

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of Pacific Gas and Electric
Company (U39E) for Approval of Electric
Rule No. 30 for Transmission-Level Retail
Electric Service.

Application 24-11-007

**PUBLIC ADVOCATES OFFICE
REPLY BRIEF**

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SUMMARY OF RECOMMENDATIONS

As provided in Cal Advocates Opening Brief, Limited Opening Brief, and herein, the Commission should:

1. Reject PG&E's Application to adopt Proposed Rule 30 unless all of Cal Advocates' ratepayer protections are adopted.
2. Adopt the Resolutions' refund method for all facility types or, in the alternative, adopt Cal Advocates' Revenue Cap method.
3. Reject PG&E's BARC method and PG&E's Alternative Revenue Cap Method of providing refunds.
4. Deny interest on refunds of customer advances, or if allowed, ensure that interest is not included in PG&E's rate base.
5. Adopt a method to allocate Transmission Network Upgrade costs to transmission-level customers using either Silicon Valley Power's Load Development Fee or the California Independent System Operator's Generator Interconnection Deliverability Allocation Procedure as models.
6. Hold Commission-led workshops to finalize a cost allocation method.
7. Adopt an interim fee of \$50 million or a fee of \$667 per kilowatt to address Transmission Network Upgrade costs while a cost allocation method is finalized.
8. Reject PG&E's Customer Responsibility Proposal unless significantly modified.
9. If a customer-specific additional financing method is adopted, then adopt financing adjustments for subsequent customer's impact on grid reliability and capacity.
10. Reject PG&E's pre-funding loan proposal unless it is modified to include ongoing Commission oversight, which includes the submission of Tier 2 advice letters for any customer-provided prefunding loans.
11. Require PG&E to submit Tier 2 advice letters for transmission-level service requests over 200 MW or at voltages greater than 230 kilovolts (kV).
12. Adopt minimum demand charges based on 90 percent of requested capacity with a fixed load ramp.
13. Adopt 15-year minimum contract term lengths and early termination fees to ensure long-term cost responsibility.
14. Reject PG&E's customer-specific load ramp for minimum demand charge.
15. Require PG&E to submit the final Large Load Task Force (LLTF) whitepaper to the Commission for review by parties and the Commission.

16. Adopt the Partial Settlement Agreement regarding reporting requirements; if the Partial Settlement Agreement is not adopted, require PG&E to provide biannual reports on customer interconnection requests to determine if PG&E's load forecasts should be adjusted and annual reports on interconnection costs and customers' actual loads and revenues, to enable ongoing cost-tracking by the Commission.
17. Eliminate vague or unilateral authority granted to PG&E in Proposed Rule 30 to ensure fair and consistent application of the proposed rule.

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**PUBLIC ADVOCATES OFFICE
REPLY BRIEF**

I. INTRODUCTION

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits this Reply Brief pursuant to Rules 13.12 and 13.15 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, the Assigned Commissioner's Scoping Memo and Ruling,¹ and the Administrative Law Judge's (ALJ) January 9, 2026, Ruling.²

Pacific Gas and Electric Company's (PG&E) Opening Brief is replete with flawed and contradictory arguments.³ PG&E's Limited Opening Brief suffers from the same flaws and continues to ignore the risk of cost shifts to ratepayers that data centers create.⁴ The Commission should give little weight to these arguments. As described herein, PG&E's claims about ratepayer bills savings and protections, jurisdiction, and other

¹ Application (A.) 24-11-007, *Assigned Commissioner's Scoping Memo and Ruling on Pacific Gas and Electric Company's Request to Implement A New Electric Rule 30 Tariff* (Scoping Memo), March 11, 2025.

² Application (A.) 24-11-007, *Administrative Law Judge's Ruling Establishing Proceeding Schedule* (January 9th Ruling), January 9, 2026, at 7-8; *E-Mail Ruling PG&E Rule 30 Application Administrative Law Judge Establishing New Proceeding Schedule and Ruling on Motions* (February 17th Ruling), February 17, 2026, at 3.

³ See *Pacific Gas and Electric Company's Opening Post-Hearing Brief* (PG&E Opening Brief), October 24, 2025.

⁴ *Pacific Gas and Electric Company's (U 39 E) Limited Opening Post-Hearing Brief* (PG&E Limited Opening Brief), May 8, 2026.

issues, have little to no support in the record or in applicable law. Further, PG&E’s claims that it is unreasonable and unworkable to allocate Transmission Network Upgrade (i.e., Facility Type 4) costs to transmission-level customers must be rejected to protect ratepayers from cost shifts.

For the reasons set forth herein, in Cal Advocates’ Opening Brief,⁵ and in Cal Advocates Limited Opening Brief,⁶ the Commission should adopt Cal Advocates’ recommendations to modify proposed Electric Rule No. 30 (Proposed Rule 30) to include significant ratepayer protections.⁷

II. BACKGROUND

A. Policy Issues

PG&E correctly states that Proposed Electric Rule 30 must “strike a careful balance” between protecting existing ratepayers and keeping large-load customers in its service territory.⁸ Nonetheless, PG&E is quick to shift any risks associated with uncertain large-load growth to existing ratepayers such that any purported balance leans heavily in favor of transmission-level customers.

Additionally, PG&E claims that parties raise cost allocation proposals which implicate concerns of equity.² However, PG&E appears to conflate equal treatment with equitable treatment. Different treatment does not necessarily constitute undue discrimination. It is a well-accepted principle of regulatory law that utilities can apply price differences to various customers due to differences in the cost to serve customers or

⁵ *Public Advocates Office Opening Brief* (Cal Advocates Opening Brief), October 24, 2025.

⁶ *Public Advocates Office Limited Opening Brief* (Cal Advocates Limited Opening Brief), May 8, 2026.

⁷ See, e.g., Cal Advocates Opening Brief at vi (Summary of Recommendations); Cal Advocates Limited Opening Brief at vii (Summary of Recommendations).

⁸ PG&E Limited Opening Brief at 5-6.

² PG&E Limited Opening Brief at 6.

the type of product they receive.¹⁰ Therefore, the Commission is well within its authority to assess whether certain aspects of Proposed Rule 30 should apply to certain types of transmission-level customers.

III. DISCUSSION

A. Scoping Issue 1. Reasonableness: Are the provisions of Electric Rule 30 just and reasonable for the new transmission-level customers and the existing ratepayers?

PG&E requests approval of Proposed Rule 30, which purports to:

1. Interconnect retail customers at transmission-level voltages at 50 kilovolts (kV) to 230 kV, with exceptional case filings for customers interconnecting above 230 kV.¹¹
2. Require customers to provide upfront payments for the actual cost of certain required electrical facilities like transmission line extensions and substations (i.e., Facility Types 1-3).¹²
3. Require no upfront payments for the cost of Transmission Network Upgrades (TNU) that data centers depend on.¹³
4. Issue refunds to customers based on the Base Annual Revenue Calculation (BARC) formula from Electric Rules 15 and 16 over a ten-year period,¹⁴ or issue refunds based on a modified BARC

¹⁰ See e.g. *Cities of Bethany v. FERC*, 727 F.2d 1131, 1140-41 (D.C. Cir. 1984) (“The general FERC rule...is that anticompetitive danger must be proved in order to invalidate an otherwise reasonable rate disparity.”); D.91-01-016, *Donnelley Corporation v. Pacific Bell*, 39 CPUC 2d 209 (January 15, 1991) (asserting that for preferences or prejudices to be unlawful under Public Utilities Code section 453, they must be unjust or undue. Differences in operating conditions may justify substantial differences in rates, so that no violation of Public Utilities Code section 453 occurs).

¹¹ Ex. PGE-04, Attachment A at AtchA-1 (Applicability), Atch A-14 (Section F.6, Interconnection at Voltage Above 230 kV).

¹² Ex. PGE-04, Attachment A at AtchA-6 (Section C.2, Required Advance for Facility Types 1-3).

¹³ PG&E Limited Opening Brief at 7-8, 10-11, 21-23. PG&E presents its Resolution E-5420 Proposal as a TNU cost allocation proposal. However, as provided in section III.C.7 in this Reply Brief, PG&E’s Resolution E-5420 Proposal does not allocate TNU costs depended on by transmission-level customers. PG&E’s Customer Responsibility Proposal will also de facto result in no TNU costs allocated to transmission-level customers. See also PG&E Opening Brief at 30-31.

¹⁴ PG&E Opening Brief at 67-69; Ex. PGE-04 at AtchA-9 (Section D.3, Refund Period).

formula established in Resolutions E-5420, E-5439, E-5433, over a fifteen-year period.¹⁵

5. Permit PG&E to pay interest on customer advances and actual cost payments.¹⁶
6. Require a minimum demand charge with a customer-specific load ramp and permit PG&E to provide Proposed Rule 30 terms after a final decision.¹⁷
7. Require minimum contract terms with an early termination fee.¹⁸
8. Permit an Applicant Build Option for some transmission facilities and undergrounding, and allow customers an option to contribute land, equipment, or in-kind services with refunds limited to the lesser of a binding cost or the actual cost.¹⁹
9. Allow customers to pre-fund TNU costs through a loan to expedite the interconnection process and be reimbursed.²⁰
10. Allow customers to request Special Facilities under terms in Proposed Rule 30 rather than Electric Rule 2.²¹

¹⁵ PG&E Limited Opening Brief (Resolution E-5420 Proposal). PG&E does not expressly state that the refund period should be 15 years if its Resolution E-5420 Proposal is adopted. However, Resolutions E-5420, E-5439, and E-5433 modified the BARC formula to limit refunds to 75 percent of annual, actual net revenues received and extended the refund period 15 years. Resolution (Res.) *Pacific Gas and Electric. Electric Rule 2, 15, and 16 Exceptional Case Submittal for Electric Transmission Service Facilities for STACK Infrastructure*, November 7, 2025, at 11, 17-18, Findings and Conclusions Nos. 8, 10, Ordering ¶ 3, 7; Res. E-5439, *Pacific Gas and Electric Exceptional Case Submittal for Electric Transmission Upgrades for Microsoft Corporation for its SJC02 Project in San Jose, California*, January 20, 2026, at 15-17, Findings and Conclusions Nos. 11-13, Ordering ¶ 2-3; Res. E-5433, *Pacific Gas and Electric. Electric Rules 2, 15, 16 Exceptional Case Submittal, Electric Transmission Interconnection, Sunnyvale Technology Partners LLC c/o Menlo Equities*, March 20, 2026, at 17-18, Findings and Conclusions Nos. 11-13, Ordering ¶ 2-3.

¹⁶ PG&E Opening Brief at 75-76.

¹⁷ PG&E Limited Opening Brief at 54-55.

¹⁸ PG&E Opening Brief at 88-89.

¹⁹ Ex. PGE-04, Attachment A at AtchA-11 (Section E, Applicant Build Option), AtchA-6-AtchA-7 (Section C.3, Optional Contributions); Ex. PGE-18 at 4-6.

²⁰ PG&E Opening Brief at 80-83.

²¹ PG&E Opening Brief at 18-19; Ex. PGE-04, Attachment A at AtchA-2-AtchA-3 (Section A.3, Special Facilities).

PG&E fails to show that its proposed rule meets the just and reasonable standard set forth in Public Utilities Code Section 451.²² Specifically, the proposed provisions of PG&E’s new electric rule tariff do not meet the just and reasonable standard because they overwhelmingly favor PG&E and transmission-level customers at the expense of existing ratepayers.²³ The Commission should reject PG&E’s Proposed Rule 30 and adopt Cal Advocates’ recommended ratepayer protections.²⁴

PG&E argues that its Proposed Rule 30 has the “potential to significantly lower existing ratepayer bills.”²⁵ In its Opening Brief, PG&E provides two hypothetical scenarios that it asserts demonstrate positive bill impacts for ratepayers. These hypotheticals assume \$50 million for Facility Types 1-3 and \$50 million for TNU costs.²⁶ However, both The Utility Reform Network (TURN) and Cal Advocates demonstrate that PG&E’s hypothetical costs rely on best case scenarios and underestimate costs which may be shifted to ratepayers.²⁷ PG&E’s argument that costs may be significantly less than costs provided in its hypothetical customer scenarios is undercut by the record.²⁸ In fact, PG&E concedes that its hypothetical costs are unreliable.²⁹ TURN used PG&E’s cost assumptions to perform TURN’s cost analysis. PG&E nonsensically claims TURN’s

²² Pub. Util. Code § 451. See also Cal Advocates Opening Brief at 6 (burden of proof standard) ; Cal Advocates Limited Opening Brief at 6-7 (burden of proof standard).

²³ See Cal Advocates Opening Brief at 6-7.

²⁴ See Cal Advocates Opening Brief at vi (Summary of Recommendations); Cal Advocates Limited Opening Brief at vii (Summary of Recommendations).

²⁵ PG&E Opening Brief at 31-32.

²⁶ PG&E Opening Brief at 32-34. The \$50 million PG&E uses as an average for TNU costs (i.e., Facility Type 4) is based on the actual cost estimates for six projects. PG&E Opening Brief at 33. The \$50 million average underestimates TNU costs but can be used in the short term as the basis for an interim fee to allocate TNU costs to customers. See section III.C.13 in Reply Brief.

²⁷ *Opening Brief of The Utility Reform Network* (TURN Opening Brief), October 24, 2025, at 17-19; Cal Advocates Opening Brief at 7, 21-24, 28-33.

