or Actual Cost Payments made or provided by Applicant to PG&E less the Incremental Special Facilities Cost.).

[116] Ex. PGE-04, Attachment B at AtchB-15 ("ADJUSTED CONTRIBUTION COST: The lesser of: (1) the binding estimated cost for the Contribution as described in Section C.3; or (2) the actual cost paid for the Contribution by the Applicant, which shall be subject to audit by PG&E as provided in Section D.9..").

[117] Ex. PGE-04, Attachment B at AtchB-15 ("ADJUSTED APPLICANT BUILD COST: The lesser of: (1) the binding estimated cost for the Applicant Build Facilities as described in Section E.11; or (2) the actual cost paid for the Applicant Build Facilities by the Applicant, which shall be subject to audit by PG&E as provided in Section E.9.").

a) The refund provisions for transmission-level customers in Proposed Rule 30 are not reasonable because they lack ratepayer protections.

Under the refund provisions in Proposed Rule 30, a new retail transmission-level customer would be eligible for refunds on their Advances, Actual Cost Payments, and the value of their Contributions and Applicant Build Facilities.[118] Refunds would then be issued using the BARC formula. As addressed below, the BARC formula is not a reasonable method for determining when and how much to refund a transmission-level customer over a 10-year period.[119]

PG&E claims ratepayer benefits may occur with Proposed Rule 30 by potentially lowering bills. However, PG&E's claimed benefits are speculative, minimal, and do not address the affordability crisis. PG&E asserts the BARC refund process is reasonable despite the fact that the process disproportionately generates substantial refunds when the transmission-level customer generates significantly lower revenues.[120] In addition, the BARC formula refunds customers at an accelerated pace such that a customer can receive their full refund within a few years even if they fail to generate proportional revenues or reach their load.[121] [122] Further, PG&E's purported benefits to ratepayers under Proposed

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[118] Ex. PGE-01 at 46, lines 23-26.

[119] See section III.C.7.a. of the opening brief.

[120] Compare RT, V.I at 71:25 – 72:1-19 ("Q …but just to be clear, so PG&E cannot ensure that there will be rate benefits related to these transmission-level customers triggering transmission network upgrades; is that right? A We can't guarantee it, but we do believe that our proposal provides a lot of safeguards to protect against potential costs that our remaining customers might have to pay without commensurate revenue from the new customers coming online…So we recognize there is some risk…and the analysis we've done so far, we feel the risk of that being costly to many customers is low.") to Ex. Cal Advocates-01 at 29, lines 5-7.

[121] Ex. Cal Advocates-01 at 32, lines 3-9, 33, lines 1-9. A transmission-level customer will need to generate sufficient revenues for years after costs are added into rate base to fully cover the early refunds provided under the BARC formula. Ex. Cal Advocates-01, at 29, lines 5-9, 32, lines 3 to 7.

[122] PG&E's proposal is dependent on the later years in the refund process for ratepayers to benefit under the BARC formula. Ex. PGE-04 at 54 (Table 3, line 6). RT, V.I at 89:13-19 (PG&E Sienna Rogers).

PG&E is short-sighted in assuming that rate benefits in year 10 matter as much to ratepayers as year 1 – this is untrue given the time value of money (e.g., inflation, changes in rates) and the immediate affordability crisis.

Rule 30 are miniscule and could even be negative in the short term.[123] [124] For example, under PG&E's Customer A scenario, the average ratepayer will see $2.67 in bill savings in year 4, which is approximately $0.22 a month, and 0.1 percent of the average non-CARE residential customer's $210 monthly bill.[125]

PG&E assumes "best case scenario" conditions where it projects ratepayer benefits under Proposed Rule 30. These scenarios fail to account for real-world issues, other electrical system improvements and maintenance, and cost increases from uncertainties that may occur (e.g., construction delays, changes in transmission rates, a customer ends service early, a customer fails to meet their forecasted load).[126] As such,

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[123] RT, V.I at 114:15-25, 115:1-5 (PG&E Sienna Rogers) ("Q So going to line 6 that PG&E's counsel just pointed out as being the line that ratepayers care about, to be clear, on like (sic) the rest of this table, in terms of dollar amounts, these are the actual dollar amounts. So, for example, Year 2 is 28 cents; is that right? A That's correct. Q So in Year 2, a ratepayer is going to save 28 cents over the course of a whole year? A That's correct. Q So a few pennies a month? A Yes, that's correct. Q Okay. And then at the very bottom you say the total 15-year bill savings for -- with customer A is $46 -- $46.22; is that right? A That's correct. Q So you're saying a ratepayer is going to save $46.22 over the course of 15 years? A That's correct.").

[124] Ex. PGE-04 at 54 (Table 3, line 6, showing annual bills savings for ratepayers to be: -$0.07 year 1, $0.28 year 2, $2.05 year 3, $2.67 year 4), at 82 (Table 7, line 9, showing annual bills savings for ratepayers to be: -$0.68 year 1, -$0.47 year 2, -$0.16 year 3, $0.16 year 4). Under the Customer A scenario, it will take 15 years for the average non-CARE residential ratepayer to see a savings of $46.22. Under the Customer B scenario, it will take 15 years for the average non-CARE residential ratepayer to see a savings of $14.17. PG&E's customer scenarios do not appear to account for inflation. Note only the first four years are addressed here because they are analogous and do not reflect the bill decrease from PG&E's minimum demand charge. In September 2025, PG&E reported that an average non-CARE residential ratepayer's monthly bill is $210. See Gazda, Mike, *PG&E Electric Bills Down From Last Year, Expected to Drop Again in 2026*, PG&E Newsroom, October 2, 2025, available at https://www.pge.com/en/newsroom/currents/energy-savings/pg-e-electric-bills-down-from-last-year--expected-to-drop-again-.html.

[125] Ex. PGE-04 at 54 (Table 3, line 6, showing annual bills savings for ratepayers to be: -$0.07 year 1, $0.28 year 2, $2.05 year 3, $2.67 year 4); in September 2025, PG&E reported that an average non-CARE residential ratepayer's monthly bill is $210. See Gazda, Mike, *PG&E Electric Bills Down From Last Year, Expected to Drop Again in 2026*, PG&E Newsroom, October 2, 2025, available at https://www.pge.com/en/newsroom/currents/energy-savings/pg-e-electric-bills-down-from-last-year--expected-to-drop-again-.html.

[126] See, e.g., RT, V.I at 51:11-25, 52:13 (TURN Jennifer Dowdell) ("Q And what was the impact to the bill impacts of using 113 million? A It was close to the figures we had for 120, and so it didn't change the general outcome. The amount of savings for customer A was less, as you would expect, and the lack of savings for customer B was also less than what we got with $120 million of level 4. And what strikes me is the sensitivity to cost of whether or not ratepayers benefit from new data center load. In this case, the illustration, as I pointed out, shows only the transmission bill component where the savings is. If there are increases of cost in distribution or in generation capacity that is required, that could change whether

PG&E's examples of ratepayer benefits for Proposed Rule 30 are hypothetical and not guaranteed.[127]

PG&E's customer scenarios estimate $50 million for advances and/or actual costs payments for Facility Types 1-3 and $50 million for Facility Type 4.[128] These costs come from an average of six projects chosen by PG&E, absent a showing of how or why they are representative of all transmission-level customers.[129] As demonstrated by both TURN[130] and Cal Advocates, the costs associated with transmission-level customers could be significantly higher.[131]

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customers see a savings. If the transmission, which PG&E's illustration only looks at in the first year, if these customers' data centers trigger significant transmission upgrades across the 10-year BARC refund period, as PG&E proposes in its Rule 30, then ratepayers could pay more. And as I've said repeatedly, TURN's concern is not a case where the costs are lower or as low as PG&E expects for serving these customers. TURN's concern is that the costs could be higher and that there are several kinds of costs that are not considered in PG&E's illustration, and for that reason, we have proposed that there be more customer protections. Because if the costs are higher, customers may subsidize large well-capitalized data centers.")

[127] Ex. PGE-04 at 29, lines 8-20 ("Q 39 TURN cites to PG&E's workpapers (WP) and argues that Facility Type 4 upgrades could be $120 million for a single project. Please address TURN's concern. A 39 …cost assumptions reflected in WP 2 are only for illustrative purposes and do not represent actual projects. WP 2 provides the calculation supporting the examples in PG&E's Supplemental Testimony and is illustrative as well. Thus, TURN's reliance on numbers from this WP are misplaced because the WP calculations and the associated testimony are illustrative, not actual costs….").

[128] Ex. PGE-01 at 30, lines 9-23.

[129] Ex. Cal Advocates-03, Appendix C-8 at C-0625-C-0627 ("The table below provides data for six projects that were used in developing PG&E's estimate of $50 million for Facility Types 1-3 and $50 million for Facility Type 3. The total average costs for Facility Types 1-3 summed up to be $46,375,000 in which we rounded up to $50,000,000 and Facility Type 4 averages $50,875,000 in which we rounded down to $50,000,000.").

[130] RT, V.I at 34:4-25, 35:1-2 (TURN Jennifer Dowdell) ("Q Okay. And that was based on what we just looked at, which was your analysis that it came to $120 million; is that right? A Well, it was also based on a DR…that references level-4 upgrades of $113 million for one of the projects. So the range is from zero to $113 million. And TURN's concern is if the costs are higher than PG&E expects, TURN completely agrees with PG&E that if the cost of new data center customers is on the low range, there may be customer savings in the transmission component of the bill, which is what the bill impact illustration appears to show, and that would be great. But if the costs are higher than expected or if there are other costs that are not reflected in the transmission component of the bill, customers may end up paying more, and that is TURN's concern."). See also Ex. TURN-02, TURN Response to Data Request PG&E-TURN-003 & Supporting Workpapers and Attachments, at PDF page 4-5 (PG&E response to Cal Advocates Data Request No. 002, Question 005, served on February 4, 2025).

