



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

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Application of PACIFIC GAS AND
ELECTRIC COMPANY (U 39 E) for a
Certificate of Public Convenience and
Necessity Authorizing the Construction of the
S-238 Hinkley Compressor Station Electrical
Upgrades Project.

Application No. 25-04-004
(Filed April 9, 2025)

(U 39 E)

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
REPLY IN SUPPORT OF MOTION TO WITHDRAW
APPLICATION NO. 25-04-004**

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Dated: March 13, 2026

**BEFORE THE PUBLIC UTILITIES COMMISSION
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Application of PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) for a Certificate of Public Convenience and Necessity Authorizing the Construction of the S-238 Hinkley Compressor Station Electrical Upgrades Project.

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Pursuant to Rule 11.1 of the California Public Utilities Commission’s (“CPUC” or “Commission”) Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) respectfully submits this Reply in support of its Motion to Withdraw Application No. 25-04-004 for a Certificate of Public Convenience and Necessity (“CPCN”) for the S-238 Hinkley Compressor Station Electrical Upgrades Project (“Project”). On February 4, 2026, PG&E filed its Motion to Withdraw Application No. 25-04-004. The Utility Reform Network (“TURN”) and the Commission’s Public Advocate’s Office (“Cal Advocates”) (collectively “Respondents”) filed responses to this motion on February 17, 2026 and February 19, 2026, respectively.

On March 3, 2026, PG&E filed a motion requesting permission to file a reply. PG&E was granted permission to file a reply by March 16, 2026 in the Administrative Law Judge’s Ruling on Additional Information and Revised Schedule dated March 10, 2026.

I. INTRODUCTION

The Respondents do not request the Commission deny PG&E’s Motion to Withdraw its application. Instead, Respondents appear to be in alignment with PG&E that issues regarding Project cost and cost recovery may be litigated in future rate cases. To that end, PG&E does not dispute issuance of an order requiring it to disclose the existence of this proceeding in relevant future rate cases. PG&E also agrees that it will be required to justify its expenditures for this project as reasonable when PG&E seeks cost recovery in relevant future rate cases. Accordingly,

PG&E will provide a separate discussion in any rate case application testimony seeking recovery of Project costs detailing the costs incurred or forecast and an explanation of why these costs are reasonable. The reasonableness of PG&E's showing will be assessed in that rate proceeding. There is no need for the Commission, as part of this proceeding, to specify additional topics that may or may not be relevant to that showing.

II. PG&E'S MOTION TO WITHDRAW SHOULD BE GRANTED

The Respondents and PG&E appear to agree that there is no compelling reason to deny PG&E's motion and maintain this proceeding. Rather, issues regarding Project cost and cost recovery can be most efficiently handled in a future rate case proceeding or proceedings where PG&E seeks to recover Project costs.

III. THERE IS NO NEED FOR THE COMMISSION TO SPECIFY TOPICS THAT PG&E SHOULD INCLUDE IN A FUTURE APPLICATION FOR PROJECT COST RECOVERY

To facilitate an efficient review of the reasonableness of the cost of this Project, PG&E does not object to the recommendations of the Respondents that the Commission issue an order requiring PG&E to disclose the existence of this proceeding in any future application seeking recovery of costs for the Project. However, in its response, TURN states:

“If the Commission grants this request to withdraw the application, it should ensure that any costs for the project are comprehensively reviewed to assess the reasonableness of PG&E's actions by ordering PG&E, in the next rate case or a separate application, to provide a separate discussion within the appropriate exhibit volume of the costs and rationale for the Hinkley project, including:

- A detailed listing of capital and expense costs by category and year;
- A justification of the future compression capacity at Hinkley based on historical and forecast gas average and peak throughputs at Hinkley;
- An explanation of how PG&E optimizes intrastate pipeline capacity and storage capacity to meet the Peak Demand Supply Standard; and

- An explanation of why the scope of work for the electrical upgrade work was reasonable in light of the circumstances already known at this time.”¹

Specifying additional topics for discussion in future proceedings, such as TURN’s requests for a justification of the future compression capacity at the Hinkley Compressor Station (“Station”) and how PG&E optimizes pipeline and storage capacity to meet Peak Demand Supply Standard, are beyond the scope of this proceeding and are unnecessary as PG&E’s showing of reasonableness for the Project will be assessed in that future proceeding based on topics that are relevant at that time.

In addition, TURN bases these requests regarding capacity on a misunderstanding of PG&E’s testimony, which it takes out of context. TURN argues, citing PG&E’s supplemental testimony in this proceeding, that the capacity of the Station could be “immediately reduced” and that the Project could also be “reduced” to match this lower capacity. These arguments are based on PG&E’s response to a question posing a hypothetical scenario where system-wide gas demand decreased by 40 percent by 2065, *almost 40 years in the future*.² Not only is 40 years beyond the expected service life of the equipment to be installed in the Project, but TURN’s suggestion that the scope of the Project may be reduced to reduce the capacity of the Station is also inaccurate. As noted in PG&E’s testimony, the Station, operating *at its current capacity*, is necessary to meet the Peak Day Supply Standard and ensure reliable supply of gas to customers.³ Second, as PG&E also noted in its supplemental testimony, reducing the size or capacity of the electrical equipment involved in the Project “does not decrease the capacity of the Station, but may lead to unsafe operating conditions such as insufficient cooling, requiring abnormally

¹ Response of the Utility Reform Network to PG&E’s Motion to Withdraw (“TURN Response”), 10 (Feb. 17, 2026).

