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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U 39 E) for Approval of Electric Rule No. 30 for Transmission-Level Retail Electric Service (U 39 E)	Application No. 24-11-007 (Filed November 21, 2024)

PACIFIC GAS AND ELECTRIC COMPANY'S POST-HEARING REPLY BRIEF

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OMNIBUS SUMMARY OF RECOMMENDATIONS

While not required under Commission Rule of Practice and Procedure 13.12, given the passage of time and the multitude of issues in this proceeding, Pacific Gas and Electric Company ("PG&E") respectfully submits this summary of PG&E's recommendations for California Public Utilities Commission ("Commission") action in this proceeding:

a. Approve Electric Rule 30 included as Attachment A to PG&E's Rebuttal Testimony (Exhibit PGE-04), as modified by the recommendations in PG&E's subsequent testimony and briefs;

b. Approve the form agreement associated with Electric Rule 30 included as Attachment D to PG&E's Rebuttal Testimony (Exhibit PGE-04), as modified in PG&E's subsequent testimony and briefs;

c. Approve PG&E's minimum demand charge proposal, as revised in PG&E's Limited Supplemental Testimony (Exhibit PGE-18) and direct that this proposal be included in Electric Rule 30 and the form agreement;

d. Approve PG&E's minimum contract term and early termination fee proposal and direct that this proposal be included in Electric Rule 30 and the form agreement;

e. Approve the Partial Settlement Agreement filed on May 7, 2026 by PG&E, the Public Advocates Office at the Commission ("Cal Advocates"), the California Community Choice Association ("CalCCA"), and Sierra Club;

f. Adopt PG&E's primary proposal to allocate Facility Type 4 costs through transmission rates;

g. If the Commission determines Facility Type 4 costs should be directly allocated to individual or clusters of transmission-level customers, adopt PG&E's Resolution E-5420 Proposal or, alternatively, PG&E's Customer Responsibility Proposal;

h. Reject proposals to differentiate between transmission-level customers;

i. Determine that California Public Utilities Code Section 783 and Commission Standard of Practice U-27-W are not applicable to Electric Rule 30 as explained in PG&E's Supplemental Testimony (Exhibit PGE-01), Issues 2.b and 5.d;

j. Adopt PG&E's proposal to establish a Memorandum Account to track and allow for the recovery of interest paid to transmission-level customers through the refund process and approve the Memorandum Account criteria identified by PG&E, as described in PG&E's Supplemental Testimony (Exhibit PGE-01), Issues 5.b and 5.c; and,

k. Approve PG&E's proposal for a Tier 1 advice letter to conform Electric Rule 30 and the form agreement to the Commission's final decision within 45 days of a final decision, as described in PG&E's Supplemental Testimony (Exhibit PGE-01), Issue 5.d.

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I. INTRODUCTION AND EXECUTIVE SUMMARY

The goal of this proceeding is to develop a new electric rule for transmission-level retail load interconnections that is transparent, streamlined, and equitable, protects existing ratepayers, and facilitates the timely construction of large load customer interconnections that can provide stable revenues, reduce existing ratepayer bills, and promote affordability. Eighteen months ago, after an extensive outreach effort to solicit feedback from customers, ratepayer advocates, and the California Public Utilities Commission's ("Commission") Energy Division, Pacific Gas and Electric Company ("PG&E") filed this application requesting approval of Electric Rule 30. Since that time, parties in this proceeding have engaged in broad discovery, submitted lengthy and detailed testimony, participated in two sessions of hearings with numerous witnesses, and prepared two rounds of post-hearing briefs. PG&E appreciates the parties' active involvement in this proceeding and their suggestions and proposals to improve Electric Rule 30. We have listened and have updated Electric Rule 30 to include a number of elements that parties proposed, including revisions to the Electric Rule 30 language and form agreement, minimum demand charges, a minimum contract term, and an early termination fee.

What has emerged from this proceeding is a proposed interconnection tariff which is streamlined, transparent, and equitable. PG&E's Electric Rule 30 proposal includes protections for existing ratepayers, such as a requirement that new transmission-level customers upfront fund much of the infrastructure needed for interconnection and only receive refunds based on the revenues produced, minimum demand charges to ensure that new customers provide the revenues expected, and an early termination fee to guard against early customer departures. Electric Rule 30 also recognizes the multiple uses of network upgrades, such as reliability, facilitating carbon-free energy, electrification, and electric vehicle charging, and thus allocates network transmission upgrade costs broadly in recognition of these system-wide benefits. Finally, consistent with recent California legislation, Electric Rule 30 provides appropriate incentives and benefits to new transmission-level customers to encourage the development of large load facilities that can "lower the cost to individual customers as a result of new data center development."[1]

Following the *Administrative Law Judge's Ruling Establishing Proceeding Schedule* ("January 9 Order"), various parties have put forward proposals regarding whether and how to directly allocate Facility Type 4 costs to specific transmission-level retail customers.[2] Some of the proposals threaten to undermine the streamlined, transparent, and equitable nature of proposed Electric Rule 30, either by injecting needlessly complicated and prolonged processes or ignoring cost causation concerns. The Commission need not go down these proposed roads. It has before it two options that will provide clarity to transmission-level customers and protection against cost shifts

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[1] Senate Bill No. 57 (2025-2026 Reg. Sess.), approved by Governor Newsom on October 11, 2025, Ch. 647, Section 2(d) ("SB 57"), available at: <https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202520260SB57> (accessed May 15, 2026).

[2] Parties' May 8, 2026 briefs submitted on the limited topics in the January 9 Order and on the *E-Mail Ruling PG&E Rule 30 Application Administrative Law Judge Establishing New Proceeding Schedule and Ruling on Motions* ("February 17 Order") are referred to as "Limited Opening Briefs." Initial opening briefs submitted in October 2025 are referred to as "Initial Opening Briefs."

to existing customers. The Commission should adopt PG&E's primary proposal – allocation of Facility Type 4 costs through transmission rates. If the Commission selects this option, it can and should address parties' concerns regarding cost shifts by creating a new large load customer class, as PG&E proposes in its opening comments in *Order Instituting Rulemaking on California Advance Electric Rate Design*, Rulemaking (R.) 26-04-009 (Rate Design OIR). If the Commission determines Facility Type 4 costs should be directly allocated to transmission-level customers, it should adopt PG&E's Resolution E-5420 Proposal, which is consistent with past Commission action and, to date, is not opposed by any party.[3]

In addition to the proposed interconnection rules and cost responsibility requirements, PG&E has also worked in partnership with the California Community Choice Association ("CalCCA") and the Public Advocates Office at the California Public Utilities Commission's ("Cal Advocates") to develop protocols for information sharing and coordination of service. On May 7, 2026, PG&E, CalCCA, Cal Advocates, and Sierra Club filed a joint motion seeking approval of the partial settlement agreement ("Partial Settlement Agreement") that arose from that cooperation. PG&E is appreciative that the relevant parties were able to work cooperatively on these issues.

In this reply brief, PG&E addresses a myriad of arguments and issues raised by parties and explains in detail how the evidence in this proceeding demonstrates that proposed Electric Rule 30, as updated, will reduce existing ratepayer bills, provide numerous protections for existing ratepayers, and facilitate large load transmission-level customer development. PG&E also demonstrates that parties' proposals for endless additional regulatory proceedings to develop methodologies for Facility Type 4 cost allocation are unnecessary and will only result in years of further delay in a matter that has already been pending for more than a year and a half. In other Commission

[3] *See* TURN Limited Opening Brief at 6-7; Cal Advocates Limited Opening Brief at 27, 30.

proceedings, what was originally a promising proposal to benefit ratepayers has been bogged down by stakeholders in years of regulatory proceedings, workshops, and proposals, often ultimately resulting in inaction and a loss of a potential ratepayer benefit. The Commission should avoid that type of outcome here.

After the parties' reply briefs are submitted, the ball will be in the Commission's hands to act promptly, equitably, and based on existing precedent as well as the record in this case. As the Commission explained to Governor Newsom in February 2025:

> One key to future cost reduction is increased electricity consumption from buildings and transportation electrification and other new loads, combined with flexible load measures that are targeted, predictable and controllable for system needs. This can bring relief to all customers: when existing infrastructure is used more efficiently and the same fixed costs are spread across a greater volume of electricity provided, customers' total energy costs can be reduced, and climate change action can be achieved at least cost.[4]

Electric Rule 30 presents a unique opportunity to put into place a tariff that facilitates the growth of large load customers consistent with the Commission's observations. We *urge* the Commission to act quickly on this application and to seize the unique opportunity presented to adopt Electric Rule 30 and facilitate more affordable electric rates in California through the beneficial growth of transmission-level customers.

II. BACKGROUND

A. Factual Background

Only Cal Advocates and the California Large Energy Consumers Association ("CLECA") raised substantive issues in their discussion about the factual background of this proceeding.[5]

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[4] *CPUC Response to Executive Order N-5-24* (Feb. 18, 2025), at 6 ("Affordability Report"), available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/industries-and-topics/reports/cpuc-response-to-executive-order-n-5-24.pdf> (accessed May 15, 2026).

[5] The Utility Reform Network ("TURN") combined its discussion of the Electric Rule 30 proceeding factual and procedural background. TURN's discussion primarily involves procedural issues and thus TURN's comments are addressed below in Section II.B.

Cal Advocates asserts in its limited opening brief two issues that require context. First, according to Cal Advocates' analysis of PG&E's data responses, 75 percent of large-load customer requests to PG&E are from data centers.[6] The inverse of this statement is that 1 in 4 applicants are non-data centers, suggesting that exempting these non-data center customers from the provisions of Electric Rule 30 creates a risk to existing ratepayers. As Cal Advocates tacitly acknowledges, these non-data centers impact the grid in the same manner data center customers do.[7]

Second, Cal Advocates asserts that "PG&E did not include provisions in its Proposed Rule 30 to allocate any costs for TNUs to the transmission-level customers who depend on them."[8] This simply is not true. Transmission-level customers will pay for Facility Type 4 upgrades through their transmission rates.

First, much of CLECA's discussion in its initial opening brief is based on trying to draw a distinction between transmission-level customers that are "traditional" customers and customers that are data centers. CLECA never defines what constitutes a "traditional" customer, and the generalized descriptions it offers break down upon close examination. For example, CLECA argues that traditional customers "are not new; they have been around for decades."[9] This distinction is both arbitrary and misses the point. While the growth of data centers has accelerated in recent years, data centers themselves are not new.[10] By contrast, electric vehicle ("EV") charging stations have not been

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[6] Cal Advocates Limited Opening Brief at 2.

[7] *See id.* ("To address the significant load that data centers and other large-load customers demand, PG&E will need to build TNUs (i.e., Facility Type 4) in greater magnitude than would be otherwise needed.").

[8] *Id.*

[9] CLECA Initial Opening Brief at 2, 5.

[10] *Colorado Interstate Gas Company*, 43 FERC ¶ 63,001 (1988) (discussing cost allocation for a data center based on use of central processing units by two customers).

around for decades but CLECA refers to EV charging as a traditional customer.[11] Moreover, while hospitals, universities, manufacturing and industry facilities – other "traditional customers" identified by CLECA – have been around for decades, new facilities proposed by these customers have not been around for decades and usage patterns and operational needs for new facilities or sub-groups within the broad "traditional customer" category proposed by CLECA can vary significantly. For example, a silicon chip manufacturer and a food processing facility may both be considered "industrial/manufacturing," but their operating needs and energy profiles can be wildly different. The silicon chip manufacturer may have a very high load factor and need very stable electric service while the food processing plant may have very different needs, for example, seasonal usage patterns arising from agricultural availability. CLECA's attempt to create an "us" (traditional customers) v. "them" (data centers) dichotomy is not based on rigorous analysis of differing loads and needs of these customers, nor does it recognize the substantial differences between and among "traditional" customers.

In its limited opening brief, CLECA appears to have dropped the "traditional" customer distinction, instead requestion the Commission exempt "existing customers" seeking to decarbonize and Emissions Intensive and Trade Exposed (EITE) customers.[12] There are numerous issues with this proposal, as addressed below and in PG&E's limited opening brief, but this is at least a clearer definition.

Second, CLECA also asks the Commission to establish a new customer class for data centers or, alternatively, for a new class for customers seeking to interconnect facilities with a load greater than 75 megawatts ("MW").[13] It is unclear from CLECA's

[11] CLECA Initial Opening Brief at 2.

[12] CLECA Limited Opening Brief at iii.

[13] CLECA Initial Opening Brief at 3.

limited opening brief if it is still in support of this approach. If it is, this proposal is far beyond the scope of this proceeding and is a matter to be addressed in the Rate Design OIR.

Third, CLECA states that PG&E proposed Electric Rule 30 "because of data center interconnection requests at the transmission level."[14] This is not correct. PG&E proposed Electric Rule 30 because of the substantial increase in transmission-level interconnection requests, not specifically requests from data centers.[15] While CLECA is correct that most of the transmission-level interconnection requests were for data centers, at least 25% of the requests were for other types of facilities. CLECA also notes that the average MW size of data centers (286 MW) is substantially larger than "traditional" customers (68 MW).[16] Again, while this is accurate, it does not mean that a 68 MW traditional customer could not have substantial impacts on the transmission system or that these customers should be exempted from the requirements of Electric Rule 30 such as minimum demand charges and a minimum contract term.

Fourth, CLECA argues that data centers have unique operating characteristics.[17] While this is true, CLECA only tells half of the story. In its initial opening brief, CLECA did not include any evidence as to the operating characteristics of EV charging facilities, industrial facilities, manufacturing facilities, and other "traditional" customers. In its limited opening brief, CLECA asserts that decarbonizing and EITE "customers operate in cyclical economic sectors, experience seasonal demand fluctuations, and/or require periodic outages for maintenance and upgrades and so are not constantly utilizing 100% of their necessary, demanded capacity."[18] CLECA also notes that, "traditional"

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[14] CLECA Initial Opening Brief at 3; *see also* CLECA Limited Opening Brief at 7.

[15] Ex. PGE-01 at 6, lines 18-21.

[16] CLECA Initial Opening Brief at 4.

[17] CLECA Initial Opening Brief at 5.

[18] CLECA Limited Opening Brief at 16.

customers can also have very high load factors. For example, CLECA recognizes that some industrial transmission-level customers have load factors as high as 95%.[19] Thus, while data centers do have distinct operating characteristics, CLECA's constituents similarly have unique operating characteristics that can present specific risks.

Finally, CLECA repeats Cal Advocates' assertion that data center loads are "speculative" and "more likely to exit early and underutilize stated demand . . . ."[20] However, as PG&E demonstrated in its initial opening brief and below in Section III.C.5, these concerns are based on selected portions of generalized trade press articles and are mitigated by PG&E's interconnection process and the requirements in Electric Rule 30.[21]

B. Procedural Background

In general, the parties' discussion of the procedural background is limited to activities in this proceeding. However, in their initial opening briefs, TURN and Cal Advocates also discuss Draft Resolution E-5420 regarding an exceptional case filing made by PG&E for the STACK facility.[22] The final version of Resolution E-5420 was adopted and issued after initial opening briefs were submitted.

As set forth in PG&E's limited opening brief, if the Commission determines that Facility Type 4 costs should be directly allocated to specific transmission-level customers, PG&E asserts that adopting the Resolution E-5420 refund method would be an appropriate way to address this issue.

C. Policy Issues

In initial and limited opening briefs, parties raise policy issues. In addition, TURN and Cal Advocates raise issues concerning the burden of proof. Finally, a number of

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[19] CLECA Initial Opening Brief at 15. CLECA seeks to soften this fact by arguing that industrial customers participate in demand response programs, but CLECA offers no evidence that every industrial customer with a high load factor participates in demand response.

[20] CLECA Initial Opening Brief at 5.

[21] PG&E Initial Opening Brief at 43-52.

[22] TURN Initial Opening Brief at 3-4; Cal Advocates Initial Opening Brief at 39-40.

parties cite to other states as examples, while failing to consider California's unique regulatory landscape. All of these issues are addressed below.

1. Burden of Proof

Cal Advocates and TURN both quote decisions describing the Commission's standard burden of proof for an application.[23] Without any supporting analysis, Cal Advocates claims that "PG&E has failed to meet this burden with its Proposed Rule 30 tariff."[24]

PG&E agrees with Cal Advocates and TURN that PG&E has the burden of proof, which includes demonstrating the justness and reasonableness of the relief requested in its application. The extensive evidence provided in PG&E's Supplemental Testimony, Rebuttal Testimony, Limited Supplemental Testimony, Limited Additional Testimony, Limited Rebuttal Testimony, hearing exhibits, and hearing testimony more than satisfies PG&E's burden of proof and demonstrates that Electric Rule 30 is just and reasonable and provides benefits for existing ratepayers as well as new transmission-level customers.

Cal Advocates does not explain how this plethora of evidence fails to satisfy PG&E's burden of proof. This assertion is all the more puzzling given Cal Advocates is in agreement with PG&E on the vast majority of issues, including but not limited to: upfront financing for Facility Type 1-3; the general provisions of a minimum demand charge, minimum contract term, and early termination fee; and the information sharing and reporting issues addressed in the Partial Settlement Agreement, which Cal Advocates joined.

A burden of proof also exists for parties in a proceeding that make alternative proposals. Where, as here, parties propose a result different from that requested by PG&E, "they have the burden of going forward to produce evidence, distinct from the

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[23] TURN Initial Opening Brief at 5; Cal Advocates Initial Opening Brief at 6; Cal Advocates Limited Opening Brief at 6-7.

[24] Cal Advocates Limited Opening Brief at 7.

ultimate burden of proof."[25] In this case, Cal Advocates and TURN have proposed cost allocation methods for Facility Type 4 costs, Cal Advocates has proposed a Revenue Cap methodology, TURN has proposed demand response and energy storage requirements, and CLECA has proposed, alternatively, creating a new class of data center customers or exempting certain transmission-level customers from Electric Rule 30. These parties each have a burden of proof to produce evidence which supports their respective proposals. This "burden of going forward to produce evidence relates to raising a reasonable doubt as to the utility's position and presenting evidence explaining the counterpoint position."[26] Mere argument is not enough; intervenors must present evidence to raise reasonable doubt as to PG&E's position.[27]

2. Facility Type 4 Issues

In limited opening briefs, Cal Advocates, TURN, National Resources Defense Council ("NRDC"), Sierra Club, and CLECA addressed policy concerns relating to cost allocation for Facility Type 4 upgrades. CLECA's concerns are focused on whether certain customers should be exempted from the provisions of Electric Rule 30 designed to protect existing ratepayers, which PG&E addresses below and has addressed repeatedly in earlier briefing.[28]

While the various proposals parties put forth for allocation of Facility Type 4 costs – and the policy issues attendant with those proposals – are addressed in detail below at Section III.C.1, one common policy theme should be addressed at the outset: the need for transmission-level customers to pay their share of transmission network upgrades.[29] PG&E strongly agrees with this proposition. This, however, does not mean that the

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[25] Decision ("D.") 08-01-022 at 4.

[26] D.08-01-022 at 4.

[27] D.08-01-022 at 5.

[28] *See* PG&E Initial Opening Brief at 57-60; PG&E Limited Opening Brief at 42-47.

[29] *See, e.g.*, Cal Advocates Limited Opening Brief at 6; NRDC Limited Opening Brief at 6.

Commission must adopt a burdensome, non-competitive requirement for customers to provide upfront funding for Facility Type 4 costs. Cost allocation for transmission network upgrades is most appropriately addressed via rates, as PG&E proposes the Commission consider in the Rate Design OIR.

3. **Issues Raised by Cal Advocates**

In its discussion of policy issues, Cal Advocates maintains that Electric Rule 30 "raises serious concerns" for affordability and asserts that "well-capitalized" data center customers may shift interconnection costs to existing ratepayers.[30] **CAL ADVOCATES RESTATES THESE CONCERNS WITH RESPECT TO FACILITY TYPE 4 COSTS IN ITS LIMITED OPENING BRIEF.[31] CAL ADVOCATES' CONCERNS ARE NOT SUPPORTED BY THE EVIDENCE, WHICH DEMONSTRATES THAT EXISTING CUSTOMERS WILL LIKELY SEE BILL REDUCTIONS AS A RESULT OF ADDING NEW TRANSMISSION-LEVEL CUSTOMERS, AS WELL AS RELIABILITY BENEFITS.[32] CONTRARY TO CAL ADVOCATES' ASSERTIONS, PG&E'S PROPOSED ELECTRIC RULE 30 WILL ENHANCE AFFORDABILITY AND BENEFIT EXISTING RATEPAYERS BY REDUCING THEIR MONTHLY BILLS.**

Cal Advocates also notes that PG&E's capital spending has doubled between 2015 and 2024[33], but ignores the fact that PG&E's capital spending is reviewed and approved by both the Commission and FERC through open and transparent processes in which Cal Advocates is often a participant. Moreover, Cal Advocates also ignores the fact that this spending increase is intended to ensure safety and reliability of the electrical

[30] Cal Advocates Initial Opening Brief at 5.

[31] Cal Advocates Limited Opening Brief at 6.

[32] PG&E Initial Opening Brief at 31-41.

