

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



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

Application 24-11-007
(Filed November 21, 2024)

REPLY BRIEF OF THE UTILITY REFORM NETWORK



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SUMMARY OF RECOMMENDATIONS

Policy Actions to Protect Existing Ratepayers

- Include a Finding of Fact in the final decision that Rule 30 is not a rate design tariff or rate schedule.
- Include a Conclusion of Law in the final decision that Rule 30 must be paired with an appropriate rate design tariff or rate schedule designed for data centers/large load customers, once adopted, in order to ensure that costs of service are reasonably allocated among all ratepayers.
- Confirm that the Commission will expeditiously consider the creation of a large-load customer tariff or data center rate class in the Advanced Electric Rate Design Rulemaking (R.26-04-009) and that Rule 30 data center customers will be required to shift to the appropriate rate schedule and/or tariff once approved by the Commission.
- Mandate reporting that includes: a biannual report on PG&E's queue of transmission-level service applications, and an annual report on interconnected transmission-level service customers' actual interconnection costs, revenues and refunds.

Modifications to Rule 30 Interconnection Requirements

- 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.
- The Commission should find it reasonable to impose an additional financing requirement on large-load, transmission-level Rule 30 customers to reflect the costs of Transmission Network Upgrades (Type 4) they drive and accelerate.
 - Require Rule 30 customers to finance Transmission Network Upgrade costs upfront, with refunds tied to actual net transmission revenues using Cal Advocates' modified BARC methodology.
 - Adopt TURN's refundable load Development fee of \$667 per kW as a reasonable and straightforward way to require a contribution for Transmission Network Upgrade costs from Rule 30 customers with loads of 25 MW or higher.
 - Do not adopt PG&E's Customer Responsibility Proposal as proposed because it inadequately protects existing ratepayers from cost shifting, stranded costs, and revenue shortfalls associated with very large transmission-level customers (including data centers). If the Commission adopts any version of PG&E's Customer Responsibility Proposal, require at a minimum:
 - a broader definition of "Incremental Transmission Network Upgrades" that allocates preliminary capacity upgrades and independent network upgrades to transmission-level customers;
 - an extension of the Type 4 refund period from five years to at least fifteen years;

- calculation of Type 4 advances based on actual (not estimated) costs with true-ups.
- Require inclusion of 4-hour battery storage capacity or other behind the grid clean energy capacity equal to 50% of their projected load and demand response participation for Rule 30 customers with >70 percent load factors to mitigate system strain and the costs of potential reliability investments to support load fluctuation. This storage capacity should be dispatchable by PG&E and may be refunded along with interconnection costs under the corrected BARC process.
- For the applicant build option, adopt lower-of-cost accounting so rate base additions reflect the lesser of PG&E's or the developer's actual cost to build.
- Adopt a Minimum Demand Charge as proposed in PG&E's supplemental testimony but base it on a fixed (standardized) load ramp rather than a customer-negotiated lamp ramp to strengthen protections against stranded costs and revenue shortfalls.

Modifications to Refund Calculation

- Reject PG&E's BARC-based refund formula, which overstates benefits and enables refunds greater than the net revenue provided by the Rule 30 customer. Adopt Cal Advocates' proposed BARC modification to ensure refunds never exceed verified net revenues.
- If the Commission determines not to adopt Cal Advocate' proposed revenue cap modification to PG&E's proposed BARC calculation method, the Commission should adopt a maximum refund amount of 75% as the Commission has proposed in Draft Resolution E-5420.

Pre-funding Loans for Transmission Network Upgrades

- Direct PG&E to track any interest savings relative to its authorized cost of debt associated with prefunding loan financing and refund it on an annual basis to ratepayers through PG&E's Annual Electric True-up (AET) filing. If pre-funding loans either individually or on aggregate result in higher interests, these costs should not be recovered from ratepayers.