[131] Ex. Cal Advocates-03 – Appendix C at C-004 ("The only instance where new transmission-level loads would trigger an upgrade to PG&E's distribution system would be where new transmission-level loads cause the conversion of the transmission system from one transmission voltage to a higher transmission

PG&E claims that the BARC formula will benefit ratepayers.[132] Yet, the alleged benefit from PG&E's proposed refund process can only materialize if a transmission-level customer operates at its forecasted load for the full 10-year refund period.[133] Thus, PG&E's proposal to use the BARC formula assumes that future revenues will appear consistently to cover the entire refund cost over the years after the refund is made. If a customer ceases operation, operates at less than its forecast load at any point, or myriad other events occur, costs will be shifted to ratepayers[134] resulting in ratepayer harm.[135] PG&E's refund provisions fail to adequately protect ratepayers. The Commission should instead adopt the Revenue Cap method which is addressed below in section III.C.7.b.

b) PG&E's review and oversight costs of Applicant Build Facilities should be nonrefundable.

In Section E.1.d of Proposed Rule 30 PG&E states that applicants would be ineligible for refunds of PG&E's review and oversight costs for Applicant Build Facilities.[136] Though no party in the proceeding proposed such a change, in its rebuttal testimony, PG&E removes this language without providing reason or support.[137] The removal creates unnecessary ambiguity around cost responsibility and undermines the clarity and finality of the original language provided. Absent any support in the record,

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voltage. In that instance, any distribution substation transformers that are not capable of being served by the higher transmission voltage would require replacement with new substation transformers that can interconnect at the higher voltage.").

[132] See Ex. PGE-04 at 54 (Table 3, line 6); see also RT, V.I at 89:13-19 (PG&E Sienna Rogers).

[133] Ex. Cal Advocates-01 at 32, lines 10-19.

[134] Ex. Cal Advocates-01 at 32, lines 10-19 ("Cal Advocates performed analysis based on discovery from PG&E that shows if that same customer ceases operations (i.e., falls to 0 MW of load) in year 4, ratepayer bills will increase by $6.04 per ratepayer."), fn. 126 ("The 10-year ratepayer bill analysis only considers the interconnection of a single transmission customer, and would compound per ratepayer by the number of transmission-level customers taking service from PG&E."); see also Ex. Cal Advocates-04, at D-0014 (10-year bill analysis customer scenario no. 7).

[135] Ex. Cal Advocates-01 at 32, lines 10-19.

[136] Ex. PGE-01 at Attachment A, AtchA-11 (Section E.1.d states: "PG&E's review and oversight costs related to the Applicant Build Facilities, except as specified in Section E.9. The Applicant will be separately invoiced for PG&E's costs and is not eligible for a Refund of these review and oversight costs…").

[137] Ex. PGE-04 at Attachment B at AtchB-12.

the Commission should reject this unexplained revision and maintain the non-refundable nature of these costs.

7. Issue 3.g. Is PG&E's Base Annual Refund Process (BARC) a reasonable methodology to determine when applicants are eligible for refunds?

No. The BARC method is not reasonable to determine the timing and amount of applicant refunds.

a) The Commission should not adopt the BARC method for determining refunds to applicants.

The BARC formula is not a reasonable method for determining the timing and refund amount a transmission-level customer will receive.[138] [139] The Commission approved the BARC formula for distribution-level customers who have distinct financial risk profiles as compared to transmission-level customers.[140] Now, PG&E asserts that because the Commission previously approved the BARC formula, the Commission should approve the formula again with a few tweaks to apply to transmission-level customers instead.[141]

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[138] In other sections of this brief, Cal Advocates makes recommendations that should be applicable to only data centers. Regarding the BARC formula and the recommendation to adopt the Revenue Cap method, the Commission should adopt the Revenue Cap method to be applied to all transmission-level customers.

[139] Ex. PGE-04, Attachment B at AtchB-16 ("BASE ANNUAL REVENUE CALCULATION or BARC: The amount calculated using the retail electric components of the Applicant's energy bill for the one-year period following the commencement of the Refund Period using the following formula:

$$BARC\ FORMULA = \frac{Net\ Revenue}{CoSF} * (1 + ITCC)$$".

[140] Ex. Cal Advocates-01 at 26-29 (setting forth three key reasons why the BARC formula cannot be borrowed from existing Electric Rules).

[141] Ex. PGE-01 at 47, lines 10-27. PG&E's Supplement Testimony quotes a portion of Finding of Fact No. (FOF) 7 from D.15-06-045 while leaving out key language from the FOF. The key language in Finding of Fact 7 states: ("7. PG&E persuasively identifies factors that are logical and consistent with the revenue-based approach that underlies D.94-12-026: the point of the BARC review is to assess whether additional revenue supports any refunds, and not to pay refunds for the same revenue year after year; *focus on permanent load serves to harmonize Rule 15.E.5 with other Rule 15 provisions*." D.15-06-045, *Decision on Two Issue Referred by Bankruptcy Court*, 2015 WL 4034963 (Cal.P.U.C.), June 25, 2025, at *18 (emphasis added).

However, the circumstances in this proceeding are different from when the BARC formula was approved three decades ago. The Commission previously approved the BARC formula as part of a settlement for Electric Rule 15 that governs distribution-level line extensions and service extensions for electric service offered by Commission-regulated utilities.[142] In D.15-06-045, the Commission reviewed Electric Rule 15 due to an ambiguity in the rule for calculating non-residential refunds due in the first three years based on the 10-year refundable option.[143] Regarding the ambiguity on refunds, PG&E argued that it should be permitted to use a comparative method under the BARC formula.[144] PG&E's comparative method using the BARC formula pays refunds only when permanent load increases year to year due to examination of new, permanent load.[145] [146] In D.15-06-045, the Commission determined that focus on new permanent load through PG&E's comparative method using the BARC formula harmonized with other sections of Electric Rule 15.[147]

PG&E's reliance on the Commission's prior approval of a settlement agreement that included the BARC formula is misplaced. First and foremost, Electric Rule 15

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[142] See D.94-12-026, *Re Line Extension Rules of Electric and Gas Utilities*, December 7, 1994, 58 CPUC 2d 1.

[143] See D.15-06-045, 2015 WL 4034963 (Cal.P.U.C.) at *12-13.

[144] See D.15-06-045, 2015 WL 4034963 (Cal.P.U.C.) at *12-13 stating: (According to PG&E, these factors include the following:…• Rule 15.E.5 requires examination of new, permanent load, and the comparative method pays refunds only when permanent load increases year to year…*Focus on permanent load serves to harmonize Rule 15.E.5 with other Rule 15 provisions*...).

(emphasis added and internal citations omitted).

[145] D.15-06-0452015 WL 4034963 (Cal.P.U.C.) at *13.

[146] In addition to not adopting the BARC formula, there is legacy language regarding "new permanent load" in Proposed Rule 30 that comes from Electric Rule 15.E.5 that aligns with other sections of Electric Rule 15.E. See Ex. PGE-04, Attachment B at AtchB-9 (section D.4.b stating "The Applicant is responsible for notifying PG&E if new, permanent load is added during the fourth through tenth year of the Refund Period no later than December 31st of the calendar year and providing documentation of the new, permanent load. If the Applicant does not provide PG&E notice by December 31st, PG&E will not calculate or provide a Refund for that calendar year."). In Electric Rule 15.E.5, the language harmonized with other section of the rule regarding refunds. See D.15-06-045, 2015 WL 4034963 (Cal.P.U.C.) at *18. In Proposed Rule 30, the language is tweaked but does not "harmonize" with other sections of the proposed rule. Instead, the language creates ambiguity and should be removed. See further discussion in section III.C.7.b. regarding the Revenue Cap method.

[147] D.15-06-045, 2015 WL 4034963 (Cal.P.U.C.) at *18.

addresses distribution-level customers who need distribution line extensions or service extensions.[148] Distribution-level customers are not comparable and have fundamental differences to large-load customers seeking retail service at the transmission-level.[149] Distribution-level customers tend to have smaller loads, lower costs, and distribution system connections can be easily replaced by other customers.[150] [151] In contrast, transmission-level customers can sometimes consume up to roughly 1,000 times more gigawatt-hours annually than typical distribution customers.[152] A transmission-level customer can drive significant investment in transmission infrastructure.[153] In turn, the significant costs associated with transmission infrastructure could be shifted onto ratepayers in the event a customer departs or fails to meet forecasted demand.[154] The potential risk for underutilized assets triggered by large-load customers and those costs being shifted to ratepayers is higher as compared to distribution-level customers in Electric Rules 15.[155] [156]

PG&E's minimal modifications to the BARC formula fail to account for higher system costs driven by large-load customers.[157] Transmission-level customers,

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[148] See Electric Rule No. 15.

[149] Ex. Cal Advocates-01 at 26, lines 16-17, 27, lines 1-2.

[150] Ex. Cal Advocates-01 at 26, lines 16-17, 27, lines 1-2.

[151] Ex. PGE-01 at 6, lines 26-28; Ex. PGE-01 at 7, lines 1-2; Ex. Cal Advocates-01 at 26-29; Ex. PGE-04 at 42, lines 7-19.

[152] Ex. Cal Advocates-01 at 26, lines 16-17, 27, lines 1-2.

[153] Ex. Cal Advocates-01 at 27, lines 5-13.

[154] Ex. Cal Advocates-01 at 27, lines 5-13.

[155] Ex. Cal Advocates-01 at 27, lines 5-13.

[156] See, e.g., RT, V.I at 148:10-25, 149:1 (PG&E witness Karen Khamou Ornelas) ("Q So in regard to this question, Cal Advocates has provided that there is an increased likelihood of underutilization. Is it your opinion that national growth -- because of the national growth of load, there is no underutilization as a result of these data centers coming online? A I'm not sure at all. It will depend on what we see. I mean even I think the ERCOT report is focused on just a couple of years of data, which is the early years. And we noted in our testimony that there's a time to ramp for data centers so they won't hit full load day one of an organization, but there is a ramp period. Yeah. And then, again, we agreed with Cal Advocates that to prevent any underutilization, we do have an exit fee and a minimum demand charge and a minimum contract charge.").

