



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

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

(U 39 G)

Application No. 25-11-006

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 G)
REPLY TO PROTESTS AND RESPONSES**

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Dated: January 20, 2026

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I. INTRODUCTION

On November 21, 2025, Pacific Gas and Electric Company (PG&E) filed its application to the California Public Utilities Commission (Commission or CPUC) for approval of PG&E's 2027 Gas Cost Allocation and Rate Design (CARD) proposals for 2027 through 2030 pursuant to Decision (D.) 19-10-036^{1/} and D.24-03-002.^{2/}

The Application appeared on the Commission's Daily Calendar, New Proceedings section, on November 25, 2025. Pursuant to Rules 1.15 and 2.6 of the Commission's Rules of Practice and Procedure (Rule), protests or responses are due within thirty days of appearance on the Daily Calendar or unless otherwise provided. On December 9, 2025, the assigned Administrative Law Judge (ALJ) issued a ruling setting the date for protest and responses for January 7, 2026 and replies due January 20, 2026.^{3/} PG&E timely files this reply pursuant to the ALJ's December 9th Ruling.

Protests or responses to the Application were filed by: the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), Central Valley Gas Storage, LLC (CVGS), Indicated Shippers, Northern California Generation Coalition (NCGC), Small Business Utility Advocates (SBUA), and The Utility Reform Network (TURN). The following parties

^{1/} D.19-10-036, p. 84, Ordering Paragraph (OP) 12.

^{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, p. 20, OP 1.

^{3/} ALJ E-mail Ruling Identifying Deadlines for Protests/Responses, and PG&E's Reply to Protests/Responses (Dec. 9, 2025).

filed jointly: (1) Calpine Corporation and Sacramento Municipal Utility District (Calpine/SMUD) and (2) Moss Landing Power Company, LLC and NatGas Greenleaf Holdings, LLC (Moss Landing/Greenleaf). PG&E looks forward to collaborating and consulting with interested parties on their recommendations through the discovery, settlement discussions, and evidentiary phases of this proceeding.

The primary purpose of protest and responses to applications is to address the applicant's statement regarding the proposed category, need for hearing, issues to be considered, and proposed schedule (Rule 2.6(d)), but it is not designed to address the merits of proposals, themselves. PG&E reserves all rights to address the merits of proposals at a later date, as it anticipates that parties filing protests and responses will, as appropriate, submit testimony regarding their factual claims and proposals, participate in any necessary hearings, and file briefs. Similarly, PG&E will respond, as appropriate, to the issues parties raise in their testimony and briefs that are deemed within the scope of this case.

This reply focuses on threshold issues regarding the scope of certain issues raised in protests and responses and the proceeding schedule, including a proposed presentation to provide parties with a roadmap of the application and testimony.

II. SCOPE OF THE PROCEEDING

PG&E recommends the issues to be considered as provided in PG&E's Application, Section VI.F, be found within the scope of this proceeding and be adopted as is.

As mentioned above, PG&E does not address the merits of parties' arguments to those issues in this reply. Below, PG&E presents the following: (1) additional issues that may be in scope for this proceeding subject to clarification; and (2) issues that are out of scope.

A. Potential Issues in Scope Subject to Clarification

The following three issues are subject to further clarification. If the Commission clarifies these issues as described below, then these issues may be in scope for this proceeding.

1. Storage Inventory Proposals for PG&E's 2027 CARD Are Limited in Scope.

Storage inventory proposals limited to PG&E's Core Gas Supply (CGS) proposals presented in Exhibit (PG&E-5), Chapter 1 are in scope for this proceeding. PG&E clarifies that issues related to the use of gas storage capacities determined in PG&E's 2027 GRC Phase I Track 1, A.25-05-009 (GRC Phase I) for gas storage cost allocation and rate design as described in Exhibit (PG&E-3), Chapter 1 are in scope of this proceeding, however, the storage capacities

themselves are out of scope. Indicated Shippers request that reasonableness of PG&E's storage inventory proposals be an issue for consideration.^{4/} However, Indicated Shippers do not clarify what is meant by "storage inventory proposals." Any proposals regarding storage capacities beyond the CGS proposals are out of scope for the 2027 CARD as such issues are part of the PG&E's GRC Phase I.^{5/} For example, determining the appropriate level of gas storage capacity and gas storage facility investments needed to ensure a safe, reliable, and affordable gas system is an issue within scope of the GRC Phase I but out of scope for the 2027 CARD. PG&E's CGS proposals include adjusting the storage asset portfolio to meet the 1-in-10 Reliability Standard and increasing the Non-Allocated Storage Inventory Maximum Capacity.^{6/} If Indicated Shippers was referring to the gas storage cost allocation and rate design as presented in Exhibit (PG&E-3), Chapter 1, then it is in scope as it is limited to the cost allocation and rate design of PG&E's storage costs. Therefore, similar to the 2023 GT&S CARD, PG&E requests that storage inventory proposals be limited to PG&E's CGS proposals presented in PG&E's Exhibit (PG&E-5), Chapter 1 and PG&E's gas storage cost allocation and rate design proposals presented in PG&E's Exhibit (PG&E-3), Chapter 1.

