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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED
01/08/26
04:59 PM
A2503015

Application of Pacific Gas and Electric Company to Recover in Customer Rates the Costs to Support Extended Operation of Diablo Canyon Power Plant from January 1 through December 31, 2026, and for Approval of Planned Expenditure of 2026 Volumetric Performance Fees (U39E).

Application 25-03-015
(Filed March 28, 2025)

**Application for Rehearing of D.25-12-007 of
Californians for Renewable Energy, Inc. (CARE)**

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January 8, 2026

1 **Introduction**

2 Pursuant to Rule 16.1 of the California Public Utilities Commission (“Commission” or
3 “CPUC”) Rules of Practice and Procedure, CALifornians for Renewable Energy (CARE)
4 respectfully files its Application for Rehearing of certain portions of D.25-12-007, as specified
5 below. Consistent with the requirement of Rule 16.2, CARE was a party in Application (A.) 25-03-
6 015. This Application for Rehearing is being filed within 30 days of the Commission’s December
7 9, 2025, issuance of D.25-12-007.

8 The grounds on which the applicant considers the order or decision of the Commission to
9 be unlawful or erroneous, with specific references to the record, the law, or the legislature are
10 summarized as follows:

- 11 1) The decision approves ratepayer reimbursement of 2024 and 205 O&M expenses
12 which are barred from ratepayer recovery by PUC Section 712.8d,
13 2) SB 846 requires VPF funding to be applied to Diablo Canyon expenses before being
14 applied to VPF projects, and
15 3) Finding Fact Number 6 is erroneous and contrary to record evidence.

16
17 **1. The decision approves ratepayer reimbursement of 2024 and 205 O&M expenses**
18 **which are barred from ratepayer recovery by PUC Section 712.8d.**

19 D. 25-12-007 approves Pacific Gas and Electric Company’s (PG&E’s) 2026 Diablo Canyon
20 Power Plant extended operations revenue requirement of \$382.233 million. The decision requires
21 ratepayers to pay for \$304,605,000 of 2024 and 2025 O&M expenses¹ that are forbidden by PUC
22 Section 712.8 d from being funded by ratepayers. PUC section 712.8(d) requires that:

23
24 ¹ Decision Page 14 Table 1 2024 O&M Expense- \$6,121,000 and 2025 O&M expense
\$298,404,000

1 **The commission shall not increase cost recovery from ratepayers for operations**
2 **and maintenance expenses incurred by the operator during the period from**
3 **August 1, 2022, to November 2, 2025, for Diablo Canyon Unit 1 and from**
4 **August 1, 2022, to August 26, 2025, for Diablo Canyon Unit 2, above the**
5 **amounts approved in the most recent general rate case** for the operator pursuant
6 to commission proceeding A.21-06-021 (June 30, 2021) Application of Pacific Gas
7 and Electric Company for Authority, Among Other Things, to Increase Rates and
8 Charges for Electric and Gas Service Effective on January 1, 2023.

9 Instead of complying with 712.8d, “The decision concludes that, “*Upon review of the*
10 *testimony on this matter, the Commission continues to find that PG&E’s approach to distinguishing*
11 *between transition costs and extended operations costs for the purpose of tracking costs in the*
12 *DCTRMA for recovery via government funding and recording costs to DCEOBA for recovery in*
13 *customer rates to be reasonable and consistent with the intent of SB 846 and compliant with*
14 *Commission decisions.*”² The decision relies on the incorrect determination that “[t]he distinction
15 *between transitional or preparatory costs versus extended operations costs has not been clearly*
16 *made by the relevant statute.*”³ SB 846 is quite clear as it introduces PUC Code Section 712.8 d.
17 The legislative history of SB 846 something the commission has overlooked in its decision, states
18 clearly:

19 “Prohibits any funds needed by PG&E to prepare for any extended license from
20 being paid for by ratepayers and instead directs those costs to be covered by the
21 DWR loan. **Additionally prohibits the CPUC from increasing the costs to PG&E**

22
23 ² Decision Page 23

24 ³ Decision Page 22

1 **ratepayers for operations and maintenance of DCPD prior to the extension**
2 **(2022-2025).⁴**