[33] Cal Advocates Initial Opening Brief at 5.

system, including wildfire mitigation, throughout Northern and Central California.[34] The results speak for themselves as PG&E's electrical system becomes safer and more reliable as a result of this investment.

4. **Issues Raised by TURN**

TURN maintains that the Commission needs to expeditiously initiate a rulemaking or other proceeding to develop appropriate rate schedules and rate design for data centers and other large load customers.[35] PG&E agrees and believes the recently opened Rate Design OIR, R.26-04-009, is an appropriate venue to look at rate schedule and design issues for data centers and other large load customers.

However, the Commission should reject TURN's proposal that in this proceeding the Commission declare that "Rule 30 must be paired with an appropriate rate schedule tariff"[36] and that it "make it clear that Rule 30 data center customers will be required to shift to the appropriate rate schedule tariff once approved by the Commission."[37] While PG&E agrees with the importance of developing large load rate schedules/design, there is no reason for the Commission in this proceeding to make a finding that Electric Rule 30 must be "paired" with these future, undetermined rate schedules and designs. Instead, the Commission should expeditiously proceed with approving Electric Rule 30 and consider rate schedules, rate design and customer classes in R.26-04-009. In that proceeding the Commission can consider how the adopted rate schedule and design interact with Electric Rule 30. The Commission should not, in this proceeding, prejudge the outcome of a future revenue allocation and rate design proceeding and how the outcome of that

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[34] PG&E's Opening Brief, *Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2023*, A.21-06-021, at 54 ("86 percent of the revenue requirement increase over 2022 adopted proposed in this GRC is for work to mitigate risks in our gas and electric operations" including "wildfire mitigation strategies").

[35] TURN Initial Opening Brief at 6-7.

[36] TURN Initial Opening Brief at 6, fn. 13 and Summary of TURN Recommendation.

[37] TURN Initial Opening Brief at 7.

proceeding will interact with Electric Rule 30. Because transmission-level retail customers enter into interconnection agreement well before energization, the Commission must act now on Electric Rule 30.

5. Issues Raised by CLECA

CLECA notes in its initial opening brief that California is promoting decarbonization for transmission-level customers and that these customers face a higher cost of electricity than other states.[38] Then, in its limited opening brief, CLECA expresses the same concerns regarding EITE customers.[39] CLECA then argues that provisions of proposed Electric Rule 30 designed to protect existing ratepayers could "seriously undermine the financial viability of decarbonization/electrification projects."[40] Concerns that other parties' proposals, including proposals to allocated Facility Type 4 costs, could discourage investment in California apply to all customers, not just "traditional" or "EITE" customers. Rather than advantaging certain industries, the Commission should be mindful of developing pro-growth, broadly applicable policies that also protect existing ratepayers.

6. Issues Raised by CalCCA

CalCCA argues that information sharing is critical for default providers such as CCAs to "work with the customer and maximize the potential for efficient procurement. . . ."[41] PG&E agrees and believes these issues have been resolved in the Partial Settlement Agreement.

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[38] CLECA Initial Opening Brief at 7.

[39] CLECA Limited Opening Brief at 3-4.

[40] CLECA Initial Opening Brief at 8; *see also* CLECA Limited Opening Brief at 3-5 ("applying onerous Rule 30 provisions intended to mitigate risks posed by new data center load to Decarbonizing and EITE Existing Customers seeking to decarbonize will chill decarbonization efforts").

[41] CalCCA Initial Opening Brief at 7.

7. California's Unique Regulatory Landscape

Throughout this proceeding, parties have cited developments in other states as a blueprint for the rules that should be adopted in California.[42] This has been helpful and many of the proposals now included in Electric Rule 30, such as minimum demand charges and minimum contract terms, are consistent with rules adopted in other states. At the same time, the Commission needs to recognize that California has unique challenges that require an approach that may be different than other states. California has some of the highest electric rates in the United States. While PG&E, the Commission, and stakeholders have been working hard to flatten and reduce rates, including PG&E's recent rate decreases,[43] California rates remain high.

As the Commission recognized in the Affordability Report, some of the leading causes for California's high electric rates are needed wildfire mitigation infrastructure expenses, existing public participation programs, and the Net Energy Metering ("NEM") Program which has resulted in "some advantaged customers pay[ing] less than their share of operational and capital costs while disadvantaged customers pay more than their share of both . . . ."[44] This is not a proceeding to address the shortcomings resulting from the NEM Program or to address costs from wildfire mitigation and public purpose programs. However, by expanding customer revenues through the interconnection of new beneficial large loads, the Commission can spread existing fixed and operational costs over a wider base of customers and reduce rates for existing customers. California uniquely needs to encourage the development of new large load retail customers while, at the same time,

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[42] *See, e.g.*, TURN Initial Opening Brief at 27-28 (referencing Oregon); Cal Advocates Initial Opening Brief at 44-45 (referencing Ohio and Indiana).

[43] *See* PG&E Corporation, News & Events, PG&E Lowers Electric Prices in March, Fifth Electric Rate Drop Since Early 2024 (Mar. 2, 2026), available at: <https://investor.pgecorp.com/news-events/press-releases/press-release-details/2026/PGE-Lowers-Electric-Prices-in-March-Fifth-Electric-Rate-Drop-Since-Early-2024/default.aspx> (accessed May 15, 2026) (PG&E rates for residential customers 13% lower than January 2024).

[44] Affordability Report at 10.

protecting existing ratepayers. While other states may not have similar concerns, by expanding the customer base over which existing costs are spread, California ratepayers will benefit from the additional revenue available to help cover these fixed costs. Electric Rule 30 is tailored to California's needs and provides an opportunity for the Commission to address the affordability challenges our customers experience.

III. DISCUSSION

In this section of its reply brief, PG&E addresses arguments and issues raised by parties in the same section as the argument/issue was included in the party's initial opening brief. Regarding the issues raised in the January 9 Order and *E-Mail Ruling PG&E Rule 30 Application Administrative Law Judge Establishing New Proceeding Schedule and Ruling on Motions* ("February 17 Order"), PG&E addresses those issues under the relevant issue from the Scoping Memo:

- Cost allocation for Facility Type 4 is addressed in Issue 3.a (Section III.C.1);
- Updates to the option for Applicant Build Facilities are addressed in Issue 3.f (Section III.C.6);
- Subsequent use refunds are addressed in Issue 3.i (Section III.C.9); and
- PG&E's proposed revisions to the minimum demand charge methodology and proposed updates to the Electric Rule 30 form agreement are addressed in Issue 3.k (Section III.C.11).

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

Cal Advocates, TURN and CLECA substantively addressed Issues 1 and 1.a in their opening briefs. The issues raised by these parties are addressed below.

1. Reasonableness Issues Raised by Cal Advocates

Cal Advocates argues that Electric Rule 30 is unreasonable because existing customers will be required to pay "the substantial costs of transmission upgrades needed to serve large-load[s]" and will "bear the very real risk of stranded costs created by [data center] customers."[45] There are several flaws with this argument. First, as a preliminary matter, it is notable that Cal Advocates does not assert that the cost responsibility for Facility Types 1-3 is unreasonable. Instead, Cal Advocates' argument solely focuses on Facility Type 4 (*i.e.*, transmission network upgrades). Cal Advocates, and other parties, provided further commentary regarding Facility Type 4 cost allocation in their respective limited opening briefs. PG&E addresses those comments below in Section III.C.1. Second, Cal Advocates wrongly assumes that transmission network upgrades are solely caused by and benefit transmission-level customers. As PG&E demonstrated in its initial opening brief and limited opening brief, this assumption is inaccurate.[46] Third, Cal Advocates ignores the additional safeguards proposed by PG&E, such as minimum demand charges and minimum contract terms that mitigate any potential stranded costs.

Cal Advocates also argues that the benefits of proposed Electric Rule 30 are "uncertain."[47] However, as PG&E demonstrated in its initial opening brief, Cal Advocates', TURN's, and PG&E's analyses all show existing ratepayer benefits in most scenarios from transmission-level customer interconnections.[48] In fact, *de minimis* potential negative impacts only occur in the extreme and unlikely scenarios proposed by Cal Advocates or in TURN's incorrect use of costs from a PG&E investor presentation.[49]

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[45] Cal Advocates Initial Opening Brief at 6.

[46] PG&E Initial Opening Brief at 21-31; PG&E Limited Opening Brief at 15-16; *see also* Ex. CalAdv-23 at 11, lines 2-5 ("Transmission Network Upgrades, by definition, are upgrades to the overall transmission system and generally address multiple needs simultaneously.").

[47] Cal Advocates Initial Opening Brief at 7.

[48] PG&E Initial Opening Brief at 31-40.

[49] PG&E Initial Opening Brief at 34-40.

Once more realistic scenarios are used by Cal Advocates and TURN's analysis is corrected, it becomes evident that Electric Rule 30 results in likely bill reduction benefits for existing ratepayers.[50]

2. Reasonableness Issues Raised by TURN

TURN starts its reasonableness discussion by asserting that there is "concern expressed by customers across a range of PG&E's customer classes" regarding Electric Rule 30. In a footnote, TURN indicates that the range of customer classes includes TURN, Cal Advocates, CalCCA, and CLECA.[51] This is a significant overstatement. CalCCA has indicated that it supports PG&E's efforts to attract large load customers who can put downward pressures on rates.[52] CalCCA's concerns to date have been about information sharing, not the substantive provisions of Electric Rule 30. CLECA also supports many aspects of PG&E's proposal, such as the Base Annual Revenue Calculation ("BARC") review. In fact, CLECA is skeptical of efforts by Cal Advocates and TURN to slow the refund timeline.[53] CLECA also expresses concerns that Cal Advocates' and TURN's proposals may force customers "to leave the state because of the additional cost, contributing to leakage, rather than decarbonization."[54] While TURN and Cal Advocates recognize the benefits of adding large load customers,[55] at the same time they propose onerous and unnecessary requirements that will likely result in these customers locating elsewhere.

In the remainder of its discussion regarding Issue 1, TURN addresses three issues: (1) past rate increases; (2) uncertainty of Electric Rule 30 benefits; and (3) modifications

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[50] PG&E Initial Opening Brief at 34-40.

[51] TURN Initial Opening Brief at 8.

[52] Ex. CalCCA-01 at 2, lines 8-9 and 4, lines 11-18.

[53] Ex. CLECA-01 at 3, lines 1 to 6, lines 8-9.

[54] Ex. CLECA-01 at 6, lines 2-3.

[55] Ex. CalAdvocates-01 at 3, lines 10-12; Ex. TURN-01 at 15, lines 10-12.

to Electric Rule 30 intended to address these risks. PG&E responds to each of these issues below.

a. Past Rate Increases

TURN notes that PG&E's rates have increased between 2019 and 2025.[56] As an initial matter, PG&E has successfully lowered rates since January 2024.[57] And while it is true that PG&E's rates did increase because of a number of factors including inflation, wildfire-related infrastructure investment, increased customer participation in net-energy metering, and other factors, TURN's statements actually support PG&E's proposal. As PG&E demonstrated in testimony and its initial opening brief, and as described more in Section III.A.2.b below, Electric Rule 30 can lower existing ratepayer monthly bills. As PG&E demonstrated in its testimony, this reduction could be as much as $3,000 per customer over a 10-year period.[58] Although rates have increased over the last six years, Electric Rule 30 can help mitigate these increases and provide customer bill reductions.

b. Uncertainty of Electric Rule 30 Benefits

TURN raises a number of issues to bolster its speculative argument that the benefits of Electric Rule 30 are uncertain. First, TURN argues that transmission upgrade costs could be higher than expected.[59] However, PG&E's analysis of bill reduction benefits uses Facility Type 4 costs from actual data for six projects. While some Facility Type 4 costs may exceed the average, other Facility Type 4 costs will be below the

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[56] TURN Initial Opening Brief at 10-12.

[57] *See* PG&E Corporation, News & Events, PG&E Lowers Electric Prices in March, Fifth Electric Rate Drop Since Early 2024 (Mar. 2, 2026), available at: <https://investor.pgecorp.com/news-events/press-releases/press-release-details/2026/PGE-Lowers-Electric-Prices-in-March-Fifth-Electric-Rate-Drop-Since-Early-2024/default.aspx> (accessed May 19, 2026) (PG&E rates for residential customers 13% lower than January 2024).

[58] Ex. PGE-01 at 34, lines 20-21.

[59] TURN Initial Opening Brief at 12-13.

average, producing greater benefits.[60] Using an average is an appropriate approach to address the potential variability in Facility Type 4 costs.

Moreover, a broader data set of 17 projects from PG&E's 2024 cluster study shows the Facility Type 4 costs average $30.9 million, which is lower than the $50 million used in PG&E's analysis.[61] More recent data suggests Facility Type 4 costs for certain customers may be zero.[62] Thus, the existing ratepayer bill reduction benefits in PG&E's analysis may be understated. And even if Facility Type 4 costs are higher than the average $50 million used in PG&E's analysis, there will be existing ratepayer bill reduction benefits in all but the most extreme cases. For example, in preparation for hearings, PG&E performed an analysis using a $79 million figure for Facility Type 4 instead of $50 million. Even with this greater than 50% increase in Facility Type 4 costs, existing ratepayers would still receive bill reduction benefits.[63] Other than its own flawed bill analysis which incorrectly relies on a number from a June 2024 investor presentation, TURN offers no evidence to support its concern that higher Facility Type 4 costs will occur or that in the instances where there are significant costs, they will not be mitigated by other projects with lower Facility Type 4 costs.[64]

Second, TURN argues that existing ratepayer benefits may not occur because transmission-level customer load may not materialize or it may be lower than anticipated.[65] In its initial opening brief, PG&E explained in detail why concerns about transmission-level customer load not materializing are unfounded.[66] Moreover, TURN

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[60] PG&E Initial Opening Brief at 32-34 (describing PG&E analysis).

[61] PG&E Initial Opening Brief at 33-34.

[62] PG&E Limited Opening Brief at 39.

[63] Ex. PGE-16 at 4-5.

[64] PG&E Initial Opening Brief at 37-39 (describing flaws in TURN's analysis).

[65] TURN Initial Opening Brief at 13.

[66] PG&E Initial Opening Brief at 43-51.

ignores PG&E's minimum demand charge which mitigates concerns about transmission-level customer load being lower than expected.

Third, TURN makes unnecessary comments about PG&E shareholders benefiting in all scenarios under Electric Rule 30. TURN's constant drum beat to paint PG&E as solely out to increase shareholder profits is tiresome. PG&E drafted Electric Rule 30 because of an undisputed and significant increase in transmission-level interconnection requests. Electric Rule 30 was developed to meet customer needs, while balancing existing ratepayer concerns, not for shareholder profits. PG&E met with TURN in advance of filing Electric Rule 30 to receive input and feedback – TURN provided none. Electric Rule 30 is part of an effort to address a real-world issue (*i.e.*, increasing transmission-level interconnection requests) in a fair and equitable manner. TURN's tired rhetoric of "shareholder profits" is unsupported by any evidence in the record of the history of this proceeding.

Fourth, TURN acknowledges that transmission-level customers may lower the transmission component of PG&E's rates but asserts that the impact on generation rates is unclear.[67] However, as TURN candidly acknowledges, this proceeding is not intended to address rate design or "incremental generation impacts."[68] Those issues are being, or will be, addressed in other proceedings, including in the newly opened R.26-04-009. Further, TURN assumes that PG&E bills will increase because PG&E will be providing generation services. In fact, many transmission-level customers may receive generation service from a CCA, not PG&E. TURN offers no analysis of CCA generation procurement and potential cost impacts. TURN also fails to provide any analysis to quantify or substantiate its generation-related cost concerns. In short, TURN raises generation cost-related concerns but acknowledges these issues are outside the scope of

[67] TURN Initial Opening Brief at 13-15.

[68] TURN Initial Opening Brief at 13-14; TURN Limited Opening Brief at 7.

this proceeding and offers no evidence to quantify whether its concerns are material or simply speculation.

Fifth, TURN asserts that PG&E is not working on generation-related solutions relying on artfully edited testimony from the hearing to support this point.[69] Specifically, TURN quotes testimony from PG&E witness Karen Khamou Ornelas but removes key language from the quotation. When asked how PG&E was proposing to work with the Commission to identify potential generation impacts, Ms. Ornelas' full answer was that she understood "there are other proceedings that handle the [Integrated Resource Plan], for example, forecast. [My team doesn't] work on generation. So it would be anywhere where other generation issues come up. I believe there's already existing proceedings at the Commission where we think that would be going, but I don't know the specific proceedings that would apply to."[70] TURN conveniently omits this context from its initial opening brief. Had TURN included Ms. Ornelas' entire answer, rather than cherry-picking specific language, it would have been clear that: (1) Ms. Ornelas is not involved in Commission proceedings to address generation and thus was not the right witness to ask; but (2) she was aware generally that the Integrated Resource Plan ("IRP") proceeding and other ongoing proceedings at the Commission are the appropriate venue where these issues will be considered. Given PG&E's recent comments in R.26-04-009, it is clear that PG&E is considering and working on solutions to the generation issues TURN raises.[71]

Sixth, to support its speculation regarding uncertain Electric Rule 30 benefits, TURN relies on an article from the *Los Angeles Times* regarding Silicon Valley Power.[72] However, the *Los Angeles Times* article indicated the biggest factor driving up SVP rates

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[69] TURN Initial Opening Brief at 16.

[70] Tr. Vol. 1 at 129, lines 1-7 (PG&E, Ornelas).

[71] *See* R.26-04-009, PG&E Opening Comments at 5-7 and Appendix A.

[72] TURN Initial Opening Brief at 14-15.

was a spike in natural gas prices, a fact that TURN failed to include in its testimony and only now acknowledges in its initial opening brief.[73] In its testimony TURN stated that SVP's rates had risen "rapidly due to heavy spending on transmission facilities and other infrastructure to accommodate data center load" based on its reading of a newspaper article.[74] Rather than relying on newspaper articles, PG&E submitted a sworn declaration from SVP's Director explaining in detail the reason for SVP's rate increases.[75] As SVP's Director indicated, TURN's conclusions were inaccurate.[76] TURN's attempt to use SVP as an example of data center driven rate increases is unsupported by the evidence and solely based on TURN's selective reading of a *Los Angeles Times* article.

Seventh, TURN mistakenly surmises that under its analysis using an assumed $120 million in Facility Type 4 costs, that customer bills may be higher in certain circumstances.[77] Here, TURN only tells part of the story. As PG&E demonstrated in its initial opening brief, TURN's assumption of the $120 million Facility Type 4 costs is fundamentally flawed.[78] Even with this flawed assumption, TURN's own analysis concludes that if a transmission-level customer interconnects and ramps up its facility to meet its expected load, existing ratepayers would see a bill reduction of $18.00 over a ten-year period.[79] Only in the scenario where the inflated $120 million Facility Type 4 costs are used and the customer does not meet its load forecast, does TURN's analysis show an existing ratepayer bill increase of $4.86 over a ten-year period.[80] Moreover,

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[73] TURN Initial Opening Brief at 15.

[74] Ex. TURN-01 at 13, lines 4-5.

[75] Ex. PGE-04, Attachment G.

[76] Ex. PGE-04, Attachment G, ¶ 4.

[77] TURN Initial Opening Brief at 17.

[78] PG&E Initial Opening Brief at 37-40.

[79] Ex. TURN-01 at 20, lines 8-11.

[80] Ex. TURN-01 at 20, lines 11-15.

TURN's analysis of a customer not meeting its load forecast did not factor in minimum demand charges which mitigate circumstances where a customer does not meet its load. As PG&E's analysis demonstrated, minimum demand charges can produce significant revenues which could effectively eliminate any potential bill increase.[81]

Eighth, TURN continues to rely on its analysis that used $120 million in Facility Type 4 costs as a basis for its concerns regarding Electric Rule 30. As discussed above, PG&E addressed the flaws in TURN's analysis in detail in its initial opening brief.[82] Apparently accepting that its $120 million Facility Type 4 assumption was flawed, TURN notes that of the six projects that PG&E averaged to develop an assumption for Facility Type 4 costs, one of these projects had Facility Type 4 costs of $113 million. But TURN neglects to mention that 2 of the 6 projects had no Facility Type 4 costs.[83] The purpose of using an average is because some facilities will have higher costs and other facilities will have lower costs. Using an average takes into consideration outliers on both ends to determine the impact on existing ratepayers, something which TURN fails to do. Moreover, a broader sample of 17 projects in PG&E's 2024 cluster study had an average Facility Type 4 cost of $30.9 million,[84] approximately 40% less than the $50 million used in PG&E's analysis and 75% less than the $120 million used in TURN's analysis. Further still, in a more recent data response, the transmission network upgrades for five different projects were each $0.[85] Based on this broader data set, TURN's concerns appear even more speculative and unwarranted.

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[81] Ex. PGE-04 at 82, Table 7, Line 6 (showing impact of minimum demand charges).

[82] PG&E Initial Opening Brief at 37-40.

[83] Ex. CalAdvocates-03, Appendix C-8 at 2.

[84] Ex. CalAdvocates-03, Appendix C-5, PG&E response to Cal Advocates Data Request Set #1, Question 2.

[85] PG&E Limited Opening Brief at 39.