**REPLY BRIEF OF THE UTILITY REFORM NETWORK ADDRESSING
APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) FOR
APPROVAL OF ELECTRIC RULE NO. 30 FOR TRANSMISSION-LEVEL RETAIL
ELECTRIC SERVICE**

I. INTRODUCTION AND EXECUTIVE SUMMARY

Pursuant to Rule 13.12 of the Commission’s Rules of Practice and Procedure, The Utility Reform Network (TURN) respectfully submits this Reply Brief responding to Pacific Gas and Electric Company’s (PG&E) Application A.24-11-007 seeking approval of its proposed Electric Rule 30 (Rule 30), and associated agreements. In addition to the issues addressed in TURN’s Opening Brief, pursuant to ALJ Toy’s Rulings issued January 9, 2026 and February 17, 2026, this Reply Brief addresses parties’ Limited Opening and Rebuttal Testimonies, submitted March 13, 2026 and April 8, 2026 respectively (providing additional information on questions related to cost allocation), PG&E’s Supplemental Testimony submitted February 13, 2016 (Ex. PGE-18), and parties’ Opening Briefs filed October 24, 2026 and Limited Opening Briefs filed May 8, 2026. TURN responds to the original Opening Briefs of Pacific Gas & Electric (PG&E), the California Large Energy Consumers Association (CLECA), and the Public Advocates Office (Cal Advocates) and the Limited Opening Briefs of these parties and Sierra Club and the Natural Resources Defense Council (NRDC). TURN’s Opening Brief and Limited Opening Brief addressed the majority of the issues raised in this proceeding and many of the parties’ arguments. TURN does not repeat these arguments in this Reply Brief and directs the Commission to its Opening Briefs for a variety of issues. This Reply Brief focuses on new issues and arguments raised in parties’ Opening Briefs and Limited Opening Briefs.

TURN’s testimonies and Opening Briefs demonstrates that prospective Rule 30 customers have uncommonly large loads, are geographically concentrated, and rapidly expanding, with projected load growth exceeding 4 GW by 2029,¹ which creates significant stranded cost and rate impact risks for existing PG&E customers. As proposed, Rule 30 does not

¹ A. 24-11-007, Application Of Pacific Gas And Electric Company (U 39 E) For Approval Of Electric Rule No. 30 For Transmission-Level Retail Electric Service, p. 5. “In 2023 and 2024, PG&E received 34 applications for transmission-level interconnections with an estimated total load of 4,400 MW.” & “Approximately 67% of the applications for new transmission-level retail service are from data centers.”

protect existing customers from substantial cost-shifts from these new large transmission-level customers, particularly data centers. Accordingly, TURN provides recommended modifications to Rule 30, which are generally consistent with the recommendations provided in its Opening Brief. Many of the ratepayer protections TURN proposes in this proceeding, particularly the demand response program participation and battery storage requirements, could be addressed in the data center rate tariff once created.

A key issue in this proceeding is the allocation of Transmission Network Upgrades (Facility Type 4 “Type 4”) for large load customers under Rule 30, and this Reply Brief focuses on this issue, see Sections III.C.1 & III.C.4 below. The Commission should find it reasonable to impose an additional financing requirement on large load, transmission level Rule 30 customers to reflect the costs of Transmission Network Upgrades (Type 4) they drive and accelerate.

TURN’s recommendations regarding Type 4 cost allocation are:

- Require Rule 30 customers to finance Transmission Network Upgrade costs upfront, with refunds tied to actual net transmission revenues using Cal Advocates’ modified BARC methodology.
- Adopt TURN’s refundable load Development fee of \$667 per kW as a reasonable and straightforward way to require a contribution for Transmission Network Upgrade costs from Rule 30 customers with loads of 25 MW or higher.
- Do not adopt PG&E’s Customer Responsibility Proposal as proposed because it inadequately protects existing ratepayers from cost shifting, stranded costs, and revenue shortfalls associated with very large transmission-level customers (including data centers). If the Commission adopts any version of PG&E’s Customer Responsibility Proposal, require at a minimum:
 - a broader definition of “Incremental Transmission Network Upgrades” that allocates preliminary capacity upgrades and independent network upgrades to transmission-level customers;
 - an extension of the Type 4 refund period from five years to at least fifteen years;
 - calculation of Type 4 advances based on actual (not estimated) costs with true-ups.

