



BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Application of Pacific Gas and Electric)
Company to Recover in Customer Rates)
the Costs to Support Extended Operation)
of Diablo Canyon Power Plant from)
September 1, 2023 through December 31,)
2025 and for Approval of Planned)
Expenditure of 2025 Volumetric)
Performance Fees)
(U 39 E))

Application A.24-03-018
(Filed: March 29, 2024)

**ALLIANCE FOR NUCLEAR RESPONSIBILITY'S
PETITION FOR MODIFICATION OF D.24-12-033**

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Date: October 27, 2025

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I. INTRODUCTION.

Pursuant to Rule 16.4 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, the Alliance for Nuclear Responsibility (“A4NR”) respectfully files a Petition for Modification (“PFM”) of D.24-12-033, which approved a revenue requirement of \$723 million for Pacific Gas and Electric Company (“PG&E”) for the extended operations of the Diablo Canyon Nuclear Power Plant (“Diablo Canyon”) during the 2023-2025 record period. A4NR’s PFM is based on factual disclosures in D.25-06-049 and PG&E’s October 8, 2025 Update to Prepared Testimony in A.25-03-015. The combined effect of these facts on the Diablo Canyon cost recovery process created by Pub. Util. Code section 712.8, subdivision (h)(1), was not known at the time of D.24-12-033’s adoption. A4NR was a party to A.24-03-018, the proceeding which produced D.24-12-033, and is filing this PFM within one year of the December 19, 2024 effective date of that decision.

II. D.25-06-049 REVISED THE RA MPB METHODOLOGY AND APPLIED THOSE REVISIONS TO THE CALCULATION OF THE 2025 FINAL RA MPB.

D.24-12-033 approved PG&E’s \$210 million Resource Adequacy (“RA”) substitution capacity cost forecast¹ based on a \$42.54/kW-month 2025 forecast RA Market Price Benchmark (“MPB”) and a \$28.65/kW-month 2024 final RA MPB.² Six months after the adoption of D.24-12-033, the Commission made substantial revisions to the RA MPB methodology in D.25-06-049: “(W)e find that our indifference methodology does not satisfy the statutory indifference mandate, and we identify vulnerability of the RA MPB calculation to manipulation. Prompt adoption of reforms is necessary.”³ D.25-06-049 made the new methodology applicable to the upcoming calculation of the 2025 final RA MPB despite the fact that the 2025 forecast RA MPB had been calculated using the earlier methodology:

¹ D.24-12-033, p. 82, Conclusion of Law 10. See also pp. 29 – 30, citing PG&E Fall Update for derivation of the \$210.1 million amount requested by PG&E.

² A.24-03-018, PG&E Fall Update, p. 4, lines 21 – 24. These values were subsequently corrected to \$40.31/kW-month and \$26.26/kW-month, respectively, by an Energy Division report dated November 5, 2024, but those changes were not reflected in D.24-12-033.

³ D.25-06-049, p. 11. See also p. 31, Finding of Fact 1, and p. 33, Conclusion of Law 1.

The adoption of the changes to the RA MPB outlined above are necessary in order to comply with the indifference mandated by statute. Nothing in the statutes mandating indifference limits our authority to modify the indifference calculation methodology when necessary. We find that it would be inconsistent with the statutory mandate to ensure indifference to make the above findings, yet prohibit the adopted remedy from being applied immediately.⁴

III. DIABLO CANYON’S “115% OF FORECASTED COSTS” EXEMPTION FROM REASONABLENESS REVIEWS COMPELS AVOIDANCE OF A FLAWED MPB.

Unlike the Energy Resource Recovery Account (“ERRA”) forecast proceeding on which it is modeled, the Diablo Canyon cost recovery process cannot neutralize the entire effect of a methodologically flawed forecast with a true-up (or true-down) to actual costs. Pub. Util. Code section 712.8, subdivision (h)(1), expressly provides, “there shall be no further review of the reasonableness of costs incurred if actual costs are below 115 percent of the forecasted costs.” That means that use of a 2025 forecast MPB of \$42.54/kW-month, even when trued down to the 2025 final MPB of \$11.21/kW-month, will still provide a \$31.33/kW-month⁵ shield from reasonableness review of Diablo Canyon’s A.24-03-018 record period operating costs, or \$160,704,210.⁶ Allowing such exploitation of a methodology D.25-06-049 found “flawed and vulnerable to manipulation”⁷ would severely undermine the statutory limitation of PG&E’s recovery to “all reasonable costs and expenses necessary to operate ... beyond the current expiration dates.”⁸

The Commission should foreclose this potential artifice by modifying D.24-12-033 to specify that, for the A.24-03-018 record period, the 2025 forecast MPB and the 2025 final MPB will both be \$11.21/kW-month. Such an adjustment would replicate the corrective effect of the ERRA true-up process while maintaining a defensible “115% of forecasted costs” safe harbor consistent with Pub. Util. Code section 712.8, subdivision (h)(1). As D.25-06-049 observes, the

⁴ *Id.*, p. 29.

