

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA



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Application of Pacific Gas and Electric Company (U39G) for Approval of its 2027 Gas Cost Allocation and Rate Design Proposals for its Gas Distribution, Transmission and Storage System.

Application 25-11-006
(Filed November 21, 2025)

PROTEST OF THE INDICATED SHIPPERS

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Application of Pacific Gas and Electric Company (U39G) for Approval of its 2027 Gas Cost Allocation and Rate Design Proposals for its Gas Distribution, Transmission and Storage System.

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PROTEST OF THE INDICATED SHIPPERS

Pursuant to the California Public Utilities Commission (Commission) Rules of Practice and Procedure Rule 2.6, the Indicated Shippers¹ submit this protest to the November 21, 2025 *Pacific Gas and Electric Company's (PG&E) Application for Approval of Its 2027 Gas Cost Allocation and Rate Design Proposals for Its Gas Distribution, Transmission and Storage System* (Application).

I. INTRODUCTION

PG&E seeks approval of its 2027 Gas Cost Allocation and Rate Design (CARD) proposals for 2027-2030. The proposed gas cost allocation and rate design methodologies in this proceeding are interrelated to the gas distribution, transmission, and storage revenue requirements, and capacity forecasts presented in PG&E's 2027 GRC Phase I.

In D. 24-03-002, the Commission approved an all-party settlement in PG&E's Gas Transmission and Storage (GT&S) CARD. The Settling Parties' Undisputed Issues Stipulation (Stipulation) provided that PG&E "will file its next GT&S CARD application approximately six

¹ The Indicated Shippers represent the natural gas non-core customer interests of the following companies in this proceeding: California Resources Corp., Chevron U.S.A. Inc., Marathon Petroleum Company LP, PBF Holding Company, and Phillips 66 Company.

months after the filing of its 2027 GRC Phase I application.”² PG&E’s GRC Phase 1 Application was filed on May 15, 2025.

Historically, PG&E has filed its Gas Cost Allocation Proceeding (GCAP) and GT&S CARD separately. The instant Application is the first time PG&E has combined the GCAP and GT&S CARD requests into one application. PG&E explains that “combining PG&E’s GCAP and GT&S CARD proposals into one application, instead of separate applications, provides a comprehensive framework to evaluate and align cost responsibilities and rate structures across the full spectrum of gas utility services.”³

PG&E’s GCAP Application is behind schedule. In D. 19-10-036, the Commission adopted PG&E’s proposal for a three-year to five-year cycle for filing future GCAP applications.⁴ This timeline would “help to establish a more definite schedule for GCAP Application[s].”⁵ In addition, PG&E was “required to provide notice to the Commission at least six (6) months before any planned GCAP filing in order to advise the Commission whether the filing would be timely or delayed.”⁶ On October 6, 2023, PG&E first provided notice that its GCAP was delayed, and expected the GCAP to be filed in the second quarter of 2024.⁷

PG&E did not file its GCAP in the second quarter of 2024. Instead, on June 5, 2024, PG&E requested an extension of time—until November 21, 2025—to file its GCAP Application.⁸

² D. 24-03-002, *Decision Approving Pacific Gas and Electric Company’s 2023 To 2026 Gas Transmission and Storage Cost Allocation and Rate Design Proposals and Adopting Settlement Agreement*, Mar. 13, 2024 at 11.

³ Application at 2.

⁴ D. 19-10-036, *Decision Approving Pacific Gas and Electric Company’s Application to Revise its Gas Rates and Tariffs*, Oct. 31, 2019 at 73.

⁵ *Ibid.*

⁶ *Ibid.*

⁷ Application at 2.

⁸ *Ibid.*

In its request for extension of time, PG&E also stated its intention to combine the GCAP and GT&S CARD proceedings into one. The Commission's Executive Director granted PG&E's request on July 26, 2024.⁹

In all, because PG&E has now combined two applications into one for the first time, the Commission should provide parties sufficient time to review and respond to PG&E's testimony and engage in discovery. Many of the parties in this proceeding are also involved in PG&E's GRC Phase I Application, which must move in parallel on a similar timeline, requiring the dedication of significant party resources. Thus, it is critical that the Commission adopt a schedule for the Application that aligns with PG&E's GRC Phase I Application, while affording parties ample opportunity to thoroughly analyze PG&E's GCAP and GT&S proposals.