² The testimony cited by TURN at page 4 of its Response was in response to the question from the Commission, “For any assets that affect or are affected by gas compression volumes, estimate the extent of the impact and explain whether the asset would still be needed if overall gas demand declines by more than 40 percent by 2065.”

³ PG&E, S-238 Hinkley Compressor Station Electrical Upgrades Project Supplemental Testimony Clarifying the Relationship Between the Project and the Station’s Compression Capacity (Supplemental Testimony), 4; *See also*; PG&E’s application in the Peak Day Supply Standard Update A.24-07-020; PG&E 2027 GRC Testimony Table 9-18 (A.25-05-009).

curtailed operations or a complete shutdown of the facility.”⁴ Thus, as PG&E explained in the Supplemental Testimony, capacity of the Station is not an issue relevant to this Project.

TURN also questions whether PG&E takes gas storage capacity into account when determining whether it can meet the Peak Day Supply Standard. This issue, which is also beyond the scope of the Project, is addressed in PG&E’s 2027 rate case testimony which includes an explanation of how PG&E takes into account both pipeline capacity and storage capacity, including the eight new storage wells that PG&E proposes in the 2027 rate case to *increase the capacity of its gas system*, to meet the Peak Day Supply Standard.⁵

IV. DISCLOSURE OF THIS PROCEEDING IN FUTURE APPLICATIONS IS SUFFICIENT

Cal Advocate’s recommendations that PG&E file a motion to disclose this proceeding and attach all discovery to that motion are onerous and unnecessary. Cal Advocates recommends the Commission order PG&E to comply with the following:

When, in a future application, PG&E seeks cost recovery for the Hinkley Compressor Station project that is the subject of Application (A.)25-04-004, PG&E must file a motion to disclose the existence of the record in this proceeding and attach all documents that have been produced in discovery in A.25-04-004 to this motion.⁶

PG&E agrees with Cal Advocates stated purpose of ensuring an efficient review of cost recovery associated with the Project in a future rate proceeding. However, Cal Advocates recommendation goes beyond what the Commission has ordered in the past and would prove to be unnecessarily burdensome. Instead of ordering PG&E to “file a motion” the Commission may simply require PG&E to disclose the existence of the record of this proceeding in any future application that requests cost recovery for the Project. Disclosure of the existence of this proceeding in an application is consistent with Commission precedent, including precedent cited

⁴ Supplemental Testimony at 3.

⁵ A.25-05-009, Ex. PG&E-03, p. 9-71 to 9-78. (Table 9-18).

⁶ Public Advocates Office Response of Pacific Gas and Electric Company’s Motion to Withdraw (“Cal Advocates Response”), 4 (Feb. 19, 2026).

by Cal Advocates in its response.⁷ In addition, Cal Advocates’ request that PG&E “attach all documents that have been produced in discovery... to this motion” is onerous and would be difficult to manage given the volume of records PG&E has produced and because many of these documents contain confidential information such as details of critical energy infrastructure. Instead, the Commission may accomplish the same goal by ordering that PG&E make available documents produced in discovery, upon request, to any intervenor party that agrees to maintain confidentiality.⁸

V. THE PROJECT PROCEEDING UNDER THE EXEMPTION FOR EMERGENCY PROJECTS IS NOT THE RESULT OF IMPRUDENT MANAGEMENT.

Cal Advocates asserts that it discovered evidence that PG&E may have imprudently managed its infrastructure at the Station resulting in the need for emergency upgrades. In support, it cites a Causal Evaluation Report for a 2015 incident that PG&E produced in response to a data request.⁹ A finding in the Causal Evaluation Report cited by Cal Advocates is one of the drivers for the Project, however this finding does not assert imprudent management by PG&E. Instead, the Report recommends that PG&E facilitate preventative maintenance programs by updating older electrical equipment at the Station so that these systems meet current electrical standards. The Project is replacing and updating this equipment.

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⁷ See Cal Advocates p. 3 fn. 5, citing Decision (D.)25-11-004, OP 2 at 19 (“Pacific Gas and Electric Company shall disclose the existence of the record of this proceeding in any future applications or comments on Orders Instituting Rulemaking relating to zonal electrification or decarbonization.”); D.15-07-037, Ordering Paragraphs (OP) 1-6 at 29-31; D.18-11-007 at 6-8; D.23-02-025, OPs 3-4 at 5-6. Paragraphs 1, 3-4.

⁸ See D-15-07-037 at 29.

⁹ Cal Advocates Response at 3-4.

VI. CONCLUSION

Based on the reasons stated above, PG&E respectfully requests the Commission grant the motion to withdraw and, if the Commission decides to issue an order to PG&E regarding future cost recovery requests for the Project, the order should be limited to the following:

When, in a future application, PG&E seeks cost recovery for the Hinkley Compressor Station project that is the subject of Application (A.)25-04-004, PG&E must disclose, in its application, the existence of this proceeding, disclose actual costs, and explain why the costs are reasonable. In addition, upon request by an intervenor, PG&E must provide any documents it provided in response to data requests in this proceeding.

Respectfully Submitted,

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