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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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

PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E) RESPONSE TO PETITION FOR MODIFICATION OF D.24-12-033 BY ALLIANCE FOR NUCLEAR RESPONSIBILITY

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TABLE OF CONTENTS

PAGE

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Pursuant to the California Public Utilities Commission's (Commission) Rules of Practice and Procedure 16.4(f), Pacific Gas and Electric Company (PG&E) respectfully submits this response to the October 27, 2025 petition for modification (PFM) of Decision (D.) 24-12-033 submitted by the Alliance for Nuclear Responsibility (A4NR).

I. INTRODUCTION

In its PFM, A4NR requests that the revenue requirement approved in D.24-12-033 be modified to incorporate the final Resource Adequacy (RA) Market Price Benchmark (MPB) in place of the forecast RA MPB, including for the 115 percent evaluation, under which no reasonableness review is required.[1] The Commission should partially grant and partially deny the PFM. Specifically, PG&E supports using the updated RA MPB to determine whether "there shall be no further review of the reasonableness of costs incurred if actual costs are below 115 percent of the forecasted costs" pursuant to Public Utilities Code § 712.8(h)(1). However, this principle should not only apply to the 2025 annual Diablo Canyon Extended Operations Forecast proceeding, but to all the annual proceedings through 2030. As written, A4NR's proposal would apply only to the single-year 2025 revenue requirement approved in D.24-12-033. Limiting the adjustment to only the 2025 revenue requirement would be inconsistent and undermine the proposition that the variance between the forecast and final RA MPB should not affect the

[1] *Alliance for Nuclear Responsibility's Petition for Modification of D.24-12-033* (PFM), Oct. 27, 2025, pp. 2-4.

analysis of the 115 percent evaluation.

In addition, as explained below, A4NR's other recommendations, including the revisions to certain Findings of Fact, Conclusions of Law, and Ordering Paragraphs, are unnecessary.

II. THE PFM SHOULD BE PARTIALLY GRANTED AND PARTIALLY DENIED

In its PFM, A4NR asks the Commission use the updated RA MPB from the revised methodology adopted in D.25-06-049 when calculating whether PG&E's actual costs exceed 115 percent of its forecast costs. A4NR also requests that the Commission revise the total revenue requirement authorized in D.24-12-033 to reflect the updated RA MPB. A4NR provides recommended wording changes to Findings of Fact, Conclusions of Law, and Ordering Paragraphs to implement its requested revisions to D.24-12-033.

A. For the Purpose of the 115 Percent Evaluation, the Commission Should Use the Final RA MPB Value in Calculating the RA Substitution Capacity Component in All DCPP Forecast Extended Operations Proceedings Through 2030

A4NR seeks to replace the $42.54/kW-month forecast 2025 RA MPB with the final $11.21/kW-month value for the 115 percent threshold, thus replacing the forecast RA MPB value with the final RA MPB value in considering whether actual costs are 115 percent of forecast costs under Public Utilities Code § 712.8(h)(1). PG&E generally agrees with A4NR's proposal. The RA MPB is a Commission-issued, market-based benchmark price outside of PG&E's control. Utilizing the final value for purposes of the 115 percent assessment aligns with the statute's intent to focus on costs that PG&E can manage.

However, limiting this practice only to 2025 would be shortsighted and inconsistent; the same logic should apply through the rest of the extended operations period. The variance between the forecast and final RA MPB could occur in future years as well. The Commission should adopt this approach for all DCPP Extended Operations Forecast proceedings, not only for one year.

Thus, the RA substitution capacity calculation for the 115 percent determination would work as follows. Without the PFM, the default forecast cost for the RA substitution capacity component (the "denominator") equals the forecast outage schedule multiplied by the ***forecast*** RA MPB. If the PFM is partially granted as PG&E proposes, the calculation would instead use the ***final*** RA MPB as follows: forecast outage schedule multiplied by the final RA MPB. The forecast outage schedule remains as presented in PG&E's testimony for the annual proceeding, but the RA MPB value is updated to the final figure. (And the "numerator" for the RA substitution capacity would be actual outage multiplied by the final RA MPB.) This would, in essence, use the same final RA MPB value in calculating the RA substitution capacity component for evaluating forecast and actual costs for purposes of the 115 percent threshold determination, under which no further reasonableness review is required.

