

BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA



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Application of Pacific Gas and Electric
Company (U39E) for Approval Under
Public Utilities Code Section 851 to Lease
Entitlements to Transmission Projects to
Citizens Energy Corporation.

Application 24-03-009
(Filed March 12, 2024)

OPENING BRIEF OF CENTER FOR ACCESSIBLE TECHNOLOGY

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Summary of Recommendations

- The Commission should apply the heightened standard of review of “whether a proposed transaction will serve the public interest” under Section 851.
- At most, the Commission should consider the Investment Tranche of the proposed Investment Program and direct the Applicants to file separate applications for any future investment tranches.
- The Commission should closely scrutinize Tranche 1 to evaluate whether the transaction is in the public interest given current economic conditions and the limited nature of the proposed public benefits.
- The Commission should not consider Tranches 2-5 of the proposed Investment Program and should not cede its authority to comprehensively review these future investment tranches as requested in the Amended Application.
- The Commission should carefully evaluate the putative benefits of the proposed charitable contributions and weigh them against the risk of potential harms from the proposed transaction.
- If the Commission approves any tranche of the proposed Investment Program, it should require modifications to the proposed charitable contributions.

I. INTRODUCTION

In accordance with Rule 13.12, the Assigned Commissioner's Scoping Memo and Ruling, and the Administrative Law Judge's Ruling Modifying Procedural Schedule, Center for Accessible Technology (CforAT) timely submits this opening brief regarding Pacific Gas & Electric Company's (PG&E) Amended Application for Approval Under Public Utilities Code Section 851 to Lease Entitlements to Transmission Projects to Citizens Energy Corporation (Amended Application). The Amended Application seeks the Commission's approval of an Investment Program, established by a Development and Restated Development, Coordination, and Option Agreement (DCOA) between PG&E and Citizens Energy Corporation (Citizens); this Investment Program would govern a complex multi-project, multi-lease approach involving investments up to \$1 billion over an indefinite term of approximately 35 years. In conjunction with the proposed investment program, PG&E and Citizens emphasize Citizens' commitment to dedicate escalating percentages of its net after-tax profits to direct bill-paying assistance for PG&E's customers. However, the amounts of charitable contributions remain uncertain and relatively modest, and the record lacks details of specific commitments to distribution and allocation.

While PG&E and Citizens (together, Applicants) state that their proposed transaction is modeled on Citizens' prior Commission-approved transactions with SDG&E, they present a novel and unprecedented Investment Program, requesting that the Commission authorize the first lease agreement and also essentially pre-approve four future options for investment tranches with

unknown timing, projects, sizes, market conditions, and other factors.¹ As discussed below, PG&E proposes using an expedited Tier 3 Advice Letter process to address the four future investment tranches, but the Commission’s scope of review would be extremely limited.

PG&E asserts that the proposed Investment Program promotes “regulatory efficiency.”² Citizens refers to its “track record” of working with communities and supporting energy affordability and asserts that this should give the Commission confidence in the proposal.³ These are not appropriate bases for the Commission to reduce its regulatory and supervisory responsibilities over a novel transaction or to overlook the lack of sufficient information available for a public interest determination. Even with the additions to the Amended Application, substantial uncertainties remain, particularly regarding Tranches 2-5 of the proposed Investment Program.

In a previous review of an application by PG&E proposing a complex transaction under Section 851 of the California Public Utilities Code, the Commission made clear its responsibilities: “In considering whether the application should be approved, we must and can only consider the record before us in this proceeding, not what may be presented in a future showing.”⁴ Here, the Commission must do the same. The existing record is fundamentally incomplete for Tranches 2-5 of the proposed transaction. At most, the Commission should consider whether or not to approve Tranche 1 and direct PG&E to file new applications in the future for approval of any subsequent proposals. The Commission should also closely scrutinize

¹ PG&E asserts that it “is not proposing that the Commission approve all five potential lease agreements in one proceeding,” but “[r]ather . . . is requesting approval for the first lease agreement and is proposing a process for Commission review and approval of the remaining four lease agreements.” Exh. CA-05 at p. 1. However, as discussed in greater detail in Section C, the proposed Tier 3 Advice Letter process limits the scope of the Commission’s review of the four future investment tranches.

² Amended Application at p. 6; Exh. PGE-02 at Ch. 1 p. 7:3 (Rebuttal Testimony of Barry J. Bentley).

³ Exh. Citizens-01 at pp. 1:11-12, 3:5-7 (Rebuttal Testimony of Peter F. Smith).

⁴ D.24-05-004, issued May 10, 2024, at p. 14.

Tranche 1 to evaluate whether the transaction is in the public interest given current economic conditions and the limited nature of the proposed public benefits.

II. BACKGROUND AND PROCEDURAL HISTORY

The Amended Application requests that the Commission authorize PG&E to lease entitlements to various transmission projects to Citizens in exchange for investment capital. Under the proposed Investment Program, Citizens would invest in transmission assets and receive compensation based on a share of the regulated revenue requirement for the asset, including profit; the return would be based on a model that purports to set a rate consistent with the rate that would be charged by PG&E for the asset. This arrangement provides PG&E with capital upfront, while Citizens receives a fully regulated return guaranteed by PG&E's customers without the accompanying risks and liabilities borne by PG&E. In addition, Citizens has committed to dedicating escalating percentages of its net after-tax profits to charitable contributions towards PG&E's disadvantaged and low-income customers.

The original Application initiating this proceeding was first filed on March 12, 2024, requesting that the Commission authorize the Investment Program involving up to five separate options for investment tranches and a total Citizens investment of up to \$1 billion.⁵ The Application initially proposed no further review of the later tranches and no specifics on how the charitable contributions committed by Citizens would be allocated, beyond vague statements that they would benefit disadvantaged communities and low-income families.⁶

⁵ Application of PG&E for Approval Under Public Utilities Code Section 851 to Lease Entitlements to Transmission Projects to Citizens Energy Corporation (Application), filed March 12, 2024, at pp. 5-6.

⁶ Application at pp. 10-11; Exh. PGE-03 at Ch. 5 pp. 1:20-2:6 (Original Superseded Testimony of Peter F. Smith).