Finally, TURN points to potential voltage issues and claims these may add to system costs.[86] PG&E explained in rebuttal testimony that it was working with industry-wide groups to study and address these issues.[87] TURN offers no evidence or substantiation that these issues will result in higher costs, nor does it quantify these asserted costs.

c. Modifications to Electric Rule 30

To address uncertainties, TURN discusses a number of proposals to modify Electric Rule 30. First, TURN quotes from and cites to Resolution E-5420 as one possible approach for refunds for new transmission-level customers.[88] While not PG&E's primary proposal for refunds or allocation of Facility Type 4 costs, the refund methodology set out in Resolution E-5420 would be a reasonable approach to address parties' concerns regarding Facility Type 4 costs.

Second, TURN supports Cal Advocates' proposed Revenue Cap.[89] For the reasons explained below in Sections III.C.6 and C.7, the Revenue Cap methodology has significant flaws and is not just or reasonable. Thus, the Revenue Cap methodology should not be adopted.

Third, TURN indicates that it supports PG&E's proposal to include minimum demand charges, a minimum contract term, and early termination fee in Electric Rule 30. These proposals are discussed more below in Section III.C.11.

Fourth, TURN recommends that transmission-level customers be required to enroll in a demand response program.[90] However, as PG&E explained in its initial opening brief, TURN has failed to identify an appropriate demand response program or

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[86] TURN Initial Opening Brief at 18-19.

[87] Ex. PGE-04 at 42, lines 6-19.

[88] TURN Initial Opening Brief at 19-20.

[89] TURN Initial Opening Brief at 20.

[90] TURN Initial Opening Brief at 21.

provide any details concerning, or analysis to support, this proposal. The Commission should not try to craft a demand response proposal here, but instead should address appropriate demand response requirements in a demand response proceeding or future Commission rulemaking that would include all utilities and impacted customers.[91]

Fifth, TURN argues that a transmission-level customer with a load factor of 70% or greater should be required to have 4-hour battery storage capacity to meet 50% of its projected load.[92] This is a change from TURN's testimony, which recommended storage capacity to meet 100% of the projected load.[93] Moreover, while TURN focuses its initial opening brief discussion on data centers, its proposal applies to any customer with a high load factor, including, for example, manufacturing, industrial and government facilities. PG&E addressed TURN's proposal in its initial opening brief.[94] As TURN acknowledges, its battery storage proposal would create a significant and potentially onerous financial burden for transmission-level customers.[95] TURN asserts this burden may be mitigated because data centers may already have battery storage. But TURN's proposal is not limited to data centers and, even if it was, TURN offers no quantification of this or actual examples of data centers in PG&E's service territory that are planning to have back-up batteries, which are notably difficult to implement in areas with space constraints. TURN speculates that data centers will have sufficient battery storage to meet this new 50% requirement but offers no evidence to support its speculation.

What is most notable about TURN's proposal is the fact that there is scant to no evidence provided to support a proposal that could cost a transmission-level customer $120 million in additional costs. TURN's proposal, made in a few sentences of

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[91] PG&E Initial Opening Brief at 64.

[92] TURN Initial Opening Brief at 21.

[93] TURN Initial Opening Brief at 21, fn. 78.

[94] PG&E Initial Opening Brief at 64-66.

[95] TURN Initial Opening Brief at 21.

testimony, has no quantitative support or analysis. And as PG&E demonstrated at the hearing, TURN clearly had not considered the cost or feasibility of its proposal.[96] The Commission should reject TURN's proposal both because it is outside the scope of this proceeding and because, even if it was in scope, it is completely unsupported by the record. Moreover, TURN's proposal would likely increase network upgrade costs because batteries are treated as load and thus the existing transmission system would require further upgrades to serve this additional load. Rather than lowering the network upgrade costs borne by existing ratepayers, TURN's proposal will likely result in increased Facility Type 4 costs.

Finally, as to its energy storage proposal, TURN has failed to satisfy its burden of proof. When parties such as TURN propose a result different from that requested by an applicant, that party has "the burden of going forward to produce evidence, distinct from the ultimate burden of proof."[97] This "burden of going forward to produce evidence relates to raising a reasonable doubt as to the utility's position and presenting evidence explaining the counterpoint position."[98] Mere argument is not enough; intervenors must present evidence to raise reasonable doubt as to PG&E's position.[99] Here, having provided no evidence, TURN has failed to satisfy its burden of proof for its battery storage proposal.

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

CLECA and Cal Advocates addressed Issue 1.a in their initial opening briefs, and CLECA addressed this issue again in its limited opening brief.

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[96] Tr., Vol. 1 at 46, lines 4-21 (TURN, Dowdell).

[97] D.08-01-022 at 4.

[98] D.08-01-022 at 4.

[99] D.08-01-022 at 5.

CLECA explained in its initial opening brief that "[t]he current process for customers requesting electric service at transmission voltages is unnecessarily protracted as a result of a current gap in Electric Rules."[100] CLECA also notes that Electric Rule 30 "stands to speed up the process and create efficiencies . . . ."[101] In its limited opening brief, CLECA reverses course, now arguing that "existing procedures are adequate … and have been around for decades."[102] However, CLECA suggests existing customers and EITE customers should have the option to interconnect under Electric Rule 30, but without being subject to the proposed ratepayer protection provisions. PG&E wholeheartedly agrees with CLECA's initial position on this point and is requesting timely action on this application so that Electric Rule 30 can be put in place as soon as possible.

The only party that appears to support the status quo for all customers is Cal Advocates. In its initial opening brief, Cal Advocates makes a remarkable 180º change in position, arguing that the current exceptional case filing process "is sufficient to address the interconnection of transmission-level customers over the next several years."[103] This new position is directly contrary to the testimony of Cal Advocates witness Jane Roschen who testified that "Cal Advocates supports establishing new provisions to address the unique challenges of interconnecting customers seeking retail electric service at the transmission level, provided that they include adequate protections for all other ratepayers."[104] Cal Advocates' newly adopted position is also contrary to the Commission's determination in the Interim

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[100] CLECA Initial Opening Brief at 9.

[101] CLECA Initial Opening Brief at 9.

[102] CLECA Limited Opening Brief at 20.

[103] Cal Advocates Initial Opening Brief at 8.

[104] Ex. Cal Advocates-01 at 3, lines 10-12.

Implementation Decision which highlighted the risks and challenges with continuing a series of one-off, exceptional case filings.[105]

Cal Advocates asserts that PG&E has only filed three exceptional case filings in 2025 and thus believes the current process is sufficient.[106] As an initial matter, in the absence of Electric Rule 30, each interconnection requires a bespoke agreement, which is time-consuming and costly, slowing the pace of agreements. And while it is true that the process of executing interconnection agreements and submitting them to the Commission for review through an exceptional case filing has been slower than expected, three exceptional case filings over several months is substantially more than occurred in the past. For example, over the two-decade period from 2005-2024, PG&E submitted a total of 11 exceptional case filings – an average of approximately one filing every two years.[107] The submission of three filings in a period of several months substantiates the growth PG&E is seeing in interconnection requests. Moreover, PG&E has continued to file exceptional case filings in 2026, and Cal Advocates acknowledges that there is "an increase" in these transmission-level interconnections.[108]

Finally, Cal Advocates fails to consider the potential for "disparate treatment" resulting from unique one-off filings—a fact the Commission highlighted in the Interim Implementation Decision.[109] Cal Advocates' proposal to retain the status quo for "the next several years" should be rejected. Much of the anticipated load growth from transmission-level customers is projected to materialize in "the next several years" so it is imperative the Commission adopt default interconnection rules for these customers

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[105] PG&E Initial Opening Brief at 15-16, quoting D.25-07-039 at 27.

[106] Cal Advocates Initial Opening Brief at 9.

[107] Ex. Cal Advocates-06, PG&E response to Cal Advocates Data Request Set #1, Question 9(f).

[108] Cal Advocates Initial Opening Brief at 44-45.

[109] D.25-07-039 at 27.

now.[110] Instead, the Commission should adopt the transparent, equitable, and efficient process for transmission-level interconnections embodied in Electric Rule 30.

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

Cal Advocates and CLECA are the only parties that addressed Issue 2.

Cal Advocates raises three concerns in its introduction to Issue 2: (1) the definition of "Special Facilities"; (2) language in Electric Rule 30 regarding PG&E's discretion; and (3) alignment with existing Electric Rules. PG&E addresses these three issues below.

First, Cal Advocates asserts that there is a misalignment between the definitions of "Special Facilities" in Electric Rule 2 and proposed Electric Rule 30.[111] As background, Special Facilities are electrical facilities that a customer requests that are above and beyond the standard electrical facilities installed by PG&E. For example, if a transmission-level customer requests a redundant service line or certain types of electrical equipment, the facilities are considered Special Facilities. The customer is fully responsible for the cost of Special Facilities and is not eligible for a refund of this amount. Thus, existing ratepayers will not pay any of the costs of Special Facilities.

In its Rebuttal Testimony, PG&E provided the definitions of Special Facilities from both Electric Rule 2 and proposed Electric Rule 30 and explained that these definitions were generally the same, but that Electric Rule 30 included an additional definition of Special Facilities.[112] Table 1 illustrates the similarities and differences:

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[110] *See* California Energy Commission, 2025 IEPR: Preliminary Data Center Forecast (Oct. 30, 2025), at 11-12 (showing significant growth in PG&E's service territory contributing to the state's peak demand in mid- and high cases in 2028), available at: <https://www.energy.ca.gov/sites/default/files/2025-11/2025_IEPR_Preliminary_Data_Center_Forecast_ada.pdf> (accessed May 19, 2026).

[111] Cal Advocates Initial Opening Brief at 10-11.

[112] Ex. PGE-04 at 34, line 12 to 35, line 12.

Table 1: Comparison in Definition of Special Facilities in Electric Rule 2 and Electric Rule 30

	Special Facilities Issue	Electric Rule 2	Electric Rule 30
1	Facilities in excess of standard facilities	facilities requested by an applicant which are in addition to or in substitution for standard facilities which PG&E would normally provide for delivery of service at one point, through one meter, at one voltage class under its tariff schedules	facilities requested by the Applicant beyond those required for standard service to bona-fide load, where bona-fide load is determined by PG&E using actual and historic load(s) for customer(s) of similar type and size
2	Facilities for a customer's sole use	a pro rata portion of the facilities requested by an applicant, allocated for the sole use of such applicant, which would not normally be allocated for such sole use	facilities and/or portions of facilities constructed for the sole use of the Applicant at the Applicant's request which would normally be constructed to allow for potential use by other customers
3	Facilities for space constraints	[Not included]	facilities required by project-specific circumstances, such as but not limited to space constraints, which results in additional costs

In testimony, Cal Advocates raised a number of concerns regarding the Special Facilities definition, but it appears that Cal Advocates' concerns were largely resolved by PG&E's Rebuttal Testimony.[113] In its initial opening brief, Cal Advocates does not dispute the definitions of Special Facilities in Items #2 and #3 in Table 1 above. Instead, Cal Advocates' only remaining concern appears to be with the phrase "bona-fide load" in the definition provided in Item #1.[114] While PG&E believes that the language it provided for Item #1 is reasonable, PG&E does not oppose using the Electric Rule 2 language for Item #1 in Electric Rule 30. However, Cal Advocates' proposal to use the Electric Rule 2 language should be rejected because it ignores the importance of the definition in Item

[113] *Compare* CalAdvocates-01 at 65, line 10 to 66, line 2 *with* Cal Advocates Initial Opening Brief at 10.

[114] Cal Advocates Initial Opening Brief at 10.

#3, which PG&E explained in its Rebuttal Testimony.[115] Cal Advocates fails to address the definition in Item #3 in its initial opening brief or to explain why this definition should be eliminated from Electric Rule 30.

Second, Cal Advocates recognizes that PG&E has removed references to "sole discretion" from Electric Rule 30 but maintains that PG&E retained language giving it sole discretion for pre-funding loans, contracts for the Applicant Build Option, customer Contributions, and the determination of standard facilities.[116] Cal Advocates' initial opening brief is lacking in details as to the specific language to which it objects or which provisions raise concerns. In order to provide Judge Toy and the Commission with detail on this issue, PG&E is including as Attachment A to this reply brief a table that lists Electric Rule 30 language for each of the four areas identified by Cal Advocates and compares PG&E's and Cal Advocates' proposed revisions to Electric Rule 30. As indicated in Attachment A, in some cases, PG&E agrees with Cal Advocates' proposed changes, in other cases, Cal Advocates' proposal is not reasonable and should be rejected.

Third, Cal Advocates asserts that its proposed revisions to Electric Rule 30 "align the proposed rule with existing Commission approved electric rules, remove ambiguities, and allow for clear and consistent application."[117] However, other than this generalized language, Cal Advocates offers no specifics examples or provisions that it proposes to modify. Cal Advocates asserts that PG&E "deviate[d] from language in the existing rules."[118] But other than Special Facilities as discussed above, Cal Advocates fails to discuss a single "deviation." Moreover, it is entirely reasonable that Electric Rule 30 does not mirror language in other electric rules because the purpose of Electric Rule 30, to interconnect transmission-level customers, is different than PG&E's existing electric

[115] Ex. PGE-04 at 35, lines 4-12 (explaining the importance of Item #3).

[116] Cal Advocates Initial Opening Brief at 11.

[117] Cal Advocates Initial Opening Brief at 12.

[118] Cal Advocates Initial Opening Brief at 12.

rules. Because Cal Advocates fails to identify a single "deviation" (other than Special Facilities) and explain why the deviation is unreasonable, Cal Advocates' proposal that all of its revisions should be adopted wholesale should be rejected. At most, the Commission should adopt PG&E's proposal that after a decision is issued in this proceeding, PG&E work with the Energy Division and stakeholders to finalize the Electric Rule 30 language in an expeditious manner. To the extent there are specific sentences or language to which Cal Advocates objects, it can be addressed there.

CLECA maintains that Electric Rule 30 as originally proposed was consistent with California energy policy, but that Cal Advocates' proposed Revenue Cap, minimum demand charge, and minimum contract term "would penalize demonstrably low-risk traditional customers for seeking load increases that are necessary as a result of state law."[119] PG&E agrees with CLECA as to its concerns about Cal Advocates' Revenue Cap proposal, with respect to both "traditional" and other large load customers. This issue is addressed in more detail below in Section III.C.6.

As to minimum demand charge and minimum contract term requirements, these proposals are reasonable protections for existing ratepayers, as described in PG&E's limited opening brief[120] and below in Section III.C.11. Moreover, if as CLECA asserts, "traditional" customers remain in place for decades and have steady, consistent loads, these customers should not be impacted by a minimum demand charge or minimum contract term. CLECA's arguments regarding the difference between "traditional" customers and data centers are addressed in Section II.A above.

[119] CLECA Initial Opening Brief at 9.

[120] PG&E Limited Opening Brief at 57-58.

1. 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?

CLECA and CalCCA do not address Issue 2.a. TURN generally agrees with PG&E regarding the Commission's and FERC's respective jurisdiction over cost recovery for Electric Rule 30 costs.[121] PG&E agrees with TURN that, as it currently stands, the Commission has jurisdiction to approve Electric Rule 30, including cost responsibility provisions and refunds. This may change, however, as described below in Section III.B.1.b. Cal Advocates raises several jurisdictional issues in its initial opening brief. In the remainder of this section, PG&E addresses issues raised by Cal Advocates and describes recent developments at the Department of Energy ("DOE") and FERC that may have future jurisdictional implications.

a. Jurisdictional Issues Raised by Cal Advocates and TURN

In its initial and limited opening briefs, PG&E provided a detailed discussion explaining that: (1) the Commission has jurisdiction over retail service to transmission-level customers; (2) under PG&E's Transmission Owner ("TO") Tariff, the Commission also has jurisdiction over transmission-level customer interconnection requests; and (3) the Commission does not have jurisdiction over cost allocation, rates, or cost recovery associated with interconnection facilities that are under the CAISO's operational control, since those issues are within FERC's jurisdiction.[122]

Cal Advocates incorrectly argues that transmission-level customer interconnections are "intrastate" interconnections and thus are subject to Commission jurisdiction, not FERC jurisdiction.[123] "TURN agrees with" Cal Advocates' assertion regarding the "intrastate" nature of transmission work within California.[124] As addressed

[121] TURN Initial Opening Brief at 22.

[122] PG&E Initial Opening Brief at 53-54; PG&E Limited Opening Brief at 11-15.

[123] Cal Advocates Initial Opening Brief at 13.

[124] TURN Limited Opening Brief at 2.

in PG&E's limited opening brief,[125] this assertion, if adopted by the Commission in this proceeding, would constitute clear legal error.

The Federal Power Act ("FPA") allocates authority over electricity generation, transmission, and distribution between the federal government and the states. Decades of United States Supreme Court precedent has recognized that nearly all electricity transmission in the continental United States occurs in interstate commerce.[126] Other than facilities in parts of Texas that are not operated as part of the interstate grid, *all* transmission facilities in the contiguous forty-eight states—including California—operate in interstate commerce and so cannot be said to be used "only" for intrastate transmission.[127] Indeed, the CAISO itself encompasses not just facilities in California, but also some transmission in Arizona and Nevada. There is nothing *intra*state about PG&E's transmission facilities. FERC has exercised its exclusive authority to regulate the cost of transmission service, who pays, and terms and conditions.[128]

Cal Advocates and TURN cite no precedent to support their novel and erroneous argument that PG&E's electric transmission system is an *intra*state transmission system or that connecting to the transmission system is an *intra*state interconnection. Cal Advocates cites a general statement in Section 201(a) of the FPA but ignores Section 201(b) which clearly provides that FERC "shall have jurisdiction over all facilities for such transmission or sale of electric energy . . . ."[129] In this case, the infrastructure being constructed will be a part of the network transmission system and thus is clearly a facility for the transmission of electric energy. Not only is Cal Advocates' and TURN's

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[125] PG&E Limited Opening Brief at 11-15.

[126] *See New York*, 535 U.S. at 7 & n. 5; *Hughes v. Talen Energy Mktg., LLC*, 578 U.S. 150, 154 (2016); *FPC v. Fla. Power & Light Co.*, 404 U.S. 453, 468-69 (1972).

[127] *See, e.g.*, *Nat'l Ass'n of Regul. Util. Comm'rs v. FERC*, 964 F.3d 1177, 1181 (D.C. Cir. 2020).

[128] *See, e.g.*, *S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41, 50-54 (D.C. Cir. 2014).

[129] *See* Cal Advocates Initial Opening Brief at 13, fn. 67; *see also* 16 U.S.C. § 824(a) and (b).

argument inconsistent with the FPA and Supreme Court and federal court decisions, but it is also inconsistent with Commission precedent. For example, when it recently created the Transmission Project Review ("TPR") process in Resolution E-5252, the Commission clearly delineated where it had jurisdiction and where it did not. As the Commission explained, "[t]he TPR Process is not part of transmission planning or rate recovery, which both fall under FERC's jurisdiction."[130] Cal Advocates' and TURN's argument that transmission-level interconnections under Electric Rule 30 only involve intrastate transmission is clearly wrong and should be rejected.

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

In its initial opening brief, PG&E demonstrated that California Public Utilities Code Section 783 ("Section 783") is not applicable to Electric Rule 30.[131] TURN preliminarily asserts that Section 783 is applicable, but indicates that this conclusion is only based on an initial review and that TURN may respond in more detail in reply briefs.[132] Cal Advocates argues that Section 783 applies because PG&E is proposing a "change to the service extension rules to create a new electric service interconnection rule for transmission level customers."[133] There are two problems with Cal Advocates' argument.

First, Section 783 does not use the word "change" but instead refers to "amending" existing rules.[134] Cal Advocates ignores the clear statutory language. Here, the existing rules are Electric Rules 15 and 16. Nowhere in its Application does PG&E propose any amendments to Electric Rules 15 and 16. Moreover, nothing in Section 783 references the "creation" of new line extension rules for a new group of customers.

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[130] Resolution E-5252 at 5, fn. 17.

[131] PG&E Initial Opening Brief at 55-56.

[132] TURN Initial Opening Brief at 23.

[133] Cal Advocates Initial Opening Brief at 13.

[134] *See* Cal. Pub. Util. Code §783(a) and (b).

Second, Cal Advocates ignores the Section 783(b) limitations which provide that the statutory requirements apply when the Commission: (1) initiates an investigation; or (2) considers issuing a decision to amend existing line extension service terms.[135] Neither has occurred here and thus Section 783 is not applicable.

C. 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 -

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

There is broad agreement with PG&E's proposal regarding cost allocation for Facility Type 1-3 work. However, in response to the January 9 Order, the parties' respective limited opening briefs focused either largely or entirely on whether costs associated with Facility Type 4 should be allocated directly to specific or clusters of transmission-level retail customers. In testimony, PG&E, Cal Advocates, and TURN each put forth proposals for how Facility Type 4 costs could be allocated directly to transmission-level customers.[136] Despite the disagreement among parties on the best approach for allocation of Facility Type 4 costs, it is notable that there is general agreement (or a lack of dispute or objection) on numerous key issues:

- Transmission network upgrades benefit the broader grid.[137]
- Any allocation of Facility Type 4 costs should be consistent with cost causation principles.[138]

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[135] PG&E Initial Opening Brief at 55.