[157] Ex. Cal Advocates-01 at 27, lines 14-15, 28, lines 1-4.

particularly data centers, can be the sole trigger for and require extensive transmission upgrades – thus they should share more system costs, not less.[158] However, PG&E's proposed BARC formula will allow it to issue refunds to large-load transmission-level customers before they pay an equitable share of PG&E's annual revenue requirement through electric transmission rates (i.e., transmission revenues).[159] Per PG&E's proposal, for every $1 in annual Net Revenue,[160] PG&E will invest $7.31 of Transmission Facilities (Types 1-3) costs.[161] PG&E then socializes the remaining $6.31 of Net Revenue of fixed costs across all ratepayers on an amortized basis.[162] As a result, PG&E would issue refunds to transmission-level customers that are on average 3.71 times the customer's transmission revenue, depending on the load and facilities' costs.[163] In other words, refunds under the BARC formula can easily be larger than the revenue generated by transmission-level customers.[164] Therefore, PG&E will most likely add more costs to rate base than a transmission-level customer contributes, to the detriment of ratepayers.

PG&E's own hypothetical customer examples demonstrate that PG&E will pay higher refunds at a faster rate than revenues are generated by transmission-level customers. Specifically, as shown in Table 4 of PG&E's rebuttal testimony, customer A can generate only $2.7 million annual net revenue, but receive $24.6 million in refund in year 1 of the refund period.[165] A $24.6 million refund is approximately 50 percent of the

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[158] Ex. Cal Advocates-01 at 27, lines 14-15, 28, lines 1-4.

[159] Ex. Cal Advocates-01 at 27, lines 14-15, 28, lines 1-4.

[160] Ex. PGE-04, Attachment B, at AtchB-18 (NET REVENUE: That portion the total rate revenues based on actual meter usage data that supports the Transmission Facilities. The term Net Revenues excludes items such as energy, public purpose programs, non-bypassable charges, revenue cycle services, and other revenues that do not support the Transmission Facilities costs.).

[161] Ex. Cal Advocates-01 at 29, lines 3-5.

[162] Ex. Cal Advocates-01 at 29, lines 3-5.

[163] Ex. Cal Advocates-01 at 29, lines 5-7.

[164] Ex. Cal Advocates-01 at 29, lines 7-9.

[165] Ex. PGE-04 at 60 (Customer A in year 1 has a 19 megawatt (MW) load, $2,713,293 in Net Revenue – Annual, and $24,594,173 in Refund – Annual). See also RT, V.I at 75:4-21 (PG&E, Sienna Rogers) ("Q Okay. So given that the customer is refunded approximately 50 percent of their advance for only approximately 25 of the customer's forecasted load, is it true that under PG&E's proposed BARC method,

customer's advance.[166] In the first year, PG&E's transmission revenue requirement of $11 million would exceed the revenue generated by the customer.[167] By year 3, customer A's entire refund is paid without the customer reaching its forecasted load of 75 MW (a deficit of 19 MW).[168] Table 5, PG&E's customer B scenario demonstrates a similar result. Here the refunds are substantially higher than the revenue generated by the customer, with the customer receiving approximately 67 percent of their refund by year 5.[169] Customer B receives over half of their refund when they reached only 30 MW of their forecasted load of 75 MW.[170] While PG&E admits that transmission customers may receive refunds in advance of revenues,[171] [172] it asserts that a customer is unlikely to end

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a customer can be refunded more of its advance than – for only a portion of -- a small portion of its forecasted load? A So based on how the BARC formula works, it actually -- it's -- it doesn't -- it doesn't actually take in -- it takes into account the revenue of the -- of the customer, and based on that revenue and the cost-of-service factor, it calculates the refund amount. And I agree that the math, based on this specific example, results in about half of the advance being returned. Q For only 25 percent of the forecasted load; correct? A That's correct.").

[166] RT, V.I at 74:25, 75:1-18 (PG&E Sienna Rogers) ("Q Okay. Is it accurate to say that Year 1 refund for the customer under PG&E's BARC method is about half of their advance? A I would agree with that statement, yes…").

[167] Ex. PGE-04 at 54 (Table 3, line 4 "Customer A Incremental Large Load Revenue Requirement (Millions of Dollars) is $11 in year 1).

[168] Ex. PGE-04 at 60 (Customer A in year 3 has a 56 MW load, $7,643,616 in Net Revenue – Annual, and $18,920,964 in Refund – Annual).

[169] Ex. PGE-04 at 61 (Customer B in year 1 has a 5 MW load, $847,765 Net Revenue – Annual, $7,684,417 Refund – Annual; Customer B in year 5 has 30 MW load; $4,179,065 Net Revenue – Annual, and $11,251,212 Refund - Annual).

[170] Ex. PGE-04 at 61.

[171] Ex. PGE-04 at 50, lines 19-21. PG&E claims that the difference between revenues and refunds "will likely only be several years" without addressing the fact the revenues are disproportionate to the refund payouts. Nor does PG&E address the fact a customer can receive their full refund within three years and before they reach their forecasted load.

[172] PG&E also argues that it is reasonable to receive refunds prior to generating revenues. RT, V.I at 96:7-19 (PG&E Sienna Rogers) ("Q Is it PG&E's position that it is reasonable for transmission-level customers such as data centers to receive refunds prior to generating revenues? A Yes, it is our position it's reasonable. We believe these are large customers investing hundreds of millions of dollars in these facilities. We are asking them to advance the funds up front…we believe it's reasonable to return once they've reached a certain threshold of revenues. There is the expectation that those revenues would continue…").

service or reduce usage after a couple years.[173] [174] Notably, PG&E provides no support or sources that show a customer will not act in such a manner.

Importantly, PG&E's position does not align with the Commission's cost causation principles. Customers that cause a cost to be incurred by receiving service should pay the cost of service to fairly apportion costs.[175] Under the BARC formula, transmission-level customers are not required to generate proportional revenues to cover the costs they incurred to serve them.[176]

Finally, ratepayers will be harmed by the BARC formula due to the misalignment of costs and revenue when customers increase their load ramp.[177] Under the BARC, there is an early onset of high costs which adds unnecessary costs associated with rate base

[173] Ex. PGE-04 at 50, lines 21-24.

[174] RT, V.I at 172:17-25, 173:1-5 (PG&E Karen Khamou Ornelas) ("Q And you stated that you do not expect these customers to drop out of the process after they provide the advance, which would be in the millions of dollars; is that right? A Yes. I think the more money they -- the more money they put down, the less likely it is that they would drop out because they are not getting any of that money back unless they -- Q And -- and are you just basing that on your general understanding of how businesses operate? A That's right. Because we've gone now through one cluster, and we're starting the second cluster. So I do think they would -- yeah, that's a general sense of how that -- they would operate.").

[175] See, e.g., D.23-04-040, *Decision Adopting Electric Rate Design Principles and Demand Flexibility Design Principles*, May 3, 2023, at Ordering Paragraph (OP) 1(h) ("Rates should avoid cross-subsidies that do not transparently and appropriately support explicit state policy goals"), at Attachment A, A.iii ("Rates should be based on cost causation. This principle affirms that a customer, or a customer class, that causes a cost to be incurred by receiving service should pay for the cost of service. The purpose of this principle is to fairly apportion utility costs to customers…").

[176] As discussed above, transmission-level customers can receive their full refund quickly without generating sufficient revenues.

[177] Ex. PGE-04 at 54 (Table 3, line 3, showing annual estimated revenue under the Customer A scenario, line 4, showing annual incremental large load revenue requirement) at 82 (Table 7, line 5, showing annual estimated revenue under the Customer B scenario, line 7, showing incremental large load revenue requirement under the Customer B scenario).

(e.g., Operation and Management, taxes, debt and equity costs) into rates.[178] [179] The BARC creates a delay between when PG&E issues its capital revenue requirement and when the customer's revenues cover the costs of service.[180] If a transmission-level customer demands low load in its early years, PG&E's capital revenue requirement associated with the refund for a transmission-level customer is more than that customer's revenue when the refund is issued.[181] [182]

For the reasons set forth above, PG&E's proposal to borrow the BARC formula from existing Electric Rules is unreasonable and should be denied.

b) The Commission should adopt the Revenue Cap method to protect ratepayers from cost shifts.

The Commission should adopt the Revenue Cap method which will protect ratepayers from subsidizing costs caused by large-load transmission-level customers.[183] The Revenue Cap method calculates refunds according to the customer's annual Net

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[178] Ex. Cal Advocates-01 at 28, lines 13-14, fn. 108. PG&E does not need to grow its rate base at a fast rate in order to complete refunds. See discussion on implementing the Revenue Cap method. For example, if even half of the customers PG&E expects will interconnect under Proposed Rule 30 in the next five years actually do interconnect, the BARC formula could result in an extra $265 million in revenue requirements by 2035. Ex. Cal Advocates-01 at 37, lines 7-9, 38, lines 1-3 (Table 6 shows PG&E's revenue requirement under the Customer A scenario: $121.09 million under the BARC formula less the $107.73 million under the Revenue Cap = $13.36 million. Cal Advocates' estimates the extra revenue requirement for the entire queue for general illustration purposes only. Actual costs would depend on the individual interconnection applications. For a high-level estimate, the extra $13.36 million revenue requirement in BARC is multiplied by 20 transmission-level customer applications.) Ex. PGE-04 at 37, lines 18-22. PG&E claims it received 40 active applications for transmission-level service with demands of 4 MW or greater since 2023 as of March 21, 2025. While PG&E notes that, "some applications have been withdrawn," others may have been received. Based on the most recent available public data, Cal Advocates calculates that 20 transmission-level customers is 50 percent of PG&E's current queue.

[179] Ex. PGE-02 – PG&E Supplemental Testimony Work Paper 2, "Customer A RRQ_All" tab. In the customer A example, PG&E's rate base in year 3 is $97 million (line 144). The estimated returns on rate base for common equity and debt amount to $7 million in year 3 (lines 150 and 151).

[180] Ex. Cal Advocates-01 at 30, lines 19-27, 31, lines 1-2.