After parties raised questions about the proposal,⁷ PG&E withdrew the original Application and filed an Amended Application, which proposed a limited and expedited Tier 3 Advice Letter process for review of Investment Tranches 2-5 and specified that the charitable contributions would be allocated in full to direct bill-paying support of PG&E's low-income customers.⁸ It also provided more information than had been submitted in the initial Application about the relevant projects, but it still does not specify the full list, nor does it commit to doing so in the later Advice Letter review.⁹

CforAT filed a response to the Amended Application, arguing that the Commission should apply a heightened standard of review or alternatively, should address the appropriate standard of review in the scope of issues for this proceeding.¹⁰ Cal Advocates' Protest to the Amended Application identified that many of the original Application's deficiencies remained and that PG&E had not met its burden to show that the proposed Investment Program was in the public or ratepayers interest.¹¹ TURN's Protest raised concerns about the proposed financial arrangement, including "the proposed novel method of raising capital" and the risks of allowing an entity outside of the Commission's jurisdiction to earn a rate of return from ratepayers while being insulated from any risk, and proposed issues that should be considered.¹²

In lieu of evidentiary hearings, the parties, including PG&E, Citizens, Cal Advocates,

⁷ Filings in the proceeding include protests to the Application by TURN and Cal Advocates, a Motion to Dismiss by Cal Advocates, and responses to the Motion to Dismiss. After a meeting with Citizens regarding the Application, CforAT filed a Motion for Party Status. On November 18, 2024, PG&E filed a Motion to Hold Proceeding in Abeyance to "address questions and concerns stakeholders have raised and provide a more complete record to assist the Commission in its decision-making process." *Id.* at p. 1. Administrative Law Judge Chang granted this motion on December 5, 2024.

⁸ Amended Application at p. 2.

⁹ Amended Application at p. 2.

¹⁰ CforAT Response to Amended Application, filed March 3, 2025, at pp. 2-4.

¹¹ Cal Advocates Protest to Amended Application, filed March 3, 2025, at pp. 1-5. Cal Advocates also argued that the Amended Application did not moot their prior-filed Protest or Motion to Dismiss. *Id.* Ultimately, the Motion to Dismiss was denied on March 6, 2025.

¹² TURN Protest to Amended Application, filed March 3, 2025, at pp. 1-5.

TURN, CforAT, and National Diversity Coalition (NDC), jointly sponsored a Stipulated Motion requesting that certain evidence, including testimony and data requests, be admitted into the record.¹³ On October 15, 2025, Administrative Law Judge Chang granted parties' Stipulated Motion and admitted the requested exhibits into the record of this proceeding.¹⁴

III. DISCUSSION

Given the novel and unprecedented nature of the proposed long-term Investment Program, the Commission should apply its existing heightened standard of review under Section 851 to the Amended Application, considering whether the proposed transaction will serve the public interest. CforAT recommends that the Commission only consider the first investment tranche of the Investment Program and not cede its authority to comprehensively review future Investment Tranches 2-5. The primary claimed benefit of the proposed Investment Program consists of Citizens' charitable contributions, the scale of which remains uncertain though more limited than the Applicants attempt to portray. CforAT requests that the Commission carefully evaluate the impact of this potential public benefit against the potential adverse impacts of the proposed Investment Program. If the Commission approves any tranche of the proposed Investment Program, it should require modifications to the charitable contributions and require that Citizens submit to Commission enforcement of its obligations.

Though not in order, CforAT's discussion addresses the following scoped issues:

- (1) What should the standard of review be for this Amended Application?;
- (3) Should the Commission, under Pub. Util. Code 851, grant the proposed transaction between PG&E and Citizens which is subject to the terms and conditions of the DCOA?

¹³ Stipulated Motion to Identify and Admit Evidence in Lieu of Evidentiary Hearing, filed October 2, 2025.

¹⁴ Administrative Law Judge's Ruling Granting Stipulated Motion to identify and Admit Exhibits in Lieu of Evidentiary Hearing, issued October 15, 2025.

(a) If granted, should the Commission impose any conditions? For example, should PG&E be required to file an Advice Letter to the Commission seeking approval of transmission projects to be funded as part of the second to fifth Option Periods?

(4) Does the proposed transaction differ from Commission Decision 11-05-048 and Decision 19-03-024 or any other similar decision or authority and if so, how?

(5) Should the Commission authorize PG&E to enter into the first entitlements lease with Citizens pursuant to the terms and conditions of the investment program created by the DCOA and as described in the Amended Application?

(6) How does the proposed transaction align with the Commission’s activities under its affordability Rulemaking 18-07-006?¹⁵

CforAT may address additional scoped issues on reply.

A. The Commission Should Apply a Heightened Standard of Review to this Novel Proposed Transaction

The first issue in the Assigned Commissioner’s Scoping Memo asks “[w]hat should the standard of review be for this Amended Application?”¹⁶ The Commission has broad discretion under Section 851 of the Public Utilities Code, the provision of state law under which this application is being considered.¹⁷ In past applications of Section 851, the Commission has used

¹⁵ Assigned Commissioner’s Scoping Memo and Ruling, issued May 6, 2025, at pp. 4-5.

¹⁶ Assigned Commissioner’s Scoping Memo and Ruling at p. 4. There has been no dispute regarding the standard of proof, which provides that an applicant in a ratesetting case has the burden which it must meet based on the preponderance of evidence. *See, e.g.*, D.24-05-004 at p. 7.

¹⁷ Relevant language from Section 851 includes: “A public utility . . . shall not sell , lease, assign, mortgage, or otherwise dispose of, or encumber the whole or any part of its railroad, street railroad, line, plant, system, or other property necessary or useful in the performance of its duties to the public, or any franchise or permit or any right thereunder, or by any means whatsoever, directly or indirectly, merge or consolidate its railroad, street railroad, line, plant, system, or other property, or franchises or permits or any part thereof, without first having either secured an order from the commission authorizing it to do so for qualified transactions valued above five million dollars (\$5,000,000).”

varying standards to conduct its public interest review.¹⁸ As noted in a past proceeding that denied approval to a novel transaction proposed by PG&E, the minimal standard is whether a proposed transaction is “not adverse to the public interest,” but the Commission may also consider “whether a proposed transaction will serve the public interest.”¹⁹ CforAT has argued that the Commission should apply the higher standard of whether the proposed transaction serves the public interest of the State of California.²⁰ While Applicants have claimed that the minimal standard should be applied here, they also assert that “the Investment Program would readily meet [the heightened standard].”²¹

The higher standard of review is appropriate because of the novel nature of the proposed Investment Program.²² “The Commission has previously explained that it sets a high bar for determining that novel transactions meet the ‘public interest’ and ‘tangible benefits’ standards.”²³ It has also applied a heightened standard to applications that potentially impact rates and/or the Commission’s jurisdiction.²⁴ These factors favoring heightened review are in play here.

First, the proposed transaction is novel. PG&E is requesting authority to lock in rates that would recover capital costs for up to \$1 billion at 30-year terms, in connection with entitlement leases to Citizens Energy to be developed through five separate options to enter into investment tranches.²⁵ While PG&E asserts that the transactions are consistent with previous

¹⁸ D.24-05-004 at p. 9. There is “no dispute that the Commission performs a public interest analysis in determining whether to authorize a transaction under Section 851.” *Id.* at p. 8.

¹⁹ D.24-05-004 at p. 9. In the proceeding concluding with D.24-05-004, A.22-09-018, PG&E sought Commission to transfer substantially all of its non-nuclear generation assets to a wholly-owned subsidiary incorporated in Delaware, which would then solicit bids to sell up to a 49.9% equity interest to one or more minority investors. *Id.* at pp. 1-4.