B. A4NR's Recommendation to Update the 2025 Revenue Requirement is Unnecessary Because the Revenue Requirement is Already Updated Ahead of January 1 Rate Implementation

A4NR recommends new Findings of Fact, Conclusions of Law, and Ordering Paragraphs to update the 2025 revenue requirement and to also to reflect the corrected RA MPB.[2] Doing so would be redundant and inconsistent with the ERRA Forecast framework, which trues-up RA MPB values in subsequent years without reopening prior decisions.

A4NR's proposed revisions to Finding of Fact 29, Conclusion of Law 10, and Ordering Paragraph 1 to implement its request would modify the revenue requirement approved in D.24-12-033 to incorporate the final 2025 RA MPB, thus reducing the revenue requirement by replacing the forecast RA MPB ($42.54/kW-month) with the final value ($11.21/kW-month). While this may seem appealing at first glance, it is unnecessary and inconsistent with established true-up practices. The DCPP Extended Operations Forecast proceedings are modeled after the ERRA Forecast proceedings, which use forecast RA MPB values, which are then trued-up when the final RA MPB values are issued the following year. In the DCPP Extended Operations Forecast proceedings, the RA MPB is used as a component for the calculation of the forecast RA substitution capacity. In this instance, the forecast 2025 RA MPB was approved to be used in the revenue requirement for rates from January 1 to December 31, 2025, and the year is almost

[2] PFM, p. 4.

over. Like the ERRA Forecast proceedings, the annual DCPP Extended Operations Forecast cases are always based on forecast costs, subject to true-ups. In modifying the MPB methodology in D.25-06-049, the Commission concluded that "The changes adopted should be applied to the calculation of the 2025 Final and 2026 Forecast RA MPB and all succeeding forecast and final MPB calculations."[3]

For 2025, the final RA MPB will be reflected in rates as of January 1, 2026, and customers will receive an in-rate adjustment. There is no need to modify the revenue requirement authorized in D.24-12-033 for customers to receive the "credit" associated with the final RA MPB being lower as the currently accepted method of accounting already implements the change. Applying the change necessitated by an updated RA MPB—whether a credit or a charge to customers—on a going forward basis ensures customers pay the appropriate amount without requiring rate revisions for the ten months of the year that will already have passed before the updated RA MPB is released by the Commission. The result A4NR advocates for—that customer rates reflect the updated RA MPB—is achieved, but in a more efficient manner. Accordingly, the Commission should reject A4NR's proposed revisions to the FOF and COL here.

Similarly, A4NR's proposal for Finding of Fact 30 would correct the final 2024 RA MPB to $26.26/kW-month in D.24-12-033. However, doing so is unnecessary as the $26.26/kW-month value was already incorporated into the non-bypassable charge starting on January 1, 2025, for PG&E, Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E). Doing so is a typical practice of utility ratemaking, and it was included in the consolidated true-up that consolidated all January 1, 2025, rate changes from various proceedings. No need exists to add a duplicative and confusing Finding of Fact when the action has already occurred.

C. Summary of Proposed Modifications of D.24-12-033

PG&E has already described that the Commission should reject A4NR's proposed

[3] D.25-06-049, p. 34, Conclusion of Law 10.

modifications of Findings of Fact 29 and 30, Conclusions of Law 10 and 11, and Ordering Paragraph 1. Instead, PG&E recommends the following specific modifications to carry out the recommendations contained in this response.

Conclusions of Law

11. The use of the RA MPB is appropriate and should be approved ***for the purpose of calculating the RA substitution capacity***.

New COL. ***For this and future DCPP Forecast Extended Operations proceedings, for the purpose of evaluating whether actual costs are below 115 percent of the forecasted costs under Public Utilities Code § 712.8(h)(1), the final RA MPB should be used in place of the forecast RA MPB, so that any variance from the forecast to the final RA MPB is not considered in the evaluation.***

III. CONCLUSION

The Commission should modify D.24-12-033 as described in this response herein; A4NR's PFM should be partially approved and partially denied.

Respectfully Submitted,

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