[136] *See generally* PG&E Limited Opening Brief at 7-10 (describing proposals put forth by PG&E, TURN, and Cal Advocates).

[137] *See, e.g.*, Ex. CalAdv-23 at 11, lines 2-5.

[138] *See, e.g.*, TURN Limited Opening Brief at 1; NRDC Limited Opening Brief at 14; Sierra Club Limited Opening Brief at 1.

- While data centers are contributing to load growth, the majority of load growth in the CAISO territory is not from data centers or even transmission-level customers generally.[139]
- Interconnecting transmission-level customers can reduce rates for existing customers.[140]
- If the Commission determines it is appropriate to directly allocate Facility Type 4 costs to specific transmission-level retail customers, the refund approach outlined in Resolution E-5420 (PG&E's "Resolution E-5420 Proposal") is a reasonable option.[141]

PG&E's limited opening brief addressed the merits of its proposals (allocation through rates, Resolution E-5420 Proposal, Customer Responsibility Proposal), Cal Advocates' proposals (CAISO Generator, Load Development Fee), and TURN's Load Development Fee. In an effort to avoid redundancy, this section does not reiterate the basic tenets of each proposal but instead addresses various concerns and comments regarding these proposals the parties expressed in their limited opening briefs. In order, this section addresses (a) why allocation of costs through rates continues to be appropriate from an economic and legal perspective – and why the parties' concerns are more appropriately addressed in the Rate Design OIR; (b) the general support for the Resolution E-5420 Proposal; (c) PG&E's and Cal Advocates' proposals based on the CAISO tariff; (d) why a load development fee modeled on Silicon Valley Power is impracticable and why a per-MW fee is unreasonable; (e) parties' proposals regarding a development process for Facility Type 4 allocation and interim proposals; (f) parties'

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[139] *See, e.g.*, NRDC Limited Opening Brief at 5-6; TURN Limited Opening Brief at 10-11.

[140] *See, e.g.*, Ex. CalCCA-01 at 4, lines 11-15; Ex. CalAdv-01 at 3, lines 10-12; Ex. TURN-01 at 15, lines 10-12.

[141] PG&E Limited Opening Brief at 21-23; TURN Limited Opening Brief at 6-7; Cal Advocates Limited Opening Brief at 27, 30.

proposals for exempting certain customers from Facility Type 4 cost allocation; and (g) PG&E's response to issues raised by TURN in its initial opening brief.

The Commission should continue to keep in mind the principles PG&E set forth in its limited opening brief, namely that all proposals should be assessed based on their consistency with precedent and current practice, transparency, efficiency, cost causation principles, opportunity for rate reduction and economic development.

a. Allocation Through Rates

The fairest, most efficient and consistent with Commission, judicial and FERC precedent, and most economical approach continues to be to allocate Facility Type 4 costs through transmission rates. PG&E addresses parties' comments and concerns with this approach below.

(1) Transmission-level Customers Pay Transmission Rates

In testimony and in limited opening briefs, parties continue to repeat the (unsupported) refrain that transmission-level customers will somehow receive a free ride if they do not have to provide upfront financing for Facility Type 4 costs.[142] This could not be further from the truth. Facility Type 4 upgrades will be incorporated into transmission rates and, to state the obvious, transmission-level customers pay transmission rates.

Cal Advocates raises a concern in its limited opening brief that, because transmission-level customers will receive a refund for upfront financing, "it will be ratepayers, not the large-load transmission customer that will be paying these costs in the

[142] *See, e.g.*, Ex. CalAdv-23 at 11, line 16 to 12, line 2; Cal Advocates Limited Opening Brief at 6; NRDC Limited Opening Brief at 6.

long-term."[143] Depending on the refund proposal the Commission adopts, Cal Advocates is right that, for a brief time period, an individual transmission-level customer may receive a refund for some or all of its transmission revenue. However, collectively, transmission-level customers will pay transmission rates to account for Facility Type 4 costs, and an increase in transmission-level customers paying electric rates benefits existing customers. Even on the individual customer level, PG&E's analysis is clear that in almost all circumstances, interconnecting transmission-level customers will overall *reduce* rates for existing customers.[144]

(2) Concerns Regarding Cost Shifts are More Appropriately Addressed in the Rate Design OIR

Multiple parties expressed concern that, if transmission-level customers are not required to provide some sort of financing for Facility Type 4 costs, existing customers may experience cost shifts.[145] As an initial matter, PG&E generally shares parties' concerns that existing customers should not see cost shifts as a result of transmission-level customers. However, as PG&E has repeatedly shown through its analysis, even without any sort of direct allocation of Facility Type 4 costs, interconnecting transmission-level customers should lead to rate reduction for existing customers.[146]

Further concerns that allocating costs for transmission network upgrades through rates may result in cost shifts are more appropriately addressed in the Rate Design OIR, R.26-04-009. On May 11, 2026, PG&E submitted opening comments in the Rate Design OIR, explicitly advocating that the Commission "establish rate design for large load customers … that reflects the cost of providing electric services to these customers (*e.g.*

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[143] Cal Advocates Limited Opening Brief at 12-13.

[144] PG&E Initial Opening Brief at 32-34.

[145] *See, e.g.*, TURN Limited Opening Brief at 5; Cal Advocates Limited Opening Brief at 6.

[146] *See* PG&E Initial Opening Brief at 32-34.

cost causation principles), sends price signals that support the efficient use of grid infrastructure, and allocates costs fairly across all customer classes."[147] As the top priority in the proceeding, PG&E recommended that the Commission "adopt large load rate design frameworks/mechanisms by the end of 2026 to ensure that a) large load customers are allocated costs appropriately, b) the costs of any investor-owned utility infrastructure investment or generation-related procurement that may become stranded due to a large load customer's decision to no longer interconnect to the electrical grid is accounted for and not borne by other customers (*i.e.*, no cost shifting), and c) existing customers do not, at a minimum, experience any cost increases from large load growth."[148]

PG&E was not alone in this position. 31 other parties submitted comments, many of which joined PG&E in urging the Commission to address rate design issues for large load customers through the Rate Design OIR. And there is broad consensus among the active parties in Rule 30 that it would be appropriate to prioritize issues relating to large load customers to ensure there are no cost shifts to existing customers.[149]

In this proceeding, TURN expresses concern that the Rate Design OIR may move too slowly, and as a result some form of interim measure is needed.[150] As an initial matter, PG&E shares TURN's concerns on timing, which is why it has urged the Commission in this proceeding and in the OIR to act expeditiously, including requesting the Commission to adopt a new large load class by the end of 2026.[151] Because these

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[147] R.26-04-009, PG&E Opening Comments at Appendix A-1 to Appendix A-2.

[148] *Id.* at Appendix A-2.

[149] *See* TURN Opening Comments in R.26-04-009 at 2-3; Cal Advocates Opening Comments in R.26-04-009 at 11; CalCCA Opening Comments in R.26-04-009 at 8; NRDC Opening Comments in R.26-04-009 at 4; Sierra Club Opening Comments in R.26-04-009 at 1-2; *but see* CLECA Opening Comments in R.26-04-009 at 3-10 (large load issues should be addressed but should not be prioritized over issues relating to AB 2109).

[150] TURN Limited Opening Brief at 16.

[151] R.26-04-009, PG&E Opening Comments at Appendix A-6.

issues can be considered promptly in the Rate Design OIR, there is no need to adopt an interim measure in this proceeding. If the Commission does adopt an interim measure, the Resolution E-5420 Proposal is appropriate.

(3) Competitive Considerations

In testimony and its limited opening brief, PG&E set forth its concerns that requiring customers to provide upfront financing for Facility Type 4 costs will push customers to locate in territories outside of the Commission's jurisdictions (*i.e.* other states or publicly-owned utilities (POUs)).[152] In limited opening briefs, parties put forth several unavailing arguments attempting to rebut this assertion. First, multiple parties repeat Cal Advocates' comment that PG&E has failed to provide workpapers to support this concern.[153] PG&E addressed this point in its limited opening brief: in short, rational economic actors will typically avoid fees where they can; academic studies support this observation; and real world data does not yet exist regarding how customers would respond to a regulation that has yet to be adopted, much less implemented.[154]

Second, Cal Advocates asserts PG&E would not be at a disadvantage because "three jurisdictions are considering similar measures."[155] However, the three states cited do not support Cal Advocates' assertion. Cal Advocates cites a *proposal* from Wisconsin, but provides no details on how this rule might apply, when it might apply, or how it compares to Cal Advocates' proposals.[156] The proposed order from Pennsylvania

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[152] PG&E Limited Opening Brief at 19 (citing Ex. PGE-20 at 35, lines 24-30).

[153] *See* Cal Advocates Limited Opening Brief at 11; NRDC Limited Opening Brief at 6-7 (describing PG&E's competitive concerns as "[u]nsubstantiated 'leakage' claims").

[154] *See* PG&E Limited Opening Brief at 19.

[155] Cal Advocates Limited Opening Brief at 11.

[156] *Id.* at 11, fn. 69.

that Cal Advocates cites[157] was made final on May 12, 2026, after limited opening briefs were filed. In that final order, the Pennsylvania Public Utilities Commission issued "guidelines" that *suggest*, but do not require, utilities have large load customers provide upfront funding for a "Network Improvement" that "would not have been needed 'but for' the interconnection of the Large Load Customer."[158] The Oregon tariff cited by Cal Advocates may require customers to pay upfront for some network upgrades if they exceed an allowance provided by PacifiCorp, but with broad exemptions for (a) any upgrade of 230kV and above; (b) any upgrade on the Western Electric Coordinating Council (WECC) critical path list; and (c) any customer with total load under 1000kVA.[159] These proposals, guidelines, and limited orders three states do not undercut PG&E's competitive concerns.

Third, Cal Advocates and NRDC assert that, because SVP requires customers to pay a load development fee and still has data centers, PG&E's competitive concerns must not hold.[160] There are again two holes in this argument. SVP has a different business model than PG&E: it charges *every* new customer a fee (either a load development fee or connection fee) to account for network upgrades.[161] And, as discussed in PG&E's limited opening brief, SVP's load development fee does not include any network upgrades outside its 18 square mile service territory. The larger, more expensive transmission

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[157] *Id.*

[158] Final Order (May 12, 2026), *Interconnection and Tariffs for Large Load Customers*, M-2025-3054271, at 5, 42, available at: <https://www.puc.pa.gov/pcdocs/1929842.pdf> (accessed May 19, 2026).

[159] Oregon Electric Rule 13, General Rules and Regulations Line Extensions, (Dec. 27, 2024), available at: <https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/oregon/tariffs/rules/13_Line_Extensions.pdf> (accessed May 15, 2026).

[160] Cal Advocates Limited Opening Brief at 16-17; NRDC Limited Opening Brief at 6.

[161] *See* PG&E Limited Opening Brief at 34-36.

network upgrades necessary to support SVP's service territory are recovered through the Transmission Access Charge – as they are for PG&E's service territory.[162]

Finally, Cal Advocates notes that "[m]ultiple data center customers signed a 'Ratepayer Protection Pledge'" purportedly committing to pay for "infrastructure upgrades to service their data centers."[163] But this pledge is consistent with proposed Electric Rule 30 in which customers provide upfront funding for Facility Types 1-3 and pay for Facility Type 4 through transmission rates. Nowhere does this pledge suggest upfront payment should be required for transmission network upgrades, and the lack of precedent from other jurisdictions on upfront funding supports this.

(4) Legal Considerations

In its limited opening brief[164] and above at Section III.B.1, PG&E provides legal authority and analysis that plainly states that direct allocation of network upgrades would conflict with Commission, FERC, and case law precedent. Only TURN and NRDC substantively addressed this issue in their respective limited opening briefs, but neither substantively address the authority PG&E cites.

In support of its assertion that the "Commission retains jurisdictional authority to ensure that retail rates remain just and reasonable," NRDC cites only Sierra Club's interpretation of the Commission's ratesetting principles.[165] The Commission of course has jurisdiction over some portion of rates, but the Commission's ratesetting principles do not bear on whether FERC authority would preempt Commission action regarding cost recovery for transmission network upgrades.

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[162] *Id.*

[163] *See* Cal Advocates Limited Opening Testimony at 11-12.

[164] *See* PG&E Limited Opening Brief at 11-15.

[165] NRDC Limited Opening Brief at 5-6 ("As Sierra Club outlined in Limited Opening Testimony").

TURN repeats its assertion, again without *any* citation beyond the plain text of the Federal Power Act, that the Commission has jurisdiction over intrastate transmission and Facility Type 4 lines are "intrastate."[166] As addressed in PG&E's limited opening brief and at Section III.B.1, this is interpretation is plainly wrong. PG&E's transmission system, under decades of U.S. Supreme Court precedent, is in "interstate commerce."[167]

b. **Broad Support for Resolution E-5420 Proposal**

In resolutions addressing three separate exceptional case filings from transmission-level retail customers, the Commission determined that it would limit refunds for Facility Type 1-3 costs to 75 percent of annual net transmission revenue "to account for the costs of the transmission network that are not part of the direct energization of the customer, such as ongoing maintenance and broader grid upgrades."[168] In testimony, both PG&E and Cal Advocates asserted that this would be a suitable alternative if their respective primary proposals were not adopted.[169]

In limited opening briefs, the parties criticized various aspects of the proposals put forth by PG&E, Cal Advocates, and TURN. Notably, however, no party objected to the Resolution E-5420 Proposal as a reasonable option to allocate Facility Type 4 costs:[170]

- **Cal Advocates**: "If the Commission does not adopt an additional financing requirement for [Facility Type 4], then the Commission should adopt a similar

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[166] TURN Limited Opening Brief at 2.

[167] *See* PG&E Limited Opening Brief at 14 (citing *New York v. FERC*, 535 U.S. 1, 7 & n.5 (2002)).

[168] Res. E-5420 at 11; *see also* Res. E-5433 at 17; and Res. E-5439 at 16-17.

[169] *See* Ex. PGE-20 at 18, line 30 to 19, line 12; Ex. CalAdv-22 at 28, lines 12-15.

[170] NRDC did not substantively comment on the Resolution E-5420 Proposal (NRDC Limited Opening Brief at 9); Sierra Club commented positively regarding the refund provision, but did not assess the proposal as a method for addressing Facility Type 4 costs (Sierra Club Limited Opening Brief at 21-22); CLECA commented that certain customers should continue to receive refunds based on the BARC review rather than the Resolution E-5420 approach (CLECA Limited Opening Brief at 22).

refund approach as Resolutions E- 5420, E-5439, and E-5433 that limits refunds of Advances to 75 percent to offset the costs of [Facility Type 4]."[171]

- **TURN:** "use of the Resolution E-5420 refund approach would be relatively simple to implement and involves new Rule 30 [customers] making some contribution for Type 4 costs"[172]

While no party's preferred solution, the Resolution E-5420 Proposal is the sole proposal that has some consensus support among both the applicant and intervenors to this proceeding. Because the Resolution E-5420 Proposal indirectly addresses cost recovery for Facility Type 4 costs, it also would not be plagued by the jurisdictional and preemption concerns raised by direct allocation of Facility Type 4 costs.[173] Notably, the Resolution E-5420 Proposal does not suffer from the same anti-competitive problems inherent in other parties' proposals as it would not subject customers to upfront financing obligations that are inconsistent with other jurisdictions. To put it directly, accounting for Facility Type 4 costs by withholding a percentage of a customer's refund for Facility Type 1-3 costs is *much* less likely to deter development than requiring an upfront funding for Facility Type 4 costs.

c. Proposals Based on the CAISO Tariff

Through their respective testimony and limited opening briefs, PG&E and Cal Advocates put forth proposals for direct allocation of Facility Type 4 costs that are, at least in part, based on the CAISO generator interconnection tariff. NRDC also appears to advocate for a similar proposal, although it does not expressly cite the CAISO tariff

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[171] Cal Advocates Limited Opening Brief at 30; *see also* PG&E Limited Opening Brief at 23-24 (quoting Cal Advocates' support for this refund methodology in various Commission filings).

[172] TURN Limited Opening Brief at 6; *see also* TURN Initial Opening Brief at 19-20.

[173] PG&E Limited Opening Brief at 22.

as a model.[174] NRDC's proposal appears to be substantively consistent with Cal Advocates' proposal, implementing a three-step process to: (a) identify projects "attributable" to a transmission-level customer; (b) "estimating the benefits a transmission level customer receives from a project"; and (c) allocate costs according to requested peak load.[175]

PG&E's Customer Responsibility Proposal closely matches the CAISO tariff. In alignment with the CAISO tariff, transmission-level customers would be required to provide upfront financing for incremental transmission network upgrades (ITNUs), which are those designed to serve one or a cluster of customers, rather than broader load growth.[176] This is analogous to the CAISO Tariff, which requires generators to provide upfront financing for Local Delivery Network Upgrades – those addressing a specific local area – but does not requiring financing for Area Delivery Network Upgrades – those addressing broader system needs, including to support a "substantial number" of customers.[177] Also in line with the CAISO Tariff, PG&E proposed using estimated costs and a guaranteed refund, but proposed lowering the interest rate afforded customers in comparison to the CAISO tariff.[178] Cal Advocates' proposal deviates substantially from the CAISO tariff by proposing to include cost responsibility for *all* transmission network upgrades, using actual costs, and tying refunds to revenue.[179]

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[174] *See* NRDC Limited Opening Brief at 13-14.

[175] *Id.*

[176] *See* PG&E Limited Opening Brief at 27-29.

[177] *Id.* at 26-28 (citing CAISO Tariff, Appendix A, Definitions of Area Delivery Network Upgrade, Area Deliverability Constraint, Local Delivery Network Upgrade, and Local Deliverability Constraint).

[178] *Id.* at 28-29; *see also* Ex. PGE-19 at 9, lines 1-12 (citing CAISO Tariff, Appendix A, Definition of Maximum Cost Responsibility and Maximum Cost Exposure).

[179] Cal Advocates Limited Opening Brief at 23-27; *see also* Sierra Club Limited Opening Brief at 19; NRDC Limited Opening Brief at 7, 10-12. These parties do not provide substantial evidence to support their assertion that the Commission should deviate from the CAISO tariff by using actual costs and tying refunds to revenue, and accordingly should be rejected if the Commission adopts PG&E's Customer Responsibility Proposal.

PG&E's limited opening brief addressed in detail why its Customer Responsibility proposal is superior and more closely tracks the CAISO tariff than Cal Advocates' proposal.[180] Rather than repeat those arguments here, PG&E addresses specific concerns and misconceptions raised by other parties regarding these proposals.

First, Cal Advocates characterizes PG&E's proposal to assign costs for ITNUs as "arbitrary."[181] Similarly, TURN and NRDC argue that PG&E's definition of ITNUs is too "narrow," and should include all network upgrades.[182] PG&E's proposal is closely modeled on the CAISO tariff.[183] It is also practical and logical. Costs associated with transmission network upgrades that are intended for broader load growth are needed by a broad swatch of customers and will accordingly be recovered through transmission rates. Requiring an upfront payment only for upgrades designed for one or a cluster of transmission-level customers is thus consistent with fairness and cost causation principles.

Second, Cal Advocates colorfully suggests PG&E's quotation of the January 9 Order was a "gross misinterpretation" of that ruling.[184] The January 9 Order asks the parties: "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?"[185] In testimony, PG&E set out to identify a reasonable proposal for determining when an individual transmission-level retail customer can be fairly determined to have "triggered the need for a Type 4 upgrade."[186]

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[180] PG&E Limited Opening Brief at 24-33.

[181] Cal Advocates Limited Opening Brief at 24.

[182] *See* TURN Limited Opening Brief at 13; NRDC Limited Opening Brief at 11.

[183] PG&E Limited Opening Brief at 27-28.

[184] Cal Advocates Limited Opening Brief at 24.

[185] Administrative Law Judge's Ruling Establishing Proceeding Schedule (Jan. 9, 2026), at 4.

[186] *See* Ex. PGE-19 at 5, line 1 to 7, line 16.

PG&E proposed that a reasonable approach would be to say an individual customer only "triggered" an upgrade when that upgrade is not generally planned for broader load growth.[187] Cal Advocates may – and apparently does – disagree with this interpretation, but that hardly suggests PG&E's made a "gross" error in its proposal.

Third, multiple parties continue to misunderstand the purpose and intention of the "preliminary engineering study" reports (PES reports) referenced in the January 9 Order.[188] For example, NRDC states that "PES reports already identify required upgrades to interconnect a customer."[189] Cal Advocates asserts the "upgrades that PG&E identifies in PES Reports partially serve the transmission-level customer in question."[190] PES reports identify for individual customers the network upgrades that may impact available capacity to provide transparency on timing.[191] As part of that analysis, PG&E divides the projects into two groups: (a) Dependent Network Upgrades, which are already approved or in the CAISO TPP process and (b) Capacity Upgrades, which are newly identified.[192] This categorization – and indeed, the identification of upgrades in a PES report – is not intended to address cost responsibility.

TURN asserts that PG&E's description of its PES reports and their relation to Facility Type 4 costs is "somewhat fluid."[193] This characterization is unfair – PG&E's description of its PES reports has been consistent throughout this proceeding. However, TURN's reference to fluidity may be apt. Transmission planning is somewhat fluid: as PG&E has detailed, planning for transmission network upgrades is a complicated process

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[187] *Id.*

[188] Administrative Law Judge's Ruling Establishing Proceeding Schedule (Jan. 9, 2026), at 4.