As both Cal Advocates and Sierra Club recommend, an interim load-based fee is necessary for Type 4 costs to prevent cost shifting while the Commission develops a more comprehensive framework for identifying and allocating these costs.² TURN’s refundable load

² Cal Advocates Limited Opening Brief, May 8, 2026, p. 23-25; Sierra Club Limited Opening Brief, May 8, 2026, p. 14-16.

development fee proposal strikes a reasonable balance between precision and practicality. It assigns an upfront, refundable charge based on system-average costs, and ties refunds to actual system performance through the modified BARC framework. This approach ensures that customers who ultimately provide net benefits are repaid, while protecting existing ratepayers from subsidizing speculative or underperforming loads. By contrast, PG&E's primary proposal—to require no upfront contribution for Type 4 costs—exposes ratepayers to significant financial risk. As Sierra Club emphasizes, failure to assign Type 4 costs to the customers that drive them would result in broad socialization of substantial infrastructure investments and exacerbate affordability concerns for other ratepayers.³

PG&E's criticisms of TURN's load development fee proposal do not address TURN's central argument. The relevant question is not whether TURN's proposal is a perfect measure of cost causation. It is whether, in the face of significant uncertainty and substantial potential costs, the Commission should require large transmission-level customers to bear some upfront responsibility for the infrastructure investments they drive.

II. BACKGROUND

A. Factual & Procedural Background

TURN addressed the factual and procedural background in its original Opening Brief filed October 24, 2025. TURN adds that Resolution E-5420 was approved by the Commission on October 30, 2025 and all of the subsequent interim Rule 30 Resolutions (E-5433 & E-5439) have implemented the same annual refund limitation which TURN addresses below.

1. Resolution E-5420 Finds that the Novel Risks Presented by Large Load Customer Interconnections Necessitate Additional Safeguards for Existing Customers

As addressed in TURN's Opening Brief, the Commission resolved an Advice Letter exceptional case submittal for a 90 megawatt data center for customer STACK Infrastructure with an estimated cost for the required facilities of \$85.9 million. At the time of filing Opening

³ Sierra Club Limited Opening Brief, pp. 2-3.

Briefs, the Commission had issued a draft Resolution, which was voted out at the October 30, 2025 CPUC Voting Meeting.⁴ Importantly, despite opposition from PG&E and STACK, the final version of the Resolution retains the limitation on annual refunds for energization costs to 75 percent of the actual net revenues received from STACK. The Commission states, “we find it reasonable for 25 percent of STACK’s net revenue to be held back 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.”⁵

Resolution E-5420 also retains the following findings:

“2. The scale of required upgrades for large load customers seeking transmission-level energization is much larger than would be typical for a distribution-level customer, and these customers present novel risks of substantial stranded costs.”

7. Differences in electric rates and the scale and type of energization costs for large load transmission-level customers justify additional safeguards to protect general ratepayers from assuming the risk of energizing these customers.

8. Given differences in electric rates and the scale and type of energization costs for large load transmission-level customers, it is reasonable to limit refunds for energization costs to 75 percent of the actual net revenues received from these customers.”⁶

While Resolution E-5420 states that the findings and conclusions in this Resolution should “not prejudice the ongoing deliberation in the Rule 30 proceeding”, the evaluation of these issues in the Resolution are relevant to the Commission’s deliberation in this proceeding. Particularly, the Commission’s focus on the novel risks presented by these very large load customers and the need for safeguards to protect existing ratepayers.

⁴ Resolution E-5420, pp. 17-18.

⁵ *Id.* at p. 11.

⁶ *Id.* at pp. 13-14.