²⁸ See, e.g., Ex. PG&E-04 at 29:8-20 (“...cost assumptions reflected in WP [work paper] 2 are only for illustrative purposes and do not represent actual projects. Thus, TURN’s reliance on numbers from this WP are misplaced because the WP calculations and the associated testimony are illustrative, not actual costs.”); Cal Advocates Opening Brief at 23; TURN Opening Brief at 17-18.

²⁹ See Ex. PG&E-04 at 29:8-20.

analysis is “misplaced” because the (PG&E) cost assumptions, on which TURN based its analysis, are “illustrative, not actual costs.”³⁰ However, PG&E’s purported ratepayer bill benefits are undercut by its own statements, specifically, the \$50 million TNU cost assumption can be used to allocate TNU costs in the interim and is supported by the record.³¹ Therefore, the Commission should disregard PG&E’s purported positive bill impacts since they rely on the very cost assumptions that PG&E admits cannot be used for analysis of bill impacts.

Furthermore, evidence PG&E provided contradicts its claims about positive bill impacts in its Opening Brief. PG&E claims that Facility Types 1-3 will cost an average of \$28.4 million per interconnecting customer.³² However, PG&E’s own Preliminary Engineering Study Reports (PES Reports) show that the average cost estimate for Facility Types 1-3 is \$68 million per customer, almost \$40 million higher than the costs stated in PG&E’s Opening Brief.^{33 34} Higher transmission facility costs per interconnection will

³⁰ See Ex. PG&E-04 at 29:8-20.

³¹ See Cal Advocates Limited Opening Brief at 20-22; Ex. Cal Advocates-25 (PG&E’s 2025 Request Window Proposals to CAISO) at 59-60 (The \$50.5 million average cost is calculated by multiplying the unit cost (total cost/total MW) to interconnect the LC24 data center load cluster projects of \$660,000/MW and the average load level of 76.4 MW.).

³² PG&E Opening Brief at 33 (Facility Types 1-3 cost estimates (not including contingency) for seventeen 2024 cluster study projects). Based on seventeen PES reports produced by PG&E, it is unclear how PG&E came up with its average cost for Facility Types 1-3 such that they add up to \$28.4 million. Cal Advocates is unable to reproduce this number from the information contained in the seventeen PES reports. See Ex. Cal Advocates-03C at Appendix C-4, C-0041-C-0606 (PG&E Revised Response to Cal Advocates Data Request No. 04, Question 13 and attached seventeen PES Reports). As such, PG&E’s estimate of \$28.4 million for Facility Types 1-3 appears to be merely hypothetical.

³³ See Ex. Cal Advocates-03C at Appendix C-4, C-0041-C-0606. If PG&E interconnects all seventeen data center applicants from its cluster study, the Facility Type 1-3 costs will amount to approximately \$1.2 billion. PG&E estimates \$30.9 million per customer for Facility Type 4 costs. PG&E Opening Brief at 34. For all seventeen customers this amount to \$525.3 million and combined with Facility Type 1-3 costs for all seventeen customers, this amount to approximately \$1.7 billion.

³⁴ It is yet unclear whether the average cost estimate of \$68 million is indicative of a typical transmission-level customer’s Facility Type 1-3 costs. PG&E did not provide information in the proceeding to confirm whether the data center 2024 cluster study (i.e., seventeen PES Reports) are indicative of other transmission-level customers.

result in higher costs that end up in rate base and drive up cost recovery levels in all customer rates.³⁵

For PG&E's \$50 million TNU cost estimate, PG&E excludes the cost of Dependent Network Upgrades³⁶ relied on by transmission-level customers to serve their load.³⁷ Further, PG&E's Facility Type 1-4 cost estimate fails to include costs such as distribution-level and transmission-level reliability improvements, operations and maintenance costs, and other grid needs.³⁸ Thus, PG&E's hypothetical scenarios underestimate actual costs and likely overestimate any ratepayer benefits that could result from transmission-level load growth.

In addition, PG&E dismisses the unique risks that arise from data center customers interconnecting at the transmission-level.³⁹ PG&E fails to acknowledge that the uncertain nature of data centers puts ratepayers at risk of cost shifts at a time when PG&E's ratepayers pay some of the highest rates in the country.⁴⁰ Further, PG&E disregards the TNU costs triggered by data centers.⁴¹ As shown by Cal Advocates, TURN, Sierra Club, and California Large Energy Consumers Association (CLECA),

³⁵ The impact of higher transmission facility costs will be compounded if PG&E interconnects multiple transmission-level customers, as described in footnote 18. See also Cal Advocates Opening Brief at 24, fn. 134. The impact of higher transmission facility costs on ratepayers may also be compounded if transmission-level customers do not meet their forecasted load or cease service early in which case costs are shifted to ratepayers.

³⁶ Ex. Cal Advocates-23 at 13:13-17 ("Dependent Transmission Network Upgrades are capacity expansion projects already approved or under consideration in the TPP."). In PES Reports, PG&E identifies Preliminary Capacity Upgrades and Dependent Capacity Upgrades which are two categories of TNUs.

³⁷ See Cal Advocates Limited Opening Brief at 26, 30; Ex. Cal Advocates-22 at 24:5-21; Ex. Cal Advocates-23 at 13:5-18, 14:1-5. Dependent Network Upgrades are already identified in the PES Reports.

³⁸ TURN Opening Brief at 17-19; Cal Advocates Opening Brief at 22-23.

³⁹ PG&E Opening Brief at 25 ("Cal Advocates and TURN seek to set-up data centers as a "boogey-man" causing massive transmission network upgrades."), 43-44, 46-49, 50-52. Data centers' unique risks include their speculative and uncertain future loads, potential to underutilize capacity or terminate service early, and operate at very high energy intensities. See Cal Advocates Opening Brief at 16-17.

⁴⁰ Ex. Cal Advocates-01 at 12, fn. 37, 38.

⁴¹ Ex. Cal Advocates-22 at 6:7-18; Ex. Cal Advocates-23 at 3:6-21, at 12-14; Ex. Cal Advocates-25 at 57-73; Ex. TURN-01 at 7-10.

Proposed Rule 30 must account for rate impact risks posed by data centers and include safeguards if it is adopted.⁴² The risks posed by data centers are not merely theoretical or unique to PG&E’s service territory but in fact are being addressed in data center interconnections across the United States.⁴³

Further, PG&E fails to recognize the potential for large cost shifts from projects that primarily support data center customers. In testimony, Cal Advocates discusses several specific projects in the California Independent System Operator’s (CAISO) Transmission Plan that primarily relate to data center load and which were not accounted for in prior planning cycles.⁴⁴ PG&E misrepresents this testimony where it claims Cal Advocates characterizes TNUs as solely benefitting data centers.⁴⁵ Rather, Cal Advocates’ testimony shows that data center interconnections will require billions of dollars in transmission investments and that data center applications drive significant TNU costs.⁴⁶ If the data center loads and sustaining revenue do not materialize, these costs will be shifted to ratepayers.⁴⁷ The Commission should adopt the protections recommended by Cal Advocates to prevent cost shifts to ratepayers from transmission upgrades primarily caused by data centers.⁴⁸

⁴² See Cal Advocates Opening Brief at 15-19, 43-46; TURN Opening Brief at 13-16, 20-22, 24, 32; *Sierra Club’s Limited Opening Brief on Questions in Administrative Law Judge’s Ruling* (Sierra Club Limited Opening Brief), May 8, 2026, at 1, 4-6; *Opening Brief of the California Large Energy Consumers Association* (CLECA Opening Brief), October 24, 2025, at 2-5, 7, 10-11, 12-16.

⁴³ Cal Advocates Opening Brief at 16-17; Ex. Cal Advocates-01 at 9-15, 48-52, 60-61; Ex. Cal Advocates-23 at 5:18, 6:1-2, fn. 23. See also Sierra Club Limited Opening Brief at 4-6.

⁴⁴ Ex. Cal Advocates-01 at 19-22; Ex. Cal Advocates-22 at 11:19-21, 12:1-12.

⁴⁵ See PG&E Opening Brief at 25; see also PG&E Opening Brief at 24 (“In its testimony, Cal Advocates cherry-picks a few projects that it asserts demonstrate that transmission network upgrades are primarily driven by transmission-level customers.”) Cal Advocates did not make this assertion in testimony, and again, PG&E misrepresents Cal Advocates’ testimony.

⁴⁶ Ex. Cal Advocates-22 at 6:7-18; Ex. Cal Advocates-23 at 3:6-21, at 12-14; Ex. Cal Advocates-25 at 57-73; Ex. TURN-01 at 7-10.

⁴⁷ Ex. Cal Advocates-01 at 22:1-11; Cal Advocates Limited Opening Brief at 6. In the 2025-2026 Transmission Planning Process (TPP) concurrence process, CAISO identified an additional \$1.9 billion in costs related to data centers. Ex. Cal Advocates-22 at 6:7-18; Ex. Cal Advocates-23 at 3:6-21, at 12-14; Ex. Cal Advocates-25 at 57-73; Ex. TURN-01 at 7-10.

⁴⁸ See Cal Advocates Opening Brief at 43-46 (recommending minimum demand charges and minimum contract fees for data centers).

1. Scoping Issue 1.a. Is the current process for customers requesting electric service at transmission voltages efficient and adequate?

Cal Advocates provides its position on this issue in its Opening Brief.⁴⁹

2. PG&E Supplemental Testimony – Applicant Build Transmission Interconnection Network Upgrades and Underground Option.

Cal Advocates takes no position on PG&E’s supplemental proposal to add to the Applicant Build Option.⁵⁰

3. PG&E Supplemental Testimony – Updates to Proposed Rule 30 Form Agreement.

Cal Advocates takes no position on PG&E’s supplemental proposal to add to the Applicant Build Option.⁵¹

B. Scoping Issue 2. Jurisdiction, Statutes, and Decisions: Does Electric Rule 30 align with existing laws, regulations, or other Commission decisions?

Cal Advocates provides its position on this issue in its Opening Brief.⁵²

1. Scoping Issue 2.a. How should the Commission determine what parts of PG&E’s Rule 30 proposal are within the CPUC or FERC’s jurisdiction?

PG&E’s arguments regarding jurisdiction and requiring upfront costs for Facility Types 1-4 are flawed and contradictory. In effect, PG&E argues that the Commission does not have jurisdictional authority for Facility Types 2-4, but it can approve a rule

⁴⁹ Cal Advocates Opening Brief at 8-10 (section III.A.3).

⁵⁰ This response should not be interpreted as an agreement with, or opposition to, PG&E’s supplemental proposal.

⁵¹ This response should not be interpreted as an agreement with, or opposition to, PG&E’s supplemental proposal.

⁵² Cal Advocates Opening Brief at 10-11 (section III.B.1).

assigning upfront costs for Facility Types 1-3.⁵³ As discussed below, the Commission may lawfully determine upfront costs for all facility types.⁵⁴

PG&E argues that the Commission does not generally have jurisdiction over facilities that are: (1) under CAISO’s operational control, and (2) which have any degree of integration into the transmission network.⁵⁵ PG&E asserts that since both factors generally apply to Facility Types 2-4, the Commission does not have jurisdiction over such facilities.⁵⁶ However, PG&E is incorrect that both conditions automatically govern all jurisdictional questions (e.g., cost assignment of upfront costs, and cost recovery). Instead, the two factors PG&E identifies provide the basis for determining only cost recovery jurisdiction.⁵⁷ As noted in Cal Advocates Opening Brief, the Commission may determine the assignment of upfront costs for facilities under applicable law.⁵⁸

PG&E overreaches when it argues that the Federal Power Act⁵⁹ (FPA) gives the Federal Energy Regulatory Commission (FERC) “exclusive jurisdiction over

⁵³ PG&E Opening Brief at 19-20, 25-30, 54, 60; PG&E Limited Opening Brief at 11-15. It is also notable that PG&E’s Facility Type 1-4 designations are arbitrary and artificial designations, and the facility type designation may vary depending on PG&E’s analysis. See, e.g., Reporter’s Transcript, Volume II at 252:23-25 - 253:1-12 (analysis will determine best facility type category), 299:13-25 (Facility Type 4 is Proposed Rule 30 definition not a CAISO definition).

⁵⁴ Cost assigned and paid upfront by Proposed Rule 30 customers will be refunded to them and then added to PG&E’s rate base.

⁵⁵ PG&E Opening Brief at 54. See also Ex. PGE-19 at 2:8-18.

⁵⁶ See PG&E Opening Brief at 54 (“In general, PG&E expects that Facility Type 1 will be subject to Commission jurisdiction for cost allocation, rates and cost recovery and that Facility Types 2-4 will be subject to FERC jurisdiction.”), at 60.

⁵⁷ See, e.g., CAISO, Board Approved 2024-2025 Transmission Plan at 13 (“Once approved by the ISO Board of Governors at its May, 2025 meeting, the Plan serves to: Authorize cost recovery for the 31 identified transmission solutions through ISO transmission rates, subject to regulatory approval...”) available at <https://www.caiso.com/documents/iso-board-approved-2024-2025-transmission-plan.pdf>.

⁵⁸ Cal Advocates Opening Brief at 12 (discussing the Federal Power Act and the limits on FERC jurisdiction versus the Commission’s); see also discussion below regarding applicable case law and FERC Order 2003.