2. Compliance with the 2023 GT&S CARD Settlement Agreement Relates to Specific Terms, Therefore Verification that PG&E's Application Strictly Complies with the 2023 GT&S Settlement Agreement Overstates the Issue.

PG&E agrees that compliance with specific terms of the 2023 CARD GT&S Settlement Agreement are in scope for this proceeding,^{7/} however Indicated Shippers' characterization overstates the issue. Indicated Shippers states that "[i]t is also critical that the Commission verify that PG&E's Application strictly complies with the 2023 GT&S [CARD] Settlement Agreement approved in D.24-03-002."^{8/} PG&E believes this overstates what in the 2023 GT&S CARD Settlement Agreement is in scope for the 2027 CARD because the 2023 GT&S CARD Settlement Agreement contained specific requirements that PG&E must comply with in its next CARD application. These specific requirements are:

- PG&E's future weather modeling should be based on the most current, reliable and

^{4/} Indicated Shippers Protest, pp. 5-6.

^{5/} See generally Application (A.) 25-05-009, Exh. (PG&E-3), Ch. 9.

^{6/} Application, p. 16.

^{7/} Application, p. 5, 6, and 11.

^{8/} Indicated Shippers Protest, p. 5.

- available data;^{9/}
- “The [2023 GT&S CARD] Stipulation provides that PG&E will file its next GT&S CARD application approximately six months after the filing of its 2027 [GRC I] application”;^{10/}
- PG&E will (1) study and refine the Abnormal Peak Day (APD)/Cold Winter Day (CWD) split and the core/noncore APD percentages reviewed by the All Customer Group Parties in their settlement negotiations, and (2) present the results in the next PG&E GT&S CARD case;^{11/} and
- PG&E is required to study the extent to which imbalances for the “Big 3” customer classes vary (or not) in relation to the overall throughput for those classes.^{12/}

Lastly, pursuant to the final decision and the settlement agreement, resolution of all other issues settled in the 2023 GT&S CARD are not precedential and do not carry forward into subsequent CARD applications.^{13/}

3. Timing of Future 2031 CARD Filing as an Issue Needs Minor Factual Clarification.

PG&E compared Cal Advocates’ issues to be considered against PG&E’s issues and determined them to be generally similar. However, Cal Advocates requests that “PG&E should be authorized to file its next Gas Cost Allocation and Rate Design (CARD) application in four years for the 2031 Gas CARD.”^{14/} PG&E does not object to Commission consideration of the appropriate timing of the 2031 CARD as being found within scope for this 2027 CARD proceeding. However, PG&E clarifies that the Commission stated that PG&E is not required to file its gas cost allocation application on any set schedule.^{15/} In the prior 2023 GT&S CARD, parties stipulated to the timing of this current proceeding.^{16/}

9/ D.24-03-002, p. 8, FN 8.

10/ D.24-03-002, p. 11.

11/ D.24-03-002, Appendix A, p. 10, with additional details found in Attachment 1, pp. 5-6.

12/ D.24-03-002, Appendix A, p. 11.

13/ D.24-03-005, p. 13; Appendix A, Settlement Conditions, p. 7, Par. 4; Attachment 2, p. 2, Par. 8.

14/ Cal Advocates Protest, p. 3.

15/ See D.20-01-002, pp. 42-43. CPUC adopted PG&E’s proposal for a three to five-year cycle filing future gas allocation and rate design (GCAP) applications and directed PG&E to provide notice to the Commission of a planned GCAP application within six-months of a GCAP filing whether it would be timely filed or delayed. D.19-10-036, p. 84, OP 12.

16/ D.24-03-002, p. 11.

B. Issues Out of Scope

The following three issues are not in scope of this proceeding as described below.

1. Evaluating PG&E’s 2027 CARD and 2027 GRC I Holistically is Overbroad and Non-Specific.

Issues being litigated as in scope for PG&E’s 2027 GRC I are out of scope of this proceeding. Therefore, PG&E respectfully disagrees with Indicated Shippers regarding its request that the Commission “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”^{17/} as this request is overbroad and non-specific. Indicated Shippers provides no other specific nexus between the two proceedings. PG&E does agree that its 2027 GRC Phase I and 2027 CARD are related insofar that the 2027 CARD rate proposals are based on the forecasted revenue requirements proposed in its 2027 GRC Phase I. However, the proposed rate changes presented in this Application are illustrative and will be updated when the final revenue requirement is adopted by the Commission in the 2027 GRC Phase I.

Outside of this, the 2027 GRC Phase I and 2027 CARD address separate and distinct issues. In the 2027 GRC Phase I, regarding its gas operations, PG&E presents its proposed investments in its gas system to provide essential services to its customers over the rate case period with safety as its top priority that also balances affordability and risk reduction. In the 2027 CARD, PG&E presents the results of its cost-of-service studies, proposed revenue allocation, and proposed rate design. How the Commission addresses the myriad of issues (e.g. whether proposed costs for a program with a low cost-benefit ratio should be adopted) in the 2027 GRC Phase I do not impact the proposed methodologies used to design rates in the 2027 CARD. Without a specific nexus with how the two cases are litigated, Indicated Shipper’s request to view these two proceedings holistically should be deemed as overbroad and vague and therefore out of scope.