III. DISCUSSION

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

1. **Electric Rule 30 as Proposed is Likely to Result in Unjust and Unreasonable Costs for Existing Ratepayers**

TURN's Opening Brief addresses the risk of cost shifting to non-participating ratepayers—even other large industrial customers posed by PG&E's Rule 30 proposal in detail.⁷ Both CLECA and Cal Advocates⁸ note similar concerns, though CLECA focuses on the risks posed by data centers.⁹ TURN and Cal Advocates' Briefs also recommend changes to certain provisions in Rule 30 to mitigate these risks enough for the Commission to authorize Rule 30 consistent with its obligations under P.U. Code Section 451.¹⁰ However, the Commission must still take steps to identify and evaluate all the costs associated with data center interconnections and service and develop the correct rate tariff for these customers. TURN urges the Commission to address a rate tariff for data centers expeditiously in the new Rate Design Rulemaking.

2. **PG&E's Bill-Impact Showing Is Incomplete and Highly Sensitive to Assumptions**

One of PG&E's key arguments in favor of its Rule 30 proposal is that adding new retail transmission-level load will spread fixed costs and thereby reduce bills for existing customers.¹¹ TURN addressed important caveats regarding PG&E's bill-savings estimates in its Opening Brief,¹² and PG&E's later testimony only underscores how contingent and incomplete those estimates are. PG&E continues to likely overstate the magnitude and likelihood of bill reductions from Electric Rule 30 while understating the risks to existing customers. As the record demonstrates, PG&E's bill-impact analysis: (1) evaluates only the transmission component of

⁷ TURN Opening Brief, October 24, 2025, p. 9.

⁸ Cal Advocates Opening Brief, October 24, 2025, p. 5 & 15-16.

⁹ CLECA Opening Brief, October 24, 2025, pp. 2, 4-5.

¹⁰ See TURN's Summary of Recommendations above. See also Cal Advocates Opening Brief & Limited Opening Brief Summary of Recommendations.

¹¹ PG&E Opening Brief, October 24, 2025, pp. 31-32.

¹² TURN Opening Brief, pp. 17-19.

rates, not total bills; (2) depends on assumptions about interconnection costs and customer load realization that PG&E itself acknowledges are uncertain.

TURN showed that PG&E's bill-impact analysis confines alleged "savings" to the transmission line item, even though transmission is only one portion of a customer's total bill and generation is a much larger share.¹³ PG&E's rebuttal testimony confirms that broader generation and reliability impacts are not addressed in this proceeding and are instead being deferred to another forum.¹⁴ If PG&E has not analyzed whether large new transmission-level loads will increase total system costs outside the transmission revenue requirement, then its claimed residential "savings" cannot reasonably be treated as a showing of overall bill reductions for existing customers.

Using PG&E's own workpapers for its bill savings estimates, TURN demonstrated that increasing assumed Transmission Network Upgrade or Type 4 costs from \$50 million to \$120 million turns PG&E's illustrative \$4.71 residential ten-year "savings" into a \$4.86 increase for existing ratepayers; and even using \$113 million as an estimate for Type 4 costs (the highest value in PG&E's original six-project sample) the existing ratepayer bill savings result remains negative.¹⁵ PG&E now points to more recent project examples in which no customer-specific Facility Type 4 costs were identified and argues that the earlier \$50 million assumption may overstate costs in some instances.¹⁶ TURN addressed the flaws with PG&E's revised Type 4 costs in detail in its Limited Opening Brief.¹⁷ Even if PG&E's flawed Type 4 costs are accepted, all the revised bill savings show is merely that costs are highly project-specific and that PG&E's own record contains a wide range of outcomes—from zero in some instances to very large upgrade costs in others. A policy affecting all future Rule 30 customers cannot be judged on an optimistic subset of examples with a very limited interpretation of incremental Type 4 costs. PG&E also acknowledges that transmission planning conditions, project scopes, and customer clustering are dynamic. At most, PG&E's Limited Testimony confirms TURN's central point,

¹³ Ex. TURN-01E, pp. 15-16. See also TURN Opening Brief, pp. 13-16.

¹⁴ Ex. PGE-20, pp. 13-14.