⁵⁹ Federal Power Act, §201(b), 16 U.S.C. § 824(b) (2020).

transmission rates, cost allocation, and cost recovery.”⁶⁰ ⁶¹ Following PG&E’s logic, because Facility Types 2-4 will be subject to FERC jurisdiction, the Commission would not have jurisdiction to require customers to pay for upfront costs for Facility Types 2-3.⁶² Also, by PG&E’s logic, the Commission would not have the authority to approve PG&E’s other Proposed Rule 30 provisions (Base Annual Revenue Calculation (BARC), interest, minimum demand charges, and early termination fees) since Facility Types 2-4 are involved.⁶³ PG&E’s jurisdiction argument also undercuts its purported ratepayer protection which requires a customer to pay upfront costs for Facility Types 1-3, as that requirement would only be applicable for Facility Type 1 under PG&E’s jurisdiction rationale.⁶⁴ Further, in contradiction of its jurisdiction argument, PG&E urges the Commission to adopt its Customer Responsibility Proposal over other parties’ proposals to allocate TNU costs, which undercuts PG&E’s argument that the Commission has no jurisdiction to do so.⁶⁵

PG&E contradicts its own argument about FERC’s exclusive jurisdiction over transmission rates, cost allocation, and cost recovery. In its Opening Brief and Limited Opening Brief (and throughout the proceeding), PG&E asserts that the Commission has the authority to approve a rule that requires upfront costs for Facility Types 1-3 but not

⁶⁰ PG&E Opening Brief at 29; PG&E Limited Opening Brief at 12-14; Ex. PGE-19 at 2:8-18.

⁶¹ PG&E’s argument regarding FERC’s jurisdiction is a gross overstatement of the FPA. As discussed above, if true, the Commission has jurisdiction over only Facility Type 1, undermining most of PG&E’s arguments. Instead, the FPA delineates the limits of FERC jurisdiction by distinguishing between interstate and intrastate commerce and FERC’s jurisdiction is limited to interstate commerce. See Cal Advocates Opening Brief at 12-13 (discussing the scope of the FPA).

⁶² See PG&E Opening Brief at 54, 60.

⁶³ See, e.g., PG&E Opening Brief at 68 (asserting the BARC process is appropriate because of the upfront payments for Facility Types 1-3), 76 (asserting it is reasonable that customer receive interest because of up of upfront payments for Facility Types 1-3).

⁶⁴ Facility Type 1 costs are anticipated to be lowest cost facilities under Proposed Rule 30. See, e.g., PG&E Opening Brief at 33 (the average cost of Facility Type 1 is \$4.9 million based on seventeen 2024 cluster projects). PG&E undermines its own position that requiring upfront payments from customers for Facility Type 1-3 provide important cost protections for ratepayers. See, e.g., PG&E Opening Brief at 41. Under PG&E’s flawed jurisdiction argument, the Commission only has the authority to require upfront costs for Facility Type 1.

⁶⁵ PG&E Limited Opening Brief at 27-31; Ex. PGE-19 at 4:4-30.

for Facility Type 4 (i.e., TNU costs).⁶⁶ In fact, since the Commission can approve upfront costs for Facility Types 1-3, then it follows that the Commission can also require upfront TNU cost payments from customers, even where facility costs are recovered under FERC rates. Indeed, federal law does not preclude the Commission from ordering PG&E to require upfront costs from customers for all facility types, as discussed below.⁶⁷

Nor is PG&E's argument, that Commission does not have jurisdiction to determine upfront payments for facility types, supported by the cases and decisions PG&E relies upon.⁶⁸ PG&E claims that courts have held that transmission facilities are part of an integrated network that benefits all customers connected to the network and thus, all customers should pay for network transmission costs.⁶⁹ To support its argument, PG&E relies on *Duke Energy*.⁷⁰ PG&E's reliance is misplaced, *Duke Energy* does not hold that transmission-level customers should not be required to pay upfront costs for network upgrades. In *Duke Energy*, the dispute involved whether an owner of another section of the grid (i.e., affected system operator) is required to reimburse a generator who paid for network upgrades.⁷¹ Further, *Duke Energy* addressed reimbursement of generators who paid for upgrades and that under FERC Order 2003, an affected system

⁶⁶ PG&E Opening Brief at 19-20; PG&E Limited Opening Brief at 12-15; Ex. PG&E-01 at 25-26, 27-30; Ex PGE-04 at 8-9, 20-21; See also Joint Case Management Statement (CMS), September 15, 2025, at 1 (parties stipulated that “[n]ew transmission-level customers should be required to fund Facility Types 1-3 before energization.”).

⁶⁷ See also Cal Advocates Opening Brief at 12-13 (discussing the FPA and FERC orders on the limits of FERC jurisdiction); TURN Opening Brief at 25-28 (discussing various legal authorities that permit the requirement of upfront costs for facilities, including other state jurisdictions not exempting customers from paying upfront costs for network upgrades).

⁶⁸ PG&E Opening Brief at 26-27.

⁶⁹ See PG&E Opening Brief at 26; see also Ex. PGE-01 at 43:14-31 (relying on *Duke Energy* to support PG&E's position that customers should not pay upfront costs for Facility Type 4); PGE-04 at 13:13-30, 14:1-8.

⁷⁰ *Duke Energy Progress LLC v. FERC (Duke Energy)*, 106 F.4th 1145 at 1155 (D.C. Cir. 2024).

⁷¹ *Duke Energy*, 106 F.4th at 1150, 1153. The other decisions PG&E relies upon similarly address issues regarding large-load generators, not transmission-level retail customers. See also TURN Opening Brief at 26-27 (discussing *Duke Energy*).

operator may require a generator to pay for network upgrades.⁷² PG&E fails to draw a connection between *Duke Energy* and the instant proceeding, and thus explain why, the Commission is preempted from assigning upfront TNU costs to transmission-level customers.⁷³ PG&E merely cherry-picks a single statement from *Duke Energy* that states “the integrated transmission grid is a cohesive network, and thus completed upgrades generally benefit all transmission customers.”⁷⁴ Instead, *Duke Energy* supports the proposition that FERC Order 2003 allows a generator to pay upfront costs for network upgrades and then be refunded those costs.⁷⁵

Similarly, PG&E argues that *Paragould*⁷⁶ supports its position that all customers should pay for transmission costs.⁷⁷ In reality, *Paragould* is about the just and reasonableness of an Independent System Operator’s tariff revisions incorporating a city’s newly integrated transmission lines and substations into overall transmission costs.⁷⁸ Contrary to PG&E’s representations, *Paragould* does not consider upfront payments by customers interconnecting at the transmission level.

⁷² *Duke Energy*, 106 F.4th at 1153 (“When connecting a new generation facility will require upgrades to an Affected System, Order 2003 states ‘[the pro forma Agreement] ... should ... expressly allow for refunds to be provided to [a generator] when such Network Upgrades must be constructed and the [generator] is required to pay for them.’ *Id.* at P 738....’[T]his means that ... an Affected System Operator may require the [generator] to pay for ... Network Upgrades,’ but ‘upon commencement of commercial operation, any Affected System Operator that has received payments from the [generator] must begin to refund to the [generator] the costs of Network Upgrades that the [generator] has paid.’ *Id.*”).

⁷³ See section III.E.2 in Reply Brief discussing PG&E’s argument that transmission-level customer and generation-level customers should be treated the same regarding interest in refund payments.

⁷⁴ PG&E Opening Brief at 27, quoting *Duke Energy*, 106 F.4th 1145 at 1155 (D.C. Cir. 2024) (quoting *ESI Energy v. FERC*, 892 F.3d 321, 325 (D.C. Cir. 2018)).

⁷⁵ *Duke Energy*, 106 F.4th at 1153 (citing FERC Order 2003 at 29, 736, 739). See also TURN Opening Brief at 25 (discussing FERC Order 2003).

⁷⁶ *Paragould Light & Water Comm. v. FERC (Paragould)*, 144 F.4th 287 (D.C. Cir. 2025).

⁷⁷ PG&E Opening Brief at 26-27; PG&E Limited Opening Brief at 13.

⁷⁸ *Paragould*, 144 F.4th at 291-292.

PG&E further relies on *Municipal Energy Agency of Nebraska*⁷⁹ to support its argument that costs should be allocated to all customers.⁸⁰ Here again, the decision PG&E cites does not support PG&E’s argument (about the payment of upfront costs and the preemption of Commission authority).⁸¹ In *Municipal Energy Agency of Nebraska*, FERC notes that the public utility in the proceeding acknowledges that the transmission provider is required to reimburse interconnection customers for network upgrades necessitated by interconnection.⁸² PG&E is therefore incorrect in its claim that PG&E’s proposal to not allocate any TNU costs to transmission-level customers is consistent with case law and FERC decisions.

PG&E further asserts that allocation of TNU costs to transmission-level customers “risks conflicting with FERC’s order,” in reference to FERC’s Advance Notice of Proposed Rulemaking (ANOPR) on large-loads.⁸³ However, FERC stated that it would act by the end of June 2026 on the ANOPR, with no detail provided.⁸⁴ PG&E’s conclusion that allocation of TNU costs to transmission-level customers will conflict with FERC’s pending action is without basis.

⁷⁹ *Municipal Energy Agency of Nebraska, et. al v. Public Service Company of Colorado (Municipal Energy Agency of Nebraska)*, 189 FERC ¶ 61099 (2024).

⁸⁰ PG&E Opening Brief at 27-28; PG&E Limited Opening Brief at 13.

⁸¹ PG&E Opening Brief at 27-28. See *Municipal Energy Agency of Nebraska* at 189 FERC at ¶ 1-2 (The complaint alleges that Public Service Company of Colorado allocated transmission costs from a transmission project in an unjust and unreasonable manner between retail customers and wholesale transmission customers.). Similar to *Duke Energy, Municipal Energy Agency of Nebraska* address generation assets.

⁸² *Municipal Energy Agency of Nebraska* at 189 FERC at ¶ 4 (“PSCo asserts that, for the same reason, the Commission similarly rejects attempts, outside variation permitted within RTOs/ISOs, to permanently saddle interconnection customers with network upgrade costs, requiring instead that the transmission provider reimburse interconnection customers for network upgrades necessitated by interconnection.”).

⁸³ PG&E Limited Opening Brief at 20, citing *Order Regarding Intent to Act*, 195 FERC ¶ 61,045, April 16, 2026; see also *Interconnection of Large Loads to the Interstate Transmission System*, “Notice Inviting Comment,” Docket No. RM26-4-000, October 27, 2025, available at <https://elibrary.ferc.gov/eLibrary/filedownload?fileid=EB349A98-9823-C022-96B7-9A27AB000000>; Advance Notice of Proposed Rulemaking, Ensuring the Timely and Orderly Interconnection of Large Loads, October 17, 2025, available at <https://elibrary.ferc.gov/eLibrary/filedownload?fileid=4D53DC3F-903A-C7F6-AF0A-9A27C4C00000>.

⁸⁴ *Order Regarding Intent to Act*, 195 FERC ¶ 61,045, April 16, 2026.

PG&E also argues that assigning TNU costs to transmission-level customers is unworkable, inequitable, and discriminatory.^{85 86} Parties provided multiple proposals to assigning TNU costs that demonstrate it is both feasible and reasonable to establish a method to allocate these costs.⁸⁷ Further, PG&E does not support its claims that assigning TNU costs is discriminatory under applicable law.⁸⁸

2. Scoping Issue 2.b. Is Section 783 applicable to Electric Rule 30?

PG&E incorrectly argues that Public Utilities Code Section 783 is not applicable in this proceeding because: (1) PG&E is not proposing to amend the service extension rules in effect as of January 1, 1982, and (2) the circumstances required by Section 783(b) do not exist in this proceeding.⁸⁹ Contrary to these claims, this proceeding falls squarely into the circumstances contemplated by the California Legislature in enacting Section 783.⁹⁰ Indeed, should the Commission adopt Proposed Rule 30, it will have to follow the requirements of the statute and issue written findings on the seven prescribed issues.⁹¹

First, PG&E incorrectly argues that Section 783 only applies to amendments of service extension rules in effect as of January 1, 1982.⁹² It cites as support a Commission

⁸⁵ PG&E Opening Brief at 30-31.

⁸⁶ PG&E Limited Opening Brief at 20-21. PG&E provides no analysis or support to support its claim that allocating TNU costs to transmission-level customers is discriminatory. See Pub. Util. Code §§ 451, 453; D.91-01-016, *The Reuben H. Donnelley Corp., et al. v. Pacific Bell (U10001C)*, (January 15, 1991) at 109-110 (“Even if discrimination exists, for preference or prejudice to be unlawful under § 453, ‘the preference or prejudice must be unjust or undue...’” (citation omitted)).

⁸⁷ See, e.g., Cal Advocates Limited Opening Brief at 15-20 (discussing Silicon Valley Power’s Load Development Fee, CAISO’s Generator Interconnection Deliverability Allocation Procedure, and interim allocation proposals).

⁸⁸ See Pub. Util. Code §§ 451, 453; D.91-01-016, *The Reuben H. Donnelley Corp., et al. v. Pacific Bell (U10001C)*, (January 15, 1991) at 109-110 (“Even if discrimination exists, for preference or prejudice to be unlawful under § 453, ‘the preference or prejudice must be unjust or undue...’” (citation omitted)).

⁸⁹ PG&E Opening Brief at 55-56.

⁹⁰ See Stats. 1983, Ch. 1229, Sec. 1.

⁹¹ Pub. Util. Code § 783(b).