[181] Ex. Cal Advocates-01 at 30, lines 8-18.

[182] Proposed Rule 30 also does not include protections for Facility Type 4 projects costs such that PG&E's capital revenue requirements are dependent on forecasted load materializing for a large-load transmission-level customer. Ex. PGE-01 at 45, lines 8-15.

[183] TURN supports the adoption of the Revenue Cap method. See, e.g., Ex. TURN-01 at 28, lines 22-23, 29, lines 1-2.

Revenue instead of being tied to a customer's partial contribution to ongoing costs (i.e. Cost of Service Factor (CoSF)).[184] The formula in the Revenue Cap method is Net Revenue and appropriate Income Tax Component of Contribution (ITCC) less any customer-financed Monthly Ownership Charge.[185] The Revenue Cap provides more equitable treatment of the costs for transmission assets that PG&E operates to serve transmission-level customers. The Revenue Cap method caps refunds such that a customer cannot immediately receive a full refund or a significant portion of their refund because it would exceed their Net Revenue.[186] The refunds are timed so that a customer's contribution to PG&E's annual revenue requirement is aligned with the costs caused to build and operate the transmission assets.[187] Importantly, the Revenue Cap slows down the rate of refunds which better protects ratepayers.[188]

The Revenue Cap method will provide better ratepayer protection in actual bill savings compared to the BARC formula. As discussed above in section III.C.6.a., the small ratepayer bill savings touted by PG&E are based on "best case scenario" conditions in two customer scenarios. The Revenue Cap method provides protection for ratepayers in the event transmission-level customers do not sustain their revenue.[189] If a transmission-level customer lowers their demand or terminates service, the Revenue Cap method ensures that the customer will contribute to PG&E's costs to serve them through

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[184] Ex. Cal Advocates-01 at 33, line 17-18, 34, lines 1-6.

[185] Ex. Cal Advocates-01 at 34, line 6-9. The Revenue Cap method maintains PG&E's proposal that it would issue refunds to the customer until the ten-year refund period ends or the total refund amount is paid, whichever is earlier. Ex. Cal Advocates-01 at 34, lines 6-9.

[186] Ex. Cal Advocates-01 at 34, lines 13-15, 35, lines 1-5. Consider, PG&E's BARC which allows Customer A to earn a refund of $24 million in year 1 which approximately half of their refund and ten times higher than the customer's Net Revenue. Whereas, under the Revenue Cap method, the customer would receive a proportional $3.4 million refund in year 1 which equals the customer's annual Net Revenue including ITCC. Ex. Cal Advocates-05, Errata Table 4 and page 35.

[187] Ex. Cal Advocates-01 at 36, lines 2-4.

[188] Ex. Cal Advocates-01 at 35, lines 5-12, 36, lines 1-2; Ex. Cal Advocates 05. See also Ex. Cal Advocates-04 – Appendix D, providing eight scenarios under the Revenue Cap method, including ratepayer impacts, that show: customers who reach their forecasted load, customers who fail to reach their forecasted load, and customers who reduce load or terminate service.

[189] Ex. Cal Advocates-01 at 41, lines 7-12.

PG&E billed revenues.[190] In two customer scenarios that compare the BARC formula and the Revenue Cap method, the customers either drop their load and end service or reach their forecasted load and end service.[191] In both scenarios, the Revenue Cap method protects ratepayers either by shielding them from higher increases in bills[192] or allowing for ratepayers to still see some incremental bill reduction.[193] [194]

PG&E opposes the Revenue Cap method and asserts that transmission-level customers should be refunded their upfront payments over a shorter period of time rather than "the 7-10 year repayment" timeline, including pre-energization, proposed by Cal Advocates.[195] PG&E's rationale for its opposition is that transmission-level customers will pay upfront costs years in advance of facilities being energized and once energized, may pay hundreds of thousands of dollars in monthly charges.[196] PG&E's rationale is flawed. PG&E's BARC proposal also requires transmission-level customers to wait the same pre-energization period as the Revenue Cap method before receiving their full refund.[197] In fact, Cal Advocates' proposal only extends the refund period by three to four years.[198] But that three to four year improvement provides greater protection for

[190] Ex. Cal Advocates-01 at 41, lines 7-12.

[191] Ex. Cal Advocates-01 at 41, Table 9; Ex. Cal Advocates-04 at D-0008-D-0009 (Customer 7 and 8). Notably, PG&E only provided two customer scenarios neither of which address a customer dropping their demand or terminating service.

[192] Under Cal Advocates' Customer 7 scenario, a $3.85 savings under the Revenue Cap method versus the BARC formula. Ex. Cal Advocates-01 at 41, Table 9.

[193] Under Cal Advocates' Customer 8 scenario, a $2.48 savings under the Revenue Cap method versus the BARC formula. Ex. Cal Advocates-01 at 41, Table 9.

[194] Ex. Cal Advocates-01 at 41, Table 9; Ex. Cal Advocates-04 at D-0008-D-0009 (Customer 7 and 8).

[195] Ex. PGE-04 at 50, lines 14-18.

[196] Ex. PGE-04 at 50, lines 9-17. PG&E also asserts that transmission-level customers potentially may generate substantial revenues and it is appropriate to refund these customers their upfront payment over a shorter period. However, as provided above in section III.6.a., PG&E's customer scenarios show that transmission-level customer's revenues are significantly less than the refunds a customer will receive under the BARC and less than PG&E's revenue requirement.

[197] RT, V.I at 98:15 – 99:13 (PG&E Sienna Rogers).

[198] Ex. Cal Advocates-01 at 36, lines 5-7.

ratepayers in bill savings.[199] Notably, PG&E acknowledges and agrees that impacts to ratepayers are reduced by providing them more protection in extending the refund payouts.[200]

PG&E objects to removal of the CoSF in the Revenue Cap method.[201] PG&E's concerns are tied to the impact this would have on the Monthly Ownership Charge (MOC).[202] PG&E states that the CoSF is necessary to account for the longevity of transmission assets by estimating the total value "supported by future revenues of a customer."[203] PG&E claims that future revenues will remain consistent over the long lifespan of an asset[204] based on projections of future revenues to cover the asset's value.[205] The Revenue Cap method's removal of the CoSF does not reduce the total value of an asset over its useful life, rather, it modifies the calculation to reduce the need to speculate on future years' revenues.[206]

PG&E also asserts that limiting the refund period to 10 years may penalize transmission-level customers waiting for new transmission upgrades before increasing usage and by extension revenues.[207] However, PG&E overlooks the non-volatile consistency of refunds under the Revenue Cap method. Even in cases where load is constrained by capacity, the Revenue Cap method would not prevent a transmission-level

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[199] Ex. Cal Advocates-01 at 36, lines 12-16, 37, lines 1-5 ("For example, implementing the Revenue Cap method for Customer A (i.e., Customer 1) results in 6% higher savings.").

[200] RT, V.I at 101:9-17 (PG&E Sienna Rogers) ("Q Okay. And do you also agree that that timing difference, that extension of the refund process also impacts ratepayers by providing them more protection? A I would agree that ratepayers will pay less over time if those customers do connect and we were to apply the revenue cap formula. However, I -- I do believe the effect of protecting customers is achieved through our combination of BARC formula and minimum demand and termination fee proposal as well.").

[201] Ex. PGE-04 at 58, lines 17-32, 59, lines 1-12.

[202] Ex. PGE-04 at 58, lines 17-32, 59, lines 1-12.

[203] Ex. PGE-04 at 57, lines 18-24.

[204] Ex. Cal Advocates-01 at 44, lines 7-12.

[205] Ex. PGE-01 at 43, lines 3-13.

[206] Ex. Cal Advocates-01 at 33, lines 17-18, 34, lines 1-3, 36, lines 1-4.

[207] Ex. PGE-04 at 58, lines 4-14.

customer from being eligible to receive annual refunds.[208] Unlike the BARC formula, the Revenue Cap method distributes costs up to a reasonable amount over a longer period regardless of incremental loads.[209] Should an upgrade happen later during the refund period (as PG&E suggests),[210] customers' demand would likely increase such that the refund also increases in line with the additional capacity.[211] Further, PG&E's concerns are also applicable to the BARC formula.[212] Delayed transmission upgrades could lead to constraints in customer load such that the BARC formula determines a lower refund amount than that which the customer is ultimately eligible. For example, if a transmission-level customer's load in a year drops to a lower level than in a previous year, the reduced load may no longer justify a refund.[213] As such, the Revenue Cap method ensures that transmission-level customers can fully recover their upfront cost payment as long as capacity is available on the grid.[214]

PG&E objects to the proposed MOC, an additional component of the Revenue Cap method.[215] PG&E compares example refunds with the MOC in rebuttal testimony to attempt to show how the Revenue Cap method accrues higher charges than the BARC formula.[216] Yet, PG&E agrees with Cal Advocates on the reasonableness to accrue the

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[208] Ex. Cal Advocates-01 at 34, lines 13-15.

[209] Ex. Cal Advocates-01 at 35, lines 11 and 12.

[210] Ex. PGE-04 at 66, lines 3-9.

[211] Ex. Cal Advocates-01 at 36, lines 15 and 16, 37, line 1 (Table 5 shows the total refund amount for customer scenarios nos. 1 through 3, which reflects expected load levels of 75 MW and 90 MW.). The load ramps in these scenarios could occur from delayed transmission upgrades, in which case the increased refunds in year 2-5 are a result of system expansion. Ex. Cal Advocates-04, Appendix D at D-002-D-004 (10-year bill analysis for customer scenario nos. 1-3).

[212] Ex. PGE-04 at 14, lines 16-25, 58, lines 7-11.

[213] In that case, PG&E would not issue a refund to the customer that year. Sub-section (c) addresses an alternative to ensure refunds are consistently justified by incremental customer load, if the Commission does not adopt the Revenue Cap method.

[214] Ex. Cal Advocates-01 at 36, lines 8-14.

[215] Ex. PGE-04 at 58, lines 17-27, 59, lines 1-12.