²⁰ Exh. C4AT-01 at p. 4 (Testimony of Melissa w. Kasnitz).

²¹ Exh. PGE-01 at Ch. 8 p. 4 fn 4 (Testimony of Susan F. Tierney).

²² *See* Exh. C4AT-01 at pp. 4-5 (Testimony of Melissa w. Kasnitz).

²³ D.24-05-004 at p. 9, citing D.22-12-032.

²⁴ D.24-05-004 at p. 9, citing D.11-06-032.

²⁵ Amended Application at pp. 8-9; Exh. PGE-01 at Ch. 1 pp. 1:21-2:14 (Amended Testimony of Barry J. Bentley).

transactions between SDG&E and Citizens that were approved by the Commission, namely the Sunrise and the Sycamore transactions,²⁶ the pending proposal is vastly larger and more complex. “It also includes a number of unknown aspects which are impossible for the Commission to evaluate at this time due to the way it is structured and the extended period over which it is proposed to be implemented.”²⁷ CforAT previously highlighted these differences in testimony:²⁸

- *The scale of the proposal is unprecedented.*

Applicants are proposing five tranches of investment, valued at up to \$1.0 billion over a time period of approximately 35 years. This is more than an order of magnitude larger than the Sunrise Transaction, which was valued at \$83 million,²⁹ or the even-smaller Sycamore Transaction, which was valued at \$27 million.³⁰

- *The projects under consideration remain undefined.*

Both the Sunrise and Sycamore Transactions evaluated specific project proposals that could be considered with regard to how they would serve the public. In contrast, “PG&E’s proposal still does not definitely identify the projects it intends to include in the entitlement program. Rather, PG&E describes a ‘universe of projects,’ in multiple tranches that may or may not be included on the Master Project List.”³¹ In this way, the proposal is less like the Sunrise and Sycamore Transactions and more like the rejected transaction at issue in A.22-09-018. In that proceeding, the Commission noted that the applicants provided “few specifics on many

²⁶ Exh. PGE-01 at Ch. 1 p. 2:15-30 (Amended Testimony of Barry J. Bentley).

²⁷ Exh. C4AT-01 at p. 10 (Testimony of Melissa w. Kasnitz).

²⁸ Exh. C4AT-01 at pp. 10-11 (Testimony of Melissa w. Kasnitz).

²⁹ D.11-05-048, issued May 26, 2011, at p. 1.

³⁰ D.19-03-024, issued April 5, 2019, at p. 2.

³¹ Exh. TURN-01E at p. 2, quoting PG&E Amended Testimony (Testimony of Jennifer Dowdell); *see also* Exh. C4AT-01 at p. 10 (Testimony of Melissa w. Kasnitz).

issues, such as potential impact on rates and issues regarding the Minority Investor(s), and defer consideration of these issues to future proceedings.”³² Similarly here, many issues related to Tranches 2-5 of the proposed investment deal are undefined and consideration of those proposals is essentially deferred, though here the Applicants seek to limit future review rather than engage in full proceedings. This concern is addressed in greater detail below.

- *The economic conditions that will be in place for the later tranches of the proposed transaction are unknown.*

The Commission’s public interest evaluation of the Sunrise and Sycamore Transactions expressly considered the economic conditions in place at the time of the proposals. In particular, in considering the Sycamore transaction, the Commission determined that rate stability was a benefit specifically based on forecasted financing costs, which were expected at that time to be more likely to go up than down going forward.³³

In addition to these factors, the proposal exposes ratepayers to both higher costs and higher financial risks than traditional financing and does not appear likely to improve PG&E’s credit profile.³⁴ Moreover, the entity participating in the transaction, and that will govern the distribution of charitable contributions that are a key component of the proposed public benefit of the transaction, is outside of the Commission’s jurisdiction. For the foregoing reasons, CforAT recommends that the Commission apply the heightened standard.

B. Tranche 1 is the Only Portion of the Proposed Investment Program that is Reasonably Ripe for the Commission’s Consideration

CforAT previously recommended “that the Commission decline to authorize future

³² D.24-05-004 at p. 14.

³³ D.19-03-024 at p. 16.

³⁴ Exh. TURN-01E at pp. 4:15-15:11 (Testimony of Jennifer Dowdell).

investment tranches with only limited review, and that it should limit its review now to the first proposed transaction, which can be more closely evaluated based on current financial conditions and expectations. Future proposals can be subject to separate applications, where the financial conditions and expectations in place at the time they are filed can be appropriately considered”³⁵ We continue to believe that this is the most procedurally appropriate path forward.

The Commission can consider proposed Tranche 1 in a manner that would more closely resemble the review applied to the previously-approved Sunrise and Sycamore transactions between SDG&E and Citizens. In both of those cases, the Commission approved a single 30-year lease of transfer capability rights to an identified transmission project, which is more analogous to consideration of a 30-year entitlements lease for Investment Tranche 1 than for the overall Investment Program.³⁶ The facts presented in conjunction with the prior transactions allowed the Commission to evaluate critical information, including specific project benefits, rate impacts, projected financing and capital costs, market conditions, in its public interest analysis of these much smaller investments of \$83 million and \$27 million.³⁷

Specifically, in D.11-05-048 (the Sunrise transaction), the Commission evaluated then-current market conditions and projections to determine that the overall transaction was in the public interest and to further determine that the rate stability provision was “not harmful to the public or to ratepayers, and [that] only passage of time will clearly tell us whether it was a benefit.”³⁸ Similarly, in D.19-03-024 (the Sycamore transaction), the Commission considered projected future increases in SDG&E’s financing costs and capital costs to determine that rate

³⁵ Exh. C4AT-01 at p. 12 (Testimony of Melissa w. Kasnitz).

³⁶ D.11-05-048 at pp. 1-2; D.19-03-024 at pp. 2-3.

³⁷ See D.11-05-048 at pp. 2-23; D.19-03-024 at pp. 3-20.

³⁸ D.11-05-048 at pp. 11-25.

stability would benefit ratepayers.³⁹ In addition, the Commission based its determination that Citizens would collect fair and reasonable revenues on the “the possibility that ratepayers may receive lower electric rates under the Lease than they would otherwise,” supported by predicted increases in SDG&E’s financing costs.⁴⁰ Now, consideration of these economic factors is even more important in light of the total amount of money at issue; the Commission must carefully scrutinize whether the proposed \$1 billion transaction (or even the initial tranche of approximately \$200 million) will serve the public interest and that it will result in rates that are just and reasonable.⁴¹ However, substantial economic and business information remains unknown, particularly for Tranches 2-5.

Even for Tranche 1, the Commission has much less information available than was available for the Sunrise and Sycamore transactions. For example, the Amended Application does not specifically identify projects for even for Tranche 1, but rather presents a “Proposed Project List for Option 1” that will be applicable if the Amended Application is approved before December 31, 2025.⁴² If approval does not occur before the end of 2025, PG&E states that the first Entitlements Lease may draw from other projects presented in the Master Project List.⁴³ Relatedly, the overall investment value of Tranche 1 is also unknown. The Amended Application provides Exhibit B identifying the projects for Tranche 1, with estimated total project rent of \$227,485,087.41.⁴⁴ However, this project list is subject to additions or removals by PG&E, and the overall amount of prepaid rent could also be modified.⁴⁵ While there is more

³⁹ D.19-03-024 at pp. 15-16.