⁹² PG&E Opening Brief at 55.

decision from 2022 which provides context for Section 783’s enactment.⁹³ While PG&E is correct that Section 783 was enacted in response to the Commission’s proposed new rules for the extension of gas and electric utility service,⁹⁴ PG&E misinterprets the statute by arbitrarily limiting it to modifications of the specific rules in place in 1982.⁹⁵ In reality, the Legislature’s intent that Section 783 apply to *any changes* to gas and electric service extension rules is quite clear in the text of the California session laws:⁹⁶

It is the intent of the Legislature, in enacting this act, to prevent the Public Utilities Commission from approving any changes in the existing line and service extension regulations until there has been further study of the issue in accordance with this act.⁹⁷

The Legislature makes clear here that there should be no changes to line and service extension regulations unless the Commission makes written findings as set out by Section 783. In D.22-09-026, for example, the Commission issues written findings on the seven issues, as required by Section 783, in its decision to eliminate gas line extension subsidies for residential customers.⁹⁸ PG&E attempts to avoid line and service extension regulations by arbitrarily limiting Section 783 to service extension rules in place on January 1, 1982. The Commission should afford this argument no weight. Nothing in the language of the statute or in the legislative history indicates that Section 783 should not apply to future changes to service extension rules. Instead, in providing

⁹³ PG&E Opening Brief at 55.

⁹⁴ PG&E Opening Brief at 55; See also Stats. 1983, Ch. 1229, Sec. 1(c) (“The Public Utilities Commission has recently proposed implementing new rules regarding the extension of gas and electric utility service to new residential, commercial, and industrial customers.”).

⁹⁵ PG&E Opening Brief at 55 (“First, PG&E is not proposing to amend existing service extension rules that were in effect as of January 1, 1982.”).

⁹⁶ “Session laws” refers to the chronological collection of laws passed by the state legislature during a legislative session and signed into law. They are generally considered part of a statute’s legislative history.

⁹⁷ Stats. 1983, Ch. 1229, Sec. 1(j).

⁹⁸ D.22-09-026, *Phase III Decision Eliminating Gas Line Extension Allowances, Ten-Year Refundable Payment Option, and Fifty Percent Discount Payment Option Under Gas Line Extension Rules*, September 20, 2022.

context for Section 783, the Legislature painted a picture which is very relevant to this current proceeding:

Rules governing the extension of gas and electric service to new residential, commercial, agricultural, and industrial customers must strike a balance between the interests of new residential, commercial, and industrial customers in obtaining essential utility services without undue economic burden and the interests of existing utility customers in ensuring that extension of service to new customers does not result in an unreasonable impact on utility rates.⁹⁹

Thus, the Legislature recognizes the importance and impact of service extension rules. Therefore, it created Section 783 so that the Commission would carefully conduct an impact analysis prior to making any changes to those rules.

Second, PG&E argues that the circumstances for Section 783(b) do not appear in this proceeding.¹⁰⁰ Section 783(b) applies where the Commission initiated an investigation or is considering issuing an order or decision amending service extension terms and conditions.¹⁰¹ While PG&E is correct that “there is no Commission-initiated investigation” here, it is mistaken that Proposed Rule 30 “does not seek to amend service extension terms and conditions.”¹⁰² PG&E misconstrues the meaning of the word “amend” where it argues that Proposed Rule 30 “does not seek to amend service extension terms and conditions.”¹⁰³ The plain meaning of the verb “amend” is to alter formally by modification, addition, or deletion.¹⁰⁴ In its argument that a new rule does not seek to amend existing terms and conditions, PG&E ignores that amending can include an addition to or deletion of existing rules. In its Application, PG&E seeks to have the Commission issue a decision that would create a new service extension rule for

⁹⁹ Stats. 1983, Ch. 1229, Sec. 1(b).

¹⁰⁰ PG&E Opening Brief at 55-56.

¹⁰¹ Pub. Util. Code § 783(b).

¹⁰² PG&E Opening Brief at 55-56.

¹⁰³ PG&E Opening Brief at 56.

¹⁰⁴ Merriam-Webster.com Dictionary, <https://www.merriam-webster.com/dictionary/amend>. Accessed November 17, 2025.

transmission-level customers. Any argument that Proposed Rule 30 would not amend existing service extension rules should therefore be discarded.

As Cal Advocates states in its Opening Brief, should the Commission approve Proposed Rule 30, the requirements of Section 783 apply and the Commission must issue written findings on the seven issues enumerated by the statute.

C. Scoping Issue 3. Rates, Cost Causation, and Allocation: For each of the four electrical facility types to interconnect customers at the transmission-level – Facility Type 1: Transmission Service Facilities, Facility Type 2: Transmission Interconnection Upgrades, Facility Type 3: Transmission Interconnection Network Upgrades, and Facility Type 4: Transmission Network Upgrades

See discussion above in section III.B regarding jurisdiction considerations for Facility Types 1-4.

1. Scoping Issue 3.a. How should the Commission determine cost causation to ensure that beneficiaries pay for Facility Types 1-4?

Cal Advocates takes no position on this issue for Facility Types 1-3.¹⁰⁵ For Facility Type 4, Cal Advocates states its position on this issue in its Limited Opening Brief.¹⁰⁶ See also discussion in section III.C.12 regarding allocation of TNU costs caused by transmission-level customers.

2. Scoping Issue 3.b. Is there a jurisdictional split between FERC and CPUC costs for these transmission-level load interconnections for Facility Types 1-4? If so, what is the split?

See discussion above in section III.B regarding jurisdiction considerations for Facility Types 1-4.

3. Scoping Issue 3.c. How should PG&E account for and recover costs accrued under CPUC jurisdictional rates and those under FERC jurisdictional rates?

¹⁰⁵ This response should not be interpreted as an agreement with, or opposition to, parties' positions on this issue.

¹⁰⁶ See Cal Advocates Limited Opening Brief at 15-23 (describing methods to allocate TNU costs to transmission-level customers who cause them).

PG&E states that it will account for and recover costs for facilities separately based on Commission and FERC jurisdiction.¹⁰⁷ Costs recovered under the Commission’s jurisdiction will be done through PG&E’s General Rate Case.¹⁰⁸ For costs associated with facilities under FERC jurisdiction, PG&E will recover costs through its Transmission Owner (TO) Tariff Formula rate approved by FERC.¹⁰⁹ As part of its claims for this scoping issue, PG&E also repeats its same arguments regarding jurisdiction of Facility Types 1-4.¹¹⁰

As discussed above in section III.B, PG&E’s arguments regarding jurisdiction are incorrect. That said, Cal Advocates generally agrees that PG&E should maintain its accounting practices for tracking costs recovered under Commission jurisdictional rates and FERC jurisdictional rates. In addition, PG&E agrees to provide certain accounting information through reporting requirements in the Partial Settlement Agreement.¹¹¹ If the Commission denies the Partial Settlement Agreement, then PG&E should track and report accounting information to the Commission as provided in Cal Advocates’ Opening Brief.¹¹²

4. Scoping Issue 3.d. How should the Commission allocate the cost of new transmission-level infrastructure between existing ratepayers and the transmission-level applicant to ensure the allocation of costs is commensurate with the benefits of the facilities for ratepayers and the applicant?

See discussion above in section III.B regarding jurisdiction considerations for Facility Types 1-4.

5. Scoping Issue 3.e. How will the load from new transmission-level customers affect electric service and

¹⁰⁷ PG&E Opening Brief at 61.

¹⁰⁸ PG&E Opening Brief at 61.

¹⁰⁹ PG&E Opening Brief at 61.

¹¹⁰ PG&E Opening Brief at 61.

¹¹¹ *Joint Motion for Adoption of Partial Settlement Agreement of Pacific Gas and Electric Company (U 39 E), The Public Advocates Office, The California Community Choice Association, and Sierra Club (Partial Settlement Agreement)*, May 7, 2028, at Attachment 1, sections 2.2-2.4, Attachment A, B.

¹¹² See Cal Advocates Opening Brief at 47-50 (recommending reporting requirements).

reliability, electric utility revenue requirement, and electric rates for existing customers?

Cal Advocates provides its position on this issue in its Opening Brief.¹¹³

- 6. Scoping Issue 3.f. Are the proposed refund provisions of customer Advances, Actual Cost Payments, and reimbursement for Contributions and costs associated with Applicant Build Facilities over a 10-year period reasonable? If so, why? If not, what alternative should the Commission consider?**

Cal Advocates provides its position on this issue in its Opening Brief.¹¹⁴

- 7. Scoping Issue 3.g. Is PG&E's Base Annual Refund Process (BARC) a reasonable methodology to determine when applicants are eligible for refunds?**

No. The BARC method is not a reasonable method to determine refunds.¹¹⁵

PG&E asserts that the Commission should adopt the BARC method or the PG&E Alternative Revenue Cap method as the refund mechanism for Facility Types 1-3: (1) if TNU costs are not allocated to transmission-level customers; (2) if the Commission adopts PG&E's Customer Responsibility Proposal; or (3) if the Commission adopts another party's TNU cost allocation proposal.¹¹⁶ If the Commission adopts PG&E's Customer Responsibility Proposal, PG&E would issue refunds for TNU cost Advances in five equal installments over a five year period.^{117 118} PG&E further asserts that the Commission should adopt the refund method adopted in recent Resolutions "if it determines transmission-level customers should be more directly responsible for Facility Type 4 costs."¹¹⁹ The Commission should reject PG&E's convoluted proposals that include the BARC method because the BARC method exposes ratepayers to significant

¹¹³ Cal Advocates Opening Brief at 15-20 (section III.C.5).

¹¹⁴ Cal Advocates Opening Brief at 20-25 (section III.C.6).

¹¹⁵ See Cal Advocates Opening Brief at 25-31.

¹¹⁶ PG&E Limited Opening Brief at 22, fn. 72.

¹¹⁷ Ex. PGE-19 at 9:15-22.

¹¹⁸ See Cal Advocates Limited Opening Brief at 30 (asserting why this proposal should be rejected).

¹¹⁹ PG&E Limited Opening Brief at 22.

risk caused by transmission-level customers on the system.¹²⁰ Additionally, PG&E's convoluted proposals would refund Facility Types 1-3 in one manner and TNU costs in another.

The Commission should require transmission-level customers to pay TNU costs upfront *and* use one refund method for all facility types.^{121 122} The Commission should adopt the refund method consistent with its recent STACK, Sunnyvale Technology Partners, and Microsoft data center interconnection Resolutions. These Resolutions limit annual refunds to 75 percent of annual net revenues, with adjustments for Income Tax Component of Contribution (ITCC), and extend the refund period from ten to fifteen years.¹²³ In the event the Commission does not adopt the refund method from the recent Resolutions, the Commission should adopt the Cal Advocates' Revenue Cap refund method specified in the Cal Advocates Opening Brief.¹²⁴ Both of these refund methods will better protect ratepayers than PG&E's flawed BARC method.

a) The Commission should adopt the Resolutions' refund method.

A refund method should apply consistently to Facility Types 1-4.¹²⁵ Resolutions E-5420, E-5433, and E-5439 (collectively, Resolutions) require PG&E to modify its transmission-level interconnection agreements to limit refunds on the customers' Facility Type 1-3 costs to 75 percent of actual annual transmission net rate

¹²⁰ Cal Advocates Opening Brief at 25-31.

¹²¹ See section III.C.12 of this Reply Brief regarding allocation of TNU costs.

¹²² Cal Advocates Limited Opening Brief at 9-12; Ex. Cal Advocates-23 at 20:10-20, 21:1-11.

¹²³ See Res. E-5420 at 7-12 (STACK data center); Res E-5433 at 10-18 (Sunnyvale Technology Partners data center); Res. E-5439 at 10-18 (Microsoft data center); Cal Advocates Opening Brief at 39-40 (Res. E-5420 refund method).

¹²⁴ Cal Advocates Opening Brief at 31-36 (Cal Advocates' Revenue Cap method).

¹²⁵ Ex. Cal Advocates-23 at 21:7-11. See also *Opening Brief of Natural Resources Defense Council* (NRDC Opening Brief), May 8, 2026, at 10.

revenues generated by the customers with an adjustment for the ITCC.¹²⁶ ¹²⁷ Additionally, the Resolutions determine that transmission-level customers pay lower rates than distribution-level customers but “can require significant new transmission infrastructure and can depend on large upgrades to the broader transmission network.”¹²⁸ As a result, the Resolutions conclude that a modification to the BARC refund process is necessary to protect ratepayers from assuming the risk of energizing large-load transmission-level customers.¹²⁹ Further, the Resolutions extended the refund period from ten to fifteen years to mitigate the risk a customer may not receive a full refund from limiting annual refunds to actual annual net revenues.¹³⁰

¹²⁶ While this Application proceeded, PG&E submitted advice letters submissions (i.e., exceptional case filing) under Electric Rules 15 and 16 to interconnect three data centers at the transmission-level.

¹²⁷ See Resolutions (Res.) E-5420, *Pacific Gas and Electric. Electric Rule 2, 15, and 16 Exceptional Case Submittal for Electric Transmission Service Facilities for STACK Infrastructure*, November 7, 2025, at 11 (“Given all of these factors, there should be additional protections to safeguard general ratepayers from assuming the risk of energizing STACK and potentially being left with the costs if STACK’s anticipated load and resulting revenue does not materialize. Refunds should be provided only to the extent that actual net revenues cover both the costs of energization and other costs of providing electric service normally covered in those net revenues (i.e., broader grid upgrades and operations and maintenance).”), Findings and Conclusions No. 8, Ordering ¶ 7; Res. E-5439, *Pacific Gas and Electric Exceptional Case Submittal for Electric Transmission Upgrades for Microsoft Corporation for its SJC02 Project in San Jose, California*, January 20, 2026, at 15-16, Findings and Conclusions Nos. 11-12, Ordering ¶ 2; Res. E-5433, *Pacific Gas and Electric. Electric Rules 2, 15, 16 Exceptional Case Submittal, Electric Transmission Interconnection, Sunnyvale Technology Partners LLC c/o Menlo Equities*, March 20, 2026, at 17, Findings and Conclusions Nos. 11-12, Ordering ¶ 2.