[216] Ex. PGE-04 at 59, lines 1-12, 60 (Table 4), 61 (Table 5), 62, lines 1-15, 63, lines 1 and 2.

MOC during years when zero refund is issued or before the refund period is over.[217] PG&E also recognizes the need for customers to be responsible for the cost of the ongoing operations and maintenance instead of ratepayers.[218] PG&E is made whole either by ratepayers or the transmission-level customer for its cost to own and operate transmission assets.[219] The BARC formula would artificially reduce the MOC assigned to the customer by speeding up the refund process through the BARC, and thus the difference in charges would be shifted to other ratepayers.[220] The Revenue Cap method results in a larger MOC because it puts more of the responsibility on the transmission-level customer to cover PG&E's annual ongoing service cost through actual, rather than forecasted, revenues.[221] [222]

The California Large Energy Consumers Association (CLECA) also objects to the adoption of the Revenue Cap method.[223] CLECA's concerns are unsupported by any evidence or analysis. Instead, CLECA misrepresents Cal Advocates' testimony and recommendations.[224] For example, CLECA claims that extending the time of return on refunds for "traditional customers"[225] may impact their efforts to decarbonize and harm

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[217] Ex. PGE-04 at 45, lines 3-13.

[218] Ex. PGE-04 at 44, lines 22-27. PG&E also requires the customer to pay a similar cost of ownership charge for special facilities. *See* Ex. PGE-01 at 13, lines 16-24.

[219] Ex. PGE-01 at 19, lines 9-14, 26, lines 17-20.

[220] Ex. PGE-04 at 45, lines 23-30, 46, line 1.

[221] Ex. Cal Advocates-01 at 42, lines 7-16. In other words, the transmission-level customer's annual revenue should cover future costs *and* ongoing maintenance costs unjustified by the customer's revenue.

[222] Ex. PGE-04 at 60 (Table 4 shows the annual cost of ownership and refund for PG&E's example Customer A under the BARC formula and Revenue Cap calculation).

[223] Ex. CLECA-01, Rebuttal Testimony of Catherine Yap, at 5, lines 1-22, 6, lines 1-9.

[224] Throughout CLECA's testimony, it misrepresents Cal Advocates' testimony and recommendations by intermingling all of Cal Advocates' recommendations as if they apply to all transmission-level customers. See, e.g., Ex. CLECA-01 at 5, lines 19-20 ("If the Commission adds Cal Advocates' recommendation to dramatically increase the amount of time to return customer advances or impose onerous contract terms, this will significantly increase costs for traditional customers."). However, Cal Advocates' testimony specifically made certain recommendations that apply to all large-load transmission-level customers (e.g., Revenue Cap method) or apply to data centers (e.g., Minimum Demand charge, Minimum Contract terms, and exit fees) based on what will provide the best ratepayer protection.

[225] "…traditional customers, i.e., industrial, manufacturing, university, government, electric vehicle (EV) charging, and hospital customers." Ex. CLECA-01 at 5, lines 8-9.

state energy policies.[226] CLECA tries to bolster this argument by intermingling all of Cal Advocates' recommendations (e.g., minimum demand charge[227] and minimum contract terms), with the Revenue Cap proposal to justify CLECA's objection.[228] Further, CLECA's concerns about the impact on decarbonization by traditional customers is mere speculation with no support. In proposing the Revenue Cap method, Cal Advocates provides eight customer bill analyses considering a range of scenarios for all transmission-level customers.[229] One of the key takeaways from these scenarios is that the Revenue Cap method should apply to *all* large-load transmission-level customers to best protect ratepayers.[230] The Revenue Cap lowers PG&E's cost recovery so that ratepayers will see lower charges each year during the refund period.[231]

CLECA further asserts that electrification and/or traditional loads will materialize as expected and therefore these types of load do not present a risk to ratepayers.[232] The Revenue Cap extends the pace of refund distribution[233] and does not prevent customers who fulfill load expectations from receiving full reimbursement for their upfront payment.[234] CLECA did not provide evidence showing that the extension of refunds would influence a transmission-level customer's decision to take electric service in California. In contrast, Cal Advocates uses eight customer models to estimate that the

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[226] Ex. CLECA-01, Rebuttal Testimony of Catherine Yap, at 5, lines 1-22, 6, lines 1-9.

[227] The recommendations to adopt a minimum demand charge and minimum contract terms explicitly apply to data centers. See Ex. Cal Advocates-01 at 48, lines 11-18; Ex. Cal Advocates-02, Appendix B-1 at B-0019-B-0020 (added section H.1 through H.3). See also section III.C.11.a-b for discussion on adopting ratepayer protections including a minimum demand charge and minimum contract terms.

[228] Ex. CLECA-01 at 5, lines 1-22, 6, lines 1-9.

[229] Ex. Cal Advocates-01 at 29, fn. 113; Ex. Cal Advocates-04; Ex. Cal Advocates-05.

[230] Ex. Cal Advocates-01 at 40, lines 9-13.

[231] Ex. Cal Advocates-01 at 40, lines 9-13 ("When Refunds are proportionate to the customer's revenue, ratepayers can see significant bill benefits. In the example of Customer B, the Revenue Cap method directly reduces PG&E's revenue requirements because the utility has less capital to recover from ratepayers. The smaller Refunds mean the utility's cost recovery is lower, so ratepayers benefit from lower charges each year during the Refund Period.").

[232] Ex. CLECA-01 at 2, lines 2-9, 5, lines 13-22, 6, lines 1-3.

[233] Ex. Cal Advocates-01 at 35, lines 11-12.

[234] Ex. Cal Advocates-01 at 36, lines 8-16.

extension of time to return refunds by three to four years could reduce PG&E's capital revenue requirement by over $10 million per transmission-level customer.[235] [236] Therefore, CLECA's unsupported objections should be given no weight,[237] and the Revenue Cap method should be adopted to issue refunds to best protect ratepayers from subsidizing costs triggered by transmission-level customers.

c) Modifications are required to remove legacy language from Proposed Rule 30.

In adopting the Revenue Cap method, Proposed Rule 30 should be modified to remove legacy language from Electric Rule 15.E.5 that will create ambiguities and confusion with other provisions of Proposed Rule 30.[238] Specifically, section D.4.b should be removed because it would require customers to give notice of "new, permanent load" in order to receive a refund after year 4.[239] [240] The Revenue Cap method is based on revenues, not load.[241] Removing section D.4.b., removes the risk of load sensitivity and allows for consistent clear application of the Revenue Cap method.[242]

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[235] Ex. Cal Advocates-05 (Errata Table 4 shows the four-year extension of refunds for Customer A); Ex. Cal Advocates-01 at 37, lines 5-9, 38 (Table 6 compares the revenue requirements associated with Customer A refunds under the BARC formula and Revenue Cap method).

[236] The California Community Choice Association (CalCCA) stated in this proceeding that generation service is a cost consideration for customers choosing where to locate a new facility. Ex. CalCCA-01 at 4, lines 11-18. Customers that site facilities in California will receive grid energy that is cost-effectively procured by generation service providers in compliance with the state's Renewable Portfolio Standard (RPS) requirements. Ex. CalCCA-11, lines 10-15.

[237] Ex. CLECA-01 at 5, lines 19-22.

[238] See footnote 146, regarding legacy language on "new permanent" load.

[239] Ex. PGE-04 at Attachment B, AtchB-9 (section D.4.b stating "The Applicant is responsible for notifying PG&E if new, permanent load is added during the fourth through tenth year of the Refund Period no later than December 31st of the calendar year and providing documentation of the new, permanent load. If the Applicant does not provide PG&E notice by December 31st, PG&E will not calculate or provide a Refund for that calendar year.")

[240] Notably, provisions D.4.a-b implement the feature of PG&E's BARC formula that exposes ratepayers to substantial costs due to the misalignment of when high refunds are issued and costs added to rate base. See Ex. Cal Advocates-01 at 33, lines 1-14. Section D.4.a-b also creates risk to ratepayers to subsidize costs through increased rates when a transmission-level customer does not meet future revenue forecasts.

[241] Ex. Cal Advocates-01 at 33, lines 17-18, 34, lines 1-4.

[242] For further consistency, Proposed Rule 30.D.4.a should be modified as follows:

d) In the alternative, the Commission should adopt a modified BARC formula that restricts refunds similar to the Revenue Cap method.

If the Commission does not adopt the Revenue Cap method, it should adopt a modified BARC formula that slows down refunds similar to the refund method in Draft Resolution E-5420.[243] [244] The Draft Resolution addresses Advice Letter (AL) 7569-E submitted by PG&E to interconnect a data center under the exceptional case filing process through Electric Rules 15 and 16.[245] PG&E submitted AL 7569-E prior to D.25-07-039, as such the BARC formula from Electric Rules 15 and 16 would be used. The Draft Resolution finds a similar issue as discussed above regarding flaws with the BARC formula.[246] In particular, the Draft Resolution finds that "[t]he refund could be about nine times larger than the actual net revenues collected from the customer in the first year."[247] [248] Thus, the Draft Resolution determines that it is not reasonable to apply the standard BARC method to the data center applicant.[249] To safeguard ratepayers, the Draft Resolution determines it is reasonable to limit annual refunds of the transmission-

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> PG&E will calculate Refunds, if any, for ~~the first three calendar years of~~ the Refund Period using the Revenue Cap Calculation. The Refunds will be calculated 30 days after a full year of service using revenues associated with the full year of customer load based on actual meter data. ~~The Refund Amount for the calendar year shall be the Revenue Cap Calculation less any Refunds paid to the Applicant in prior calendar years during the Refund Period.~~

[243] See *[Draft] Resolution E-5420. Pacific Gas and Electric. Electric Rule 2, 15, and 16 Exceptional Case Submittal for Electric Transmission Service Facilities for STACK Infrastructure* (Draft Resolution), served on September 25, 2025. The Draft Resolution responds to PG&E AL 7569-E. The Draft Resolution is set to be voted on at the Commission meeting held on October 30, 2025.

[244] The recommendation in this section is based on the language of the Draft Resolution. If the Draft Resolution is modified based on comments submitted such that the refund method is altered then this section may no longer be applicable.