⁴⁰ D.19-03-024 at pp. 16-17.

⁴¹ Exh. TURN-01E at p. 18:9-13 (Testimony of Jennifer Dowdell).

⁴² Exh. PGE-01 at Ch. 2 p. 9:3-20 (Amended Testimony of Michael Medeiros, Jr.).

⁴³ Exh. PGE-01 at Ch. 2 p. 9:20-26 (Amended Testimony of Michael Medeiros, Jr.).

⁴⁴ DCOA, Exh. B Option Period 1 Investment Tranche at pp. 1-2.

⁴⁵ See DCOA Section 3.4(d), Section 4.2(d) at pp. 9, 10, 13.

information available regarding Tranche 1, for which the execution of the entitlements lease is expected in early 2026, than for the subsequent tranches, even Tranche 1 remains much more uncertain than was the case with the prior Sunrise and Sycamore transactions. At most, the Commission should evaluate Tranche 1 of the Investment Program and direct PG&E to file separate applications for consideration of subsequent investment tranches. However, the appropriate level of scrutiny of even Tranche 1 may not be possible given the uncertainties in the Amended Application.

C. The Commission Should Not Consider Tranches 2-5 of the Proposed Transaction

The Commission should not cede authority to comprehensively review future investment tranches as requested in the Amended Application. The Amended Application effectively seeks pre-approval of all five proposed investment tranches in an initial decision, with only a limited review proposed for Tranches 2-5, excluding consideration of any new analysis or consideration of specific projects or economic conditions at the time the proposed Advice Letter process takes place. The Applicants make clear that they want any future review to be expedited and constrained, but they make it extremely difficult for stakeholders to identify the specifics of their proposal, which is not contained in the testimony in support of the Amended Application.⁴⁶ A complete search for the term “Advice Letter” maps out as follows:

- On first mention, the Amended Testimony states: “For Option Periods 2 through 5, PG&E is proposing an expedited Tier 3 Advice Letter process through which

⁴⁶ The initial Application, which was superseded by the Amended Application, proposed no review whatsoever of Tranches 2-5, and only periodic “information only” submittals summarizing ongoing activity. Exh. PGE-03 at Ch. 2 pp. 28:12-29:17 (Original Superseded Testimony of Michael Medeiros, Jr.).

the Commission and stakeholders will be able to review the projects to be included in each Entitlements Lease prior to lease execution.”⁴⁷ No further information is provided.

- In the second mention, PG&E states that projects to be included in the later option periods “must meet the project eligibility criteria specified in the DCOA and will be identified in the Tier 3 Advice Letters for Option Periods 2 through 5 submitted to the Commission,” and provides a footnote referring back to the DCOA.⁴⁸ No further information is provided.
- The third mention references the need for Commission approval of the various leases “pursuant to the Tier 3 Advice Letter Process described below.”⁴⁹ No further information is provided.
- The next mention restates that “the Commission will have the opportunity to review each of the Project Lists for Option Periods 2 through 5 as part of the proposed expedited Tier 3 Advice Letter Process described in the Amended Application and in Section C-2 below.”⁵⁰ No further information is provided, but at least there is some indication on where to look.
- Section C-2 of the Amended Testimony unfortunately provides virtually nothing further, only stating that “PG&E further seeks authorization to seek approval for each of the second through fifth Entitlements Leases through the stakeholder consultation and expedited Tier 3 Advice Letter process described in the

⁴⁷ Exh. PGE-01 at Ch. 2 p. 7:15-18 (Amended Testimony of Michael Medeiros, Jr.).

⁴⁸ Exh. PGE-01 at Ch. 2 pp. 9:32-10:2 (Amended Testimony of Michael Medeiros, Jr.).

⁴⁹ Exh. PGE-01 at Ch. 2 p. 12:25-27 (Amended Testimony of Michael Medeiros, Jr.).

⁵⁰ Exh. PGE-01 at Ch. 2 pp. 14:29-15:3 (Amended Testimony of Michael Medeiros, Jr.).

Amended Application.,⁵¹ and continuing with a statement that “this [Advice Letter] process will ensure each future Entitlements Lease is consistent with the terms of the DCOA, including the project eligibility criteria and the Commission’s order on the Amended Application.”⁵²

- The last mention of the Tier 3 Advice Letter process states that it “strikes a careful balance from a regulatory perspective...allow[ing] for necessary efficiency in the execution of the Investment Program while preserving the Commission’s oversight authority and providing the Commission and stakeholders with the information needed to track the investment Program’s progress and benefits.”⁵³ No further information is provided.

The limited information in opening testimony refers to the Amended Application, which contains only the following as an actual Advice Letter proposal: “The Tier 3 Advice Letter will identify and describe the specific projects that will be subject to the lease and identify the anticipated Citizen’s leasehold interest percentage in each project,”⁵⁴ and “PG&E proposes that the scope of the Advice Letter submission and review will be limited solely to evaluating whether the proposed Entitlements Lease is consistent with the terms of the DCOA, including the project eligibility criteria and the Commission’s order on the Amended Application.”⁵⁵ Even these limited commitments are hedged, as PG&E also states that in a footnote that it can amend the Advice Letter to change the list of designated projects.⁵⁶

In rebuttal testimony, PG&E briefly responds to parties regarding the proposed Tier 3

⁵¹ Exh. PGE-01 at Ch. 2 p. 26:21-24 (Amended Testimony of Michael Medeiros, Jr.).

⁵² Exh. PGE-01 at Ch. 2 p. 26:24-28 (Amended Testimony of Michael Medeiros, Jr.).

⁵³ Exh. PGE-01 at Ch. 2 p. 27:6-13 (Amended Testimony of Michael Medeiros, Jr.).

⁵⁴ Amended Application at p. 32.

⁵⁵ Amended Application at p. 33.

⁵⁶ Amended Application at p. 32, fn. 61.