2. Capturing the Expansion of Electric Extended Day Ahead Market in Rate Forecasts for Market Responsive Electric Generation is Out of Scope for PG&E’s 2027 CARD.

The expansion of the electric Extended Day Ahead Market (EDAM) is out of scope for this proceeding. PG&E respectfully disagrees with NCGC regarding the rate forecasts for market responsive electric generation may not capture anticipated load changes associated with the

^{17/} Indicated Shippers Protest, p. 3.

expansion of electric EDAM.^{18/} California ISO's (CAISO) EDAM is expected to launch in Fall 2026 with PacifiCorp and Portland General Electric joining as the first two official participant Balancing Authorities (BAs) and more expected in 2027. EDAM is an extension of the existing Western Energy Imbalance Market (WEIM) allowing for coordinated day-ahead resource optimization.^{19/} This market is the first of its kind in the West and impacts to BAs operated by the CAISO are uncertain. There is insufficient data available to reasonably model impacts of EDAM on the CAISO and PG&E operations. Accordingly, PG&E's EG model is calibrated based on recent historical imports into the CAISO and PG&E maintains that this is the best available data to use to produce the EG forecast for the 2027 CARD forecast period.^{20/} As a result, expansion of electric EDAM is out of scope for PG&E's 2027 CARD.

3. Safety Considerations Are Not Implicated in PG&E's Proposals and Are Out of Scope for PG&E's 2027 CARD.

PG&E respectfully disagrees with Indicated Shippers' regarding adding the reasonableness of safety considerations in PG&E's proposals in the 2027 CARD as an issue to be considered.^{21/} While PG&E's top priority is the safety of its customers, employees, contractors, and the communities we serve, PG&E's 2027 CARD presents embedded costs, revenue allocation, and rate design proposals intended to impact customer's behavior associated with their energy use.^{22/} PG&E does not believe these behavioral aspects will directly affect the safety of our customers. In addition, similar to the prior 2023 GT&S CARD, PG&E's 2027 CARD will implement its proposals based on the Commission-approved revenue requirement in the final decision for PG&E's 2027 GRC Phase I. Therefore, including safety considerations of PG&E's 2027 CARD proposals is out of scope.

III. PROPOSED CATEGORY

No party disagreed that this proceeding should be categorized as ratesetting.

IV. NEED FOR EVIDENTIARY HEARING

Parties agree that an evidentiary hearing may be needed on the 2027 CARD issues, if the parties are unable to settle.

18/ NCGC Response, p. 2.

19/ California ISO EDAM FAQs, available at: <<https://www.caiso.com/documents/extended-day-ahead-market-edam-faq.pdf>> (accessed Jan. 16, 2026).

20/ Exh. (PG&E-2), Ch. 1, p. 1-6, lines 18-23.

21/ Indicated Shippers Protest, p. 6.

22/ Application, p. 21.

V. PROPOSED SCHEDULE AND PRESENTATION

Parties other than Cal Advocates, Indicated Shippers, and TURN either agreed to PG&E's proposed schedule or did not object to it. The dissenting parties requested the following modifications to PG&E's proposed schedule for this proceeding:

- (1) Indicated Shippers requests that the Commission aligns PG&E's 2027 CARD schedule with its 2027 GRC Phase I and avoid overlapping deadlines.^{23/}
- (2) Cal Advocates and Indicated Shippers request the Commission to consider the new complexity of combining what was previously the GCAP and GT&S CARD into one proceeding. As such, both parties request additional time to review and evaluate PG&E's proposals and conduct discovery.^{24/}
- (3) TURN requests that the Commission maintain a more consistent and reasonable schedule that aligns with its recent Scoping Memo Ruling in similar proceeding for another investor-owned utility that allowed intervenor testimony to be served 7.5 months after their application was filed.^{25/}

PG&E agrees on the importance of having a schedule that aligns the competing demands for time for GRC Phase I and this 2027 CARD. Rather than unilaterally propose a schedule, PG&E plans to schedule a meet and confer with parties on a procedural schedule with a goal of presenting a joint proposed schedule before or at the January 30, 2026 Prehearing Conference.

In addition, given the complexity of this 2027 CARD case that combines the GCAP and GT&S CARD into one proceeding, PG&E intends to schedule a presentation to provide parties with a summary of the contents of testimony and workpapers. Providing this information is anticipated to increase understanding of the Application's proposals with goals of providing for more efficient discovery and clearer delineation of parties' positions.

VI. CONCLUSION

PG&E appreciates the detailed questions and suggestions put forward by many of the parties in their protests and responses to PG&E's application. PG&E looks forward to engaging with all interested parties on the details of the 2027 CARD proposals as the Commission moves forward to consider the Application on its merits.

^{23/} Indicated Shippers Protest, pp. 6-9.

^{24/} Cal Advocates Protest, pp. 7-8, Indicated Shippers Protest, p. 3.

^{25/} TURN Protest, pp. 3-4.

Respectfully Submitted,

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