[245] See PG&E Advice Letter 7569-E, *Electric Rule 2, 15, and 16 Exceptional Case Submittal for Transmission Service Facilities for STACK*, April 18, 2025.

[246] See Draft Resolution at 4-5.

[247] See Draft Resolution at 4-5.

[248] See Draft Resolution at 5.

[249] See Draft Resolution at 11.

level customer's advance to 75 percent of the net revenue.[250] [251] The Draft Resolution also provides measures to protect ratepayers from subsidizing costs in the event that the customer consistently drops substantial portions of its load.[252] [253]

The modification to the BARC formula made by Energy Division in the Draft Resolution has similar benefits to the Revenue Cap method. Ratepayers are protected through a slower refund process due to a number of factors that arise with interconnecting large-load transmission-level customers.[254] Notably, the Draft Resolution removes the required MOC and instead reserves a portion of net revenue to account for "ongoing maintenance and broader grid upgrades."[255] If the Commission declines to adopt the Revenue Cap method, it should adopt a similar restricted refund process to the one in the Draft Resolution.

8. Issue 3.h. What is the process and timeline for adding costs, including refunds for new facilities to the ratebase (for all impacted jurisdictions)?

As provided above in section III.C.7.b., the Commission should adopt the Revenue Cap method. The Revenue Cap will slow the timing of refunds so that costs added to PG&E's rate base are extended over more years of the refund period as compared to the BARC formula.[256] In addition, the MOC should be maintained as part of the refund

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[250] See Draft Resolution at 11 ("In short, we find it is reasonable for 25 percent of STACK's net revenue to be held back to account for the costs of the transmission network that are not part of the direct energization of the customer, such as ongoing maintenance and broader grid upgrades."). See also Draft Resolution, at 14 (Findings and Conclusions No. 8).

[251] "This would lead to a slower refund process, but would not affect the total refund amount." Draft Resolution at 12. Energy Division also removed the MOC that covers PG&E's cost of ownership because it is determined to be unnecessary to impose and additional customer financed costs of ownership due to annual refund amount being limited. See Draft Resolution at 12.

[252] See section III.C.7.b. in opening brief.

[253] In the Draft Resolution, the customer will not receive any further refund if PG&E can no longer justify the refund it already determined reasonable with the BARC formula. See Draft Resolution at 12.

[254] See, e.g., Draft Resolution at 11 (listing three reasons the standard BARC method should not apply to the transmission-level applicant).

[255] Draft Resolution at 11.

[256] See Ex. Cal Advocates-01 at 37, lines 5-9.

process with modification to protect ratepayers from shouldering expenses associated with unused transmission facilities.[257] The language PG&E proposes in rebuttal testimony introduces ambiguity as to the collection of the MOC in years when no refund is provided.[258] Cal Advocates maintains that the customer should pay the MOC due to PG&E through invoices in years when it cannot be deducted from the annual refund.[259] Unlike PG&E's ambiguous language, Cal Advocates' recommendation is consistent with what PG&E already does with Electric Rule 15 customers.[260] [261] The Commission should adopt the modifications to Proposed Rule 30 in Cal Advocates' testimony to ensure fair and reasonable collection of the MOC.

9. Issue 3.i. Is it reasonable for PG&E to provide outstanding refunds to subsequent customers prior to or during the refund period based on the use of Transmission Interconnection Upgrades (Facility Type 2) and/or Transmission Interconnection Network Upgrades (Facility Type 3)?

Yes. PG&E may be permitted to provide a transmission-level customer refunds if it paid for Facility Types 2 and 3 upgrades that are used by a subsequent customer during the original customer's refund period.[262] Refunds issued to eligible transmission-level

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[257] See Ex. Cal Advocates-01 at 42, lines 7-16. Compare Ex. Cal Advocates-02 at B-0012-B-0013 (D.6.a.-b. states: "The Monthly Ownership Charge shall be calculated annually and: (1) be deducted from subsequent Refunds due to the Applicant; or (2) collected via invoice if the Refund due is less than the Monthly Ownership Charge as provided in Section D.6.b. b. If no Refunds are due for a calendar year or the Monthly Ownership Charge exceeds the Refund due for a calendar year, PG&E may submit an invoice to Applicant, in accordance with PG&E invoicing standards, within one hundred and twenty (120) days of the end of the calendar year….") to Ex. PGE-04 at Attachment B, AtchB-10 ("The Monthly Ownership Charge shall be accrued annually and be deducted from subsequent Refunds due to the Applicant. Monthly Cost of Ownership costs are in addition to the refundable amount and will normally be accumulated and deducted from Refunds due to Applicant.").

[258] Ex. PGE-04 at Attachment B, AtchB-10.

[259] Ex. Cal Advocates-01 at 43, lines 7-18; Ex. Cal Advocates-02 at B-0012-B-0013.

[260] Ex. Cal Advocates-01 at 43, lines 9-12.

[261] Ex. Cal Advocates-02 at B-0012-B-0013; PGE-04 at Attachment B, AtchB-10.

[262] See PGE-04 at Attachment B, AtchB-9 (Section D.1: "GENERAL. Refunds may be provided by PG&E to the Applicant during the Refund Period. Applicant may be eligible for Refunds of the following amounts: a. Adjusted Applicant Payment b. Adjusted Contribution Cost c. Adjusted Applicant Build Cost These three amounts are referred to as the Total Refund Amount.").

customers due to the subsequent use of Facility Types 2 and 3 upgrades should not exceed the revenue generated by the subsequent customer.

10. Issue 3.j. Is PG&E's proposal to enter into a pre-funding loan to build Transmission Network Upgrades reasonable? How will this impact ratemaking?

No. PG&E's proposal is unreasonable and will have a negative impact on ratemaking. PG&E proposes to provide a pre-funding loan option for transmission-level customers who wish to accelerate the construction of necessary Facility Type 4 infrastructure.[263] Under PG&E's proposal, a customer may provide the pre-funding loan when PG&E does not have the funding to complete the Facility Type 4 upgrades, such that the upgrades required to provide the customer with transmission-level service would be completed sooner.[264] The money provided upfront by the customer is eventually repaid and included in rate base as the refund is dispersed.[265]

While PG&E implies that refunds for pre-funding loans do not negatively impact ratepayers because Facility Type 4 costs "will be incurred regardless,"[266] the pre-funding loan proposal has a clear negative impact on ratemaking. Cal Advocates disagrees with PG&E's position that Facility Type 4 costs are by default a benefit for all.[267] However, apart from that disagreement, pre-funding loans cause a negative timing impact on ratemaking. PG&E's proposal allows an acceleration of costly grid infrastructure upgrades into rate base, which if left unchecked, could have a severe impact on the costs paid by existing ratepayers.[268] Should the Commission permit PG&E's Proposed Rule 30

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[263] Ex. Cal Advocates-01 at 66 lines 16-20.

[264] Ex. Cal Advocates-01 at 66 lines 18-22.

[265] Ex. Cal Advocates-01 at 66 lines 21-22.

[266] Ex. PG&E-01 at 54, lines 17-19.

[267] See, e.g., *Duke Energy Progress LLC v. FERC*, 106 F.4th 1145, 1155 (D.C. Cir. 2024) ("the integrated transmission grid is a cohesive network, and thus completed upgrades generally benefit all transmission customers."). PG&E relies on this cherry-picked statement to assert that transmission-level customers should not be required to pay any Facility Type 4 costs, see Ex. PGE-01 at 9, lines 5-8, 43, lines 20-31. PG&E fails to draw a connection between, and thus explain why, the same treatment should apply to large-load generators and transmission-lever retail customers.

[268] Ex. Cal Advocates-01 at 67 lines 3-7.

to include a pre-funding loan option for Facility Type 4 upgrades, the Commission should require that all pre-funding agreements are submitted to the Commission via a Tier 2 advice letter to determine whether the loan is reasonable and within the scope of Proposed Rule 30.[269]

11. Issue 3.k. Does Rule 30 sufficiently protect ratepayers from financial risk from stranded costs and/or make ratepayers whole for any shortfall between the projected and actual revenue and load from Rule 30 customers over the 10-year reimbursement period? If not, what additional rules should the Commission adopt?

Proposed Rule 30 does not sufficiently protect ratepayers from either the risk of stranded costs or the potential of shortfalls between projected and actual revenues from Rule 30 customers. PG&E's Proposed Rule has significant deficiencies that could shift costs from transmission-level customers to ratepayers. To adequately protect ratepayers from the risk of stranded costs and revenue shortfalls, the Commission should adopt Cal Advocates' recommendations for defining the term data center[270] and adopting two specific provisions that apply to that type of customer: (1) a minimum demand charge and (2) a 15-year minimum contract term with associated early termination fees.

a) Minimum Demand Charge

The Commission should impose a minimum demand charge for data center customers to minimize the risk of cost shifts to ratepayers. By adopting Cal Advocates' recommendation of a 90 percent minimum demand charge with a five-year load ramp,[271] the Commission can ensure that data centers "right-size" their demanded capacity and ramp up their load appropriately.[272] Minimum demand charges provide PG&E with

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[269] Ex. Cal Advocates-01 at 67 lines 7-10.

[270] See Ex. Cal Advocates-01 at 49-50 lines 22-2 ("Data Center: A centralized facility (a) used primarily or exclusively for electronic information services such as the management, storage, processing, and dissemination of electronic data and information through the use of computer systems, servers, networking equipment, and related components that (b) has an aggregate monthly maximum demand of greater than 25,000 kW.").

[271] See Ex. Cal Advocates-01 at 52-60.