II. GROUNDS FOR PROTEST

PG&E claims that residential and non-core customers "are expected to see lower gas rates in the first year due to PG&E's 2027 CARD proposals and implementation of a new sales forecast used to calculate rates."¹⁰ Yet, these unconfirmed rate decreases are premised upon PG&E getting 100% of its requested revenue requirement in its 2027 GRC, which produces a substantial increase from current 2025 rates. This casts doubt on PG&E's claims of lower gas rates, at least with respect to current residential and noncore tariff rates. The Commission must evaluate this Application and PG&E's 2027 GRC holistically, to ensure that the interrelated requests in both applications are just and reasonable, and promote rate affordability.

⁹ Application at 2.

¹⁰ *Id.* at 1.

PG&E's Application also materially deviates from previous Commission authorizations. For example, PG&E proposes to use the "Embedded Cost (EC) method instead of Marginal Cost (MC) method for determining the revenue allocation of PG&E's gas distribution revenue requirement to customer classes for ratemaking purposes."¹¹ The Commission previously denied PG&E's request to use the EC method, citing affordability concerns and lack of sufficient documentation.¹² The Commission held that the "marginal cost allocation methodology should continue to be utilized to allocate revenue requirements to customer classes in this GCAP."¹³ Given the Commission's previous denial of the EC Method, the Commission should carefully scrutinize PG&E's proposed deviation, and verify that PG&E sales forecasts for all rate classes are reasonable. Otherwise, the MC method may need to be retained.

Indicated Shippers is still evaluating PG&E's direct testimony, which includes six exhibits with multiple chapters, and anticipates propounding discovery. Therefore, the Indicated Shippers reserve the right to raise additional issues that may come to light during the discovery process.

III. EFFECT OF APPLICATION ON INDICATED SHIPPERS.

The Indicated Shippers are an *ad hoc* association representing the natural gas transportation customer interests of its members, who are noncore customers of PG&E. The Indicated Shippers regularly and actively participate in PG&E rate cases and gas transmission and storage proceedings, to address rate and revenue impacts to noncore customers, as well as

¹¹ *Id.* at 6.

¹² D. 19-10-036 at 26.

¹³ *Id.* at 27.

operational concerns. Members of the Indicated Shippers will pay the gas transportation rates that result from the Commission's decision in this proceeding.

If PG&E's requests are granted, the resulting cost allocation and rate design for gas distribution, transmission, and storage services will have a significant impact on large noncore gas customers' operations. Accordingly, the Indicated Shippers have a direct interest in participating in this proceeding to ensure that PGE's proposals provide safe, reliable, and affordable gas service at just and reasonable rates.

IV. REASONS APPLICATION IS NOT JUSTIFIED, AND FACTS SUPPORTING DENIAL OF APPLICATION

As discussed above, in addition to the combining of its GCAP and GT&S CARD applications into a single application, a multiplicity of substantive elements contained in PG&E's Application warrant careful examination by the Commission and intervenors. These issues include the accuracy and appropriateness of demand and throughput forecasts and calculations, the proposed cost allocation and rate design for both local transmission and storage, and other proposed changes—such as the proposed migration from marginal cost ratemaking to embedded cost ratemaking. It is also critical that the Commission verify that PG&E's Application strictly complies with the 2023 GT&S Settlement Agreement approved in D. 24-03-002.

V. ISSUES FOR CONSIDERATION

Consistent with previous applications, issues for consideration should include the reasonableness of the following:

- (i) PG&E's throughput and demand forecasts and calculations;

- (ii) the migration from the historical marginal cost method of allocation to the embedded cost method of allocation;
- (iii) the proposed cost allocation of local transmission, distribution, and storage costs, and storage inventory proposals;
- (iv) backbone load factors, throughput adjustments, rate inputs, and the proposed Baja-Redwood rate differential and resulting backbone cost allocations; and
- (v) the safety considerations of PG&E's proposals.

Importantly, the Commission must also confirm PG&E's compliance with the 2023 GT&S Settlement Agreement and Decision.

These issues must be analyzed thoroughly to establish a record to enable the Commission to determine whether PG&E's proposals meet the requirements of just and reasonable gas cost allocation and rate design. Ultimately, PG&E bears the burden of proving that its proposals are just and reasonable.

VI. PROPOSED CATEGORIZATION AND NEED FOR HEARINGS

PG&E's proposed "ratesetting" categorization for this proceeding is reasonable, and should be adopted.¹⁴ Given the scope and potential impact of PG&E's dual GCAP and GT&S CARD application, evidentiary hearings will likely be required.