Advice Letter process, citing its proposal to consult with stakeholders regarding specific projects before submission of a Tier 3 Advice Letter for each investment tranche⁵⁷ and asserting that its proposed process is “efficient and feasible while continuing to provide Commission and stakeholder oversight of future tranches.”⁵⁸ In response to CforAT’s question about next steps following rejection of an advice letter or lack of approval within the requested 120-day timeframe, PG&E states only that “any particular Entitlements Lease could not go into effect without Commission approval of the Advice Letter identifying the projects whose Entitlements would be leased.”⁵⁹

These limited descriptions of the proposal for future review indicate that the contemplated Tier 3 Advice Letter project would not allow for any consideration of whether the actual projects and investments under review are reasonable given economic conditions at the time of the investment option, whether approval would be in the public interest, or whether it would make sense in any other manner for exercise of the option to move forward. PG&E argues that its “PG&E Representative Rate . . . based on PG&E’s then-current FERC-approved cost of capital at the time of each Lease execution” would incorporate appropriate consideration of the external financial market for Tranches 2-5;⁶⁰ however, this consideration would not be subject to outside review, beyond its consistency with an already-approved framework. Nor is much of PG&E’s proposed process formally part of the evidentiary record, as it is not sponsored

⁵⁷ Exh. PGE-02 at Ch. 2 pp. 5:1-7, 10:28-29, citing Amended Application (Rebuttal Testimony of Michael Medeiros, Jr.).

⁵⁸ Exh. PGE-02 at Ch. 2 p. 6:5-11, 15-28 (Rebuttal Testimony of Michael Medeiros, Jr.).

⁵⁹ Exh. PGE-02 at Ch. 2 p. 13:16-27 (Rebuttal Testimony of Michael Medeiros, Jr.).

⁶⁰ Exh. PGE-02 at Ch. 2 p. 14:3-13 (Rebuttal Testimony of Michael Medeiros, Jr.).

by any witness for either of the applicants.⁶¹ Both substantively and procedurally, it would be error for the Commission to adopt any form of Advice Letter process for future tranches based on the information available.

Applicants claim that Tier 3 review would be appropriate based on the authorization in General Order 96-B allowing a utility to seek review through an advice letter when it has been authorized by the Commission to do so.⁶² But this argument is circular, suggesting that an Advice Letter process can be authorized because the Commission can authorize it, with no further explanation of why the Commission should abdicate from its role in conducting a full review of the future proposed investment tranches.

The Applicants try to analogize their request to that of a prior Commission decision addressing certain transfers of assets among telecommunications providers.⁶³ However, the analogy does not hold. In the proceeding resulting in D.04-10-038, the Commission authorized use of an advice letter process for certain transactions that it found “generally do not raise concerns *regarding the protection of consumer interests* or the interests of other market participants.”⁶⁴ Here, the record clearly shows that the activities for which approval may be sought in Tranches 2-5 raise substantial concerns by consumer advocates regarding the protection of consumer interests, supporting the need for full review. The same decision also clearly rejects the Applicants’ proposal “to authorize the advice letter process for ‘all’ transactions pursuant to Sections 851 through 854,” finding that various types of projects would

⁶¹ In A.23-03-002, an application by AT&T to relinquish ETC status through most of California, the Applicant sought to rely on information submitted initially by counsel rather than an identified witness, and the Commission ordered the Applicant to identify a sponsoring witness and specify which portions of various filings made up the case-in-chief to allow for record development. *See* Administrative Law Judge’s Ruling Extending Filing Deadlines for Testimony, issued in A.23-03-002 on October 20, 2023.

⁶² Amended Application at p. 33, citing Rule 5.1 of General Order 96-B.

⁶³ Amended Application at p. 33.

⁶⁴ D.04-10-038, issued November 4, 2004, at p. 4.

not be suitable for such review.⁶⁵

Overall, there is no basis either in the record or in Commission precedent for the Commission to allow major transactions to take place with only a box-checking review and no substantive consideration. To the extent that the Applicants think the various investment tranches are transactions that would serve the public interest, they should bring them as separate applications at the time that the specific proposals are ready for review.

D. The Purported Benefits of the Charitable Contributions are Uncertain and Overstated and Need to be Evaluated in Context

PG&E and Citizens repeatedly emphasize their estimated claim that approval to move forward with the Investment Program will result in over \$450 million in charitable contributions towards direct bill-paying assistance,⁶⁶ highlighting this claim as a key benefit of the Proposed Transaction.⁶⁷ Indeed, this is one of the main public benefits that Applicants advance in the Amended Application.⁶⁸ However, as detailed below, the actual level of charitable contribution is uncertain, and multiple factors could lead to investment levels below the amount claimed,

⁶⁵ D.04-10-038 at p. 5. The Decision specifically rejects extension of the Advice Letter process to dispositions of utility property involving non-certificated third parties and rejects a request to extend the rule change to incumbent local exchange carriers as well as competitive local exchange carriers, noting the need for a higher level of scrutiny for transactions involving incumbent local exchange carriers due to their market power. *Id.* at pp. 5-6.

⁶⁶ The initial Application claimed that the estimated charitable contribution would total over \$400 million. Application at p. 17. The Amended Application increased the claim to \$450 million.

⁶⁷ *See, e.g.*, Exh. PGE-01 Ch. 1 p. 7:16-17 (Amended Testimony of Barry J. Bentley), Ch. 2 p. 1:22-24 (Amended Testimony of Michael Medeiros, Jr.), Ch. 5 p. 3:10-12 (Amended Testimony of Peter F. Smith).

⁶⁸ In a data response regarding benefits to the public interest, Citizens referred to testimonies of Peter Smith, Joseph P. Kennedy III, and Former Massachusetts State Commissioner Susan F. Tierney, each of which emphasized the charitable contributions. Of the three benefits identified by Dr. Tierney, two pertain to the charitable contributions. *See* Exh. C4AT-01 Attachment 4 at pp. 1-3. PG&E similarly identifies the direct bill-paying assistance for PG&E customers as one of the public benefits and emphasizes it throughout the Amended Application and supporting testimony. *See* Exh. C4AT-01 Attachment 3 at pp. 1-2; Amended Application at pp. 24-25; Exh. PGE-01 at Ch. 1 pp. 6-8 (Amended Testimony of Barry J. Bentley).

which assumes that all five investment tranches are executed at the maximum level. However, this assumption is not assured. Additionally, Applicants highlight the total amount potentially being committed but downplay the fact that the distribution of these funds would occur over approximately 35 years, resulting in an annual average contribution of approximately \$16 million.⁶⁹ Finally, as addressed in Section D.3., below, the record describing the allocation of funding is limited, and the Applicants continue to oppose Commission oversight of the funding commitment.

CforAT is highly aware of the ongoing affordability crisis in California and the need for assistance for residential customers, particularly for vulnerable customers such as our constituents who are highly dependent on reliable and affordable energy due to medical needs. This ongoing crisis is not going to be solved by the annual addition of \$16 million in benefits (to be distributed in the form of an extra \$300 to a small subset of PG&E's customers). While CforAT disputes PG&E's statement that we "suggest that there is no point in helping some customers in need unless you can help all customers in need,"⁷⁰ and we recognize that individual families would certainly benefit from this amount of assistance, this does not obviate the importance of a careful evaluation of whether this putative benefit justifies approval of the proposed transaction in full.