[272] Ex. Cal Advocates-01 at 55, lines 8-11.

predictable and consistent revenue streams and help to ensure cost recovery of facility upgrades regardless of a customer's actual demand.[273] In the event that customers use less power than anticipated, Cal Advocates' recommended minimum demand charge would ensure that data centers continue to contribute payments to cover associated transmission costs such that these costs are not shifted to existing ratepayers.[274]

In its rebuttal testimony, PG&E agreed that several of the provisions proposed by Cal Advocates, including minimum demand charges, minimum contract term, and early termination fees, should be included in Proposed Rule 30 to protect existing ratepayers from large-load customers.[275] However, PG&E had several concerns with Cal Advocates' 90 percent minimum demand charge[276] and instead proposed a 70 percent minimum demand charge.[277] As part of its rationale, PG&E stated that its approach is "appropriate in light of the other requirements for transmission-level customers included in PG&E's proposal," such as requiring customers to make upfront investments for interconnection costs.[278]

PG&E's 70 percent minimum demand charge favors PG&E's well-capitalized transmission-level customers at the expense of ratepayers. In contrast, Cal Advocates' 90 percent minimum demand charge is a reasonable and necessary safeguard that ensures that data centers pay for and use the appropriate portion of the capacity of transmission facilities built to serve them.[279] PG&E's proposal, on the other hand, does not even require a customer to contribute payments proportional to their required capacity in the first five years.[280] Indeed, other states that are seeing an increase in data center

[273] Ex. Cal Advocates-01 at 50, lines 15-21.

[274] Ex. Cal Advocates-01 at 48, lines 26-29.

[275] Ex. PGE-04 at 74, lines 4-8.

[276] See Ex. PGE-04 at 76-77.

[277] Ex. PGE-04 at 77, line 29.

[278] Ex. PGE-04 at 77-78, lines 27-1.

[279] Ex. Cal Advocates-01 at 52-53.

[280] Ex. Cal Advocates-01 at 51, lines 8-16.

interconnections, such as Ohio and Indiana, have adopted data center tariffs with minimum demand charges of at least 80-85 percent.[281] Those jurisdictions have prioritized safeguards against cost shifts to ratepayers, contrary to PG&E's 70 percent proposal. The Commission should adopt Cal Advocates' 90 percent proposal to protect non-data center customers from paying for potential cost shifts.

Further, PG&E's concern about Cal Advocates' proposed five-year load ramp is moot for the majority of customers. PG&E claims that ramps in load may not materialize as expected during the initial years of energization.[282] However, PG&E then assuages its own concern, stating, "[y]ear 5 is when the majority of customers would be fully ramped after their initial in-service date[.]"[283] In hearings, PG&E agreed that if their customers' forecasts are accurate, Cal Advocates' load ramp would not affect the majority of those customers.[284] Therefore, Cal Advocates' proposed five-year load ramp is a reasonable ratepayer protection to include with the Minimum Demand Charge.

b) Minimum Contract Terms and Early Termination Fees

Proposed Rule 30 should include a minimum contract term of 15-years for data centers, and corresponding early termination fees equal to the net present value of remaining minimum demand charges.[285] PG&E agrees with Cal Advocates' recommendation of a 15-year minimum contract term,[286] therefore the Commission should adopt it as an uncontested contract term.

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[281] Ex. Cal Advocates-01 at 51-52; see also Case No. 24-508-EL-ATA, *Opinion & Order adopting the joint stipulation and recommendation filed by various parties on October 23, 2024*, issued on July 9, 2025, at 91 (¶154), available at dis.puc.state.oh.us/DocumentRecord.aspx?DocID=badab793-e041-4173-9b6d-436e51f80e5c.

[282] Ex. PGE-04 at 79, 26-28.

[283] Ex. PGE-04 at 79, lines 29-31.

[284] RT V. II at 213, lines 20-21.

[285] Ex. Cal Advocates-01 at 61, lines 9-15.

[286] Ex. PGE-04 at 84, lines 3-4.

However, PG&E raises concerns with Cal Advocates' proposed early termination fee on claims that it is "punitive to customers who terminate service early."[287] Setting aside the fact that early termination fees are intended to be punitive in order discourage specific behavior, PG&E's reasons to deviate from Cal Advocates' proposal and apply a different early termination fee are weak.

To make its argument that Cal Advocates' proposal should not apply, PG&E first points to the "significant financial commitment" through advances and actual cost payments from its well-capitalized large-load customers.[288] However, PG&E does not explain why or how this fact makes Cal Advocates' proposal for early termination fees unreasonable. Simply because a customer makes a significant financial commitment does not prevent a customer from terminating service early and leaving existing ratepayers with stranded costs.

Secondly, PG&E makes the same argument, but states it differently where it claims, "these customers are investing significant amounts in these facilities."[289] According to PG&E, because of this investment it is "highly unlikely" that the customers would leave before the end of their 15-year contracts.[290] PG&E makes this statement without citing to any data or other evidence. If we assume this claim is true, it follows that it would be "highly unlikely" for Cal Advocates' early termination fees to impact any Proposed Rule 30 customers that have made investments in transmission facilities. Again, PG&E has not demonstrated that Cal Advocates' proposal is unreasonable.

The Commission should adopt Cal Advocates' proposal for a 15-year minimum contract term with early termination fees equal to the net present value of the remaining minimum demand charges.

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[287] Ex. PGE-04 at 83, lines 2-3.

[288] Ex. PGE-04 at 83, lines 23-25.

[289] Ex. PGE-04 at 83, lines 25-26.

[290] Ex. PGE-04 at 83, lines 25-27.

D. Issue 4. Reporting:

1. Issue 4.a. Should the Commission establish reporting requirements for these Transmission-level projects in this proceeding to inform related electric system planning processes? For example, reporting of projected load from Rule 30 customers could help to inform load forecasting.

Yes. The Commission should establish robust reporting requirements to inform related electric system planning processes and ratemaking proceedings (e.g., General Rate Cases).

a) The Commission should adopt reporting requirements to track and understand uncertain customer load and costs that will impact ratepayers.

If Proposed Rule 30 is approved, the Commission should require PG&E to provide detailed reporting requirements. Robust reporting requirements are needed to assess costs associated with new loads from transmission-level customers and determine if they are shifted to ratepayers.[291] PG&E bases its Application on transmission-level interconnection requests that may be speculative and drive overbuilding of infrastructure upgrades.[292] Additionally, PG&E argues that transmission-level customers will drive down rates based on hypothetical examples.[293] Hypothetical examples result in uncertainty and create risk for ratepayers who will burdened with paying stranded costs. To track uncertainty and costs, the Commission should require reporting requirements recommended by Cal Advocates.[294] Further, reporting requirements will allow the Commission to assess if incremental changes need to be made to PG&E's proposed new tariff.

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[291] See, e.g., Senate Bill 57 (Padilla 2025-2026 Reg. Session). Ratepayer and Technological Innovation Protection Act, Codified as Public Utilities Code Section 913.22, stating: "(a) The commission may assess the extent to which electrical corporation costs associated with new loads from data centers result in cost shifts to other electrical corporation customers." The assessment includes three elements listed in the code section.).

[292] Ex. Cal Advocates-01 at 13-16.

[293] See, e.g., Ex. PGE-04 at 54 (Table 3), 81 (Table 7).

[294] Ex. Cal Advocates-01 at 67-70.

Two reports are required to fully track PG&E's large-load transmission-level customers.[295] PG&E's transmission-level application queue needs to be tracked to determine if projects are speculative or uncertain. This report should be provided biannually because PG&E's application queue is continuously in flux.[296] As CalCCA discussed, customer specific information is required to determine the certainty of forecasted load.[297] Comprehensive data on PG&E's transmission-level application queue will allow California agencies to evaluate the likelihood transmission-level applicants will proceed to interconnection, rather than taking PG&E's load forecast at face value. This approach will help ensure infrastructure upgrades are not built for speculative interconnection requests.

PG&E's report on its application queue for transmission-level customers should include:

- Project Information:
  - project name,
  - customer identification information,
  - facility type,
  - location,
  - request date,
  - requested capacity,
  - expected construction start date, and
  - expected energization date;
- Total dollar amount provided to PG&E from the transmission-level customer;
- The status of whether a customer signed a Preliminary Engineering Study (PES) Report;

[295] The reporting requirements provided in this section are updated from Appendix B to Cal Advocates Errata Testimony. Ex. Cal Advocates-02 at Appendix B-1, B-0029-B-0030, B-0033-B-0034.

[296] Ex PG&E-04 at 37, lines 18-22. In the five months between submitting its supplemental testimony and rebuttal restimony, PG&E received additional transmission-level applications and withdrawal requests.

[297] Ex. CalCCA-01, Amended Testimony of California Community Choice Association with Attachments, at 13, lines 11-14.

- The status of PG&E submitting a customer's PES report to CAISO
- Status or need for Exceptional Case Filing;
- If the customer demonstrated site control;[298]
- If the customer demonstrated the application for interconnection is not a duplicate request; and
- The status of the customer signing a contract package with PG&E.[299]

The second, annual report should track costs associated with interconnected transmission-level customers and their revenues to ensure PG&E's claimed rate benefits materialize. D.25-07-039 requires PG&E to report on facility upgrades and forecasted costs.[300] The reporting requirements adopted in the interim decision should be included in the final rule, if approved. Additionally, revenue and capacity should be tracked after a customer interconnects for retail service at the transmission-level until the customer's revenue sufficiently covers the costs PG&E incurred to serve the customer.

PG&E's report on its transmission-level customers should include:

- Site Specific Information
  - project name,
  - customer name identification information,
  - facility type, and
  - location;
- By Facility Type (1-4), facility additions, upgrades, and/or modifications needed to serve the project, including jurisdiction (the Commission or FERC), and actual costs (broken down by facility type);
- Prefunding loan amount and associated infrastructure built;

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[298] CAISO, *CAISO Fifth Replacement Electronic Tariff,* June 3, 2025, at Appendix A (Site Control refers to: "documentation establishing: (1) ownership of, a leasehold interest in, or a right to develop a site of sufficient size to construct and operate the Generating Facility; (2) an option to purchase or acquire a leasehold site of sufficient size to construct and operate the Generating Facility; or (3) any other documentation that clearly demonstrates the right of Interconnection Customer to exclusively occupy a site of sufficient size to construct and operate the Generating Facility."), available at conformed-tariff-as-of-jun-3-2025.pdf.