[189] NRDC Limited Opening Brief at 13.

[190] Cal Advocates Limited Opening Brief at 30 fn. 181; *see also* TURN Limited Opening Brief at 9-10.

[191] *See* Ex. PGE-20 at 10, lines 8-17.

[192] *See id.* at 9, line 8 to 10, line 7.

[193] TURN Limited Opening Brief at 10.

involving PG&E, other utilities, the CAISO, other developers, and other stakeholders.[194] It is not typically done to address the needs of specific customers. PG&E's PES reports – which list projects that are relevant to, but not necessarily triggered by, a given customer – attempt to reflect that process. This difficulty highlights why PES reports are not well suited to establish cost responsibility.

Fourth, Cal Advocates suggests that the Commission has already rejected PG&E's proposal in its *Decision Party Granting and Partly Denying Pacific Gas and Electric Company's Motion for Interim Implementation of Electric Rule Number 30*, D.25-07-039 ("Interim Implementation Order"). The Interim Implementation Order determined, among other things, that "[u]nder interim implementation, Type 4 Facilities will be eligible when transmission-level customers provide 100 percent of the project cost as a pre-funded loan" and directed PG&E to file a tier 1 advice letter conforming with the Order.[195] This pre-funding requirement was limited explicitly to "interim implementation," and the Commission was clear that the order did "not prejudice the determination of the issues adopted in the final decision of this proceeding."[196]

In response to the Commission's direction, PG&E filed a tier 1 advice letter shortly after, in which it sought to resolve what it viewed as ambiguity in the Interim Implementation Order. PG&E interpreted the Order as directing pre-funding loans for Facility Type 4 that were "solely cause and triggered by" an individual customer.[197] Cal Advocates protested this interpretation. Energy Division determined customers would need to prefund all transmission network upgrades under Interim Implementation because it was "not appropriate for Energy Division to resolve [this issue] here" and instead

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[194] *See* Ex. PGE-20 at 10, line 18 to 11, line 15.

[195] D.25-07-039 at 51-52, Ordering Paragraph (OP) 1.c and 3.

[196] *Id.* at 53, OP 8.

[197] *See* Ex. CalAdv-27 at 1.

"deferred [them] to the final Decision of A.24-11-007.[198] The Commission's non-precedential order regarding Interim Implementation – and the Energy Division's determination that it could not resolve this issue through a disposition letter – hardly suggests PG&E is estopped from advocating for its Customer Responsibility Proposal.

Fifth, Sierra Club suggests the Transmission Economic Assessment Methodology ("TEAM") could be used to assess a transmission-level customer's proportionate share of a Facility Type 4 cost.[199] But as PG&E addressed in testimony, TEAM is used to identify benefits to justify the need for economic transmission projects.[200] It has no bearing on allocating costs for reliability projects.[201] Other than a conclusory assertion, Sierra Club does not address how TEAM could be used to allocated reliability project costs.[202]

Sixth, despite advocating for an upfront financing requirement for projects designed for broader load growth, NRDC acknowledges "there is no perfect or economically ideal way to do this" and that "estimating the benefits of a project, especially on a local level, can potentially involve challenging determinations and administrative complexities that could result in unintended cost shifts."[203]

d. **Load Development Fee Proposals**

Cal Advocates and TURN continue to advocate for their respective proposals for load development fees that are ostensibly based on SVP's Load Development Fee.[204] While both parties call their proposals "load development fees," they are fundamentally

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[198] *Id.* at 2; *see also* Tr. Vol. 4 at 507, line 20 to 509, line 1 (PG&E, Ornelas).

[199] Sierra Club Limited Opening Brief at 17-18.

[200] Ex. PGE-20 at 45, lines 18-24.

[201] *Id.*

[202] Sierra Club Limited Opening Brief at 18.

[203] NRDC Limited Opening Brief at 13.

[204] TURN Limited Opening Brief at 7-12; Cal Advocates Limited Opening Brief at 15-18.

different. Cal Advocates' fee would require PG&E to analyze each transmission project and allocate some portion of its cost to new load,[205] a process that would be exceedingly expensive and is incompatible with PG&E's service territory. TURN's proposal is much simpler – a per-MW connection fee for certain transmission-level customers[206] – but is inconsistent with cost causation. In its limited opening brief, PG&E provided an overview of the fees SVP charges all new customers, including the Load Development Fee charged to certain industrial customers, and addressed why such a fee is not suitable for PG&E's service territory.[207]

Below PG&E addresses Cal Advocates' and TURN's comments in support of their respective load development fee proposals. No other parties support either proposal on a permanent basis, although Cal Advocates, Sierra Club, and NRDC suggest TURN's per-MW fee could be used on an interim basis.[208]

(1) Cal Advocates' Proposal

In its limited opening brief, Cal Advocates reiterates that a load development fee modeled on SVP's load development fee is a potential method for allocating Facility Type 4 costs.[209] Cal Advocates does not directly address PG&E's numerous concerns with Cal Advocates' proposal,[210] instead stating "PG&E argues" the fee is "unreasonable because it is too complex."[211]

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[205] Cal Advocates Limited Opening Brief at 15-18.

[206] TURN Limited Opening Brief at 7-8.

[207] PG&E Limited Opening Brief at 33-40.

[208] *See* Cal Advocates Limited Opening Brief at 22; NRDC Limited Opening Brief at 14; Sierra Club Limited Opening Brief at 15. Both NRDC and Sierra Club mistakenly state that TURN proposes a fee of $1,000/KW; TURN revised its proposal to $667/KW in its errata testimony. *See* Ex. TURN-03E at 16.

[209] Cal Advocates Limited Opening Brief at 15-17.

[210] *See* PG&E Limited Opening Brief at 36-38; *see also* Ex. PGE-20 at 29, line 17 to 34, line 9.

[211] Cal Advocates Limited Opening Brief at 17.

PG&E's concern is not that Cal Advocates' proposal is too complex. Its concern is that Cal Advocates' proposal cannot be implemented in PG&E's interconnected service territory. As discussed in undisputed testimony and briefing, SVP has a relatively self-contained 18 square mile service territory, and to account for infrastructure upgrades, it assigns *all* new customers a fee (either a load development fee or connection fee).[212] *Any* transmission project outside the boundary of SVP's service territory – even if SVP is reliant on the project – is accounted for through the CAISO TAC.[213]

Cal Advocates does not adequately address the structural differences between PG&E and SVP that render Cal Advocates' proposed load development fee impracticable: (a) PG&E does not charge connection fees to all customers like SVP;[214] (b) given the geography of PG&E's territory, there is no reasonable way to construct a load development fee without dividing PG&E's service territory into dozens or hundreds of localized regions;[215] and (c) even with a load development fee, transmission upgrades would still be recovered through the CAISO TAC, which will create inequities in the CAISO system.[216] Even if such a fee could be developed, it would necessarily be expensive to implement and opaque to customers and other stakeholders.

(2) **TURN's Proposal**

As PG&E addressed in its limited opening brief, TURN's proposed for a $667/KW load development fee is too imprecise,[217] ill-suited for PG&E's service

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[212] *See* PG&E Limited Opening Brief at 34-36; Ex. PGE-20 at 20, line 10 to 26, line 4.

[213] PG&E Limited Opening Brief at 34-35 (citing Ex. PGE-20 at 23, line 12 to 24, line 2).

[214] *Id.* at 34-38.

[215] *Id.* at 36-37.

[216] *Id.*at 37-38.

[217] In particular, TURN's proposal ignores more recent data provided by PG&E which shows that certain recent customers have had no Facility Type 4 costs. *See id.* at 39.

territory, and will discourage development.[218] As NRDC astutely comments, "[p]er MW financing requirements could shift costs of the largest, most impactful, and/or inefficiently sited transmission-level customers to smaller, less impactful, and/or efficiently sited customers."[219]

TURN agrees with PG&E that "PG&E and SVP are different utilities with different business models, different load sizes, and have different operational characteristics."[220] Without addressing these differences, TURN states a fee is still necessary to protect existing ratepayers.[221] But this is simply not the case. The Commission has multiple superior options that fit PG&E's service territory. It could continue to allocate through rates (and address cost shifting concerns in the Rate Design OIR), follow its own precedent in the Resolution E-5420 Proposal, or adopt PG&E's Customer Responsibility Proposal.

TURN's only response to PG&E's concerns regarding the imprecision of TURN's proposed fee is to point out the data was from PG&E's testimony and used to illustrate potential rate reduction for existing customers. In short, if it "was sufficiently robust to support Rule 30's illustrative bill savings to ratepayers, it is a reasonable validator of a refundable fee for Type 4 costs to be assessed to Rule 30 customers."[222] But using a certain data set to illustrate something is far different than using that same data set to establish a semi-permanent requirement for customers to pay tens or hundreds of millions of dollars.

Finally, TURN appears to suggest that its load development fee should only be adopted on an interim basis, as it would only be necessary until the Commission

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[218] *See id.* at 39-40.

[219] NRDC Limited Opening Brief at 12.

[220] TURN Limited Opening Brief at 11.

[221] *Id.* at 11-12.

[222] *Id.* at 12.

addresses rate design for large load customers in a rulemaking.[223] TURN urges the Commission to address broader large load issues in the Rate Design OIR – a position PG&E wholeheartedly agrees with.[224] Without an interim solution in place, TURN is concerned costs could be shifted to existing customers before an anticipated decision in the Rate Design OIR in 2027.[225]

But instead of adopting an imprecise, uncompetitive load development fee, the Commission has other options. As an initial matter, as PG&E expressed in its opening comments in the Rate Design OIR, the Commission must prioritize large load issues in that proceeding. PG&E has proposed a schedule which would establish a customer class and address rate design issues by the start of 2027.[226] This accelerated timeline would avoid TURN's cost shifting concerns, particularly given the current timeline of transmission-level customers.[227] Additionally, if the Commission believes an interim solution is necessary, continuing to use the Resolution E-5420 Proposal – which is already being implemented – is a cleaner, more efficient approach.

e. Any Process Established to Develop a Methodology Must be Efficient and Coupled with a Reasonable Interim Solution

Cal Advocates, TURN, and NRDC argue that the Commission should initiate some sort of stakeholder process to develop a methodology for allocation of Facility Type 4 costs.[228] As PG&E addressed in its limited opening brief, if the Commission

[223] *Id.* at 12 ("TURN's proposal is an *interim* refundable load development fee") (emphasis added), at 15-16.

[224] *Id.* at 15-16.

[225] *Id.* at 16.

[226] *See* R.26-04-009, PG&E Opening Comments at Appendix A-4 to Appendix A-6.

[227] *See, e.g.*, Res. E-5420; Res. E-5439; Res. E-5433 (only STACK set to come online in 2026).

[228] Cal Advocates Limited Opening Brief at vii; TURN Limited Opening Brief at 16; NRDC Limited Opening Brief at 14; *see also* Ex. CLEU-01 at 4, lines 11-14.

adopts a proposal that requires a process to be developed, it should order PG&E to develop a process and submit a tier 3 advice letter.[229] This will allow all parties to comment on the implementation of any process to allocate Facility Type 4 costs, without subjecting customers and parties to further delay.

If the Commission determines workshops or another stakeholder process is necessary, it is imperative that the Commission adopt a clear, immediately implementable interim solution so that customers can interconnect under Electric Rule 30 while that workshop process is proceeding. The Commission's Interim Implementation Order should act as a cautionary tale. In that Order, the Commission left ambiguity for transmission-level customers by (a) requiring customers to "provide 100 percent of the project cost of [Facility Type 4] as a pre-funded loan" and (b) declining to institute a refund provision.[230] As a result no parties have sought interconnection under interim implementation. To avoid the same result here, any interim solution must provide clarity and finality for customers that interconnect under the interim rules.

PG&E has put forth the most reasonable interim solution: the Resolution E-5420 Proposal. This proposal has already been implemented for three customers that have filed exceptional case filings and has broad support among the parties. As addressed in PG&E's limited opening brief,[231] the other parties' interim proposals – Cal Advocates' flat $50 million fee[232] and TURN's $667/KW fee[233] – are fundamentally flawed and inconsistent with cost causation. PG&E agrees with Sierra Club's comments that Cal

[229] PG&E Limited Opening Brief at 40-41.

[230] D.25-07-039 at 51, OP 1.c, 1.d.

[231] PG&E Limited Opening Brief at 41-42.

[232] Cal Advocates Limited Opening Brief at 20-21.

[233] TURN Limited Opening Brief at 5-7; *see also* Cal Advocates Limited Opening Brief at 22.

Advocates proposed interim flat fee unreasonably "decouple[es] cost responsibility from project scale and system impact."[234]

f. Any Direct Allocation of Facility Type 4 Costs Should Apply to All Transmission-Level Customers

PG&E's limited opening brief addressed in detail why the provisions of Electric Rule 30 should apply to all transmission-level customers, rather than discriminating among customers according to industry or end use.[235] The other parties' limited opening briefs largely reiterate the positions taken in testimony: that only certain transmission-level customers should be subjected to provisions designed to protect existing customers. CLECA asserts that EITE customers and existing customers adding load to decarbonize should be exempted from Electric Rule 30 entirely.[236] TURN asserts that Facility Type 4 upfront funding obligations should apply only to customers seeking over 25 MW, and that existing customers adding load to decarbonize or to add EV charging should be exempted.[237] Sierra Club and Cal Advocates assert that only data centers should have to provide upfront funding for Facility Type 4 costs.[238] PG&E addresses in turn new arguments parties have provided in their limited opening briefs.

First, Cal Advocates asserts that data centers are fundamentally different than other transmission-level customers because they have continuous power demands and are geographically clustered.[239] Whether or not these assertions are accurate, they do not

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[234] Sierra Club Limited Opening Brief at 15.

[235] PG&E Limited Opening Brief at 42-46.

[236] *See generally* CLECA Limited Opening Brief.

[237] *See* TURN Limited Opening Brief at 7. In response to Cal Advocates' testimony, TURN lowered its threshold for exemption from 50 MW to 25 MW. *See id.* at fn. 26. While PG&E disagrees with any exemption for certain customers, it agrees that a 25 MW threshold is superior to a 50 MW threshold.

[238] *See* Cal Advocates Limited Opening Brief at 13; Sierra Club Limited Opening Brief at ii.

[239] Cal Advocates Limited Opening Brief at 13.

justify a discriminatory policy that undermines cost causation principles. If an individual transmission-level customer triggers a Facility Type 4 upgrade, those costs are incurred regardless of whether that customer is operating a data center or another end use.

Second, as PG&E addressed in its brief, even if targeting data centers was appropriate, actually defining a data center is impracticable and the definition suggested by Cal Advocates leaves uncertainty and ambiguity.[240] In its limited opening brief, Sierra Club suggests the Commission could use code 518210 of the 2022 North American Industry Classification System.[241] That definition, provided by the U.S. Census Office, identifies what should be considered to be part of the "Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Service" industry.[242] It defines the industry as "establishments primarily engaged in providing computing infrastructure, data processing services, Web hosting services (except software publishing), and related services, including streaming support services (except streaming distribution services). Data processing establishments provide complete processing and specialized reports from data supplied by clients or provide automated data processing and data entry services."[243] As with the definition proposed by Cal Advocates, it is unclear what constitutes "primary" use, which is particularly problematic when data centers may be attached or connected to universities or corporate campuses.

Third, CLECA asserts that the customer protections in Electric Rule 30 need not apply to its constituents (EITE customers and existing customers seeking to decarbonize)

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[240] PG&E Limited Opening Brief at 44-45 (addressing Cal Advocates' proposed definition at CalAdv-02 Attachment B at B-0022).

[241] Sierra Club Limited Opening Brief at 7.

[242] 2022 North American Industry Classification System Definition, 518210 Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services, available at: <https://www.census.gov/naics/?input=518210&year=2022&details=518210> (accessed May 15, 2026).

[243] *Id.*

because, unlike data centers, their loads are not "speculative."[244] This position, however, is not supported by any evidence and is belied by CLECA's own arguments. CLECA uses the word "speculative" to describe data centers 23 times in its limited opening brief.[245] None of those 23 references are supported by any evidence or even citation, beyond cross-references to CLECA[246] or other parties[247] in this proceeding calling data centers speculative. Unsupported pejoratives are insufficient to establish policy.

If a record has been established that any group of transmission-level customers is speculative, it is the very "traditional" customers CLECA seeks to exempt from Electric Rule 30's provisions. CLECA repeatedly states that "industrial and manufacturing … customers" must be exempted because their load is subject to "cyclical economic sectors [and] seasonal demand fluctuations," and that they may "require periodic outages."[248] This sort of uncertain – even speculative – load heightens the risks of stranded costs that Cal Advocates, TURN, and other parties express concern regarding.

Finally, CLECA suggests that PG&E's "purported agnosticism" towards a customer's end use is "one-sided" because, in support of the potential economic and ratepayer benefits of large load customers, PG&E cites to sources analyzing data centers and the technology sector.[249] To be clear, the potential ratepayer benefits from transmission-level customers, are not tied to industry or end use, and PG&E as the utility that serves most of Northern and Central California, recognizes the societal benefits of transmission-level customers outside of the technology industry. However, because many parties have proposed provisions that would apply only to data centers, PG&E has,

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244 CLECA Limited Opening Brief at 2-3.

245 *See generally id.*

246 *See*, *e.g.*, *id.* at 14 and fn. 44 (quoting CLECA Initial Opening Brief at 5).

247 *See*, *e.g.*, *id.* at 8, fn. 16 (citing Ex. TURN-03E at 19).

248 *Id.* at 16.

249 *Id.* at 11.

throughout this proceeding, directly addressed parties' comments regarding this specific subset of customer.

g. Issues Raised by TURN in Initial Opening Brief

TURN and PG&E are the only parties that addressed Issue 3.a. in their respective opening briefs.[250] Many of the issues raised by TURN regarding Facility Type 4 costs were addressed in more detail in the parties' respective limited opening briefs, and the parties' positions regarding Facility Type 4 costs have evolved since the January 9 Order. However, PG&E addresses TURN's legal commentary in its initial opening brief that remains relevant following the testimony and briefing that followed the January 9 Order.

First, TURN mistakenly asserts that PG&E is relying solely on generator interconnections decisions as the basis for its argument regarding Facility Type 4 costs and that generators and load are different.[251] The FERC and judicial decisions cited in PG&E's initial opening brief do not involve specific generator interconnections but instead involve transmission assets generally and/or facilities used to serve load.[252] Moreover, TURN ignores the Commission decision addressing Electric Rules 15/16 that also held that distribution system upgrades should be "borne by the general body of ratepayers."[253]

Second, TURN argues that new load interconnections "fall under a separate regulatory treatment and typically follow a 'beneficiary pays' principle under FERC Order No. 1000."[254] TURN then asserts that under Order No. 1000, costs should only be allocated in a manner that is roughly commensurate with estimated benefits and that costs

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[250] TURN Initial Opening Brief at 23-29; PG&E Initial Opening Brief at 56-60.

[251] TURN Initial Opening Brief at 24-25.

[252] PG&E Initial Opening Brief at 25-28.

[253] D.11-07-029 at 52.

[254] TURN Initial Opening Brief at 25.

should not be allocated to customers who receive no benefits.[255] This argument ignores how Order No. 1000 has been applied since it was adopted 14 years ago. Since 2011, numerous judicial and FERC decisions have found that transmission facilities that are integrated into the network transmission system, including upgrades (*i.e.* Facility Type 4), benefit all customers who use the transmission system.[256] Thus, consistent with Order No. 1000 principles, courts and FERC have determined that transmission facility costs, including network upgrades, should be allocated to all customers.

In November 2025, FERC reaffirmed this reasoning in denying a complaint filed by the Kentucky Public Service Commission and the Kentucky Attorney General alleging that Kentucky residential customers did not benefit from transmission projects primarily located outside of Kentucky.[257] In rejecting the complaint, FERC affirmed that "it has a 'strong policy of requiring rolled-in costing when any degree of integration of facilities has been shown' and has rejected challenges to cost allocations for specific transmission facilities where those facilities formed part of the integrated transmission system."[258] As FERC went on to explain:

> Complainants focus on which entities drive the initial need for a transmission project, ***but that is not the end of the cost causation analysis*** – rather, the cost causation principle requires that the costs for a transmission project be allocated to those who benefit from the project. As discussed above, the Commission has rejected challenges to cost allocations for specific transmission facilities where those facilities formed part of the integrated transmission system.[259]

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[255] TURN Initial Opening Brief at 25-26.

[256] *Paragould Light & Water v. FERC*, 144 F.4th 287, 292-293 (D.C. Cir. 2024); *Midwest Iso Transmission v. FERC*, 373 F.3d. 1361, 1369 (D.C. Cir. 2004); *Municipal Energy Agency v. Public Service of Colorado*, 189 FERC ¶ 61,099 (2024).

[257] *Kentucky Public Service Commission v. American Electric Power, et al.*, 193 FERC ¶ 61,110 at PP 1, 10-11 (2025) ("*Kentucky Public Service*").

[258] *Kentucky Public Service* at P 57 (footnotes omitted).