¹²⁸ Res. 5433 at 15, Findings and Conclusions Nos. 4-5 (4. The scale of required upgrades for large-load customers seeking transmission-level energization is much larger than a typical distribution-level customer, and these customers present novel risks of substantial stranded costs. (5. Because the Menlo Equities project will be interconnected at the transmission-level, Menlo Equities will pay lower electric rates than an equivalent large-load customer that is connected at the distribution-level and normally covered by the Rule 15 process, while at the same time potentially contributing to the need for broader transmission network upgrades in the region.); see also Res. E-5420 at 9-10, Findings and Conclusions Nos. 2-3; Res. E-5439 at 14-15, Findings and Conclusions Nos. 4-5.

¹²⁹ Res. E-5420 at 17, Finding and Conclusions No. 7; Res. E-5439 at 16, Findings and Conclusions No. 10; Res. 5433 at 16-17 (“Given the factors described above, there should be additional protections to safeguard PG&E ratepayers from assuming the risk of energizing the Menlo Equities project and potentially being left paying the costs if the project’s anticipated load and resulting revenue does not materialize.”), Findings and Conclusions No. 10.

¹³⁰ Res. 5420 at 17-18 (disagreeing with PG&E that there is a risk the customer would not receive a full refund), at 19 (noting the customer is expected to receive a full refund under the modify process in six years), at Findings and Conclusions No. 10, Order ¶ 3; Res. E-5439 at 17, Findings and Conclusions No. 13; Ordering ¶ 3; Res. E-5433 at 17-18, Findings and Conclusion No. 13, Ordering ¶ 3.

The Resolutions’ refund method is reasonable to adopt for Proposed Rule 30 because it can be applied to refunds on Advances¹³¹ for Facility Types 1-4.¹³² The Resolutions’ refund method is feasible and transparent and can be adopted for Proposed Rule 30 with minimal modification.^{133 134} The Resolutions’ refund method retains 25 percent of a customer’s actual annual net revenue to account for a portion of TNU costs and ongoing maintenance costs.¹³⁵ Under this method, transmission-level customers will receive refunds only to the extent that their net revenues cover the cost of their direct interconnection and a portion of other system-wide costs embedded in rates. With refunds based on actual annual net revenues, the Resolutions’ refund method slows down the refund process to prevent PG&E paying disproportionate refunds to customers, similar to Cal Advocates Revenue Cap method, which is an important ratepayer protection.¹³⁶ Customers are eligible to receive their total refundable upfront cost payment.¹³⁷

¹³¹ Ex. PGE-04, Attachment B at AtchB-16 (“ADVANCE: Cash payments made to PG&E for work that has been or will be performed by PG&E on the Transmission Facilities. An Advance may not include preliminary work performed by PG&E as described in Section C.2.a.”).

¹³² Cal Advocates Opening Brief at 31, 39 (Cal Advocates proposed the Res. E-5420 refund method as an alternative Cal Advocates’ Revenue Cap method); Cal Advocates Limited Opening Brief at 12-13; Ex. Cal Advocates-23 at 20:10-20, 21:1-11. See also, e.g., *Opening Brief of The Utility Reform Network Addressing Administrative Law Judge’s Ruling Dated January 9, 2026* (TURN Limited Opening Brief), May 8, 2026, at 8; *Opening Brief of the Natural Resources Defense Council* (NRDC Limited Opening Brief), May 8, 2026, at 10.

¹³³ The Resolutions’ refund method is like the Cal Advocates’ Revenue Cap method because the slower refund process protects ratepayers from a number of factors that arise with interconnecting transmission-level customers. See Res. E-5420 at 7-12; Res. E-5439 at 10-18; Res E-5433 at 10-18; Cal Advocates Opening Brief at 39-40.

¹³⁴ As discussed in the next paragraph, the Commission should modify the percentage that limits refunds to better offset transmission costs.

¹³⁵ See Res. E-5420 at 11-12; Res. E-5439 at 16-17; Res E-5433 at 16; Cal Advocates Opening Brief at 40 (noting Resolution E-5420 removes the Monthly Ownership Charge and instead reserved 25 percent of net revenues to account for ongoing maintenance and broader grid upgrades).

¹³⁶ See Cal Advocates Opening Brief at 39-40. Slow paced refunds also better align customer’s incremental revenues with the long asset life of TNUs. See TURN Limited Opening Brief at 1, 4; NRDC Limited Opening Brief at 10; Sierra Club Limited Opening Brief at 21.

¹³⁷ See, Res. E-5420 at 18; Res. E-5439 at Ordering ¶ 3; Res. E-5433 at Ordering ¶ 3.

Additionally, the Commission should adopt the Resolutions' refund method for TNU costs because allocation of these costs are then refunded over time which will offset costly upgrades that would otherwise be recovered from rates.¹³⁸ Under this refund method, PG&E will retain a portion of the customer's annual revenues to offset transmission-related costs over time.¹³⁹ However, the Resolutions' refund method includes adjustments for the ITCC-related revenue contributions, which reduces the effective portion of retained revenues to offset non-ITCC costs from 25 percent to 7 percent.¹⁴⁰ To account for 25 percent of a customer's net revenues for TNU and operating and maintenance costs and for the additional ITCC adjustment, the Commission should limit refunds to 60 percent of a customer's net revenue.¹⁴¹

PG&E also argues that the Commission should adopt the Resolutions' refund method to ensure TNU costs are not allocated to transmission-level customers.¹⁴² By arguing for the adoption of the Resolutions' refund method (albeit for a different purpose), PG&E appears to no longer object to this refund method and acknowledges the reasonableness and feasibility of this refund method.¹⁴³ However, for clarity, the Commission should adopt a TNU costs allocation requirement *and* adopt the Resolutions' refund methods for all facility types. Both requirements will establish significant ratepayer protections.

¹³⁸ Ex. Cal Advocates-22 at 28:1-11; Cal Advocates Limited Opening Brief at 27.

¹³⁹ A customer's eligibility is dependent on their load materializing and sustaining over time, which the Resolutions account for in the refund method. Res. E-5420 at 12; Res. E-5439 at 17-18; Res. E-5433 at 18. See also Cal Advocates Limited Opening Brief at 27.

¹⁴⁰ The Resolutions authorize the ITCC adjustment in addition to the limit of 75 percent of the customer's actual annual net revenue. The formula authorized in the Resolutions is $Net\ Revenue * 75\% * (1+24\%)$ which would refund customers 93 percent of net revenues. Res. E-5420 at 17; Res. E-5439 at 17; Res. E-5433 at 17.

¹⁴¹ $Net\ Revenue * 60\% * (1+24\%)$ is equal to 74.4 percent of a customer's net revenue.

¹⁴² PG&E Limited Opening Brief at 21-23.

¹⁴³ See *Comments of Pacific Gas and Electric Company on Draft Resolution E-5420*, October 15, 2025, at 3-8; *Comments of Pacific Gas and Electric Company on Draft Resolution E-5439*, January 2, 2026, at 2-7; *Comments of Pacific Gas and Electric Company on Draft Resolution E-5433*, March 5, 2026, at 2-7.

b) In the alternative, the Commission should adopt Cal Advocates' Revenue Cap method to refund customers.

If the Commission does not adopt the Resolutions' refund method, it should adopt the Revenue Cap method proposed by Cal Advocates. Cal Advocates' Revenue Cap method calculates refunds based on a customer's annual net revenue and coordinates refunds with a customer's contribution to PG&E's annual revenue requirement.¹⁴⁴ In Opening Briefs, PG&E and CLECA oppose the Revenue Cap.^{145 146}

PG&E argues the Revenue Cap method may penalize customers who are unable to generate sufficient revenues in the years after energization for reasons outside of its control.¹⁴⁷ Rather, the Revenue Cap method does not penalize customers but guarantees that refunds are proportional to customers' revenues.¹⁴⁸ Ratepayers are protected under the Revenue Cap method because annual refunds cannot exceed a customer's annual net revenue, including refunds for interest if approved.¹⁴⁹ This ensures that the customer's actual revenues contribute to the costs of the meaningful asset life, not future estimated contributions.¹⁵⁰ Further, refunds are not dependent on a transmission-level customer reaching their full load in the early years.¹⁵¹

¹⁴⁴ Cal Advocates Opening Brief at 31-38.

¹⁴⁵ PG&E Opening Brief 71-74; CLECA Opening Brief at 3, 18-21.

¹⁴⁶ See PG&E Limited Opening Brief at 22, fn. 72 (PG&E presumably continues to oppose this refund method as it provided that the Commission should only adopt the BARC method or the PG&E Alternative Revenue Cap method for refunds).

¹⁴⁷ PG&E Opening Brief at 72-73 ("For example, if a transmission-level customer is unable to achieve full load in the early years after energization because transmission network upgrades are not completed, certain government approvals need to be obtained, or for other reasons outside its control such as *force majeure*...").

¹⁴⁸ Cal Advocates Opening Brief at 32; Ex. Cal Advocates-01 at 34:13-15, 35:1-5.

¹⁴⁹ Cal Advocates Opening Brief at 32; Ex. Cal Advocates-01 at 34:13-15, 35:1-5.

¹⁵⁰ Cal Advocates Opening Brief at 32; Ex. Cal Advocates-01 at 43:1-18.

¹⁵¹ Notably, the BARC method will refund a customer approximately 50 percent of their advance for only reaching approximately 25 percent of the customer's forecasted load. RT, V.I. (PG&E Sienna Rogers) at 74:15-25 – 75:1-21.

PG&E asserts that the Commission should adopt the BARC method because the method offers “refunds based on the incremental maximum revenue generated over a 10-year period.”¹⁵² ¹⁵³ PG&E’s BARC method unreasonably benefits customers who cannot or will not generate sufficient revenues nor reach their forecasted load and penalizes ratepayers by shifting those costs to them.¹⁵⁴ ¹⁵⁵ The Revenue Cap method is better for ratepayers because it extends the time in which refunds are dispersed, and it is reasonable for transmission-level customers because they can receive a refund for their total eligible upfront cost payment.¹⁵⁶

PG&E asserts that the Revenue Cap method arbitrarily limits refunds to a ten-year period.¹⁵⁷ The BARC method also limits refunds to a ten-year period and relies upon forecasted future revenues (revenues that may not be generated) to pay the customer an inflated refund within 10 years.¹⁵⁸ Similar to the reasoning provided in the Resolutions, the Revenue Cap refund period can reasonably be extended to 15 years to mitigate the risk of a customer not receiving their full refund within ten years.¹⁵⁹ Additionally, the Revenue Cap method issues refunds over a 15 year period based on actual revenue

¹⁵² See PGE-04 at 58:3-14; PG&E Opening Brief at 72 citing to PGE-04 at 58. For PG&E’s Revenue Cap proposal, it extended the refund period to 15 years. PG&E Opening Brief 74-75. PG&E also urges the Commission to adopt the Resolutions’ refund method. PG&E Limited Opening Brief at 21-23. However, PG&E has not provided that the BARC method should extend the refund period to 15 years.

¹⁵³ See discussion above in section III.C.7 regarding PG&E proposals to adopt the BARC refund method for Facility Types 1-3. See also PG&E Limited Opening Brief at 22, fn. 17.

¹⁵⁴ See, e.g., Cal Advocates Opening Brief at 21; Ex. Cal Advocates-05 at Table 4; The BARC method also does not issue a refund if a customer maintains the same load from one year to the next or if the customer’s load drops as compared to the prior year. See Cal Advocates Opening Brief 34-35.

¹⁵⁵ D.23-04-040, *Decision Adopting Electric Rate Design Principles and Demand Flexibility Design Principles*, May 3, 2023, at Ordering Paragraph (OP) 1(h), Attachment A, A.iii (decision discusses costs causation principles).

¹⁵⁶ Cal Advocates Opening Brief at 32-35.

¹⁵⁷ PG&E Opening Brief at 72. However, PG&E acknowledges that the Revenue Cap method looks at actual revenues generated by the customer over a ten-year period.

¹⁵⁸ Cal Advocates Opening Brief at 24. PG&E has not provide whether the BARC method refund period should be 15 years.

¹⁵⁹ See, e.g., Res. E-5420. Ex. Cal Advocates-04 at D-0002-D-0004 (the risk to customers is low because three customer scenarios show that if a customer provides incremental revenues while increasing load, that customer will receive their total refund before the ten-year period ends).

generated by the customer usage¹⁶⁰ which protects ratepayers and removes the risk that refunds will be based on estimated revenues.^{161 162}

In its Opening Brief, CLECA argues that the Revenue Cap will be overly burdensome to traditional customers.^{163 164} However, as Cal Advocates explains in its Opening Brief, CLECA’s argument against the Revenue Cap is unsupported by any data or analysis and should be given no weight.¹⁶⁵

Finally, CLECA argues that the “BARC formula is only at issue if the underlying assumption is that customers will cease operations after just a few years.”¹⁶⁶ CLECA correctly identifies a major problem with BARC. If a customer ceases operations after just a few years and does not generate the anticipated revenues, but is refunded costs too quickly through the BARC method, ratepayers will have to pay the stranded costs for the interconnection facilities built exclusively for the abandoned facility.¹⁶⁷ The Revenue Cap method includes a slower paced refund that helps to reduce some risk of uncertainty regarding data center loads, and the smaller incremental refunds of the Revenue Cap method will lower PG&E’s annual revenue requirement in the initial years after energization.¹⁶⁸ Lower revenue requirements spread over the same kilowatt-hour

¹⁶⁰ Ex. Cal Advocates-01 at 44:9-10 (“Using actual data, revenues would reflect the customer’s usage in accordance with rate increases that are nearly certain to occur in each future year.”).