¹⁵ TURN Opening Brief, October 24, 2025, pp. 17-18.

¹⁶ Ex. PGE-20, p. 12, lines 17-19.

¹⁷ TURN Limited Opening Brief, pp. 8-10.

any claimed customer “savings” are highly sensitive to uncertain assumptions and therefore should not be relied upon as a basis to expose existing ratepayers to unbounded risk.

TURN, Cal Advocates, and Sierra Club all identify plausible and documented pathways by which very large data-center clusters can raise costs that PG&E excludes from its transmission-only bill savings. Cal Advocates explains that transmission-level loads can do more than merely accelerate already-planned projects; they can increase the scope, voltage level, and cost of upgrades, and can impose real timing-related costs on ratepayers even where some upgrade might eventually have been needed.¹⁸ Sierra Club similarly shows that PG&E’s narrow conception of customer-caused Type 4 costs risks excluding upgrades that data centers materially drive, especially where those upgrades later appear in a CAISO planning cycle or also benefit other load.¹⁹ Sierra Club also notes that transmission project cost overruns are common and can be substantial, so any framework based only on preliminary estimates can leave ratepayers exposed if actual costs materially exceed initial assumptions.²⁰ These showings reinforce TURN’s point, the relevant question is not whether data centers are the sole cause of all future transmission or resource needs, but whether the Commission should approve a tariff based on speculative customer benefits without a complete accounting of the incremental costs such customers can trigger, accelerate, or magnify.

Cal Advocates aptly describes the risk as asymmetrical, noting large loads can increase the scope and timing of costly upgrades immediately, while the corresponding revenues remain uncertain and may never fully materialize.²¹ This supports TURN’s position that uncertainty around costs and revenues should translate into stronger customer protections, not acceptance of PG&E’s bill savings claims at face value.

3. PG&E’s “Protections” for Existing Customers Are Insufficient

PG&E’s limited Opening Brief discusses the BARC formula and “multiple additional protections for existing ratepayers, including actual-cost billing, a minimum demand charge, and

¹⁸ Ex. Cal Advocates-22, p. 9: 9-21, p. 10: 1-14.

¹⁹ Ex. SC-02, p. 2, lines 14-31, p. 3, lines 1-19.

²⁰ Ex. SC-02, p. 4, lines 3-20.

²¹ Ex. Cal Advocates-22, p. 10, lines 5:14.

an early termination fee.”²² TURN briefly addresses the utility of PG&E’s minimum demand charge and early termination fee proposals as protections for existing ratepayers here.

TURN addressed PG&E’s revised minimum demand charge in detail in its Limited Opening Brief.²³ The minimum demand charge is intended to protect ratepayers from the risk that large transmission-level customers—principally data centers—will not achieve projected load levels or will ramp load more slowly than assumed, resulting in insufficient revenues to offset the transmission infrastructure costs incurred to serve them.²⁴ While PG&E’s revised minimum demand charge is an improvement on its initial proposal, it should be modified to include a fixed load ramp for the purposes of calculating the minimum demand charge, rather than a customer-negotiated load ramp. This approach provides stronger protections for existing ratepayers against both stranded costs and revenue shortfalls from Rule 30 customers.

Regarding early termination fees, PG&E’s proposed fee, which is limited to undepreciated Facility Types 1–3 costs, fails to make ratepayers whole if customers depart or materially under-perform after triggering broader system costs, including Type 4 upgrades. TURN supports a stronger early-termination framework that recovers the remaining projected incremental revenues (discounted) if the customer departs the system before 15 years, consistent with Cal Advocates’ recommendation.²⁵

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

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?

The Commission has jurisdiction to regulate Rule 30 as the customers interconnecting under the Rule are retail customers. As Cal Advocates notes, “the Commission should consider all *intrastate* interconnections and facilities to be within its jurisdiction that facilitate

²² PG&E Limited Opening Brief, p. 53.

²³ TURN Limited Opening Brief, pp. 17-18.