[259] *Kentucky Public Service* at P 59 (emphasis added).

In short, TURN points to Order No. 1000, but then fails to consider how the principles from that order have been applied in the ensuing years to network transmission facilities and upgrades.

More importantly, even if the Commission were to adopt TURN's narrow focus on Order No. 1000, the evidence here supports allocation of the Facility Type 4 costs to all transmission customers based on the Order No. 1000 principles. As TURN explains, Order No. 1000 provides that costs should be allocated at least roughly commensurate with the benefits and customers should not be allocated any costs if they receive no benefits.[260] The CAISO's 2024-2025 Transmission Plan demonstrates that virtually all of the planned network upgrades (*i.e.*, Facility Type 4) address multiple needs including the integration of carbon-free resources, electrification, electric vehicle charging, and data centers.[261] Existing ratepayers directly benefit from the multiple uses of the projects in the CAISO's Transmission Plan. Moreover, the undisputed testimony of PG&E witnesses Ashwini Mani and Jens Nedrud, the only witnesses in this proceeding with transmission planning experience, is that Facility Type 4 upgrades are planned and provide multiple benefits for all transmission customers, not simply a single transmission-level customer.[262] As Ms. Mani explained:

> Furthermore, capacity projects proposed for the network transmission system are designed to provide broad system benefits, supporting not only current interconnection requests but also future regional load growth.[263]

[260] TURN Initial Opening Brief at 25-26.

[261] Ex. PGE-08 at 5, 9-11; *see also* Ex. PGE-04 at 26, line 29 to 28, line 8 (describing the CAISO transmission planning process).

[262] Ex. PGE-04 at 25, line 13 to 26, line 2; *see also* Tr. Vol. 4 at 529, lines 4-17 (PG&E, Nedrud).

[263] Ex. PGE-04 at 25, lines 3-5.

Thus, even under the Order No. 1000 principles quoted by TURN, the evidence in this case demonstrates that all existing ratepayers benefit from network upgrades and thus all customers should pay the Facility Type 4 costs.

TURN dismissively refers to the benefits of Facility Type 4 upgrades for existing ratepayers as "trivial" but offers no evidence to support this rhetoric.[264] Nor does TURN make any effort to engage with the evidence provided by PG&E or the CAISO 2024-2025 Transmission Plan. It is unclear why TURN considers the benefits from upgrades that facilitate renewable energy, electrification, electric vehicle charging, and load growth from data centers and others to be "trivial."

Third, TURN argues that *Duke Energy Progress v. FERC*, 106 F.4th 1145 (D.C. Cir. 2024) ("*Duke Energy*"), which was cited in PG&E's Supplemental Testimony, is not applicable.[265] Notably, TURN does not address the other decisions cited in this same section of PG&E's Supplemental Testimony.[266] As to *Duke Energy*, TURN attempts to distinguish this case because it addresses generator interconnections and generators are required to upfront fund network upgrades and receive refunds over time.[267] While *Duke Energy* did involve a generator interconnection, the court relied on the general principle that upgrades to the grid benefit all customers.[268] This general principle is true whether upgrades are caused by a generator, by load, by energization, or by electric vehicle charging. The fact that *Duke Energy* involved a generator does not change the underlying principle that network upgrades, whatever the cause, benefit all customers.

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[264] TURN Initial Opening Brief at 27.

[265] TURN Initial Opening Brief at 26.

[266] Ex. PGE-01 at 43, notes 130-132.

[267] TURN Initial Opening Brief at 26.

[268] *Duke Energy*, 106 F.4th at 1155.

2. **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?**

No party addressed Issue 3.b in its initial opening brief other than PG&E.[269]

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

No party addressed Issue 3.c in its initial opening brief other than PG&E.[270]

4. **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?**

No party substantively addressed Issue 3.d in its initial opening brief other than PG&E.[271]

5. **Issue 3.e: How will the load from new transmission-level customers affect electric service and reliability, electric utility revenue requirement, and electric rates for existing customers?**

Issue 3.e is substantively addressed by Cal Advocates, CLECA, and TURN. The arguments and issues raised by these parties are addressed below.

a. **Issues Raised by Cal Advocates**

Cal Advocates raises a number of concerns in response to Issue 3.e including: (1) speculation that existing ratepayers will only see bill reductions in the "best case scenario"; (2) alleged cost shifts that may occur if transmission-level customers terminate or reduce service or do not meet their forecasted load; (3) assertions regarding over-building the transmission system; (4) acceleration of transmission system building; (5) trade press excerpts concerning the speculative nature of data center load; (6) voltage

[269] PG&E Initial Opening Brief at 60.

[270] PG&E Initial Opening Brief at 61.

[271] PG&E Initial Opening Brief at 61-62. CLECA's Initial Opening Brief referred to its argument in Section III.F.7.

fluctuations; and (7) the need for additional Commission oversight for transmission-level customers over 200 MW. Each of these issues is addressed below.

First, Cal Advocates argues that existing ratepayers only benefit in the "best case scenario" and that cost shifts to existing ratepayers are likely.[272] However, as PG&E explained in detail in its initial opening brief, analyses presented by Cal Advocates, TURN, and PG&E demonstrates that in most scenarios existing customers will see bill reductions as a result of transmission-level customer interconnections and that only in the extreme cases posited by Cal Advocates, or misapplying data as TURN does, is there any evidence of potential cost shifts to existing customers.[273]

Second, Cal Advocates' assertion that existing ratepayers could experience cost shifts is based solely on its unsupported claim that transmission-level customers may "terminate service, reduce load significantly, or fail to meet usage projections . . . ."[274] However, as PG&E demonstrated in its initial opening brief, the actual experience of data centers in Northern California, rather than the generic trade press articles relied on by Cal Advocates, demonstrates conclusively that data centers do not simply terminate service or reduce load significantly.[275] Moreover, Electric Rule 30 and PG&E's interconnection procedures include multiple safeguards at each stage of the process to mitigate any potential for existing ratepayers incurring stranded costs.[276]

Third, Cal Advocates asserts that PG&E's proposal does not "guard against the risk of overbuilding transmission facilities for energy-intensive loads that may not materialize."[277] Cal Advocates cites the CAISO 2024-2025 Transmission Plan as

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[272] Cal Advocates Initial Opening Brief at 15.

[273] PG&E Initial Opening Brief at 31-40.

[274] Cal Advocates Brief at 15.

[275] PG&E Initial Opening Brief at 50.

[276] PG&E Initial Opening Brief at 43-51.

[277] Cal Advocates Initial Opening Brief at 16.

evidence of potential transmission system overbuilding.[278] Again, Cal Advocates ignores the evidence in the record. PG&E witness Ashwini Mani explained in detail the transmission planning process. Her written testimony and testimony at the first hearing demonstrate that the CAISO transmission planning process has numerous safeguards to prevent overbuilding, including an annual update process, development of transmission upgrades to serve multiple needs such as electrification and EV charging, and the ability to cancel projects early in the process if loads change. All of this was described in detail in PG&E's initial opening brief.[279]

Fourth, Cal Advocates also expresses concerns that, even if Electric Rule 30 does not result in transmission over-building, it may accelerate transmission-level infrastructure which would place "significant cost burdens" for existing ratepayers.[280] As PG&E explained in its initial and limited opening briefs, many of the transmission upgrades currently being planned are to accommodate carbon-free resources and facilitate electrification and electric vehicles.[281] To the extent transmission infrastructure is accelerated, it may be because there is a need for new capacity resulting from carbon-free resources, electrification, electric vehicles and load growth including transmission-level customers. Cal Advocates implies that acceleration is solely caused by data centers but offers no evidence to support this assertion, nor does it identify a single project that is being "accelerated" solely because of a data center. Moreover, as PG&E demonstrated in its initial opening brief, Electric Rule 30 will facilitate substantial bill reduction benefits for existing customers as a result of transmission-level customer interconnections.[282]

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[278] Cal Advocates Initial Opening Brief at 17.

[279] PG&E Initial Opening Brief at 21-25.

[280] Cal Advocates Initial Opening Brief at 17-18.

[281] PG&E Initial Opening Brief at 24; PG&E Limited Opening Brief at 15-17.

[282] PG&E Initial Opening Brief at 31-40.

Thus, even if some transmission projects are accelerated, this will also accelerate transmission-level customer revenues which can offset existing ratepayers' bills.

Fifth, Cal Advocates continues to rely on generic trade press articles raising concerns about speculative and uncertain data center loads.[283] However, as PG&E demonstrated in Rebuttal Testimony, once you read these articles in their entirety, rather than simply reviewing the excerpts provided in Cal Advocates' testimony, many of these articles actually support the Electric Rule 30 approach. For example, one of the articles cited by Cal Advocates emphasized the importance of a standardized interconnection process which PG&E is proposing here and another article talked about the importance of a new customer putting "chips on the table" which is accomplished in Electric Rule 30 through advances and actual cost payments.[284] As PG&E concluded in its Rebuttal Testimony:

> In short, the articles cited by Cal Advocates demonstrate that PG&E is pursuing the right approaches through its requirement for a study process deposit and the Electric Rule 30 requirements. PG&E's Electric Rule 30 proposal mitigates concerns about speculative load.[285]

Cal Advocates simply ignores this testimony and continues to rely on the same articles. Further, as discussed above, Cal Advocates ignores the mitigations in Electric Rule 30 and PG&E's procedures which mitigate concerns about load uncertainty.[286]

Sixth, Cal Advocates asserts that transmission-level customers could cause reliability concerns as a result of voltage fluctuations.[287] As PG&E explained in its Rebuttal Testimony, voltage fluctuations are an industry-wide issue and PG&E is actively working with North American Electric Reliability Corporation ("NERC"), Western

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[283] Cal Advocates Initial Opening Brief at 16-17.

[284] Ex. PGE-04 at 9, line 15 to 10, line 28.

[285] Ex. PGE-04 at 10, lines 23-26.

[286] PG&E Initial Opening Brief at 43-51.

[287] Cal Advocates Initial Opening Brief at 18-19.

Electricity Coordination Council ("WECC"), and others to address these issues. PG&E is incorporating emerging guidance into its modeling and study requirements.[288] Cal Advocates' initial opening brief simply ignores this testimony. Cal Advocates also ignores the undisputed testimony that infrastructure needed to interconnect transmission-level customers such as substations and switching stations will provide added reliability benefits for all existing ratepayers.[289]

Finally, Cal Advocates proposes that PG&E submit a tier 2 advice letter for all transmission-level customer interconnections over 230 kV or 200 MW in load.[290] PG&E agrees that a tier 2 advice letter for new transmission-level customers interconnecting above 230 kV is reasonable. However, Cal Advocates' proposal for a 200 MW threshold is arbitrary and unsupported by evidence.[291] In its initial opening brief, Cal Advocates argues that requiring a tier 2 advice letter for transmission-level customer loads will allow Energy Division to "ensure" that the request is "consistent with Commission policy and approved tariff terms, access whether costs are reasonable, and evaluate reliability impacts."[292] This expansive scope of review, proposed by Cal Advocates for the first time in its initial opening brief, is well beyond the scope of a tier 2 advice letter. Moreover, given that a facility over 200 MW would be using a Commission-approved form and process approved in this proceeding, there is no need to "ensure" consistency with policy and approved tariff terms. In addition, reliability impacts are addressed through the CAISO's transmission planning process, not in a tier 2 advice letter. Cal Advocates' proposal is unnecessary and would simply impose additional delays and regulatory burdens on customers above an arbitrary threshold of 200 MW.

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[288] Ex. PGE-04 at 42, lines 6-19.

[289] PG&E Initial Opening Brief at 40-41.

[290] Cal Advocates Initial Opening Brief at 19-20.

[291] PG&E Initial Opening Brief at 17-18.

[292] Cal Advocates Initial Opening Brief at 20.

b. Issues Raised by CLECA

CLECA argues that the Commission should establish a separate customer class for data centers.[293] This issue is addressed in Section II.A above. In short, this is not the appropriate proceeding for the Commission to consider establishing new customer classes. The introduction of a new, separate, class would affect all of the utilities and numerous stakeholders who are not represented in this proceeding and should be considered in a Commission rulemaking, not here. The Commission should address this issue in the Rate Design OIR.

CLECA also reiterates Cal Advocates' arguments that data centers are speculative, quoting Cal Advocates witness Emil Rodrigues from the hearing. PG&E addressed arguments regarding "speculative load" in its initial opening brief and above in Section III.C.5.[294] Moreover, CLECA fails to include Mr. Rodriguez's further testimony that "traditional" customers also pose risks similar to data centers.[295]

CLECA also asserts that, unlike manufacturing and industrial customers, data centers may relocate or terminate service soon after energization.[296] However, CLECA offers no evidence to support these assertions. Instead, the only evidence in this case concerning actual data centers in Northern and Central California is that these facilities have been in continuous operation in some cases for more than 7-8 years.[297] CalCCA provided evidence that the data centers served by San Jose Clean Energy and Silicon Valley Clean Energy have in some cases been operating continuously since 2017. Thus, CLECA's concerns about data centers relocating or terminating service are overstated. Moreover, the "traditional" customers highlighted by CLECA such as hospitals,

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[293] CLECA Initial Opening Brief at 13.

[294] PG&E Initial Opening Brief at 43-51.

[295] Tr. Vol. 3 at 388, lines 8-23 (Cal Advocates, Rodriguez).

[296] CLECA Initial Opening Brief at 14.

[297] Ex. PGE-10 and Ex. PGE-12.

manufacturing, and industrial facilities, are subject to the same type of economic pressures as data centers and may, depending on the economics of that facility or the overall economy, close well before expected.

Finally, CLECA references a single issue in Virginia concerning voltage disturbances caused by a data center.[298] This issue is addressed below in the discussion of TURN's concerns but, in short, this was a single incident that has been investigated by NERC. And, as PG&E's testimony makes clear, PG&E as well as utilities across the country are working with NERC and other expert agencies to establish protocols and requirements to mitigate grid disturbances.[299]

c. **Issues Raised by TURN**

TURN reiterates its concerns that Electric Rule 30 may result in stranded costs and that there is no guarantee that existing ratepayers will benefit from transmission-level interconnections.[300] Finally, TURN restates its arguments regarding potential bill savings and generation-related costs.[301] Those arguments have all been addressed above.

TURN also argues that there are potential reliability benefits, quoting CLECA's testimony regarding a single incident in Virginia.[302] The incident in Virginia was investigated by NERC and learnings from that incident will inform operations for utilities across the United States going forward. As PG&E indicated in its testimony, it is working with NERC and the WECC on data center operating characteristics and needed mitigations.[303] This is an ongoing process being conducted at a national level and is certainly not a reason to reject Electric Rule 30. Moreover, TURN is silent on the

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[298] CLECA Initial Opening Brief at 14-15.

[299] Ex. PGE-04 at 42, lines 6-19.

[300] TURN Initial Opening Brief at 30-31.

[301] TURN Initial Opening Brief at 31.

[302] TURN Initial Opening Brief at 32.

[303] Ex. PGE-04 at 41, line 25 to 42, line 19.

testimony from PG&E demonstrating that the new substations and switching stations built to serve transmission-level customers will actually provide substantial system reliability benefits to existing ratepayers.[304]

6. 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?

In its initial opening brief, PG&E set forth why the Commission should follow decades of precedent by refunding transmission-level customers for costs associated with Facility Types 1-3 using the BARC review.[305] Given the "significant upfront investments" made by transmission-level customers, it is just and reasonable to provide refunds through the BARC review, particularly given that, to PG&E's knowledge, other states have not typically required customers to advance such costs.[306]

Cal Advocates and TURN oppose the BARC review and instead support Cal Advocates "Revenue Cap" formula. These parties assert: (1) it is reasonable to treat transmission-level customers differently than distribution-level customers; (2) using the BARC review could result in transmission-level customers receiving refunds that initially exceed net revenue, which they claim creates a risk to existing customers; and (3) potential detrimental impacts on existing customers if refunds are based on BARC.[307] But given the protections to existing customers in PG&E's Electric Rule 30 proposal, including minimum demand charges and early termination fees, there is no reason to deviate from precedent. Cal Advocates' and TURN's specific concerns are addressed below. Finally, while PG&E continues to believe the BARC review is the proper refund

[304] PG&E Initial Opening Brief at 40-41.

[305] PG&E Initial Opening Brief at 67-71.

[306] Ex. PGE-04 at 77, lines 27-29.

[307] Cal Advocates Initial Opening Brief at 21-32; TURN Initial Opening Brief at 33.

formula, if the Commission is inclined to deviate from the BARC review, PG&E's proposed Revenue Cap is superior to Cal Advocates' proposal for balancing the interests of existing customers while avoiding disincentivizing new customers from investing in California.

The Commission's assessment of the refund mechanism for Facility Type 1-3 costs will be impacted by the Commission's determination regarding allocation of costs for Facility Type 4:

- If the Commission, as PG&E proposes, continues to allocate Facility Type 4 costs through rates, the BARC review or, alternatively, PG&E's Revenue Cap, should be used to refund Facility Type 1-3 costs.
- If the Commission determines that Facility Type 4 costs should be directly allocated to specific transmission-level customers, then the Commission should address these costs by adopting PG&E's Resolution E-5420 proposal, which would slow customer refunds for Facility Type 1-3 costs to 75% of annual net revenue.
- If the Commission determines that customers should provide upfront financing for certain Facility Type 4 costs (*e.g.* the Customer Responsibility Proposal), the Commission should (a) refund Facility Type 1-3 costs either through BARC review or PG&E's Revenue Cap proposal and (b) refund Facility Type 4 costs pursuant to the Customer Responsibility Proposal, which is modeled on the CAISO tariff.

In the remainder of this section, PG&E addresses: (1) the justness and reasonableness of the BARC review; (2) PG&E's alternative Revenue Cap proposal; (3) CLECA's proposal for a data center-only classification; and (4) Cal Advocates' concern about the refundability of inspection costs for applicant build facilities.

a. BARC Review Remains the Appropriate Refund Assessment, Despite Cal Advocates' and TURN's Concerns

First, Cal Advocates and TURN argue that transmission-level customers need not receive refunds using the same formula as distribution-level customers because the infrastructure investments required for transmission-level customers are substantially greater.[308] In short, transmission-level customers "sometimes consume" more power, which "can drive significant investment" in infrastructure.[309] Because this investment is greater, according to Cal Advocates, it follows that refunds should be meted more slowly. PG&E does not dispute that individual transmission-level customers typically, but not always, use more power than individual distribution-level customers. However, as explained in PG&E's initial opening brief, the power used by distribution-level customers in the aggregate – and the investment required to facilitate that load – is likely substantially greater than the power used by transmission-level customers.[310] Given these conditions, Cal Advocates has not established why the Commission should vary from decades of precedent,[311] as well as California law,[312] by treating transmission-level customers differently.

Second, Cal Advocates and TURN express concern that, because the BARC review forecasts expected revenue, customers will receive refunds "at a faster rate than revenues are generated."[313] PG&E does not dispute that this is a possibility, given the nature of the BARC review. However, the risks to existing ratepayers of stranded costs are minimal given the substantial advanced upfront funding provided by transmission-

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[308] Cal Advocates Initial Opening Brief at 26-28; TURN Initial Opening Brief at 34.

[309] Cal Advocates Initial Opening Brief at 27.

[310] PG&E Initial Opening Brief at 67.

[311] *See* D.94-12-026, Rulemaking Proceeding 92-03-050, 58 CPUC2d 1, 1994 Cal. PUC LEXIS 1057; D.15-06-045 at 33-34, Finding of Fact 7.

[312] *See* PG&E Initial Opening Brief at 69, fn. 216 (citing Cal. Pub. Util. Code § 728).

[313] Cal Advocates Initial Opening Brief at 28; TURN Initial Opening Brief at 34.

level customers, minimum demand charges, and the provisions in Rule 30 that penalize early termination. The greater risk here is that delaying customers' timely refunds will disincentivize development in California. Cal Advocates underplays this issue by arguing its revenue cap "proposal only extends the refund period by three to four years."[314] But a delay of that length demonstrably increases costs for transmission-level customers, an issue about which prospective customers have already begun to express concerns.[315] CLECA described the detrimental impacts resulting from the substantial delays under Cal Advocates' Revenue Cap proposal.[316]

Third, Cal Advocates argues that the benefits from transmission-level customers are "speculative, minimal, and do not address the affordability crisis," particularly because PG&E assumes the "'best case scenario' conditions."[317] Given these concerns, according to Cal Advocates, an alternative refund method to BARC is necessary.[318] The record belies these claims.

The benefits are not speculative. With the recognition that this influx of large-load customers is a new phenomenon, PG&E's estimates are based on actual project data, not speculation.[319] By contrast, Cal Advocates' and TURN's analyses are cherry-picked and unsupported by real world examples.[320]

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[314] Cal Advocates Initial Opening Brief at 33.

[315] *See, e.g.*, STACK Comments on Draft Resolution E-5420 (Oct. 15, 2025).

[316] CLECA Initial Opening Brief at 7-8.

[317] Cal Advocates Initial Opening Brief at 21-22.

[318] Cal Advocates Initial Opening Brief at 32.

[319] PG&E Initial Opening Brief at 33 (citing CalAdvocates-03 Appendix C-8).