¹⁶¹ Ex. Cal Advocates-01 at 44:4-20, 45:1-6.

¹⁶² PG&E arguments regarding the Monthly Ownership Cost (MOC) are already addressed in Cal Advocates’ Opening Brief. See Cal Advocates’ Opening Brief at 34-36, 40-41. Similarly, PG&E’s critique of the Revenue Cap with regard to the Income Tax Component of Contribution (ITCC) is already addressed in Cal Advocates Opening Brief and Testimony. See Cal Advocates Opening Brief at 32, fn. 186; Ex. Cal Advocates-01 at 34:6-9; Ex. Cal Advocates-04 (workpaper includes ITCC).

¹⁶³ CLECA Opening Brief at 3.

¹⁶⁴ See Cal Advocates Opening Brief at 36-37; Ex. CLECA-01 at 5:1-22, 6:1-9.

¹⁶⁵ See CLECA Opening Brief at 18 citing to Ex. CLECA-01 at 5:19-22. CLECA relies on its own testimony in arguing against the Revenue Cap, but CLECA’s rebuttal testimony fails to reference any sources or data to support its statements. See Cal Advocates Opening Brief at 37-38.

¹⁶⁶ CLECA Opening Brief at 19.

¹⁶⁷ See Cal Advocates Opening Brief at 32-33; Ex. Cal Advocates-01 at 41:7-12 and Table 9; Ex. Cal Advocates-04 at D-0008-D-0009 (Customer 7 and 8).

¹⁶⁸ Cal Advocates Opening Brief at 17-18, 30-31.

electricity sales will keep electric rates lower, all else being equal. In other words, the Revenue Cap method ensures greater affordability in electric rates – a needed relief that CLECA fails to address.

c) PG&E makes unsupported statements regarding the BARC method.

The Commission should reject PG&E’s reasoning to adopt the BARC formula because it relies upon hypothetical, “best case scenario” numbers.¹⁶⁹ PG&E claims that the average residential ratepayer could see \$3,000 in bill reductions over a ten-year period resulting from the addition of new transmission-level customers.¹⁷⁰ The record does not support PG&E’s claim. In order for residential ratepayers to see \$3,000 in bill reductions under either PG&E’s customer A or B scenarios,¹⁷¹ PG&E will need to interconnect approximately 109 customers as in scenario A¹⁷² or more than approximately 630 customers as in scenario B.¹⁷³ PG&E’s \$3,000 ratepayer bill reduction claim also depends on each transmission-level customer requesting 75 megawatts (MW) or more, their project costs not exceeding \$100 million, and each customer reaching their requested load in five-years.¹⁷⁴ Essentially, each customer would need to operate exactly like customer A¹⁷⁵ with little variation in accordance with real-

¹⁶⁹ See PG&E Opening Brief at 67-71; PG&E Limited Opening Brief at 22, fn. 72 (asserting the BARC or PG&E’s Revenue Cap should be adopted if the Commission does not allocate TNU costs).

¹⁷⁰ PG&E Opening Brief at 33, fn. 88, 64, fn. 195.

¹⁷¹ See Cal Advocates Opening Brief at 21-24, 32-33 (demonstrating that PG&E’s customer A and B scenarios rely on speculative numbers for illustrative purposes and do not account for all real-world scenarios).

¹⁷² Under customer A, PG&E asserts that a non-CARE residential ratepayer will save \$27.42 over ten-years for each transmission-level customer. \$27.42 (hypothetical customer A bill savings) x 109 (number of customers) = \$2,988.78. See PGE-01 at 32 (Table 4 – Customer A).

¹⁷³ Under customer B, PG&E asserts that a non-CARE residential ratepayer will save \$4.71 over ten-years for each transmission-level customer. \$4.71 (hypothetical customer B bill savings) x 637 (number of customers) = \$3,000.27. See PGE-01 at 33 (Table 5 – Customer B).

¹⁷⁴ See PGE-01 at 34:14-21.

¹⁷⁵ In PG&E’s two customer scenarios, only customer A reaches its full load. See PGE-01 at 32 (Table 4 – Customer A), 34:7-21 (for ratepayers to see \$3,000 in bill savings, PG&E’s hypothetical scenario depends on a customer reaching its full load in five years).

world factors.¹⁷⁶ PG&E’s customer scenarios are merely hypothetical and highly unlikely to represent the reality of interconnecting multiple transmission-level customers due to forecasted load varying per customer,¹⁷⁷ significant projects costs,¹⁷⁸ and customers not reaching their load or terminating service.¹⁷⁹

To bolster its argument in support of the BARC method, PG&E asserts that it “interconnected 5.6 million distribution-level customers and 492 transmission-level customers.”¹⁸⁰ Then, PG&E equates the reasonableness of using the BARC method for distribution-level customers to transmission-level customers because “in aggregate, the refunds provided to distribution-level customers are significant and may well be substantially more than the cost of transmission-level interconnections.”¹⁸¹ PG&E does not demonstrate that the purported 492 transmission-level customers are comparable to the large-load customers that will be addressed by Proposed Rule 30, let alone the millions of distribution-level customers.

The record does not support PG&E’s false equivalence. PG&E does not provide a distribution-level and transmission-level comparison of the typical interconnection cost which are necessary facilities for interconnection, or of the revenue generated for refund purposes. And most notably, PG&E asserts that distribution-level interconnections “may well be substantially more” than transmission-level interconnections only when

¹⁷⁶ See Cal Advocates Opening Brief at 22-23 (real-world issues include other electrical system improvements and maintenance, and cost increases from uncertainties that may occur (e.g., construction delays, changes in transmission rates, a customer ends service early, a customer fails to meet their forecasted load).

¹⁷⁷ See, e.g., Ex. Cal Advocates-01 at 16:11-18 (discussing data centers operating at high energy intensities with recent application requesting capacity at 500 MW to 1,000 MW at a single site), at 37:1 (Table 5 showing three customer scenarios with expected load of 75 megawatts (MW) up to 90 MW).

¹⁷⁸ See section III.A in Reply Brief discussing errors with PG&E’s average costs estimates for Facility Type 1-4 and costs likely being higher. See also TURN Opening Brief at 17-18 (discussing Facility Type 4 costs being higher than \$50 million).

¹⁷⁹ See, e.g., Ex. Cal Advocates-01 at 18:1-16 (data centers may be more likely to terminate service early or underutilize capacity).

¹⁸⁰ PG&E Opening Brief at 67.

¹⁸¹ PG&E Opening Brief at 67.

considered in aggregate.¹⁸² PG&E’s argument that the BARC refund process is reasonable for transmission-level customers because the Commission has held it is reasonable in the distribution-level context is an unsupported “apples and oranges” comparison that should be given no weight.

d) The Commission should reject PG&E’s Alternative Revenue Cap method.

PG&E proposes a PG&E Alternative Revenue Cap that modifies the Revenue Cap and would: “(1) include a 15-year refund period; (2) eliminate Monthly Ownership Charges; and (3) cap the total refund at no more than the BARC formula.”¹⁸³ The PG&E Alternative Revenue Cap proposal is unsupported by the record and contains no analysis or estimate of the impact that it would have on customers and ratepayers. The PG&E Alternative Revenue Cap is further flawed because it removes a portion of customer revenue that should be reserved for ongoing operating expenses and transmission grid upgrades.¹⁸⁴ Under the Resolutions’ refund method and Cal Advocates’ Revenue Cap, the transmission-level customer’s revenue is sufficient to cover the refund that is added into rates, in addition to PG&E’s other ongoing costs to serve the customer.¹⁸⁵ In contrast, PG&E’s alternative proposal would not attribute any revenue to the transmission facilities or TNUs that serve transmission-level load. As a result, the costs that are the interconnecting customer’s appropriate responsibility under the PG&E Alternative Revenue Cap method would shift to ratepayers’ bills instead.¹⁸⁶

¹⁸² PG&E Opening Brief at 67.

¹⁸³ PG&E Opening Brief at 74; PG&E Limited Opening Brief at 22, fn. 72 (asserting the Commission should adopt the PG&E Alternative Revenue Cap if no TNU costs are allocated to customers).

¹⁸⁴ In practice, the PG&E Alternative Revenue Cap method allows refunds in the amount of 100 percent of the customer’s annual net transmission revenue. See Ex. Cal Advocates-22 at 28: 3-5. While Cal Advocates’ Revenue Cap method addresses TNU costs, the PG&E Alternative Revenue Cap proposal should not be adopted because it provides refunds to transmission-level customers without accounting for TNU costs.

¹⁸⁵ Cal Advocates Opening Brief at 35-36, 40-41.

¹⁸⁶ Cal Advocates Opening Brief at 35-36.

The Commission should reject PG&E's Alternative Revenue Cap and adopt the Resolutions' refund method or alternatively, Cal Advocates' Revenue Cap method.

8. Scoping Issue 3.h. What is the process and timeline for adding costs, including refunds for new facilities to the ratebase (for all impacted jurisdictions)?

Cal Advocates provides its position on this issue in its Opening Brief.¹⁸⁷

9. Scoping Issue 3.i. Is it reasonable for PG&E to provide outstanding refunds to subsequent customers prior to or during the refund period based on the use of Transmission Interconnection Upgrades (Facility Type 2) and/or Transmission Interconnection Network Upgrades (Facility Type 3)?

Cal Advocates provides its position on this issue in its Opening Brief.¹⁸⁸

10. Scoping Issue 3.j. Is PG&E's proposal to enter into a pre-funding loan to build Transmission Network Upgrades reasonable? How will this impact ratemaking?

As provided in Cal Advocates' Opening Brief, PG&E's proposal is unreasonable and would require modification to protect ratepayers if adopted.¹⁸⁹ PG&E's assumption that pre-funding loans have no impact on rates and are by default a benefit for all is misguided.¹⁹⁰ Pre-funded loans accelerate the timing of TNU's, which accelerates when costs are added to rate base.¹⁹¹ To ensure ratepayers are protected from rate increases due to pre-funding loans, the Commission should require pre-funding loans to be additional to upfront financing requirements.¹⁹²

¹⁸⁷ Cal Advocates Opening Brief at 40-41 (section III.C.8).

¹⁸⁸ Cal Advocates Opening Brief at 41-42 (section III.C.9).

¹⁸⁹ Cal Advocates Opening Brief at 42-43.

¹⁹⁰ Cal Advocates Opening Brief at 42.

¹⁹¹ Cal Advocates Opening Brief at 42.

¹⁹² See Cal Advocates Opening Brief at 42-43 (recommending the Commission require a Tier 2 advice letter for all pre-funding agreements).

Under PG&E’s proposals,¹⁹³ PG&E addresses pre-funded loans of TNUs and allocation of TNU costs as two separate cost groups.¹⁹⁴ This is because the pre-fund loan mechanism and the allocation of the TNU cost mechanism serve distinct but complementary purposes. A transmission-level customer should be assigned TNU costs needed to serve them.¹⁹⁵ After TNU costs are assigned, transmission-level customers can elect to pre-fund additional TNU costs beyond the TNU costs assigned to the customer.¹⁹⁶ This ensures the pre-fund loan option does not undermine the purpose to assign upfront TNU costs, to protect ratepayers from the financial burden of TNU cost shifts.¹⁹⁷

Further PG&E argues that Cal Advocates’ recommendation for a Tier 2 advice letter for all pre-funding loans is “unnecessary.”¹⁹⁸ However, PG&E fails to provide any support for rejecting Cal Advocates’ recommendation other than observing that: (1) an advice letter could delay proceeding with network upgrades, and (2) FERC or CAISO approval is not required for pre-funding loans from generators.¹⁹⁹ Neither of PG&E’s observations refute the reasonableness of a Tier 2 advice letter.

Rather than being “unnecessary,” a Tier 2 advice letter is a reasonable mechanism to ensure that the Commission has some level of oversight for network upgrade costs that

¹⁹³ PG&E Opening Brief at 80-83 (pre-funding loan proposal); PG&E Limited Opening Brief at 27-28 (pre-funding loan proposal as it relates to PG&E’s Customer Responsibility Proposal).

¹⁹⁴ PG&E Limited Opening Brief at 27-28 (“In effect, this proposal would bifurcate Facility Type 4 costs into two groups. First, broader transmission network upgrades, like an ADNU under the CAISO Tariff, in which customers could choose to provide a pre-funding loan, 92 but would not be required to. And second, Incremental Transmission Network Upgrades which, like LDNUs, are designed to accommodate one or a small group of customers, for which customers would be required to provide upfront financing.”).

¹⁹⁵ Cal Advocates Limited Opening Brief at 10-12.

¹⁹⁶ Further, the pre-fund loan should be optional and the allocation of TNU costs should be required.

¹⁹⁷ See section III.C.7 and III.C.12 in this Reply Brief.

¹⁹⁸ PG&E Opening Brief at 83.

¹⁹⁹ PG&E Opening Brief at 83. In an earlier section of the brief, PG&E argues that there is no reason to add Cal Advocates’ Tier 2 advice letter requirement because (1) existing ratepayers do not pay the cost of the loan until the completion of Facility Type 4 upgrades and (2) the upgrades would have occurred regardless of the pre-funding loan. PG&E Opening Brief at 18.

are accelerated into rate base as a result of pre-funding loans and their eventual repayment. On its first point, PG&E estimates Tier 2 advice letters to typically take 1-2 months.²⁰⁰ This review period is a reasonable trade-off to ensure the Commission can obtain and track information related to PG&E’s alternative financing mechanisms.