VII. PROPOSED SCHEDULE

The schedule for the PG&E GCARD must be aligned and coordinated with PG&E's 2027 GRC in A.25-05-009. In the Scoping Memo and Ruling issued in the previous GT&S CARD proceeding, the Commission recognized that "[t]he resolution of PG&E's GT&S CARD proposals

¹⁴ Application at 17.

in this proceeding depends upon the resolution of PG&E's GT&S revenue requirements and capacity forecasts proposals in PG&E's GRC A.21-06-021."¹⁵ As such, the Commission determined that "the schedule in this proceeding must take into account and harmonize with the schedule already adopted in the GRC."¹⁶ Similarly, PG&E's proposals here in this Application are contingent on the adoption of PG&E 2027 GRC Phase I proceeding.¹⁷

This Application is dependent on the development of a complete record and resolution of the myriad of issues in the GRC proceeding. The Commission should develop a schedule for the instant case that keeps it properly aligned with the progress in the GRC case. This may require flexibility to account for developments in the GRC. The Commission should avoid overlapping deadlines, as parties in this proceeding are also actively involved in the GRC. For reference, the schedule for PG&E's 2027 GRC Phase I Application and PG&E's proposed schedule for the 2027 GCARD Application are shown below.

¹⁵ A. 21-09-018, *Assigned Commissioner's Scoping Memo and Ruling*, Jan. 5, 2025 at 6.

¹⁶ *Ibid.*

¹⁷ Application at 16.

CPUC Proceeding	Event	Date
PG&E's Proposed 2027 GCARD Application Schedule	PG&E files its Reply to any Protests/Response	January 20, 2026
PG&E's Proposed 2027 GCARD Application Schedule	Prehearing Conference (PHC)	Late January 2026
PG&E's 2027 GRC Phase I Application	Intervenors' prepared Direct Testimony served	February 13, 2026
PG&E's Proposed 2027 GCARD Application Schedule	Scoping Memo Issued	Late February 2026
PG&E's 2027 GRC Phase I Application	2025 recorded expenditures served by PG&E	March 13, 2026
PG&E's 2027 GRC Phase I Application	Prepared Rebuttal Testimony served	March 31, 2026
PG&E's 2027 GRC Phase I Application	Case Management Conference Statement and Motions for Settlement filed and served	April 13, 2026
PG&E's 2027 GRC Phase I Application	Status Conference	April 21, 2026
PG&E's 2027 GRC Phase I Application	Evidentiary Hearings	Starting April 27, 2026
PG&E's Proposed 2027 GCARD Application Schedule	Intervenor Testimony	May 1, 2026
PG&E's Proposed 2027 GCARD Application Schedule	Begin Settlement Discussions	June 2026
PG&E's 2027 GRC Phase I Application	Opening Briefs	June 19, 2026

CPUC Proceeding	Event	Date
PG&E's 2027 GRC Phase I Application	Reply Briefs – matter submitted	July 10, 2026
PG&E's Proposed 2027 GCARD Application Schedule	Concurrent Rebuttal Testimony	July 31, 2026
PG&E's Proposed 2027 GCARD Application Schedule	CPUC Rule 13.9 Duty to Meet and Confer/ Deadline to File Motion for Evidentiary Hearings	August 10, 2026
PG&E's Proposed 2027 GCARD Application Schedule	Evidentiary Hearings	September 2026 [TBD]
PG&E's Proposed 2027 GCARD Application Schedule	Concurrent Opening Briefs	October 30, 2026
PG&E's Proposed 2027 GCARD Application Schedule	Concurrent Reply Briefs	December 11, 2026
PG&E's 2027 GRC Phase I Application	Proposed Decision	March 2027
PG&E's 2027 GRC Phase I Application	Commission Decision	May 2027
PG&E's Proposed 2027 GCARD Application Schedule	Proposed Decision	June 2027
PG&E's Proposed 2027 GCARD Application Schedule	CPUC Final Decision	July 2027

VIII. COMMUNICATIONS

Service of notices, orders, and other correspondence in this proceeding should be directed to the Indicated Shippers at the address set forth below:

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IX. CONCLUSION

The Indicated Shippers will continue to evaluate PG&E's testimony and the impact of its proposals on ratepayers, and appreciate the opportunity to submit this Protest.

Respectfully submitted,

Buchalter LLP

By:



Nora Sheriff

Counsel for the Indicated Shippers

January 7, 2026