⁵ $42.54 - 11.21 = 31.33$.

⁶ This amount was calculated by multiplying \$31.33 by the RA substitution capacity needs identified in PG&E’s A.24-03-018 Confidential Workpapers at pp. 4-2 – 4-3, then multiplying that amount by 1.15.

⁷ D.25-06-049, p. 31, Finding of Fact 1.

⁸ Pub. Util. Code § 712.8, subd. (h)(1).

California Supreme Court in *Southern Cal. Edison Co. v. Public Utilities Com.*, 20 Cal.3d 813 (1978), clarified that *Pacific Telephone & Telegraph Co. v. Public Utilities Commission*, 62 Cal. 2d 634 (1965), “interpreting Pub. Util. Code section 728 as a prohibition against retroactive ratemaking was not intended to apply to every situation where action by the Commission results in retroactive application. The principle only applies to setting general rates.”⁹ The annual Diablo Canyon cost recovery forecast proceeding, and D.24-12-033, do not set general rates.

IV. THE COMMISSION SHOULD CORRECT D.24-12-033’S USE OF THE WRONG 2024 FINAL RA MPB.

One component of the \$210 million RA substitution capacity cost forecast approved by D.24-12-033 was a \$28.65/kW-month 2024 final RA MPB.¹⁰ This value was corrected to \$26.26/kW-month by an Energy Division report dated November 5, 2024, which PG&E included as Attachment B to its October 8, 2025 Update to Prepared Testimony in A.25-03-015,¹¹ but the change was not reflected in D.24-12-033. The \$2.39/kw-month difference¹² will inappropriately shield \$1,535,279¹³ of Diablo Canyon costs during the record period from reasonableness review under the “115% of forecasted costs” safe harbor provision in Pub. Util. Code section 712.8, subdivision (h)(1). Exploitation of a demonstrably erroneous 2024 final RA MPB undermines the statutory limitation of PG&E’s recovery to “all reasonable costs and expenses necessary to operate ... beyond the current expiration dates.”¹⁴ The Commission should modify D.24-12-033 to incorporate the corrected 2024 final RA MPB into the approved forecast of RA substitution capacity costs.

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⁹ D.25-06-049, p. 29, citing 20 Cal.3d at 817.

¹⁰ A.24-03-018, PG&E Fall Update, p. 4, lines 21 – 23. See also D.24-12-033, pp. 29 – 30, citing PG&E Fall Update for derivation of \$210.1 million amount requested by PG&E.

¹¹ A.25-03-015, PG&E October 8, 2025 Update to Prepared Testimony, p. AtchB-1.

¹² $28.65 - 26.26 = 2.39$.

¹³ This amount was calculated by multiplying \$2.39 by the RA substitution capacity need identified in PG&E’s A.24-03-018 Confidential Workpapers at p. 4-2, then multiplying that amount by 1.15.

¹⁴ Pub. Util. Code § 712.8, subd. (h)(1).

V. A4NR's PROPOSED MODIFICATIONS TO D.24-12-033.

A4NR proposes the following specific wording to carry out its requested modifications to D.24-12-033:

Findings of Fact:

29. D.25-06-049 revised the RA MPB methodology, reducing the 2025 RA MPB used as both forecast and final values in this proceeding to \$11.21/kW-month.

30. The Energy Division's November 4, 2024 report corrected the 2024 final RA MPB to \$26.26/kW-month.

Conclusions of Law:

10. ~~PG&E's~~ An RA substitution capacity cost forecast of ~~\$210~~ 69 million for the extended operations period of November 3, 2024, through December 31, 2025, should be approved.

11. The use of the RA MPB, as corrected by the Energy Division's November 4, 2024 report and revised by D.25-06-049, is appropriate and should be approved.

