



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

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

A.25-11-006

(U 39 G)

**CENTRAL VALLEY GAS STORAGE, LLC
COMMENTS ON DRAFT SCOPE OF ISSUES IN A.25-11-006**

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February 10, 2026

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I. INTRODUCTION

Pursuant to the Administrative Law Judge's Email Ruling Granting Parties Opportunity to Comment on the Draft Scope of Issues, issued on February 3, 2026 ("ALJ Ruling"), Central Valley Gas Storage, LLC ("CVGS") submits these comments on the draft scope of issues presented in Attachment A to the ALJ Ruling ("Draft Scope of Issues"). The ALJ Ruling directs parties to file and serve written comments on the Draft Scope of Issues no later than February 10, 2026, and as such these comments are timely filed.

CVGS requests clarification on the intent of Question 20 in the Draft Scope of Issues which pertains to rates for storage purchased through independent storage providers ("ISPs"). If Question 20 involves an evaluation of how PG&E allocates to core customers the costs incurred by PG&E for storage purchased from ISPs, and whether that allocation by PG&E is reasonable, this issue is properly within the scope of this proceeding. However, if Question 20 involves an evaluation of the rates charged by ISPs to PG&E for storage procured by PG&E on behalf of its core customers, this question is not properly within the scope of this proceeding. The reasonableness of rates that ISPs charge their customers is not addressed in PG&E's application,

and is not appropriately included in a proceeding focused on the cost allocation and rate designs applied to PG&E's different customer classes.

Because the intent of Question 20 is unclear, CVGS requests that Question 20 be revised as detailed below to clarify that it is related only to PG&E's allocation to core customers of costs incurred by PG&E for storage purchased from ISPs, and whether that allocation is reasonable.

II. COMMENTS ON DRAFT SCOPE OF ISSUES

Question 20 in the Draft Scope of Issues states:

How can the Commission ensure that core customers are charged reasonable rates for storage purchased through the Independent Storage Providers (ISPs) given the concentration of ISP ownership and the proposed increasing dependence of PG&E on ISP storage to meet core peak demand?

We appreciate that this question has been revised since the initial draft scope of issues was circulated on January 29, 2026, and clarifies that the customers at issue are core customers of PG&E. However, the question is still unclear as to what rates would be assessed for reasonableness.

The scope of PG&E's CARD proceeding is to determine how the gas distribution, transmission, and storage revenue requirements and capacity forecasts set in PG&E's General Rate Case (A.25-05-009) should be allocated among PG&E's gas customer classes. If Question 20 involves an assessment of how PG&E allocates to core customers the costs incurred by PG&E for storage purchased from ISPs, and whether that allocation by PG&E is reasonable, this issue is properly within the scope of this proceeding.

However, if Question 20 is seeking to evaluate the rates charged by ISPs to PG&E for storage procured by PG&E on behalf of its core customers, this question is not properly within the scope of this proceeding. The reasonableness of rates that ISPs charge their customers is not addressed in PG&E's application, and is not appropriately included in a proceeding focused on

the cost allocation and rate designs applied to PG&E's different customer classes. Any such inquiry should be undertaken, if at all, in a proceeding dedicated to collecting facts and considering policy related to the functioning of the ISP storage market in the context of the broader energy markets in California. To do otherwise would unnecessarily complicate and delay this proceeding.

Notably, this level of complexity and expanded scope was not considered by the parties in proposing a revised schedule to the Administrative Law Judge ("ALJ"). CVGS agreed to PG&E's proposed revised schedule for this proceeding prior to issuance of the Draft Scope of Issues and without knowledge that the Commission may include in this proceeding an evaluation of ISP rates and the ISP storage market.¹ The schedule upon which the majority of parties, including CVGS, agreed does not account for or include time for an expanded scope of this proceeding to include an evaluation of the reasonableness of ISP rates and an evaluation of the ISP market.

In fact, the Commission is currently considering in another proceeding (I.23-03-008) whether changes to the ISP storage market, including in respect of ISP contract pricing, are warranted. In a recent proposed decision in the Commission's investigation into the natural gas price spikes during the winter of 2022-2023, the Commission would decline to take specific action on questions raised in that proceeding on pricing for ISP services, but suggests that such an inquiry might be conducted in a future proceeding. Importantly, the example of such a

¹ CVGS and other parties to this proceeding attended a meet and confer with PG&E on January 27, 2026, to discuss a proposed revised schedule. At this time, the potential issues in this proceeding were those raised by PG&E and other parties in responses and protests to the application. No party had raised an issue related to ISP rates. CVGS confirmed to PG&E that it agreed to the proposed revised schedule on January 28, 2026. The initial draft issues list, which first raised an issue related to ISP rates in issue number 19, was circulated by ALJ Sisto on January 29, 2026, after PG&E had already submitted the proposed revised modified schedule for the ALJ's consideration.

proceeding provided in this proposed decision is one focused on an ISP application, and not a generic cost allocation and rate design proceeding. As stated in the proposed decision: “the Commission may review an ISP’s ownership of storage capacity, contract pricing, and market concentration when considering an ISP’s application to the Commission that asserts it lacks market power.”

Accordingly, CVGS proposes that the Commission revise Question 20 to read as follows:

How can the Commission ensure that PG&E’s cost allocation and rate design for core customers are reasonable in connection with storage services purchased from the Independent Storage Providers (ISPs)?

Revising Question 20 in this way will clarify that the Commission does not intend to expand the scope of PG&E’s CARD proceeding to include an evaluation of the ISP market and ISP pricing, which would introduce unnecessary complexity and delay.

III. CONCLUSION

CVGS requests that Question 20 in the Draft Scope of Issues be revised as detailed in Section II of these opening comments. CVGS appreciates the opportunity to provide these comments on the Draft Scope of Issues and looks forward to further participation in this proceeding.

February 10, 2026

Respectfully submitted,

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