²⁴ Ex. Cal Advocates-23, pp. 26-27.

²⁵ Ex. Cal Advocates Opening Brief, October 24, 2025, p. 46.

transmissions and sales within California.”²⁶ This is because Section 201(a)-(b) of the Federal Power Act (FPA) limits FERC jurisdiction to the regulation of “the transmission of electric energy in *interstate* commerce and to the sale of electricity at wholesale in interstate commerce.”²⁷ The FPA also states that unless expressly provided, FERC may not regulate “facilities used in local distribution or only for the transmission of electric energy in intrastate commerce, or over facilities for the transmission of electric energy consumed wholly by the transmitter.”²⁸

PG&E’s claims regarding the Commission’s limited jurisdiction should be investigated. PG&E appears to be invoking federal preemption here because the infrastructure upgrades and additions involve transmission, but their reasoning is flawed. Under Rule 30, large load customers take power at transmission voltage, but their purchases remain retail sales, which is cleanly within the CPUC’s jurisdiction. While the state cannot disregard costs embedded in FERC-approved wholesale or transmission tariffs, *the Supreme Court has affirmed that* distribution and retail ratemaking are state functions.²⁹

Further, other states, including Oregon and Ohio have passed legislation directing their respective state’s Public Utilities Commissions to regulate cost allocation and cost responsibility for “retail electricity consumers that are large energy use facilities”.³⁰ In regard to Rule 30, the CPUC has authority over the upfront cost recovery, refunds and ratepayer protections. The CPUC’s broad authority to ensure just and reasonable retail rates warrants Commission oversight of Rule 30 refund structures, accounting, and rate recovery.³¹

Regarding Transmission Network Upgrades (Type 4), PG&E argues that FERC has sole jurisdictional authority over them.³² It is notable that the cases PG&E cites in support all address

²⁶ Cal Advocates Opening Brief, p. 13.

²⁷ Federal Power Act, §201(b), 16 U.S.C. § 824(b) (2020) (emphasis added).

²⁸ Federal Power Act, §201(b), 16 U.S.C. § 824(b) (2020) (emphasis added).

²⁹ *Entergy Louisiana, Inc. v. LA PSC*, 539 U.S. 39, 47-49; 50-52 (2003).

³⁰ Ex. PG&E-13, Oregon House Bill 3546, Section 2(2)(a) & (c).

³¹ P.U. Code Section 451.

³² PG&E Limited Opening Brief, pp. 13-14.

generator interconnections, not retail customer connections.³³ Regardless, these cases do not preempt state jurisdiction over retail ratemaking. PG&E also argues a “lack of precedent among other states for any sort of policy or regulation that would require customers to provide upfront funding for transmission network upgrades.”³⁴ The current scale of data center interconnections in the United States is also unprecedented and just because the record does not have an example of another state requiring upfront funding for Type 4 costs does not mean other states are not considering such a mechanism. Further, below in Section III.C.4 TURN notes Pennsylvania recently adopted a large load tariff that requires large load customers (defined as 50 MW or larger) to pay for transmission network upgrades service “that would not have been made but for the interconnection of these customers.”³⁵ This tariff was just approved at the end of April, highlighting the evolving nature of the regulatory landscape for large load interconnections.

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

After reviewing PG&E’s brief, TURN agrees with PG&E determination that Public Utilities Code Section 783 is not applicable to Rule 30 because PG&E is not proposing to amend existing service extension rules that were in effect as of January 1, 1982.³⁶ In this application, PG&E is proposing an entirely new rule because there are no existing service extension rule(s) specific for transmission-level customers.