Order:

1. Pacific Gas and Electric Company is authorized to recover a revenue requirement of ~~\$723~~ 582 million covering the extended operations costs from September 1, 2023 to December 31, 2025, which includes operations and maintenance costs; resource adequacy substitution capacity forecast; generation forecast and generation revenues forecast methodology and calculation; amortized fuel expense cost for fuel over the 2025 through 2030 period; and netting of California Independent System Operator revenues of the period of November 3, 2024 to December 31, 2025.

VI. ATTACHED DECLARATION.

A4NR has attached the Declaration of John L. Geesman to support the allegation of facts which are outside the A.24-03-018 record.

Respectfully submitted,

By: /s/ John L. Geesman

JOHN L. GEESMAN
DICKSON GEESMAN LLP

Date: October 27, 2025

Attorney for
ALLIANCE FOR NUCLEAR RESPONSIBILITY

**DECLARATION OF JOHN L. GEESMAN
IN SUPPORT OF PETITION TO MODIFY D.24-12-033**

Under penalty of perjury, I, John L. Geesman declare as follows:

1. I am a partner with the law firm Dickson Geesman LLP and have provided legal representation to the Alliance for Nuclear Responsibility (“A4NR”) in multiple proceedings before the California Public Utilities Commission (“Commission”), including A.24-03-018 and A.25-03-015.
2. In the A.25-03-015 proceeding, I was served with the October 8, 2025 Update to Prepared Testimony by Pacific Gas and Electric Company (“PG&E”), which included an Attachment B entitled “2025 MARKET PRICE BENCHMARKS REVISED NOVEMBER 5, 2024”. I have attached a copy of this Attachment B to my Declaration as Exhibit 1.
3. I am informed and believe that Exhibit 1 contains a true and correct copy of a report by the Commission’s Energy Division dated November 4, 2024 entitled “Market Price Benchmark Calculations 2024 **REVISED**”.
4. I utilized the **\$26.26** revised value identified in red in Exhibit 1 as the System RA 2024 Final Market Price Benchmark to calculate a difference of \$2.39/kW-month when compared to the value assumed by D.24-12-033. I multiplied \$2.39 by the 2024 RA substitution capacity needs identified in PG&E’s A.24-03-018 Confidential Workpapers at p. 4-2, then multiplied that amount by 1.15, to conclude that D.24-12-033’s use of the uncorrected value for the System RA 2024 Final Market Price Benchmark will inappropriately shelter \$1,535,279 of Diablo Canyon costs during the A.24-03-018 record period from reasonableness review under the safe harbor provision in Pub. Util. Code section 712.8, subdivision (h)(1).
5. I have attached as Exhibit 2 to my Declaration a copy of page 6 from PG&E’s October 8, 2025 Update to Prepared Testimony, and am informed and believe that Line 1 of Table A accurately identifies the final System RA Market Price Benchmark for 2024 (\$26.26) and 2025 (\$11.21) provided by the Commission on October 1, 2025.
6. I utilized the \$11.21 value identified in Exhibit 2 as the 2025 Final Benchmark for System RA to calculate a difference of \$31.33/kW-month when compared to the value assumed by

D.24-12-033. I multiplied \$31.33 by the 2025 RA substitution capacity needs identified in PG&E's A.24-03-018 Confidential Workpapers at pp. 4-2 – 4-3, then multiplied that amount by 1.15, to conclude that D.24-12-033's use of the discredited forecast value will inappropriately shelter \$160,704,210 of Diablo Canyon costs during the A.24-03-018 record period from reasonableness review under the safe harbor provision in Pub. Util. Code section 712.8, subdivision (h)(1).

7. I summed the inappropriately sheltered \$1,535,279 and \$160,704,210, and divided the \$162,239,489 total by 1.15 to determine that the forecast of RA substitution capacity costs approved by D.24-12-033 is overstated by \$141,077,817 and that the adopted revenue requirement should be reduced to \$582 million.

Under penalty of perjury, I declare that the foregoing statements of fact are true and correct to the best of my knowledge and that the statements of opinion expressed above are based on my best professional judgment.

/s/John L. Geesman
Bodega Bay, California
October 27, 2025

Exhibit 1

“2025 MARKET PRICE BENCHMARKS REVISED NOVEMBER 5, 2024”

(Attachment B to PG&E’s October 8, 2025 Update to Prepared Testimony in A.25-03-015)

PACIFIC GAS AND ELECTRIC COMPANY
ATTACHMENT B
2025 MARKET PRICE BENCHMARKS
REVISED NOVEMBER 5, 2024

Market Price Benchmark Calculations 2024 **REVISED**

November 5, 2024

This document provides revised Market Price Benchmarks (MPB) for the Power Charge Indifference Adjustment Forecast and True Up issued on October 4, 2024, to correct errors and omissions, which are briefly explained below.