It remains the case that Applicants are proposing an unprecedented transaction would provide a ratepayer-funded (and guaranteed) high rate of return to an out-of-state entity outside

⁶⁹ The actual amounts per year, if all tranches are invested, would start low, increase as later tranches with higher contribution levels are added, and then dwindle as initial tranches are completed, so it would not be a fixed amount per year. *See* Exh. PGE-01 at Ch. 6 p. 13:3-6 (presenting Table 6-3 which shows estimated charitable contributions for each of the five potential leases, including first annual charitable contribution, last annual charitable contribution, average annual charitable contribution, and total charitable contributions) (Amended Testimony of Ronald E. Kennedy).

⁷⁰ Exh. PGE-02 at Ch. 1 p.11:21-22 (Rebuttal Testimony of Barry J. Bentley).

of the Commission’s jurisdiction. In considering whether the Proposed Transaction will advance the public interest overall (or whether Tranche 1 alone would advance the public interest), the Commission must weigh the potential benefits of the transaction against the risk of harm.

1. The Total Amount of Charitable Contributions Resulting from the Proposed Investment Program Remains Unknown

As noted above, Applicants stress the potential high-end of charitable contributions that may be generated from the Proposed Transaction, but the actual amount of charitable contributions is unknown. The estimated total of \$450 million in charitable contributions assumes that Citizens invests a full \$1 billion, exercising all five investment tranche options, overall reaching the highest monetary level available. However, PG&E is not obligated to offer options, nor is Citizens obligated to exercise any of these options.⁷¹

While “Option Periods 2 through 5 are expected to follow an annual cadence,” there is substantial “flexibility in the timing and sizing of, as well as the ability to skip, options.”⁷² Applicants state that this flexibility is important to enable appropriate and relevant project selection as well as to “allow the Parties to adapt to financing and market considerations that Citizens and PG&E will encounter over the term of the Investment Program and make adjustments to reflect the timing of required regulatory approvals.”⁷³ This flexibility also means that Citizens could invest less (even substantially less) than the maximum of \$1 billion, reducing the associated level of charitable commitment.

For example, Applicants calculate that the first and second tranches (if exercised in full)

⁷¹ Exh. PGE-01 at Ch. 2 p. 12:10-21 (Amended Testimony of Michael Medeiros, Jr.).

⁷² Exh. PGE-01 at Ch. 2 p. 13:14-27 (Amended Testimony of Michael Medeiros, Jr.).

⁷³ Exh. PGE-01 at Ch. 2 p. 14:10-16 (Amended Testimony of Michael Medeiros, Jr.). The Commission should note that the Applicants believe it is important that they retain the ability to consider financing and market conditions for each tranche, even as they ask the Commission to relinquish its authority to do the same.

can be expected to generate approximately \$61,474,528 and \$76,249,928 in charitable contributions, respectively, over their 30-year leases.⁷⁴ This would average slightly more than \$2 million a year in charitable contributions for the first tranche, and \$2.54 million a year for the second tranche. The second tranche would generate a higher level of commitment than the first because of the “escalating percentages of. . . net after-tax profits” dedicated to charitable contributions for each subsequent \$200 million investment,” meaning that the earlier investment tranches will necessarily generate less money for charitable contributions than subsequent tranches.⁷⁵

While Citizens states that it only “expects” to decline to exercise an investment option if unable to arrange financing,⁷⁶ there is nothing in the record that shows whether this is likely to happen. Moreover, an “expectation” is not an enforceable commitment. Nor is PG&E obligated to offer all five options in full. Though PG&E has stated that “[its] priority is completing the transmission projects on the schedule for which they are needed,”⁷⁷ this priority does not create an obligation.

Acknowledging the inherent uncertainty of the estimated amount of charitable contributions,⁷⁸ Citizens asserts that “two things are guaranteed”: (1) that escalating percentages of net after-tax profits will be dedicated to bill assistance for PG&E customers; and (2) these charitable contributions, regardless of amount, will be incremental to existing ratepayer

⁷⁴ Exh. PGE-01 at Ch. 6 p. 13:5-6 (Amended Testimony of Ronald E. Kennedy).

⁷⁵ Exh. PG&E-01 at Ch. 1 p. 7:1-11 (Amended Testimony of Barry J. Bentley).

⁷⁶ Exh. Citizens-01 at p. 6:15-17 (Rebuttal Testimony of Peter F. Smith).

⁷⁷ Exh. C4AT-02 at p. 1.

⁷⁸ Citizens also points to its “track record” of actual annual contributions exceeding estimated annual contributions in the prior Sunrise and Sycamore transactions and asserts that this “should give the Commission and parties confidence in Citizens’ ability to execute on its charitable commitment.” Exh. Citizens-01 at p. 3:1-7 (Rebuttal Testimony of Peter F. Smith). However, these transactions each involved a single 30-year lease, not the uncertainty of four future investment tranches and the wider potential range of charitable contributions generated.

assistance.⁷⁹ CforAT agrees with these statements. They do not change the fact that the total level of commitment is uncertain, and the payment period is lengthy.

2. Relative to the Size and Scale of PG&E, the Estimated Annual Charitable Contribution Amounts are Modest

Even assuming the full estimate of charitable contributions is realized, the annual average amount of \$16 million in charitable contributions is modest in the context of PG&E's residential customer base and the amount of affordability assistance they need.

This estimated average annual contribution can be compared to the scale of existing affordability programs, including CARE and REACH. For example, Applicants estimate that "Citizens' average charitable contribution (at an estimated 16.3 million a year) would be equivalent to providing full CARE-level assistance for over 25,500 PG&E customers annually as of 2030."⁸⁰ This is fewer customers than are enrolled in CARE on average in the 52 counties served by PG&E,⁸¹ or approximately 1.8% of PG&E's roughly 1.4 million CARE customers;⁸² this does not even encompass the "significant number of households that are struggling with arrearages and high monthly bills and will nonetheless be funding Citizen's contribution."⁸³ An annual commitment averaging \$16 million, while beneficial to those that receive it, will only help a small number of needy households. TURN estimates that "[e]ven if Citizens' charitable contributions roughly double the number of customers receiving bill assistance, this lucky number is only about 2% of PG&E residential customers."⁸⁴ As discussed above, the total

⁷⁹ Exh. Citizens-01 at p. 3:16-23 (Rebuttal Testimony of Peter F. Smith).

⁸⁰ Exh. PGE-01 Ch. 8 p. 11 (Testimony of Susan F. Tierney).

⁸¹ Exh. PGE-01 Ch. 8 at p. 14 (Testimony of Susan F. Tierney).

⁸² See Exh. TURN-01E at p. 16:18 (Testimony of Jennifer Dowdell).

⁸³ Exh. TURN-01E at p. 17:1-2 (Testimony of Jennifer Dowdell). As discussed below, Citizens proposes a more inclusive eligibility requirement, making this assistance available to more households than qualify for existing assistance programs. However, that does not change the fact that the estimated amounts would only serve a small percentage of customers in need.

⁸⁴ Exh. TURN-01E at p. 17:8-10 (Testimony of Jennifer Dowdell).

contribution also may be substantially less, if Citizens invests less than \$1 billion.