[320] *See, e.g.*, Ex. TURN-01 at 20, lines 3-7 (selecting Type 4 costs based on a PG&E investor presentation).

The benefits are not minimal. Residential customer savings could be as much as $3,000.[321] While PG&E is focused on lowering rates for customers and does not claim Electric Rule 30 to be a fix-all, $3,000 is not minimal.

Moreover, PG&E has not assumed the "best case scenario." PG&E's testimony and initial opening brief plainly discuss the breadth of potential outcomes, including outcomes in which load does not materialize as expected.[322] Even where a given transmission-level customer achieves less than half its forecasted load, existing customers still see lower bills.[323]

The record is clear that BARC is an appropriate refund method – one that has held up to decades of use for distribution-level customers. No party has identified a compelling reason to deviate from this established method. What is also clear is that instituting a refund method that substantially delays the rate at which customers receive refunds will discourage new customers from interconnecting in California. CLECA, which represents transmission-level customers, referred to Cal Advocates' proposal to use its proposed Revenue Cap rather than BARC review as "unjust and unreasonable" and "burdensome and oppressive."[324]

b. PG&E Proposed Revenue Cap

If the Commission decides to adopt a revenue cap methodology rather than the BARC review, the "PG&E Revenue Cap" proposal is superior to Cal Advocates' proposal. As set forth in initial opening brief, PG&E's Revenue Cap is similar to Cal Advocates' Revenue Cap, but has multiple benefits that Cal Advocates' proposal lacks including that it: (1) clearly addresses income tax component of contributions

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[321] PG&E Initial Opening Brief at 32-33.

[322] *See* PG&E Initial Opening Brief at 32 (citing Ex. PGE-01 at 32-33 (Tables 4 and 5)).

[323] *Id.*

[324] CLECA Initial Opening Brief at 3, 20.

("ITCC");[325] (2) allows for a 15-year refund period; (3) eliminates the Monthly Ownership Charge, which is not appropriate for a refund capped to annual actual net revenue; (4) caps annual refunds at the amount of 100% of their actual net revenue and (5) caps the total refund at no more than the BARC formula.[326] For the reasons stated in PG&E's initial opening brief, if the BARC review is not used, it is appropriate to adopt PG&E's Revenue Cap, rather than Cal Advocates' Revenue Cap or any other potential proposal based around actual net revenue.[327]

First, refunding customers who have provided upfront costs for Facility Types 1-3 upgrades based on 100% of their annual net revenue is appropriate. This addresses other parties' concerns that refunds pursuant to the BARC review (which, by its nature, calculates refunds based on expected revenue) could outpace annual revenue. While PG&E maintains that this concern is addressed by other aspects of Electric Rule 30, if the Commission shares these concerns, capping refunds at 100% of annual net revenue provides a balanced approach that avoids refunds outpacing revenue. As addressed in PG&E's initial opening brief and above in Section III.C.1, Facility Type 4 upgrades benefit all customers, and thus those costs should not be allocated to specific customers.

Second, PG&E's proposal not to include the Monthly Ownership Charge in the PG&E Revenue Cap proposal is reasonable. Cal Advocates' proposal to continue to recover the Monthly Ownership Charge is unreasonable given the extended refund timelines resulting from Cal Advocates Revenue Cap. As demonstrated by PG&E witness Ben Moffatt, under a revenue cap formula, customers will pay millions more in

[325] Cal Advocates appears to now concede ITCC should be considered in any revenue cap formulation. *See* Cal Advocates Initial Opening Brief at 32.

[326] PG&E Initial Opening Brief at 74-75.

[327] PG&E Initial Opening Brief at 72-74.

Monthly Ownership Charges even when new infrastructure is fully utilized.[328] Thus, PG&E's Revenue Cap appropriately excludes the Monthly Ownership Charge.

Third, for the reasons set forth in PG&E's initial opening brief,[329] ITCC should be included as a component of any refund formula based on net revenue and the refund should be extended to fifteen years in the event the Commission does not adopt the BARC review.

Fourth, the PG&E Revenue Cap balances the interests of existing customers, while still permitting customers to receive refunds in a timely manner. This addresses parties' concerns that refunds could outpace revenue under the BARC review.

Finally, the PG&E Revenue Cap actually includes additional ratepayer protection not contemplated by Cal Advocates' Revenue Cap: refunds would be capped at the total refund applicable under BARC review. This would advance the interests of existing customers.

c. CLECA's Proposal Regarding Data Center Classification

For the reasons stated in its initial opening brief and Sections II.A above, PG&E does not believe CLECA's proposal to establish a different (and less customer-friendly) refund formula for data center customers is appropriate. What is notable, however, is CLECA's strong support for the BARC review. CLECA notes that Cal Advocates' proposal would dramatically increase the amount of time a customer can recoup its advance and that this type of unnecessary delay could significantly impact transmission-level customers and encourage them not to locate in California.[330] PG&E agrees and thus recommends that the Commission adopt the BARC review for all transmission-level customers.

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[328] Ex. PGE-04 at 59, line 1, to 62, line 14.

[329] PG&E Initial Opening Brief at 72-74.

[330] CLECA Initial Opening Brief at 18; *see also* CLECA Limited Opening Brief at 20-21.

d. Refundability of Review and Oversight Costs for Applicant Build Facilities

In its rebuttal testimony, PG&E removed language from proposed Electric Rule 30 suggesting that PG&E's costs for review and oversight of applicant build facilities could not be refunded to customers.[331] As explained in rebuttal testimony, it is improper to withhold these costs from refunds, as PG&E would have incurred them whether the transmission-level customer or PG&E were building the facilities.[332] Because customers would be eligible to have these oversight costs refunded if PG&E were building the facility, it would be inequitable to withhold refunds for the same oversight costs if the customer chooses to build.

Cal Advocates disagrees with the removal of this language, arguing it "creates unnecessary ambiguity around cost responsibility" and was done "without providing reason or support."[333] Neither assertion is accurate. The removal of this provision does not introduce any ambiguity. It plainly means that these costs could be refunded. And the basis for this change was clearly stated in PG&E's rebuttal testimony.[334] Cal Advocates notably does not contest the merits of this change.[335] Given that this change is not ambiguous, the purpose for this change was clearly stated in rebuttal testimony, and no party has opposed this change on its merits, PG&E maintains that these costs should be refundable for customers choosing the Applicant Build Option.

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[331] Ex. PGE-04 at AtchB-12, C-4.

[332] *Id.* at C-4.

[333] Cal Advocates Initial Opening Brief at 24.

[334] Ex. PGE-04 at AtchB-12, C-4.

[335] *See* Cal Advocates Initial Opening Brief at 24-25.

e. Updates to Scope of Applicant Build Facilities Option

In its supplemental testimony, PG&E proposed expanding the Applicant Build Facilities option to include undergrounding work and certain Facility Type 3 work that did not interact with the existing PG&E transmission system.[336] No parties substantively commented on this proposal in testimony or limited opening briefs.[337]

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

For the reasons set forth in Section III.C.6, the BARC is a reasonable methodology to determine whether and how much a customer should be refunded. If the Commission is inclined to deviate from precedent and adopt a new refund methodology, PG&E's proposed Revenue Cap is a more suitable alternative than Cal Advocates' proposal. As discussed in Sections III.C.1 and III.C.6, if the Commission determines that Facility Type 4 costs should be directly advocated to individual transmission-level customers, adopting the Resolution E-5420 refund method for Facility Type 1-3 costs is an appropriate solution to address these concerns.

8. 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 is the only party to express a concern on this issue in initial opening briefs, raising two issues.[338]

The first issue Cal Advocates raises is whether a Monthly Ownership Charge should accrue if the Commission adopts a revenue cap refund formula in place of BARC

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[336] PG&E Limited Opening Brief at 58-59.

[337] *See, e.g.*, Cal Advocates Limited Opening Brief at 38.

[338] *See* Cal Advocates Initial Opening Brief at 40-41; CalCCA Initial Opening Brief at 9; CLECA Initial Opening Brief at 21; TURN Initial Opening Brief at 35.

review.[339] For the reasons stated in PG&E's initial opening brief, it should not.[340] The Monthly Ownership Charge has been used to protect existing customers under the BARC refund process in accordance with Electric Rule 15, and accordingly PG&E proposed its use for Electric Rule 30. But if the Commission adopts a revenue cap proposal – whether PG&E's, Cal Advocates', or the Resolution E-5420 Proposal – the Monthly Ownership Charge will become unduly burdensome, given the extended refund timeline.[341] The Commission acknowledged this in Resolution E-5420, noting that where refunds are capped by a percentage of annual revenue "it is not necessary to impose an additional customer financed cost of ownership on the unrefunded amount."[342]

The second issue is whether PG&E should send out invoices to charge customers the Monthly Ownership Charges in months when a customer is not entitled to a refund.[343] To state the obvious, this issue is moot if the Commission adopts a refund methodology that does not include a Monthly Ownership Charge. In its Rebuttal Testimony, PG&E updated its proposal to more closely align with how the Monthly Ownership Charge is handled in Electric Rule 15.[344] In most instances, the Monthly Ownership Charge will be deducted from the customer's refund. However, under PG&E's proposal, for months in which the customer is not entitled to a refund, the Monthly Ownership Charge would accrue but PG&E would not be required to invoice the charge. In contrast, Cal

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339 Cal Advocates Initial Opening Brief at 41.

340 PG&E Initial Opening Brief at 73.

341 *See id.* (customer would pay $3.7 million more in Monthly Ownership Charges under Cal Advocates' Revenue Cap proposal).

342 *See* Res. E-5420 at 12.

343 *See* Cal Advocates Initial Opening Brief at 40-41. PG&E notes that, under the PG&E Revenue Cap it has proposed as a potential alternative to BARC review, there would be no Monthly Ownership Charge.

344 Cal Advocates Initial Opening Brief at 41 (citing PGE-04 at AtchB-10); *see also* Ex. PGE-04 at 45, lines 1-13.

Advocates proposes PG&E be required to send out invoices for the Monthly Ownership Charge in this situation.[345]

Cal Advocates' proposal is inconsistent with Electric Rule 15 and how refunds are treated for distribution customers. Under Electric Rule 15.E.4, monthly ownership charges are accumulated and deducted from future refund amounts rather than invoiced monthly.[346] PG&E is proposing the same approach be applied in Electric Rule 30. Moreover, Cal Advocates' proposal would create onerous and unnecessary burdens for transmission-level customers. Under Cal Advocates' proposal, a new customer may receive no refund, be charged minimum demand charges, and be charged a monthly ownership charge. Pancaking rates and charges in this way is unnecessary and will likely create further disincentives for large load customers to locate in California. A more appropriate approach is to accumulate the Monthly Ownership Charge and deduct it to refund amounts when they are eligible to be paid.

9. 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)?

PG&E established in its initial and limited opening briefs why it was just and reasonable for initial customers who incurred costs for Facility Types 2 or 3 to receive refunds based on a subsequent customer's use of these facilities during the refund period *if* the initial customer's costs have not yet been fully refunded.[347] Cal Advocates agrees

[345] Cal Advocates Initial Opening Brief at 41.

[346] Ex. PGE-04 at 45, lines 3-13.

[347] PG&E Initial Opening Brief at 78-79; PG&E Limited Opening Brief at 48-52.

with PG&E's position in its initial opening brief[348] and did not comment on this issue in its limited opening brief.[349] No other party addressed this issue.[350]

For the reasons set forth in PG&E's initial opening brief, including that this provision is consistent with Electric Rule 15, Electric Rule 30 should allow for refunds to subsequent customers in this limited situation.

10. 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?

Cal Advocates and TURN are the only parties that address Issue 3.j. The concerns raised by these parties are addressed below.

a. Issues Raised by Cal Advocates

Cal Advocates argues that pre-funding loans will simply accelerate transmission network upgrades and, because these costs are included in rates, "could have severe impact on the costs paid by existing ratepayers."[351] This argument ignores several key points. First, as Cal Advocates tacitly acknowledges, all that a pre-funding loan does is allow facilities to be constructed in a timelier manner to meet a specific customer's needs.[352] The transmission network upgrade costs will be incurred regardless of whether the facilities are built on an accelerated or regular schedule. Second, Cal Advocates ignores the fact that the sooner a transmission-level customer is on-line, the sooner the customer is producing revenues. As PG&E demonstrated in Rebuttal Testimony, positive benefits for existing ratepayers start soon after a transmission-level customer is on-line.[353]

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[348] Cal Advocates Initial Opening Brief at 41-42.

[349] Cal Advocates Limited Opening Brief at 33-34.

[350] CalCCA Initial Opening Brief at 8-9; CLECA Initial Opening Brief at 21; TURN Initial Opening Brief at 35; *see generally* CLECA, TURN, NRDC, and Sierra Club Limited Opening Briefs.

[351] Cal Advocates Initial Opening Brief at 42.

[352] Cal Advocates Initial Opening Brief at 42.

[353] *See, e.g.*, Ex. PGE-04 at 54, Table 3.

Third, Cal Advocates confuses the revenues generated by a transmission-level customer and the payment of capital costs over time. While revenues from transmission-level customers will be immediate and annual, cost recovery for transmission network upgrades occurs over decades as the asset is depreciated. Thus, even if the transmission network upgrades are accelerated a year or two, the actual costs are not recovered immediately but rather over decades.[354]

Cal Advocates also argues that pre-funding loans should be approved by the Commission through a Tier 2 advice letter. PG&E addressed this proposal in its initial opening brief and demonstrated that this proposal is unnecessary and will inevitably cause regulatory delays, undercutting the very purpose of a pre-funding loan.[355]

Finally, Cal Advocates argues in a footnote that Facility Type 4 costs should not be borne by all customers.[356] As PG&E demonstrated in its initial and limited opening briefs, and above at Section III.C.1, allocating Facility Type 4 costs to all customers is reasonable and consistent with judicial, FERC, and Commission precedent.[357]

b. **Issues Raised by TURN**

TURN argues that pre-funding loans could impact PG&E's cost of capital.[358] The appropriate cost of capital for PG&E is well outside the scope of issues in this proceeding. To the extent a TURN believes that pre-funding loans implicate PG&E's cost of capital, the appropriate venue to raise these issues is the cost of capital proceeding, not here.

Even if TURN's argument was within the scope of issues in this proceeding, which it is not, TURN's conclusions are misplaced. First, PG&E's FERC-approved

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354 Ex. PGE-04 at 57, lines 18-19.

355 PG&E Initial Opening Brief at 83.

356 Cal Advocates Initial Opening Brief at 42, fn. 267.

357 PG&E Initial Opening Brief at 21-31.

358 TURN Initial Opening Brief at 35-36.

Transmission Owner ("TO") Formula Rate, through which Facility Type 4 costs are recovered, utilizes PG&E's actual cost of debt, not a forecasted cost of debt. Thus, if pre-funding loans lower PG&E's actual cost of debt as TURN implies[359], this will simply lower PG&E's TO Formula Rate cost of debt and the savings will be passed on to existing customers.

Second, any pre-funding loans will not be included in rate base until the loan is refunded to the customer. PG&E will not be earning any return on the loan and thus there is no benefit to shareholders.

Third, PG&E does not expect any change to its capital spending and financing plan as a result of pre-funding loans. Thus, we do not expect any change to our cost of debt from these loans.

Finally, TURN proposes, for the first time, a new tracking requirement for pre-funding loans related to interest and that interest savings be refunded to existing ratepayers.[360] However, as TURN acknowledges, these issues may be project-specific and are better addressed in Cal Advocates' proposal for a Tier 2 advice letter.[361] To the extent Commission adopts Cal Advocates' proposal, it need not address TURN's concerns here.

11. 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?

Electric Rule 30 adequately protects existing ratepayers from the risk of stranded costs. As PG&E's testimony makes clear, new transmission-level customers will likely

[359] TURN Initial Opening Brief at 36.

[360] TURN Initial Opening Brief at 37-38.

[361] TURN Initial Opening Brief at 38.

lower costs for existing ratepayers. In order to provide further protections for existing ratepayers, however, most of the parties agree that instituting a minimum demand charge, minimum contract term, and an early termination fee are prudent.

a. Minimum Demand Charge

In their respective opening briefs, PG&E, Cal Advocates, and TURN agree that a minimum demand charge is appropriate, but disagree with how the minimum demand charge should be calculated.[362] These parties disagree on two issues: (1) the percent of forecasted load that should serve as the minimum demand; and (2) how the "ramp up" period should be structured for the initial years after energization. No party has challenged PG&E's proposal that the minimum demand charge should be limited to the unbundled transmission-related Maximum Demand Charges, rather than all of the rate components paid by a transmission-level customer.[363]

First, PG&E has proposed a minimum demand charge of 75% of a transmission-level customer's requested demand.[364] Cal Advocates and TURN advocate for a 90% demand charge.[365] PG&E's proposal appropriately balances the need to protect existing customers, while recognizing that transmission-level customers may naturally experience load variations. In support of its proposal, Cal Advocates states only that a 90% minimum demand charge is in line with other states, such as Ohio and Indiana, which have adopted minimum demand charges of 80-85%.[366] But, as PG&E has repeatedly stated, other states generally do not require transmission-level customers to provide

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[362] *See* PG&E Initial Opening Brief at 84-86; Cal Advocates Initial Opening Brief at 43-45; TURN Initial Opening Brief at 33.

[363] PG&E Initial Opening Brief at 84.

[364] PG&E Limited Opening Brief at 53-55.

[365] Cal Advocates Initial Opening Brief at 44-45; TURN Initial Opening Brief at vii.

[366] Cal Advocates Initial Opening Brief at 44-45.

upfront advances for facility upgrades.[367] Given this substantial initial contribution, a minimum demand charge of 75% of requested demand appropriately balances the interests of new and existing customers.

Second, Cal Advocates and TURN assert that the load ramp should be fixed rather than a binding contractual agreement.[368] Consistent with their testimony, their primary concern is that a contractual load ramp could "introduce[] opportunities for gamesmanship on the customer's part."[369] As PG&E addressed in its limited opening brief, any contractual load ramp would be binding, serving as the ceiling, not floor, for the customer's load.[370] For the same reasons, Cal Advocates' concern that a contractual load ramp could "impact grid planning by underrating the actual demand,"[371] would not be an issue as PG&E would put in controls to prevent customers from exceeding their agreed-upon load.

Third, Cal Advocates repeats its assertion that PG&E should be required to provide an updated form of Electric Rule 30 prior to a final decision in this proceeding.[372] According to Cal Advocates, "[d]ue process requires parties be given an opportunity to evaluate and comment on the terms for the minimum demand charge."[373] As PG&E has repeatedly stated, it is appropriate for PG&E to file a tier 1 advice letter to conform Electric Rule 30 with the Commission's final decision. Cal Advocates does not explain why the protest process set forth in General Order 96-B is insufficient in the event Cal Advocates disagrees with PG&E's proposed language. Instead, Cal Advocates unfairly

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[367] Ex. PGE-04 at 77, line 22 to 78, line 5; *see also* Section III.C.1.

[368] TURN Limited Opening Brief at 17-18; Cal Advocates Limited Opening Brief at 35-36.

[369] Cal Advocates Limited Opening Brief at 35; TURN Limited Opening Brief at 18.

[370] PG&E Limited Opening Brief at 56.

[371] Cal Advocates Limited Opening Brief at 36.

[372] Cal Advocates Limited Opening Brief at 37-38.

[373] *Id.* at 37.

castigates PG&E, suggesting the advice letter proceeding following the Commission's order on interim implementation should somehow cast suspicion on PG&E. In fact, the advice letter processing following the Commission's decision on Interim Implementation exemplifies why the advice letter process is appropriate: as Cal Advocates explains, it disagreed with PG&E's interpretation of the Interim Implementation Order and filed a protest accordingly.[374] The Commission's Energy Division directed PG&E to revise the language, which PG&E did and then refiled its advice letter. There is no reason such a process would not be appropriate here, as it guarantees the due process rights Cal Advocates understandably requests.

Lastly, CLECA[375] and Cal Advocates[376] argue that a minimum demand charge should apply only to data centers or, alternatively, should exempt EITE customers and existing customers adding load to decarbonize. As PG&E addressed in its initial and limited opening briefs and in Section II.A above, there is no basis for segregating customers in this manner. The policy rationale for a minimum demand charge applies equally to any customer requiring transmission-level interconnection and the attendant system upgrades required for such facilities.

b. **Minimum Contract Term and Early Termination Fee**

PG&E, Cal Advocates, and TURN all agree that a 15-year minimum contract is appropriate.[377] The only disagreement among these parties is how to calculate the Early Termination Fee charged to customers who do not fulfill the full contract term.[378] PG&E

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[374] *Id.* at 37, fn. 220.

[375] CLECA Limited Opening Brief at 16-19. CLECA previously sought to exempt customers under 75 MW but appears to have dropped that position. *See* CLECA Initial Opening Brief at v and 23.

[376] Cal Advocates Initial Opening Brief at 43.

[377] TURN originally proposed a ten-year minimum contract term, but adopted the 15-year proposal agreed to by Cal Advocates and PG&E in its initial opening brief. *See* TURN Initial Opening Brief at 38.