3 Instead of complying with the statute the decision allows PG&E to override Section 712.8
4 with its own version of SB 846 which states that , “*a project that is not required as part of the NRC*
5 *license renewal process or as a condition of PG&E’s license renewal application and “(1) [is]*
6 *expected to be placed in service on or after January 1, 2027 and/or (2) the project scoping, design,*
7 *engineering, procurement and implementation efforts generally begin after the original Unit 1*
8 *license expiration date of November 2, 2024.*”⁵

9 Even if you accept PG&E’s interpretation of PUC Section 712.8 d, as detailed in CARE’s
10 testimony and briefing⁶ 17 of the 25 projects PG&E requests ratepayer funding for had project
11 expenses incurred before November 2, 2024. These pre-November 2, 2024, expenses totaling
12 \$19,439,401 should not be allowed even under PG&E’s interpretation of Section 712.8. The
13 decision never mentions the pre 2024 O&M expenses or rebuts CARE’s assertions.

14 In order to comply with Section 712.8 d the commission must disallow all O&M expenses related
15 to 2024 and 2025. At a minimum the decision must disallow the pre November 2024 expenses the
16 decision completely ignores.

22 ⁴ SENATE THIRD READING SB 846 (Dodd) Page 4 As Amended August 28, 2022 :
23 [202120220SB846_Asembly Floor Analysis \(1\).pdf](#)

24 ⁵ Decision Page 15

⁶ CARE Reply Testimony page 5 Lines 1-24 and page 6 Lines 1-7

1 **2. SB 846 requires VPF funding to be applied to Diablo Canyon expenses before being**
2 **applied to VPF projects.**

3 The decision allows PG&E to execute various VPF projects when costs for Diablo Canyon
4 operations are being funded by ratepayers. The legislative history of SB 846 clarifies that VPF
5 funds are first to be applied to Diablo Canyon operational costs and then to VPF projects should
6 funds remain. As the legislative history of SB 846 states:

7 Volumetric fee of \$13/MWh for PG&E customers and \$6.5/MWh for customers of
8 other electricity providers (electric corporations, CCAs, ESPs) within the CAISO
9 service territory. **This fee would cover a range of potential additional costs for**
10 **operating DCPP, and to the extent they aren't needed be directed on other**
11 **public priorities.**⁷

12 Allowing expenditure of VPF funds while operational costs from Diablo Canyon remain is
13 forbidden by SB 846. The decision should allocate all VPF funding to lower the revenue
14 requirement for 2026.

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16 **3. Finding Fact Number 6 is erroneous and contrary to record evidence.**

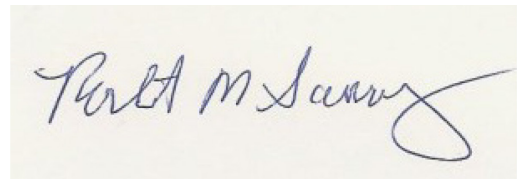
17 Finding of Fact number 6 states that, *“There are no actual or known forecastable costs for*
18 *NRC license renewal conditions or any **DCISC recommendations during the Record Period.**”*
19 This statement is not supported by the record and overlooks record evidence submitted by CARE.
20 CARE introduced CARE-05 email for Bob Rathie DCISC to Robert Sarvey (below) and CARE-03
21 which is the DCISC 34th annual report which details DCISC’s recommendations.

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23 _____
24 ⁷ SENATE RULES COMMITTEE SB 846 Office of Senate Floor Analyses [Senate Floor](#)
[Analysis - Unfinished Business](#) Page 12

1 **4. Conclusions.**

2 The decision needs to be amended to disallow 2024 and 2025 O&M expenses which are not
3 to be funded by ratepayers according to PUC Section 712.8 d. At a minimum the decision should
4 be revised to disallow any pre November 2, 2024, O&M expenses totaling \$19,439,401. The
5 decisions should be amended to apply all the VPF funding to Diablo Canyon's revenue requirement
6 as provided by SB 846. The Decision should eliminate finding of fact number 6 as it is erroneous.

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A handwritten signature in blue ink, appearing to read "Robert M. Sarvey", is written on a light-colored rectangular background.

Robert M. Sarvey
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Tracy, CA. 95376
209 835-7162

January 8, 2026