For informational purposes, ED included the 2024 MPB for comparison.

Table 1. 2024 Final Market Price Benchmarks Used in PCIA Calculations

		2023 Final Market Price Benchmarks			2024 Final Market Price Benchmarks		
		PG&E	SCE	SDG&E	PG&E	SCE	SDG&E
RA Adder	System RA	\$14.37			\$28.65 \$26.26		
	Local RA	\$8.38	\$7.79	\$9.77	\$12.22	\$10.26 \$10.24	\$17.21 \$16.44
	Flexible RA	\$7.82			\$12.89 \$12.76		
RPS Adder		\$30.30			\$65.63 \$54.56		

Table 2. 2025 Forecast Market Price Benchmarks

		2024 Forecast Market Price Benchmarks			2025 Forecast Market Price Benchmarks		
		PG&E	SCE	SDG&E	PG&E	SCE	SDG&E
Energy Index	On-Peak	\$72.88	\$68.30	\$68.30	\$55.02	\$41.54	\$41.54
	Off-Peak	\$65.77	\$62.59	\$62.59	\$53.18	\$47.84	\$47.84
RA Adder	System RA	\$15.23			\$42.54 \$40.31		
	Local RA	\$9.52	\$8.81	\$8.60	\$13.29	\$11.10 \$11.23	\$9.99
	Flexible RA	\$9.12			\$14.16 \$16.97		
RPS Adder		\$31.73			\$67.06 \$71.24		

The differences are explained briefly below:

- ED staff identified one submission that was omitted due to naming convention issues. This resulted in changes to some of the local values for SDG&E and SCE.
- ED staff identified some transactions that were misidentified as resource specific imports when they were unspecified imports and visa versa. ED staff excludes unspecified import

transactions from the system MPB because CPUC rules require unspecified RA resources to be specified in \$/kWh. These corrections resulted in changes to the system MPBs

- ED staff initially calculated the flexible RA MPB using the price multiplied by the flexible RA capacity, rather than the system RA capacity, but here calculated the flexible RA MPB as the price multiplied by the system RA capacity. This lowered the price for the 2024 flexible MPB because of lower priced contracts with more system capacity than flexible capacity and this raised the forecast price because of higher priced contracts with flexible capacity greater than system capacity.

Exhibit 2

Page 6 of PG&E's October 8, 2025 Update to Prepared Testimony in A.25-03-015

TABLE A
COMPARISON OF FINAL MARKET PRICE BENCHMARKS

Line No.	Description	2024 Final Benchmarks ^(a)	2025 Final Benchmarks ^(b)
	<u>RA (\$/kilowatt (kW)-month)</u>		
1	System RA	\$26.26	\$11.21
2	Local RA – PG&E	\$12.22	–
3	Local RA – SCE	\$10.24	–
4	Local RA – SDG&E	\$16.44	–
5	Flexible RA	\$12.76	–
	<u>Renewables (\$/megawatt-hour (MWh))</u>		
6	Renewables Portfolio Standard (RPS)	\$54.56	\$63.86

(a) As revised on November 5, 2024 by the CPUC.

(b) D.25-06-049, Conclusion of Law (COL) 2 (“The Commission should adopt a single RA MPB based upon three-years’ transaction data for the forecast calculation and four-years’ transaction data for the final calculation.”)

TABLE B
COMPARISON OF FORECAST MARKET PRICE BENCHMARKS

Line No.	Description	2025 Forecast Benchmarks ^(a)	2026 Forecast Benchmarks ^(b)
	<u>Energy Index (\$/MWh)</u>		
1	On Peak – PG&E	\$55.02	\$50.20
2	Off Peak – PG&E	\$53.18	\$52.31
	<u>RA (\$/kW-month)</u>		
3	System RA	\$40.31	\$11.53
4	Local RA – PG&E	\$13.29	-
5	Local RA – SCE	\$11.23	-
6	Local RA – SDG&E	\$9.99	-
7	Flexible RA	\$16.97	-
	<u>Renewables (\$/MWh)</u>		
8	RPS	\$71.24	\$62.45

(a) As revised on November 5, 2024 by the CPUC.

(b) D.25-06-049, OP 2.

1 Energy Index

- 2 • Separate values for each IOU based on Platts average on-peak and
- 3 off-peak market indices for North of Path-15 (NP-15) and South of
- 4 Path-15.