C. Rates, Cost Causation, and Allocation

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

As addressed in TURN’s Opening Brief, PG&E proposes Rule 30 customers will pay upfront for Facility Types 1-3 upgrades and be refunded the costs as the customer’s load

³³ *Id.* at 13 (referencing *Paragould Light & Water Com. V. FERC*, (2025) 144 F.4th at 294; *Duke Energy Progress, LLC v. FERC*, 106 F.4th 1145, 1155 (D.C. Cir. 2024))

³⁴ *Id.*

³⁵ Pennsylvania Public Utility Commission, (Public Meeting held April 30, 2026) Docket Number M-2025-3054271, *Interconnection and Tariffs for Large Load Customers Final Order*, p. 42, available at <https://www.puc.pa.gov/pcdocs/1929842.pdf>. See also Ex. Cal Advocates 23 at 5, line 18, 6, lines 1-2, citing Pennsylvania Public Utilities Commission, *Tentative Order*, November 6, 2025, available at: <https://www.puc.pa.gov/pcdocs/1901687.pdf>.

³⁶ PG&E Opening Brief, p. 55.

materializes. TURN supports PG&E's proposal to have new Rule 30 customers pay upfront for Facility Types 1-3 costs upfront but recommends modifications to the refund methodology which is addressed in detail in TURN's Opening Brief and below in Section III.C.7.³⁷

a. The Commission Should Impose an Additional Financing Requirement on Most Rule 30 Customers to Reflect the Costs of Transmission Network Upgrades

For Facility Transmission Network Upgrades/Type 4 costs, PG&E proposes to allocate the costs to all of its ratepayers. As TURN addressed in detail in its Limited Opening Brief, this proposal is unreasonable and violated P.U. Code Section 451.³⁸ Facility Type 4 costs can be significant, and are often the most costly transmission system upgrade necessary to interconnect new large load customers. As TURN noted in its Opening Brief, one of the few data center customers PG&E shared actual cost data from had Facility Type 4 costs of \$113 million, with an average cost of \$50.88 million.³⁹ In later testimony, PG&E changed its approach to valuing incremental Type 4 costs and attempts to argue that for project past the PES Report stage, none had Type 4 costs "associated with these projects."⁴⁰ However, this is merely due to PG&E's revised attribution methodology, not from any showing that large transmission-level loads do not drive or accelerate transmission network upgrades.⁴¹ TURN addressed the flaws with PG&E's methodology in detail in its Limited Opening Brief, as did Cal Advocates.⁴² The effect of the changed attribution methodology is that PG&E does not count as attributable to a Rule 30 customer any system upgrades *that in its opinion support future load growth* or any system

³⁷ See TURN Opening Brief, October 24, 2025, Section III.C.7, p. 34.

³⁸ TURN Limited Opening Brief, May 8, 2026, pp. 2-5.

³⁹ Ex. TURN-02, PG&E Response to Data Request CalAdvocates_002-Q005a, p. 2, see Project 1 in the table.

³² Ex. PGE-20E, Attachment B (TURN_004-Q001, Public Version)

⁴¹ See TURN Limited Opening Brief, May 8, 2026, pp. 8-9: "PG&E's updated data request response, which shows zero Facility Type 4 costs for four large load customers, explains that PG&E includes in the table of Facility Type 4 upgrades, costs "that are triggered by an individual Applicant or a cluster of Applicants, excluding any projects approved or proposed through the TPP or those intended to support broader future load growth." PG&E also notes that for two of the customers "the PES were conducted before facility type costs were delineated.'" (Referencing Ex. PGE-20E, Attachment B (TURN_004-Q001, Public Version)

⁴² TURN Limited Opening Brief, May 8, 2026, pp. 8-9; Cal Advocates Limited Opening Brief, May 8, 2026, p. 21.

upgrades included in the Transmission Planning Process (TPP).⁴³ The Commission should not find PG&E's new attribution approach compelling as it is misleading and seems to have been designed to support its position that all Type 4 costs should be socialized across all ratepayers.

The Commission should also reject PG&E's contention that hundreds of megawatts to several gigawatts of new load in relatively concentrated geographic areas merely "accelerate" transmission upgrades and therefore should be paid for by all customers. Cal Advocates showed that large transmission-level loads do not simply advance the timing of upgrades; they can increase the scope, scale, and cost of transmission investments beyond what organic load growth would require.⁴⁴ Cal Advocates also showed that even when load growth only advances timing, that timing shift still imposes real costs on ratepayers through earlier return on equity, depreciation, and lost capital deferral benefits.⁴⁵ Those are not trivial effects. They are costs caused or accelerated by the new large load and should be reflected in Rule 30's cost allocation framework.