Regarding its second point, how FERC or CAISO handle pre-funding loans for generators is simply not relevant to how the Commission should handle TNU pre-funding loans for transmission-level interconnection customers, who are primarily data center customers.²⁰¹ Here again, PG&E makes an unsupported “apples and oranges” comparison that should be given no weight. As such, the Commission should adopt Cal Advocates’ recommendation that pre-funding loans be submitted to the Commission by Tier 2 advice letter filing.²⁰²

11. Scoping Issue 3.k. Does Rule 30 sufficiently protect ratepayers from financial risk from stranded costs and/or make ratepayers whole for any shortfall between the projected and actual revenue and load from Rule 30 customers over the 10-year reimbursement period? If not, what additional rules should the Commission adopt?

The Commission should adopt a fixed minimum demand charge as provided in Cal Advocates Opening Brief, Limited Opening Brief, and herein.²⁰³

a) PG&E’s Supplemental Testimony – Minimum Demand Charge: The Commission should reject PG&E’s customer specific minimum demand charge proposal.

PG&E proposes a minimum demand charge set at 75 percent from year one through 15 based on a binding load ramp that is determined by PG&E and the

²⁰⁰ *Pacific Gas and Electric Company’s (U 39 E) Reply to Responses Regarding Motion for Interim Implementation of Electric Rule No. 30*, February 18, 2025, at 8.

²⁰¹ Data centers are uncertain and create risk of stranded assets, which is why guardrails are needed to monitor this non-traditional funding source. Ex. Cal Advocates-01 at 12-19; Cal Advocates Opening Brief at 42. PG&E’s comparison is simply inapplicable here because data centers customers create risk that is necessary to account for with the pre-funding loan proposal.

²⁰² Cal Advocates Opening Brief at 42-43.

²⁰³ Cal Advocates Opening Brief at 43-45; Cal Advocates Limited Opening Brief at 35-36.

customer.²⁰⁴ PG&E claims a customer will not be able to lowball their load ramp because “[e]xceeding the binding load ramp would be a breach of contract, and PG&E is able to monitor customers’ usage for this exact purpose.”²⁰⁵ However, PG&E fails to address the fact that its recommendation is to provide customers with flexibility in accessing available capacity or modifying their minimum demand charge later.²⁰⁶ PG&E’s proposal introduces opportunities for gamesmanship. The Commission should adopt a 90 percent minimum demand charge with a fixed load ramp as described in Cal Advocates’ Opening Brief and Limited Opening Brief.²⁰⁷

If the Commission adopts PG&E’s proposed minimum demand charge based on a customer-selected load ramp, it should: (1) not permit a customer to retroactively modify its contracted load ramp downwards except for reasons outside of their control; and (2) require that, if a customer retroactively increases its contractual load ramp, the minimum demand charge reflect the new contracted maximum load and load ramp.

12. ALJ Ruling Question 1: If a preliminary engineering study determines that a customer seeking transmission-level energization has triggered the need for a Type 4 upgrade, how should the costs for that upgrade be allocated? Specifically, should such costs be allocated to that customer, or among a defined class of large load or data center customers? If multiple customers involved in a cluster study collectively require a Type 4 upgrade, how should the costs of that upgrade be allocated among participants in that cluster study, and what allocation methodology would be appropriate (e.g., by MW ratio of total MW of the cluster study)?

In response to the January 9th Ruling questions, PG&E argues that its primary proposal to include Facility Type 4 costs in FERC-approved transmission rates (rather

²⁰⁴ PG&E Limited Opening Brief at 53-55; Ex. PGE-18 at 2:10-19.

²⁰⁵ PG&E Limited Opening Brief at 56.

²⁰⁶ Cal Advocates Limited Opening Brief at 35, citing Ex. Cal Advocates-23 at 26:7-14; Ex. PGE-18 at 3:21-26.

²⁰⁷ Cal Advocates Opening Brief at 43; Cal Advocates Limited Opening Brief at 36.

than allocate them to specific customers) should be adopted.²⁰⁸ In the alternative, PG&E presents two options to allocate Facility Type 4 costs: (1) the Resolution E-5420 Proposal and (2) the PG&E Customer Responsibility Proposal.²⁰⁹ Further, PG&E misunderstands Cal Advocates' Load Development Fee proposal. Cal Advocates responds to these arguments and assertions below.

a) PG&E's Primary Proposal (Transmission Rates)

PG&E claims that its primary proposal to include Facility Type 4 costs in FERC transmission rates is the "superior" proposal because it is consistent with existing practices, the transmission rate process is transparent, it is consistent with cost causation principles, and it will not deter economic development.²¹⁰ Notably, PG&E fails to address the main flaw with its proposal: PG&E puts the risk of cost shifts entirely on existing ratepayers. PG&E's primary proposal does this because (1) its proposal allows a transmission-level customer to avoid paying advances for Facility Type 4 costs it causes and (2) its proposal accelerates the addition of those costs to rate base before the transmission-level customer reaches its required load usage. However, the other assertions PG&E makes regarding its purportedly superior proposal are flawed as well.

First, as discussed above in section III.B., PG&E's interpretation of jurisdiction is misguided and creates inconsistent positions. PG&E attempts to argue that FERC has exclusive jurisdiction over TNU costs and the Commission "may not have jurisdiction to deviate from existing practice" to allocate them.²¹¹ In support of this assertion, PG&E references the Federal Power Act and FERC's regulation of "the transmission of electric energy in interstate commerce."²¹² PG&E's logic is that because its transmission system is under the CAISO's operational control, it is "a part of transmission network facilitating

²⁰⁸ PG&E Limited Opening Brief at 10.

²⁰⁹ PG&E Limited Opening Brief at 9.

²¹⁰ PG&E Limited Opening Brief at 11.

²¹¹ PG&E Limited Opening Brief at 11.

²¹² PG&E Limited Opening Brief at 12.

interstate commerce and thus is subject to FERC’s exclusive jurisdiction.”²¹³

Interestingly, in its Opening Brief, PG&E argues that Facility Types 2 and 3 are subject to FERC jurisdiction,²¹⁴ but does not seem to find the same issues with FERC jurisdiction are presented there. PG&E cannot argue it both ways. Either Facility Type 2-4 costs are all subject to exclusive federal jurisdiction, or they are not. To argue that exclusive FERC jurisdiction applies only to Type 4 costs is outcome-driven, selective reasoning.

Next, PG&E implies that because large-load customers and particularly data centers are not the sole or primary driver of load growth in California, TNU costs should not be directly allocated to specific customers.²¹⁵ PG&E then claims that Cal Advocates takes inconsistent positions in separate venues because a Cal Advocates January 2025 report notes that electrification of buildings and transportation “will significantly increase electricity demand over the coming decades.”²¹⁶ PG&E appears to misunderstand Cal Advocates’ point. In the Cal Advocates testimony which PG&E cites to in making its argument, Cal Advocates argues that it is reasonable to impose additional financing requirements on large-load transmission customers to reflect TNU costs because, among other reasons, transmission-level loads “materially drive” the need for TNUs that can impose incremental costs on all ratepayers.²¹⁷ However, the point is not that transmission-level loads are the majority of expected load growth. Rather, the point is that transmission-level loads and particularly data center loads have unprecedented scale and geographic concentration that triggers capacity expansion costs and those costs will show up in ratepayers’ electric bills unless additional financing requirements are imposed. This was illustrated in a real-world example during the 2026 evidentiary

²¹³ PG&E Limited Opening Brief at 12.

²¹⁴ PG&E Opening Brief at 54, “In general, PG&E expects that Facility Type 1 will be subject to Commission jurisdiction for cost allocation, rates and cost recovery and that Facility Types 2-4 will be subject to FERC jurisdiction,” See also PG&E Opening Brief at 60, stating that facilities are under FERC jurisdiction if the facility, “has any degree of integration into the transmission network.”

²¹⁵ PG&E Limited Opening Brief at 15.

²¹⁶ PG&E Limited Opening Brief at 16, quoting Ex. PGE-04 at 69:31 – 70:3.

²¹⁷ Ex. Cal Advocates-22 at 8:16-28.

hearings when PG&E witness Ornelas confirmed that the 2024 data center load cluster, consisting of only 11 data center projects, could trigger up to half a billion dollars in TNUUs.²¹⁸

Finally, PG&E cautions against allocation of Facility Type 4 costs to specific customers because that would likely disincentivize development in California.²¹⁹ PG&E argues that parties have not been able to identify comparable examples of Type 4 cost allocation from other jurisdictions.²²⁰ However, this argument is unpersuasive. As states around the country grapple with the AI boom and try to balance business investment and protecting ratepayers, very little has been decided on a national level. PG&E's claim that upfront TNU cost allocation would be a disadvantage for California is purely conjecture at this point, because it remains to be seen what requirements other jurisdictions decide to impose.

b) Resolution E-5420 Proposal

Cal Advocates addresses this issue in its Limited Opening Brief²²¹ as well as throughout this Reply Brief. Cal Advocates supports the Resolution E-5420 Proposal as a reasonable refund mechanism.

c) PG&E's Customer Responsibility Proposal

PG&E presents its Customer Responsibility Proposal as an alternative proposal based on the CAISO's generator interconnection process in its Fifth Replacement Tariff (CAISO Tariff).²²² Cal Advocates supports developing a customer-specific financing requirement based on the CAISO Tariff. However, PG&E's Customer Responsibility Proposal would be mostly ineffective at allocating TNU costs. PG&E proposes that transmission-level customers only be required to finance "Incremental Transmission

²¹⁸ Reporter's Transcript (RT) Volume (V.) IV at 501:19-25, 502:1-17 (PG&E Karen Khamou Ornelas).

²¹⁹ PG&E Limited Opening Brief at 18-19.

²²⁰ PG&E Limited Opening Brief at 19.

²²¹ Cal Advocates Limited Opening Brief at 27.

²²² PG&E Limited Opening Brief at 27-30.

Network Upgrades” (ITNUs) but “agrees that most transmission network upgrades would not be classified as an ITNU.”²²³

PG&E points to Local Delivery Network Upgrade (LDNUs) and Area Delivery Network Upgrades (ADNUs).²²⁴ PG&E states that customers interconnecting under the CAISO GIDAP must provide financing for LDNUs and “have the option to assume cost responsibility for ADNUs.”²²⁵ PG&E misinterprets the CAISO Tariff. All customers that select Full Capacity or Partial Capacity Deliverability Status must pay for ADNUs.²²⁶ Deliverability status refers to the transmission capacity allocated to a generator even during stressed conditions.²²⁷ If PG&E expects to provide service to transmission-level customers during stressed conditions, it should not exempt its customers from financing certain network upgrades that they rely on. The Commission should disregard PG&E’s ITNU definition, since most, if not all, Facility Type 4 costs would continue to fall on existing ratepayers under PG&E’s Customer Responsibility Proposal.

d) PG&E’s Criticism of Load Development Fee

PG&E criticizes both TURN and Cal Advocates’ proposals to require transmission-level customers to upfront Facility Type 4 costs through a “Load Development Fee” based on Silicon Valley Power’s (SVP) Load Development Fee (LDF).²²⁸

In part, PG&E claims that under the Cal Advocates proposal, because of the differences between PG&E’s and SVP’s service territories, PG&E would need to “establish scores or hundreds of regions with individualized load development fees” which would be exceedingly cumbersome.²²⁹ However, it is unclear why PG&E claims

²²³ PG&E Limited Opening Brief at 30.

²²⁴ PG&E Limited Opening Brief at 26.

²²⁵ PG&E Limited Opening Brief at 27.

²²⁶ Ex. PGE-22 at Section 8.4.

²²⁷ CAISO Tariff, Appendix A, Definition of Deliverability.

²²⁸ PG&E Limited Opening Brief at 33-40.

²²⁹ PG&E Limited Opening Brief at 37.

that would be necessary and it is not part of Cal Advocates' LDF proposal to establish hundreds of individualized LDFs. Rather, Cal Advocates recommends that PG&E calculate the average cost of TNU's per unit of load growth, akin to SVP's method which applies a uniform charge to cover the average cost of unit of load growth.²³⁰ In other words, PG&E would only need to look at the estimated capital spending and forecasted load growth as its two inputs to calculate a LDF.²³¹

PG&E also argues that TURN's per-kilowatt LDF proposal is "unconnected to cost causation proposals" while Cal Advocates' interim solution of a \$50 million flat fee is "punitive."²³² However, PG&E fails to recognize that the reasoning behind an upfront LDF is not to calculate the customer-specific financing requirements. Both Cal Advocates' flat fee and TURN's LDF are intended to estimate the average cost it takes to interconnect a customer of a given size, and apply that average cost to all interconnecting customers of that size.²³³ Cal Advocates proposes this flat fee as an administratively simple mechanism to address near-term financing and to reduce the risk of stranded costs to ratepayers while the Commission develops a more refined and permanent framework.²³⁴ Furthermore, any fee that is more than a customer's precise share of TNU costs is recoverable in transmission rates and therefore aligned with cost-causation principles.

13. ALJ Ruling Question 2.

Cal Advocates addresses parties' positions on this question in section III.C.12 above.

14. ALJ Ruling Question 3 (subparts a through e).

Cal Advocates addresses parties' positions on these questions in section III.C.12 above.

²³⁰ Ex. Cal Advocates-22 at 18:9-10, and at 20:3-24.