[299] Ex. Cal Advocates-02 at Appendix B-1, B-0029-B-0030, B-0033-B-0034.

[300] D.25-07-039 at Attachment 1.

- Revenue from customer tracked annually;
- Expected revenue from customer in previous year;
- Revenue from customer in previous year;
- Expected load capacity in previous year;
- Actual load capacity in previous year.[301]

The Commission should adopt the reporting requirements with a sunset provision that provides the Commission with the option to renew reporting requirements if there is a continuing need to track information. A sunset provision should be no less than 15 years because it could take multiple years for transmission-level applicants to move through the application process and for network upgrades to be built.[302] The Commission should require PG&E to provide robust reporting on its transmission-level customers interconnected under Proposed Rule 30.

2. Issue 4.b. What information-sharing requirements should PG&E adopt to ensure that the CCAs affected by Rule 30-related load growth can meet projected demand in their service areas?

In the CMS, parties stipulated that the Commission should adopt information sharing requirements between PG&E and CCAs, if Proposed Rule 30 is approved.[303] The Commission should include the stipulated reporting requirements in the final decision if the proposed rule is approved.

E. Issue 5. Accounting and operational reporting process:

1. Issue 5.a. What accounting and operational reporting requirements are needed to implement Electric Rule 30?

Cal Advocates reserves the right to respond to parties' recommendations in reply briefs.

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[301] Ex. Cal Advocates-02 at Appendix B-1, B-0029-B-0030, B-0033-B-0034.

[302] 15 years also aligns with Cal Advocates' recommendation for minimum contract terms of 15 years. See section III.C.11.b. in the opening brief.

[303] CMS at 2-3 (1.g(1)-(4) and h.).

2. Issue 5.b. Should PG&E's request to establish a memorandum account to track interest payments for CPUC-jurisdictional facilities under Electric Rule 30 be approved?

PG&E asks that it be permitted to provide interest on refunds for advances and actual costs payments.[304] PG&E's request to provide interest payments to transmission-level customers should be denied, and, thereby, its request to establish a memorandum account should also be rejected. PG&E asserts that providing interest on refunds is needed due to "substantial outlays" necessary to construct transmission upgrades.[305] PG&E's request to include interest is also made at the request of potential transmission-level customers – i.e., those who would benefit from interest on refunds.[306] However, PG&E's reasoning is insufficient to grant the proposal.

PG&E's proposal deviates from common practice of providing refunds without interest.[307] If transmission-level customers need to secure significant capital to pay PG&E for Transmission Facilities, the associated cost of accessing that capital reflects the customer's own financial capability.[308] Providing transmission-level customers interest on refunds will amount to providing preferential treatment to transmission-level customers as compared to distribution-level customer interconnections, at the expense of ratepayers.[309] [310]

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[304] Ex. PGE-01 at 24, lines 23-26.

[305] Ex. Cal Advocates-03, Appendix C-9 at C-0629-C-0631 ("There are a number of key differences between Electric Rules 15/16 and Electric Rule 30 that support including interest under Electric Rule 30 for advances and actual costs payments. First, as a preliminary matter, it is likely that interconnections under Electric Rule 30 will cost substantially more than interconnections under Electric Rules 15/16. Given the substantial outlay under Electric Rule 30 for an initial advance and actual cost payments, which may not be eligible for refund for several years, providing interest on these outlays is just and reasonable.").

[306] See *Pacific Gas and Electric Company's (U 39 E) Reply to Responses Regarding Motion for Interim Implementation of Electric Rule No. 30*, February 18, 2025, at Attachment B at B4.

[307] See Electric Rules 15 and 16.

[308] Ex. Cal Advocates-01 at 45, line 19, 46, lines 1-2.

[309] Ex. Cal Advocates-01 at 46, lines 2-5.

[310] If the Commission grants PG&E's request to provide interest on refunds, PG&E should only be

The inclusion of interest on refunds will amount to unnecessary costs into PG&E's rate base, further burdening ratepayers who may not see any benefits from Proposed Rule 30.[311] The hypothetical ratepayer bill savings PG&E's asserts may occur under the BARC formula are insufficient to demonstrate the benefits of including interest on refunds.[312] Interest amounts are not subject to BARC review, that is interest costs are absent in the total refund amount.[313] PG&E provides nothing to quantify the amount of monies from interest that the customer will receive from accruals during the interest period.[314]

Finally, PG&E fails to establish in its Application and testimonies that a memorandum account is necessary due to events of an exceptional nature.[315] In D.08-03-020, the Commission states that memorandum accounts are appropriate when the following conditions are met:

1. The expense is caused by an event of an exceptional nature that is not under the utility's control;
2. The expense cannot have been reasonably foreseen in the utility's last GRC and will occur before the utility's next scheduled rate case;
3. The expense is of a substantial nature in the amount of money involved; and

permitted to do so by restricting interest from being included in rate base. Ratepayers should not subsidize the risk that large-load customers load does not materialize. If PG&E is allowed to provide interest as incentive to customers to interconnect, it should not be allowed to do so by further burdening ratepayers who face an immediate affordability crisis.

[311] See section III.C.6.a., providing that PG&E's claimed ratepayer benefits are small and may not come to fruition of factors change.

[312] Ex. Cal Advocates-01 at 46, lines 6-8. RT, V.I at 71:25-72:1-19 (PG&E Sienna Rogers).

[313] Ex. Cal Advocates-01 at 46, line 10; Ex. Cal Advocates-03 at Appendix C-14 at C-0647 ("Tables 6 and 7 of PG&E's Supplemental Testimony do not include interest in the refund amount.").

[314] Ex. Cal Advocates-01 at 46, lines 11-12.

[315] See D.08-03-020, *Opinion Continuing Moratorium in Coast Springs Water System*, March 17, 2008, at 19-20; see also Standard Practice U-27-W at 6 (No. 27).

4. The ratepayers will benefit by the memorandum account treatment.[316]

PG&E's request to establish a memorandum account for interest on refunds is not an expense caused by an event of exceptional nature. The timing of PG&E's Application is well within its control. In addition, the timing of PG&E's general rate cases are well known to PG&E and overlap with this proceeding.[317] The record does not support that interest will be an "expense is of a substantial nature.[318] Lastly, and most importantly, PG&E does not establish a memo account that provides transmission-level customers[319] interest on refunds will provide any benefit to ratepayers.

For the reasons provided herein, PG&E's request to provide interest on refunds and establish a memo account to track interest should be denied.

3. Issue 5.c. When seeking to recover amounts in the memorandum account, what accounting requirements should PG&E demonstrate, including (1) paying the appropriate interest rate, (2) paying interest on amounts refunded to the transmission-level customer for facilities included in CPUC-jurisdictional rates, and (3) appropriately calculating the interest amount?

As provided in the prior section, PG&E's request to provide interest on refunds and establish a memo account to track such monies should be denied.

4. Issue 5.d. Should the requirements of the Commission's Standard Practice U-27-W be required?

Standard Practice U-27-W provides the standard practice for establishing and amortizing memorandum accounts.[320] PG&E's request to provide interest on refunds and

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[316] See D.08-03-020, *Opinion Continuing Moratorium in Coast Springs Water System*, March 17, 2008, at 19-20; see also Standard Practice U-27-W at 6 (No. 27).

[317] See, e.g., PG&E filed A.24-09-014 (PG&E GRC2) on September 30, 2024, a month and a half prior to filing its Application for Proposed Rule 30; PG&E filed A.25-05-009 (PG&E GRC1) on May 15, 2025.

[318] See D.08-03-020 at 19. PG&E did not provide the amount of money that will be involved in processing interest in a memo account.

[319] Customers who are the sole beneficiary of receiving interest on refunds.

[320] See generally Standard Practice U-27-W.

be authorized to establish a memo account.[321] The Commission should follow its standard practice for establishing a memo account, for the reasons provided in section III.E.2. PG&E's request to provide interest should be denied and in turn its request to establish a memo account should also be denied.

F. Issue 6. Implementation: Should PG&E be directed to file a Tier 1 Advice Letter after a Commission decision is issued in this proceeding directing PG&E to file a revised Electric Rule 30 and form agreements within forty-five (45) days of a final decision?

The Commission should direct PG&E to provide parties in this proceeding with a revised rule, if approved,[322] before submitting a Tier 1 advice letter.[323] Before PG&E submits a Tier 1 advice letter, PG&E should provide parties with a revised rule and form agreements according to the following schedule:

- PG&E provides parties with a revised rule and form agreements within 15 days after a final decision.
- Parties will provide a response within 10 days with any errors or language that does not comply with the decision.
- PG&E may respond to parties within 5 days regarding issues raised with the revised rule and form agreements.
- PG&E submits a revised rule and form agreements within 45 days of a final decision and includes in its advice letter any unresolved disputes with parties on language that may not comply with the final decision.
- Protests and responses to PG&E's advice letter may be submitted pursuant to General Order 96-B, Section 7.4.1.

The Commission should require PG&E to provide a revised rule and form agreements to parties prior to submitting the documents by advice letter because errors and missteps may occur.[324] Errors can be addressed and resolved informally between

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[321] Ex. PGE-01 at 24, lines 23-26.

[322] As provided herein, the Commission should not approve Proposed Rule 30 unless significant modifications are made to the proposed rule in order to protect ratepayers from increased costs.

[323] Forty-five days is an appropriate amount of time after a final decision is issued for PG&E to submit a revised rule and form agreements.

[324] For example, as provide above in section III.B.b., PG&E agreed in its rebuttal testimony to remove the

parties before PG&E submits an advice letter and may make any protest or response unnecessary.

IV. CONCLUSION

For the reasons set forth in Cal Advocates' Testimony and herein, PG&E's request for a new Electric Rule 30 tariff should be rejected unless all ratepayer safeguards are incorporated.

Respectfully submitted,

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term "sole discretion." Ex. PGE-04 at Attachment B at AtchB-14-AtchB-16, AtchB-19, AtchE-15, AtchE-39. Yet, there remain multiple instances in Proposed Rule 30 and the form agreement where the term appears.