[378] CLECA again advocates that any minimum contract term should apply only to data centers or customers requesting interconnections greater than 75 MW, which PG&E addresses later in this section. CLECA Initial Opening Brief at v, 23-24.

proposes customers that terminate early would be required to pay back the undepreciated portion of Facility Type 1-3 costs.[379] This proposal would ensure existing ratepayers are not adversely impacted by an early termination. In effect, transmission-level customers would have to pay for the upgrades that would not have been completed but for their project. TURN appears to support PG&E's proposal.[380]

Cal Advocates proposes the early termination fee would equal the net present value of minimum demand charges through the 15-year contract term.[381] In its testimony and initial opening brief, PG&E demonstrated that Cal Advocates' proposal is unjust and unreasonable because, instead of seeking to fairly compensate PG&E (and thus existing ratepayers) for the expense early termination may cause, it disproportionately punishes transmission-level customers who terminate before their contract expires.[382] Cal Advocates actually agrees with PG&E's description of its proposal, stating in its initial opening brief that "early termination fees are intended to be punitive in [nature]."[383]

But California law discourages punitive fees for termination of a contract. "It is the public policy of California that liquidated damages bear a 'reasonable relationship' to the actual damages that the parties anticipate would flow from breach; conversely, if the liquidated damages clause fails to so conform, it will be construed as an *unenforceable* 'penalty.'"[384]

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[379] PG&E Initial Opening Brief at 89.

[380] *See* TURN Initial Opening Brief at 38 ("If the customer terminates service before the 15 years, it shall pay back the total capital expenditures on Facility Types 1-3 less any depreciation already collected"); *but see* TURN Initial Opening Brief at vii ("Require Rule 30 customers to pay an early termination fee if they depart the system before 15 years, equal to all remaining projected incremental revenues over the minimum 15-year term discounted at PG&E's weighted average cost of capital, even if the Rule 30 customer fails to achieve full load ramp-up.").

[381] Cal Advocates Initial Opening Brief at 46.

[382] PG&E Initial Opening Brief at 89 (citing PGE-04 at 83, lines 18-30).

[383] Cal Advocates Initial Opening Brief at 46.

[384] *Honchariw v. FJM Priv. Mtg. Fund, LLC*, 83 Cal. App. 5th 893, 900 (2022) (quoting *Garrett v. Coast & Southern Fed. Sav. & Loan Ass'n*, 9 Cal.3d 732, 739 (1973) (emphasis added).

Neither Cal Advocates nor TURN address this public policy issue in their opening briefs. Cal Advocates' discussion on this issue only addresses a straw man: that PG&E does not think a robust early termination fee is necessary because transmission-level customers will already have invested a large amount of capital so they are unlikely to terminate early.[385] While early termination is indeed unlikely given the capital expenditures provided by transmission-level customers, PG&E's proposed early termination fee is robust, intended to avoid cost shifting to existing customers, and avoids unfairly penalizing transmission-level customers, in line with California public policy.

Finally, CLECA again proposes that any minimum contract term or early termination fee should apply only to "data centers," or, in the alternative, "75+ MW customer[s]," a categorization for which data centers purportedly "are more likely to fit into . . . than other customer types."[386] In its limited opening brief, CLECA appears to revise this requested exemption to the same "decarbonizing and EITE customers" it seeks to exclude from other Electric Rule 30 provisions.[387] As addressed, *supra*, Section II.A, these sorts of discriminatory classifications are not proper or useful, and instead will invite gamesmanship. In particular, minimum contract terms and early termination fees are intended to protect existing customers from the unlikely scenario that a transmission-level customer pre-funds substantial costs for its interconnection and then prematurely drops from the grid. Those risks apply equally whether the customer is a data center or a cement plant, or operating at 76 megawatts instead of 74. Beyond its own speculative testimony, CLECA has not provided any evidence that non-data center customers are less likely to terminate their service early.[388] If that were the case – if so-called traditional

[385] Cal Advocates Initial Opening Brief at 46.

[386] CLECA Initial Opening Brief at 23-34.

[387] CLECA Limited Opening Brief at 3.

[388] CLECA Initial Opening Brief at 5 (citing Ex. CLECA-01 at page 2, lines 11-19 and Ex. CalAdvocates-01 at page 49, lines 8-10).

customers do not end their service prematurely – then minimum contract terms and early termination fees will have no impact on them. Accordingly, Electric Rule 30 should not treat interconnections for data centers differently than for other transmission-level customers.

c. Proposed Updates to the Electric Rule 30 Form Agreement

No parties commented in testimony or limited opening briefs on PG&E's proposal to update the Form Agreement to Electric Rule 30 to modify or add six contractual provisions that will strengthen the ratepayer protections in Electric Rule 30.[389]

D. Issue 4: Reporting

1. 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, CalCCA, Cal Advocates, and Sierra Club filed a Joint Motion ("Joint Motion") for Adoption of the Partial Settlement which settled all of Issue 4.a, and includes an agreement for PG&E to provide quarterly and annual reporting to the Commission, Cal Advocates, affected CCAs, and Sierra Club.

2. 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?

The Partial Settlement Agreement addressed nearly all of Issue 4.b, including the form of an updated NDA, information-sharing with affected CCAs, and coordination of service, but PG&E and CalCCA did not resolve whether affected CCAs should be required to participate in a cyber-security and privacy risk assessment.

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[389] *See, e.g.*, Cal Advocates Limited Opening Brief at 38.

a. Privacy and Cyber-Security Risk Assessments

Given the highly confidential and commercially sensitive nature of the potential transmission-level customer information that will be provided to affected CCAs, PG&E has proposed that these CCAs work with PG&E on a cyber-security and privacy review.[390] These types of reviews are not new to CCAs. As PG&E demonstrated at the hearing, five CCAs have already undergone cyber-security reviews and three CCAs have undergone privacy reviews.[391] These reviews are not intrusive, generally involve answering a limited number of questions or providing information, and have been performed on thousands of entities that interact with PG&E.[392] Given the importance of cyber-security and privacy protections, the limited nature of these processes, and the number of CCAs who have already participated in these reviews, CalCCA's opposition to this proposal is surprising.

CalCCA opposes PG&E's proposal for three reasons. First, CalCCA argues that CCAs are government entities, not third-party vendors, and thus they should not have to go through a cyber-security or privacy review.[393] CalCCA also asserts that these reviews provide PG&E with "power" over "its competitors" and that PG&E is requiring "prompt remediation."[394] These concerns are overstated. Cyber-criminals do not distinguish between government entities and third-party vendors. Any entity can be subjected to a cyber-attack or risk the disclosure of private information. PG&E's reviews, which are not intrusive and have already been undertaken by a number of CCAs, are intended to assist a CCA in identifying cyber-security and privacy risks and to mitigate those risks. This does not give PG&E power over a CCA. Rather, it reflects the partnership between

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390 Ex. PGE-04 at 99, line 23 to 101, line 4.

391 Ex. PGE-11 at 3 (cyber-security reviews) and 6 (privacy reviews).

392 Ex. PGE-04 at 100, line 5 to 101, line 4.

393 CalCCA Initial Opening Brief at 23-24.

394 CalCCA Initial Opening Brief at 24.

PG&E and CCAs—jointly collaborating to prevent and mitigate cyber-security and privacy risks and protect the information of their shared customers. Notably, none of the CCAs who have undergone these reviews submitted testimony or declarations indicating that they felt these reviews gave PG&E "power" over them or that they should not need to have such a review because they were a governmental entity. As to the need for identified cyber-security risks to be promptly remediated, it is difficult to understand why a CCA would object to remediating a cyber-security risk that could endanger confidential customer information. Like PG&E, CCAs are strongly motivated to protect customer data, and thus it is unclear why a CCA would not want to promptly remediate a cyber-security risk.

Second, CalCCA argues that CCAs who have undergone cyber-security and privacy reviews in the past have done so voluntarily.[395] PG&E agrees that prior reviews were voluntary, but this is beside the point. The key issue in this proceeding is that CCAs receiving transmission-level customer information have in place adequate cyber-security and privacy protections. Whether past reviews were voluntary is irrelevant to addressing PG&E's concern that transmission-level customer information is protected from cyber-security and privacy risks. CalCCA does not dispute that PG&E's cyber-security and privacy reviews will further that goal by providing CCAs with valuable feedback about cyber-security and privacy risks.

Finally, CalCCA argues that PG&E should not use cyber-security reviews and privacy reviews to delay CCA access to customer information.[396] However, as PG&E explained in Rebuttal Testimony, a cyber-security review typically takes 60 days to complete and can often be shorter[397] and a privacy review takes ten business days.[398]

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[395] CalCCA Initial Opening Brief at 24-25.

[396] CalCCA Initial Opening Brief at 25-26.

[397] Ex. PGE-04 at 100, lines 20-22.

[398] Ex. PGE-04 at 101, lines 2-4.

CCAs could start that process now, before a decision is issued, or even when a proposed decision is issued, and complete the process before or sooner after a final Commission decision in this proceeding. Thus, there should be little concern about delay. Moreover, a number of CCAs have already gone through cyber-security and privacy reviews and these CCAs will not need to repeat the process.[399]

E. Issue 5: Accounting and operational reporting process:

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

The Partial Settlement Agreement resolves Issue 5.a.

2. 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?

Cal Advocates opposes PG&E's proposal to provide interest on advances and actual cost payments.[400] Cal Advocates initially argues that paying interest "deviates from common practice of providing refunds without interest."[401] This is not entirely correct as FERC precedent and the CAISO tariff require that interest be paid for upfront funding provided by generators for transmission network upgrades.[402] Moreover, transmission-level customers are not differentiated from residential and small commercial customers because transmission-level customers will provide tens of millions of dollars in upfront funding for Facility Types 1-3. Given the size of this upfront payment to finance construction essentially as a loan, it is entirely reasonable to pay interest on these upfront payments.[403] The interest rate proposed by PG&E (*i.e.*, the commercial paper

[399] Tr. Vol 3 at 333, line 23 to 334, line 3 (PG&E, Gutierrez).

[400] Cal Advocates Initial Opening Brief at 51-52.

[401] Cal Advocates Initial Opening Brief at 51.

[402] PG&E Initial Opening Brief at 76.

[403] PG&E Initial Opening Brief at 76.

rate) is quite low and likely less than financing rates paid by the transmission-level customer. Thus, there should be no concern that PG&E is overpaying interest.

Cal Advocates also asserts that a Memorandum Account is unnecessary to track interest payments.[404] Cal Advocates does not dispute the reason that PG&E needs a memorandum account (*i.e.*, no ratemaking process currently exists for interest payments at the CPUC).[405] Nor does Cal Advocates dispute that the Commission routinely sets up Memorandum Accounts to track costs and that a Memorandum Account would provide substantial transparency as to the interest being paid by PG&E and would be subject to Commission review before being included in rates. Instead, Cal Advocates relies on a 2008 decision (*i.e.* D.08-03-020) and asserts that four conditions identified in that decision must be met to establish a memorandum account.[406] There are several flaws with Cal Advocates' argument.

First, D.08-03-020 relies solely on an earlier Resolution addressing memorandum accounts for water utilities.[407] However, D.08-03-020 did not state that the conditions specified were the only basis for establishing a memorandum account or that all of these conditions needed to be satisfied. Rather, the Commission has repeatedly considered and endorsed other reasons for establishing memorandum accounts that have nothing to do with the four conditions identified in D.08-03-020. For example, in D.03-05-076, a decision involving electric utilities, the Commission authorized a memorandum account for Southern California Edison Company ("SCE") to address potential retroactive ratemaking issues resulting for a mismatch between when costs are incurred and when they are recovered. As the Commission explained, it has a "long-standing practice of

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404 Cal Advocates Initial Opening Brief at 52-53.

405 Ex. PGE-01 at 58, lines 10-14.

406 Cal Advocates Initial Opening Brief at 52, citing D.08-03-020.

407 D.08-03-020 at 19 (citing Resolution W-4276).

establishing memorandum accounts to avoid retroactive ratemaking" and then quoted D.92-03-094:

> It is a well-established tenet of the Commission that ratemaking is done on a prospective basis. The Commission's practice is not to authorize increased utility rates to account for *previously* incurred expenses, unless, before the utility incurs those expenses, the Commission has authorized the utility to book those expenses into a memorandum account or balancing account for possible future recovery in rates. This practice is consistent with the rule against retroactive ratemaking.[408]

In this case, to the extent PG&E makes interest payments to transmission-level customers, these payments will not be included in PG&E's General Rate Case or other ratemaking mechanism. Nor can these types of interest payments be readily forecasted. To avoid retroactive ratemaking, in this circumstance it is appropriate to establish a memorandum account to track these costs and provide PG&E with the opportunity to seek recovery.

Second, even if the D.08-03-020 criteria was the sole basis for establishing a memorandum account—which it is not—a utility is not required to show that all of the criteria has been met. As an initial matter, in more recent decisions, the D.08-03-020 criteria has been expanded to include five elements.[409] In D.25-08-008, the Commission approved a new memorandum account to track costs related to PG&E's billing modernization initiative. In that decision, the Commission identified five criteria from Standard Practice U-27-W (expanding the four criteria in D.08-03-020) and stated that while it often (although not exclusively) uses these criteria, "we nonetheless have discretion to approve a memorandum account that meet some or all of the criteria."[410] In that decision, the Commission found that 3 of the 5 criteria were met and that this was

[408] D.03-05-076 at 6, quoting D.92-03-094.

[409] D.25-08-008 at 4.

[410] D.25-08-008 at 4.

sufficient to establish a memorandum account. In this case, 3 of the 5 criteria are readily met. The significant increases in transmission-level customer interconnection requests started in 2023, after PG&E's 2023 GRC (Criteria #2), costs will occur over time as projects are completed and thus may occur before PG&E's next rate case (Criteria #3), and there are ratepayer benefits both in terms of the transparency resulting from the use of a memorandum account and the overall ratepayer benefits of Electric Rule 30 (Criteria #5). Given that the request here satisfies 3 of the Commission-identified criteria in Standard Practice U-27-W, PG&E's request should be granted.

3. 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?

No party other than PG&E substantively addresses Issue 5.c in initial opening briefs.[411]

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

Cal Advocates' initial opening brief includes a paragraph on Issue 5.d that repeats its arguments about interest and PG&E's proposed memorandum account. Those issues are addressed above in Section III.E.2. Other than Cal Advocates, only PG&E addressed Issues 5.d in opening briefs.

[411] Cal Advocates referred to its discussion of Issue 5.b but did not provide any additional substantive discussion. *See* Cal Advocates Initial Opening Brief at 53.

F. Issue 6 – Implementation: Should PG&E be directed to file a Tier 1 AL 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, TURN, and PG&E were the only parties that addressed Issue 6. Cal Advocates proposes a schedule that would require PG&E to submit a Tier 1 advice letter within 45 days of a Commission decision but also includes interim meet and confer steps between PG&E and the parties before the tier 1 advice letter is filed.[412] PG&E appreciates Cal Advocates' proposal for a process leading up to the filing of a Tier 1 advice letter and supports Cal Advocates' recommended schedule.

TURN proposes a tier 2 advice letter for filing revised Electric Rule 30 and the form agreement to provide parties "the opportunity to protest if they believe PG&E's implementation of the final decision is inconsistent."[413] Cal Advocates' proposal for a meet and confer process should address TURN's concerns as parties will have an opportunity to review and provide feedback on the revised Electric Rule 30 and form agreement before PG&E submits its Tier 1 advice letter. Moreover, parties can protest Tier 1 advice letters so if parties do have any concerns after the meet and confer process, they will retain their due process rights to protest the Tier 1 advice letter.

This process is appropriate for all issues within Electric Rule 30, including the minimum demand charge.

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[412] Cal Advocates Initial Opening Brief at 54.

[413] TURN Initial Opening Brief at 40.

IV. CONCLUSION

For the reasons stated in PG&E's initial and limited opening briefs and this reply brief, the Commission should expeditiously adopt Electric Rule 30 and the recommendations provided with PG&E's briefs pursuant to Commission Rule of Practice and Procedure 13.12.

Respectfully Submitted,

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Attachment A
Comparison of PG&E and Cal Advocates Proposed Language

In its initial opening brief, Cal Advocates recognized that PG&E removed language regarding sole discretion from Electric Rule 30 but argued that PG&E had not removed similar language in provisions addressing pre-funding loans, the Applicant Build Option, Contributions, and determining standard facilities.[414] The table below compares language in the red-line version of PG&E's revised Electric Rule 30 (Ex. PGE-04, Attachment B) to language in Cal Advocates' proposed Electric Rules 30 red-lines (Ex. CalAdv-02, Appendix B-1.1) for the four areas identified by Cal Advocates. In some cases, PG&E agrees with the language proposed by Cal Advocates. In other cases, PG&E demonstrates why Cal Advocates' proposed language is unreasonable.

	Rule 30 Section	PG&E Proposed Language	Cal Advocates Proposed Language	Discussion
Standard Facilities				
1	Rule 30.A.1.e	Not Applicable	Cal Advocates proposed a definition of "Standard Facilities"	PG&E does not oppose the definition of Standard Facilities proposed by Cal Advocates
2	Rule 30.A.1.e.1	Not Applicable	Cal Advocates proposed a provision for "Temporary Service Facilities"	Cal Advocates' proposed provision is not necessary and could create confusion. Temporary Facilities are addressed in Electric Rule 13, as Cal Advocates acknowledges. The

[414] Cal Advocates Initial Opening Brief at 11.

	Rule 30 Section	PG&E Proposed Language	Cal Advocates Proposed Language	Discussion
				Commission should not approve replicating Electric Rule 13 provisions in Electric Rule 30 for no reason. Temporary service issues should be addressed in Electric Rule 13.
3	Rule 30.A.1.e.2	Not Applicable	Cal Advocates proposed an "Additional Capacity Requests" provision related to Cal Advocates' minimum demand charge proposal	This provision does not concern standard facilities but instead concerns Cal Advocates' minimum demand charge proposal for setting the "Maximum Demand." For the reasons stated in PG&E's initial opening, limited opening, and reply briefs, Cal Advocates' minimum demand charge proposal should be rejected.
Contributions				
4	Rule 30.C.3.b	PG&E proposed identical language to Cal Advocates regarding PG&E accepting contributions that cost less than what PG&E would pay but PG&E added language that Contributions may be rejected if "reasonable circumstances exist to reject the Contribution."	Cal Advocates proposed language identical to PG&E except for the language that Contributions may be rejected if "reasonable circumstances exist to reject the Contribution."	Cal Advocates' proposal would mandate that PG&E accept Contributions that are lower in cost without any consideration for safety, reliability or other factors. For example, under Cal Advocates' proposal, PG&E would be required to accept as a Contribution a piece of equipment that cost less than PG&E could purchase the equipment for even if the proposed Contribution came from a manufacturer with a history of know defects and equipment failures. Cal Advocates' proposal would require PG&E to accept equipment from a

	Rule 30 Section	PG&E Proposed Language	Cal Advocates Proposed Language	Discussion
				manufacturer with a known history of defects that could potentially create significant safety risks to PG&E employees and the public. Moreover, Cal Advocates would require PG&E to accept an equipment contribution even if the equipment was known to fail often and thus would require substantial resources and costs to repair frequently. Cal Advocates' narrow focus on cost, regardless of other circumstances, will likely create safety risks and ultimately increase customer costs. The language proposed by PG&E is a reasonable provision that emphasizes cost while also recognizing that there may be circumstances under which a Contribution is rejected.
Applicant Build				
5	Rule 30.E.1.b and 1.c	PG&E proposed language regarding customers electing to self-build complying with the same legal requirements that would apply to PG&E and that equipment and materials meet the same design standard.	Cal Advocates proposed revisions are substantively the same and appear to be more in the nature of wordsmithing.	Cal Advocates' proposed revisions are acceptable to PG&E.
6	Rule 30.E.7.d	This provision requires the customer to use a list of preferred contractors provided by PG&E	Cal Advocates proposed deleting this provision	PG&E has extensive experience dealing with electrical contractors throughout Northern and Central

	Rule 30 Section	PG&E Proposed Language	Cal Advocates Proposed Language	Discussion
				California and has developed a list of approved contractors based on factors including safety, work performance, and timeliness. Cal Advocates' proposal would essentially allow a customer to select a low cost contractor even if the contractor had a known history of safety violations, poor workmanship, or unreasonable delays. Cal Advocates' narrow focus on eliminating PG&E discretion may well result in safety issues both during and after construction and substantial long-term costs for repair and maintenance of poor workmanship.
7	Rule 30.E.11.b	PG&E proposed identical language to Cal Advocates but PG&E added language that applicant build proposals may be rejected if "reasonable circumstances exist to reject the Applicant Build Option."	Cal Advocates proposed language identical to PG&E except for the language that an applicant build option may be rejected if "reasonable circumstances exist to reject the Applicant Build Option."	Similar to Contributions described in line 4 above, Cal Advocates' proposed language allows no leeway for rejecting an applicant build option proposal even if such a proposal could create safety risks or risk in substantial costs due to workmanship and quality.
Prefunding Loan				
8	Rule 30.F.5	PG&E's proposed language allows for pre-funding loans at PG&E's sole discretion.	Cal Advocates proposes Commission approval before a pre-funding load occurs.	Cal Advocates' proposal for Commission approval of pre-funding loans is addressed in Section III.C.10 of PG&E's initial opening brief.