²³¹ Ex. Cal Advocates-22 at 20:28-31.

²³² PG&E Limited Opening Brief at 40.

²³³ Ex. Cal Advocates-22 at 18:8-10, and Appendix B-0011.

²³⁴ See Cal Advocates Limited Opening Brief at 20.

a) ALJ Ruling Question 3f.

Cal Advocates takes no position on this issue.

15. ALJ Ruling Question 4.

Cal Advocates takes no position on this issue.

16. ALJ Ruling Question 5.

Cal Advocates takes no position on this issue.

17. ALJ Ruling Question 6.

Cal Advocates takes no position on this issue.

D. Scoping Issue 4. Reporting:

1. Scoping Issue 4.a. Should the Commission establish reporting requirements for these Transmission-level projects in this proceeding to inform related electric system planning processes? For example, reporting of projected load from Rule 30 customers could help to inform load forecasting.

On May 7, 2026, PG&E filed a joint motion for a partial settlement agreement between PG&E, Cal Advocates, The California Community Choice Association (CalCCA), and Sierra Club.²³⁵ The Partial Settlement Agreement addresses Scoping Memo Issues 4.a., 4.b, and part of 5.a regarding reporting requirements and information disclosure.²³⁶ Cal Advocates joined only the portion of the Partial Settlement Agreement that addressed PG&E’s reporting requirements.²³⁷

The Commission should grant the motion requesting approval of the Partial Settlement Agreement. If the Commission denies the motion for the Partial Settlement Agreement, it should require reporting requirements consistent with Cal Advocates’

²³⁵ *Joint Motion for Adoption of Partial Settlement Agreement of Pacific Gas and Electric Company (U 39 E), The Public Advocates Office, The California Community Choice Association, and Sierra Club (Partial Settlement Agreement)*, May 7, 2026.

²³⁶ See Partial Settlement Agreement.

²³⁷ See Partial Settlement Agreement, Attachment 1 at 6 (Section 2.1, Scope of Settlement), 13 (Section 3.15, Right to Contest).

Opening Brief.²³⁸ Additionally, in the event the Partial Settlement Agreement were denied, Cal Advocates addresses parties' positions from Opening Briefs below.

PG&E asserts that all reporting requirements proposed by Cal Advocates should sunset after five years.²³⁹ The Commission should reject PG&E's proposed sunset term because it is unreasonable. The facilities serving Proposed Rule 30 customers that sign agreements in the next couple of years are unlikely to be built and energized within five years.²⁴⁰ PG&E's proposed sunset date may essentially result in minimal reporting before interconnection and no reporting after interconnection, undermining the goal of the reporting requirements.

The reporting requirements recommended by Cal Advocates are intended to inform the Commission for related electric system planning processes, ratemaking proceedings, and whether incremental changes need to be made to the proposed rule. A sunset provision should at minimum be 15 years with the option to renew, to allow the Commission to track the impact of numerous large-load interconnections and the effect they have on ratepayers.²⁴¹

CalCCA proposes to make reporting requirements quarterly versus biannually.²⁴² CalCCA's proposal for quarterly reporting should be adopted. As noted in the Interim Decision, PG&E agrees to quarterly reporting²⁴³ and agreed to quarterly reporting in its

²³⁸ Cal Advocates Opening Brief at 47-50.

²³⁹ PG&E Opening Brief at 91-93.

²⁴⁰ For example, PG&E has yet to submit any transmission-level customers agreements under the decision granting interim implementation. D.25-07-039, *Decision Partly Granting and Partly Denying Pacific Gas and Electric Company's Motion for Interim Implementation of Electric Rule Number 30* (Interim Decision), July 28, 2025. The Scoping Memo anticipates a final decision in March 2026. See Scoping Memo at 9. In section III.B.2, Cal Advocates also asserts that Public Utilities Code Section 783 applies to PG&E's Application. See also Cal Advocates Opening Brief at 13-14. Considering these factors, it is unclear how quickly PG&E will sign agreements with transmission-level customers and build and energize facilities to allow for sufficient reporting to occur in five years.

²⁴¹ See Cal Advocates Opening Brief at 50. A 15-year reporting period aligns with both Cal Advocates' and PG&E's minimum contract term of 15 years. See PG&E Opening Brief at 88-89.

²⁴² CalCCA Opening Brief 14-15.

²⁴³ See CalCCA Opening Brief at 13, citing D.25-07-039 at 52-53, Ordering Paragraph 7.

rebuttal testimony.²⁴⁴ Cal Advocates' Opening Brief recommends that the Applicant Queue Report be due biannually.²⁴⁵ However, to align with CalCCA's proposal, the Applicant Queue Report should be due quarterly.

2. Scoping Issue 4.b. What information-sharing requirements should PG&E adopt to ensure that the CCAs affected by Rule 30-related load growth can meet projected demand in their service areas?

Cal Advocates provides its position on this issue above in section III.D.

E. Scoping Issue 5. Accounting and operational reporting process:

1. Scoping Issue 5.a. What accounting and operational reporting requirements are needed to implement Electric Rule 30?

Cal Advocates has no additional information to provide on this issue.²⁴⁶

2. Scoping Issue 5.b. Should PG&E's request to establish a memorandum account to track interest payments for CPUC-jurisdictional facilities under Electric Rule 30 be approved?

PG&E's Opening Brief defends its proposal to pay interest on customers' advances by repeating the same flawed arguments from its testimony. PG&E states that the interest can be an interest expense "as long as the cost is recovered from customers."²⁴⁷ PG&E's workpapers demonstrate it would implement expenses for interest payments as a percentage of the principal amount determined under the BARC.²⁴⁸ ²⁴⁹ PG&E fails to justify, however, why interest payments should be recovered from ratepayers on an annual basis in addition to the BARC refund amount. PG&E's refunds

²⁴⁴ See CalCCA Opening Brief at 14, fn. 55-59, citing Ex. PGE-04.

²⁴⁵ Cal Advocates Opening Brief at 48.

²⁴⁶ Cal Advocates did not respond to this issue in its Opening Brief. Cal Advocates Opening Brief at 50 (section III.E.1).

²⁴⁷ PG&E Opening Brief at 76.

²⁴⁸ See Ex. PGE-06-E.

²⁴⁹ PG&E has not provided information on the record for how interest payments will be addressed if the Commission adopts the refund method other than an unmodified BARC method.

under the BARC amount to double collection because interest is added on top of the refund calculation²⁵⁰ and then PG&E passes those costs onto ratepayers.²⁵¹

PG&E argues that customers will provide substantial advances and should be compensated for what amounts to a loan to PG&E.²⁵² PG&E also argues that because CAISO requires interest to be applied to generation customers' advances for transmission network upgrades, the same standard should apply here.²⁵³ PG&E's argument is nonsensical. PG&E attempts to justify its interest proposal by making a one-to-one comparison with CAISO's policy. However, the comparison is flawed because CAISO's policy deals with generators, which do not have the same inherent uncertainty data centers create and PG&E's arbitrary facility type designation does not correlate with CAISO's policy either.²⁵⁴ ²⁵⁵ PG&E's argument does not support providing transmission-level customers interest.²⁵⁶

PG&E's argument that interest costs in refunds for transmission-level customers is reasonable fails to recognize that the proposal solely benefits transmission-level customers and burdens ratepayers by putting interest costs into rate base.²⁵⁷

Transmission-level customers choose to pay the advance in exchange for interconnection

²⁵⁰ In other words, PG&E excludes interest payments from the BARC refund calculation and then adds it on top of the refund, inflating total repayments to transmission-level customers. See Ex. PGE-06-E at PDF page 2 ("Cumulative Intr. Repay"). In contrast, the Resolutions' refund method and Cal Advocates Revenue Cap method caps refunds at the customer's actual annual net revenue, including interest if approved.

²⁵¹ If the Commission approves Cal Advocates' secondary proposal to include interest payments in refunds as an expense item on PG&E's books, an annual limit should be set for the refund amount in a single year, including interest and principal, per the approved refund method. See Ex. Cal Advocates-01 at 47(discussing that interest should be excluded from rate base if interest payments are approved).

²⁵² PG&E Opening Brief at 76.

²⁵³ PG&E Opening Brief at 75-76.

²⁵⁴ PG&E Opening Brief at 75-76.

²⁵⁵ See section III.B in this Reply Brief. See also Cal Advocates Opening Brief at 17-18, 30-31.

²⁵⁶ See PG&E Opening Brief at 25-30.

²⁵⁷ PG&E Opening Brief at 76. See also Cal Advocates Opening Brief at 55-53, citing D.08-03-020, *Opinion Continuing Moratorium in Coast Springs Water System*, March 17, 2008, at 19-20 (asserting that PG&E's proposal for interest on refunds fails to satisfy any of the factors set forth in D.08-03-020, including whether the memo account will benefit ratepayers).

at the transmission-level. They cause the cost to be incurred – not ratepayers.²⁵⁸ Ratepayers should not be burdened with covering the cost of interest, when the interest solely benefits transmission-level customers.

Additionally, the Resolutions approved PG&E’s transmission-level interconnections agreements with three data centers in which PG&E did not request interest costs in refunds.²⁵⁹ Three data center customers agreed to provide Advances for Facility Types 1-3 without interest included in refunds. This demonstrates that PG&E’s proposal is an unnecessary ratepayer burden because customers will request service from PG&E without interest in refunds²⁶⁰ PG&E’s request to provide interest costs in refunds should be rejected.

- 3. Scoping Issue 5.c. When seeking to recover amounts in the memorandum account, what accounting requirements should PG&E demonstrate, including (1) paying the appropriate interest rate, (2) paying interest on amounts refunded to the transmission-level customer for facilities included in CPUC-jurisdictional rates, and (3) appropriately calculating the interest amount?**

Cal Advocates provides its position on this issue in its Opening Brief.²⁶¹

- 4. Scoping Issue 5.d. Should the requirements of the Commission’s Standard Practice U-27-W be required?**

Cal Advocates provides its position on this issue in its Opening Brief.²⁶²

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²⁵⁸ RT, V.I at 101:18-24 (PG&E Sienna Rogers). See also Cal Advocates Opening Brief at 30, fn. 175, citing D.23-04-040, *Decision Adopting Electric Rate Design Principles and Demand Flexibility Design Principles*, May 3, 2023, at Ordering Paragraph (OP) 1(h), at Attachment A, A.iii (discussing Commission cost causation principles).

²⁵⁹ See generally, Res. E-5240, Res. E-5439, Res. E-5433.

²⁶⁰ See generally, Res. E-5240, Res. E-5439, Res. E-5433. See also Cal Advocates Opening Brief at 51.

²⁶¹ Cal Advocates Opening Brief at 53 (section III.E.3).

²⁶² Cal Advocates Opening Brief at 53-54 (section III.E.4).

F. Scoping Issue 6. Implementation: Should PG&E be directed to file a Tier 1 Advice Letter after a Commission decision is issued in this proceeding directing PG&E to file a revised Electric Rule 30 and form agreements within forty-five (45) days of a final decision?

Cal Advocates provides its position on this issue in its Opening Brief²⁶³ and Limited Opening Brief.²⁶⁴

IV. CONCLUSION

For the reasons set forth in Cal Advocates' Testimonies, Opening Brief, Limited Opening Brief and this reply brief, PG&E's request for a new Electric Rule 30 tariff should be rejected unless all of Cal Advocates' proposed ratepayer safeguards are incorporated, summarized as follows:

1. Reject PG&E's Application to adopt Proposed Rule 30 unless all of Cal Advocates' ratepayer protections are adopted.
2. Adopt the Resolutions' refund method for all facility types or, in the alternative, adopt Cal Advocates' Revenue Cap method.
3. Reject PG&E's refunds methods: the BARC method and the PG&E Alternative Revenue Cap Method.
4. Deny interest on refunds of customer advances, or if allowed, ensure that interest is not included in PG&E's rate base.
5. Adopt a method to allocate Transmission Network Upgrade costs to transmission-level customers using either Silicon Valley Power's Load Development Fee or the California Independent System Operator's Generator Interconnection Deliverability Allocation Procedure as models.
6. Hold Commission-led workshops to finalize a cost allocation method.

²⁶³ Cal Advocates Opening Brief at 54-55 (section III.F).

²⁶⁴ Cal Advocates Limited Opening Brief at 37-38 (recommending the Commission require PG&E to provide a revised rule before submitting a Tier 1 advice letter; and also recommending the Commission require PG&E to provide proposed minimum demand charge language before a proposed decision, if Cal Advocates language or similar is not adopted).

7. Adopt an interim fee of \$50 million or a fee of \$667 per kilowatt to address Transmission Network Upgrade costs while a cost allocation method is finalized.
8. Reject PG&E's Customer Responsibility Proposal unless significantly modified.
9. If a customer-specific additional financing method is adopted, then adopt financing adjustments for subsequent customer's impact on grid reliability and capacity.
10. Reject PG&E's pre-funding loan proposal unless modified, including ongoing Commission oversight by requiring PG&E to submit Tier 2 advice letters for any customer-provided prefunding loans.
11. Require PG&E to submit Tier 2 advice letters for transmission-level service requests over 200 MW or at voltages greater than 230 kilovolts (kV).
12. Adopt minimum demand charges based on 90 percent of requested capacity with a fixed load ramp.
13. Adopt 15-year minimum contract term lengths and early termination fees to ensure long-term cost responsibility.
14. Reject PG&E's customer-specific load ramp for minimum demand charge.
15. Require PG&E to submit the final Large Load Task Force (LLTF) whitepaper to the Commission for review by parties and the Commission.

Respectfully submitted,

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