The average annual contribution amounts would also be substantially less than what PG&E shareholders have contributed in recent years to assisting ratepayers with bill payments. PG&E made \$50 million commitments to bill-paying assistance programs in both 2024 and 2025, including its REACH program.⁸⁵ Citizens asserted that this comparison is “inapt” as PG&E’s REACH funding levels are not guaranteed.⁸⁶ However, there is nothing preventing PG&E from continuing to provide higher levels of assistance. Also, as discussed above, the charitable commitments from Citizens are not guaranteed either. Plus, PG&E’s own commitments do not have the associated financial risks that are part of the proposed Application and described by TURN.

TURN has determined that PG&E’s ratepayers overall will be overcharged by an estimated \$25 million a year, which is substantially more than the proposed benefit of \$16 million a year for a subset of those ratepayers⁸⁷ Even on a strict financial analysis, this would show that the harms to ratepayers from the proposed program exceed the benefits.⁸⁸

PG&E also asserts that “the Citizens bill-paying assistance could lower bills for all PG&E customers” because of the potential reduction in unpaid bills and arrearages that would reduce the amounts that are collected from all customers.⁸⁹ However, there has been no effort to estimate the potential impact of a reduction in arrearages based on the proposal, or to translate the impact on an average bill. The fact that federal affordability support in the form of LIHEAP is under threat also does not change the relatively modest nature of these potential charitable

⁸⁵ Exh. C4AT-01 Attachment 10; Exh. TURN-01E at p. 17 (Testimony of Jennifer Dowdell).

⁸⁶ Exh. Citizens-01 at p. 4:15-17 (Rebuttal Testimony of Peter F. Smith).

⁸⁷ Exh. TURN-01E at pp. 15:16-17, 16:2-5 (Testimony of Jennifer Dowdell).

⁸⁸ Exh. TURN-01E at pp. 15:13-17, 16:1-5 (Testimony of Jennifer Dowdell).

⁸⁹ Exh. PGE-02 at Ch. 3 p. 10:19-21 (Rebuttal Testimony of Divya Raman).

contributions.⁹⁰ If LIHEAP support is withdrawn, an infusion of \$16 million a year will not ensure affordability for residential customers of PG&E, unfortunately.

3. If the Commission Approves Any Tranche of the Proposed Transaction, It Should Require Modifications to the Proposed Charitable Contributions

Throughout this proceeding, Citizens has touted its proposed charitable contributions as a key benefit of the Proposed Transaction, while only providing limited information regarding its plans for distribution of the charitable contributions. As this has been highlighted, Citizens has been offering additional information, but it remains difficult to evaluate the impact of this aspect of the proposed transaction on the public interest.

In the proposal provided with the initial Application, the charitable contribution is described only as a commitment “to provide charitable benefits to disadvantaged communities and low-income families in the PG&E service area,” in an amount predicted to exceed \$400 million.⁹¹ The testimony then provided substantial additional information about Citizens and its prior activity in California, but virtually no information about the form of the proposed commitment or the method for potential distribution.⁹² The Supplemental Testimony provided by Citizens similarly contains substantial discussion of Citizens as an organization and about its past involvement in California, but little about how the money it proposed to distribute in conjunction with the pending application would be managed. Citizen’s witness states generally that the organization “has consistently engaged with community leaders, non-profit community organizations, elected officials, its utility partners, and other key stakeholders, in deciding how to

⁹⁰ See Exh. Citizens-01 at pp. 5:11-6:10 (Rebuttal Testimony of Peter F. Smith).

⁹¹ Exh. PGE-03 at Ch. 5 pp. 1-2 (Original Superseded Testimony of Peter F. Smith).

⁹² The testimony describes the proposal for escalating contributions through the proposed investment tranches in some detail, and it describes its prior efforts in California, but it contains no information at all explaining how the contributions will be directed or who would decide how to direct them. See Exh. PGE-03 at Ch. 5. pp. 11-14 (Original Superseded Testimony of Peter F. Smith).

distribute its charitable assistance to disadvantaged communities and low-income families.”⁹³

While pledging broad consultation, it continues by stating “we think it would be a mistake to attempt, at this early date, to specify the particular use, programs, area or organizations that may benefit.”⁹⁴ This is consistent with an overall attitude conveyed in the proposal that the parties are well-intentioned so they should just be left alone to act in the way that they believe will benefit PG&E’s customers. This is not an appropriate basis for regulatory decision-making, no matter how well-intentioned the parties involved.

In its Amended Testimony, Citizens modified its prior vague proposal to commit to using all of the charitable contribution for bill-paying assistance for PG&E residential customers.⁹⁵ However, the delivery method for such assistance remains completely undeveloped, as its testimony simply states that “Citizens will continue to work with Commission staff, community members, intervenors, and other stakeholders to identify the most efficient, effective and user-friendly method of delivering this bill-paying assistance to PG&E customers.”⁹⁶

Again in this testimony, Citizens did not commit to any plan for distribution or allocation of these dollars, but only “expectations” to work with one or more existing ratepayer assistance programs or programs that may be developed in the future and a restatement of its “overarching goal . . . to direct its charitable dollars to bill-paying assistance in the most effective, efficient, and user-friendly manner for customers in need.”⁹⁷

CforAT propounded discovery to learn more about Citizens’ plans and efforts regarding outreach and distribution, including “any criteria Citizens plans to use to determine the ‘most

⁹³ Exh. Citizens-04 at p. 9 (Supplemental Superseded Testimony of Joseph P. Kennedy III).

⁹⁴ Exh. Citizens-04 at p. 11 (Supplemental Superseded Testimony of Joseph P. Kennedy III).

⁹⁵ Exh. PGE-04 at Ch. 7 p. 2 (Redline Amended Testimony of Joseph P. Kennedy III).

⁹⁶ Exh. PGE-04 at Ch. 7 p. 12 (Redline Amended Testimony of Joseph P. Kennedy III).

⁹⁷ Exh. PGE-01 at Ch. 5 p. 13:18-23 (Amended Testimony of Peter F. Smith).

efficient, effective, and user-friendly method of delivering bill-paying assistance.”⁹⁸ Citizens responded by saying that it “does not have a formalized or documented process for this type or outreach and engagement,” nor did it identify any criteria for determining the best method of distributing bill-paying assistance.⁹⁹ Citizens also expressed an ongoing preference to avoid formal structure or oversight, saying that “[it] is mindful of the fact that formalized processes can introduce significant costs and delays which can reduce the amount of charitable donations a project generates and inhibit Citizens’ flexibility to respond to the changing needs of a community.”¹⁰⁰ In its ongoing suggestion that it should simply be trusted to act without formal structure because of its good motives, Citizens referenced its “more than 45 years of experience in working with community members, community-based organizations, stakeholders, and others to ensure its charitable contributions are deployed efficiently and effectively” and described its informal outreach and research activities.¹⁰¹

CforAT’s testimony sets out reasons for concern about the lack of information provided in the record regarding the plans and process for the distribution and allocation of charitable contributions, including the lack of Commission oversight and the lack of any clearly available opportunity for input or direction from any California communities or stakeholders.¹⁰² CforAT has also stated that the proposal would provide minimal oversight aside from some reporting commitments, and no enforcement mechanism in case of non-performance, as well as the fact that Citizens is an out-of-state entity that operates outside the Commission’s jurisdiction.¹⁰³ CforAT also identified a “need for direct and local supervision and oversight of any [charitable

⁹⁸ Exh. C4AT-01 Attachment 11 at p. 1.

⁹⁹ Exh. C4AT-01 Attachment 11 at pp. 2-3.

¹⁰⁰ Exh. C4AT-01 Attachment 11 at p. 2.

¹⁰¹ Exh. CforAT-01 Attachment 11 at pp. 2-3.

¹⁰² Exh. C4AT-01 at pp. 14-15 (Testimony of Melissa w. Kasnitz).

¹⁰³ Exh. C4AT-01 at pp. 14-15 (Testimony of Melissa w. Kasnitz).

contributions] for PG&E customers.”¹⁰⁴

In rebuttal testimony, Citizens reiterated its preference to avoid oversight and provided an update on its outreach efforts, describing its efforts to identify potential organizations to distribute aid to PG&E customers,¹⁰⁵ and asserting that the positive community response it received to its outreach “belies CforAT’s claim that ‘there appears to be no clearly available opportunity for input or direction from any California communities or stakeholders.’”¹⁰⁶ Rather than accept any form of review from the Commission or any structured process involving California stakeholders, Citizens continued to assert that there is “no need for a formalized, unduly costly, stakeholder process of the type CforAT appears to envision” and argued that such a process would only introduce costs and delays while not materially altering the outcome.¹⁰⁷

In responses to concerns regarding the Commission’s lack of jurisdiction over Citizens, Citizens described its history of fulfilling charitable commitments before the Commission,¹⁰⁸ and PG&E noted the Commission’s ability to oversee PG&E’s administration of the contract and review annual submittals summarizing Citizens’ direct bill-paying assistance.¹⁰⁹ This does not address the lack of process for Commission and stakeholder input on the distribution and allocation of charitable contributions or lack of information on these plans or processes in the record to allow for consideration of this unprecedented proposed transaction.

Nevertheless, Citizens also proffered some potential options for a more structured charitable giving program, even while maintaining that its “track record of successfully working with the affected local communities in Southern California in both the Sunrise and Sycamore

¹⁰⁴ Exh. C4AT-01 at p. 18 (Testimony of Melissa w. Kasnitz).

¹⁰⁵ Exh. Citizens-01 at pp. 7:17-26, 8:1-27, 9:5-14 (Rebuttal Testimony of Peter F. Smith).

¹⁰⁶ Exh. Citizens-01 at p. 8:21-25 (Rebuttal Testimony of Peter F. Smith).

¹⁰⁷ Exh. Citizens-01 at p. 9:8-14 (Rebuttal Testimony of Peter F. Smith).

¹⁰⁸ Exh. Citizens-01 at p. 12:8-14 (Rebuttal Testimony of Peter F. Smith).

¹⁰⁹ Exh. PGE-02 at Ch. 2 pp. 7:6-10, 8:1-9 fn 22 (Rebuttal Testimony of Michael Medeiros, Jr.).

transactions should give the Commission confidence that a cumbersome, formalized stakeholder is not warranted.”¹¹⁰ Specifically, Citizens offered the following potential structure for its program:¹¹¹

- Citizens will partner with the network of existing and established Community Action Agencies that currently administer LIHEAP in PG&E’s service territory. These organizations have the existing infrastructure, experience, and expertise to efficiently identify and qualify households in need and to provide the necessary financial assistance.
- Citizens will provide these organizations with semi-annual funding in proportion to the population of PG&E’s electric customers they serve. The total funding amount will be dependent on the amount of after-tax cash flow available each year, but we are confident it will be a steady and reliable amount of support.
- Eligibility for assistance will be set at 400% of the Federal Poverty Level, to help ensure that a larger number of PG&E customers in need would qualify for assistance.
- The annual benefit for each qualifying household will be \$300, similar to the current benefit provided by the REACH program.
- Citizens’ contribution to these organizations will be independent of LIHEAP funding, but will leverage the existing infrastructure of a familiar, customer-friendly program to implement the Citizens’ bill-paying assistance commitment.”

CforAT believes that these proposals are helpful in providing structure for a charitable contribution program, but they do not address the lack of Commission oversight or enforcement

¹¹⁰ Exh. Citizens-01 at p. 9:16-19 (Rebuttal Testimony of Peter F. Smith).

¹¹¹ Exh. Citizens-01 at pp. 9:21-24; 10:1-26 (Rebuttal Testimony of Peter F. Smith).

authority. Instead, Citizens rests on an assertion of enforceability of the contractual commitment between Citizens and PG&E as a basis for ensuring compliance, and again asks for trust based on its assertions of good intentions.¹¹² CforAT is not casting any aspersions on the good intentions or prior works of Citizens, but we note that regulatory oversight is a key part of the Commission's obligation to ensure that all money demanded of ratepayers for utility service is just and reasonable, and used to promote the safety, health comfort and convenience of the public.¹¹³

If the Commission approves the first tranche of investment proposed in the Application, including the accompanying charitable contribution, it should not only require the commitments provided by Citizens in its Rebuttal Testimony, but also require that Citizens agree to be subject to Commission enforcement of its obligations.¹¹⁴ CforAT understands that Applicants have proposed annual information submittals from Citizens that will provide details on the direct bill-paying assistance programs funded by the charitable contributions, similar to filings that the Commission required for the Sycamore project.¹¹⁵ The Commission should determine if more detailed or frequent reporting is warranted here, considering the substantially larger scale of this transaction. To the extent that there are no compliance issues, as Citizens insists will be the case, the request for Citizens to submit to Commission authority will not cause any problems. In contrast, if any concerns arise during the term of the commitment, such a condition will allow for the Commission to protect the interests of the California ratepayers under its authority.

¹¹² Exh. Citizens-01 at pp. 11-12 (Rebuttal Testimony of Peter F. Smith).

¹¹³ See Cal. Pub. Util. Code Section 451.

¹¹⁴ Citizens has "confirm[ed] it will comply with the requirements of any Commission order." C4AT-01 Attachment 11 at p. 3.

¹¹⁵ PGE-02 at Ch. 2 p. 8:5-7 fn 23 (Rebuttal Testimony of Michael Medeiros, Jr.).

IV. CONCLUSION

For the foregoing reasons, CforAT requests that the Commission only consider Tranche 1 of the Proposed Transaction and reject the proposal to prospectively approve Tranches 2-5. The Commission should closely evaluate the implications of Tranche 1 and direct PG&E to file a separate application for each of Tranches 2-5 when it is prepared to provide the specific information necessary for meaningful review.

Respectfully submitted,
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