PG&E's effort to attribute the "accelerated pace for new transmission development" primarily to statewide clean-energy policies does not seriously address record evidence regarding data center load. Cal Advocates cited the California Energy Commission's updated demand forecast showing that PG&E could see approximately 3.3 GW of new data center load by 2035, representing 12 to 17 percent of forecasted net load in PG&E's service area during peak hours and as much as 37 percent during off-peak hours.⁴⁶ Cal Advocates further showed that, during PG&E's forecasted peak load in 2035, incremental data center demand could represent 53 percent of total forecasted load growth from all sources, compared with about 26 percent for electric vehicles.⁴⁷ That evidence strongly supports the conclusion that data centers are expected to be a major driver of transmission needs on PG&E's system in the near future.

PG&E further argues that Transmission Network Upgrades may not be solely caused by a specific transmission-level customer and therefore it would be unreasonable to require a single

⁴³ Ex. PGE-20E, Attachment B (TURN_004-Q001, Public Version)

⁴⁴ Ex. Cal Advocates-23, pp. 3-5.

⁴⁵ Ex. Cal Advocates-23, pp. 20-21, 27-28.

⁴⁶ Ex. Cal Advocates-22, pp. 11-12.

⁴⁷ *Id.* at p. 12 & FN 36.

transmission-level customer to provide an Advance or Actual Cost Payment for upgrades planned to serve multiple entities, including existing and future customers.⁴⁸ But that framing ignores the basic cost-causation problem presented here. It is difficult to see how it is reasonable to allocate to all PG&E customers—including residential customers paying higher transmission rates than Rule 30 customers on the B-20T rate schedule⁴⁹—the costs of a transmission network upgrade materially accelerated by the addition of a new 90 MW data center or a cluster of similarly large, well-capitalized customers.⁵⁰ The fact that an upgrade may also provide incidental or future benefits to others does not justify assigning all of its costs to existing ratepayers.

PG&E also asserts that substation and switching facilities for transmission-level customers inherently provide systemwide reliability benefits, but it offers no quantified showing that such benefits are commensurate with the costs imposed by large loads.⁵¹ The record instead reflects credible reliability risks associated with large load, particularly data centers, including large, simultaneous voltage-sensitive load losses—reinforcing the need for tighter refund constraints and customer-side obligations (e.g., demand response participation and dispatchable storage for very high load-factor customers).⁵² PG&E’s generalized reliability claims also do not justify socializing Type 4 costs.

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?

See response to Issue 2.a above.

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

TURN does not specifically address this issue, see response to Issue 2.a above.

⁴⁸ Ex. PGE-04, p. 22.

⁴⁹ TURN Opening Brief, October 24, 2025, pp. 6-7.

⁵⁰ Ex. Cal Advocates-23, pp. 4-8; Ex. SC-02, pp. 2-4.

⁵¹ PG&E Opening Brief, pp. 40-41.

⁵² TURN Opening Brief, pp. 18-19.

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?

See TURN's Opening Brief Section III.C and Limited Opening Brief Section II.A which address this question at length. Below TURN addresses Transmission Network Upgrades/Type 4 cost allocation.

PG&E's Opening Brief and Limited Opening Brief present many justifications for its primary proposal for Facility Type 4 cost allocation, to socialize all of the Type 4 costs to all ratepayers. The Commission should not accept the challenges PG&E raises with allocating Type 4 costs as insurmountable. The record in this proceeding shows it is legally permissible and technically possible to allocation Type 4 costs to Rule 30 customers in a manner commensurate with the benefits of the Type 4 upgrades. The Commission should also investigate how other states are grappling with this issue since the record in this proceeding is limited regarding the specifics of other states Facility Type 4 cost allocations and the regulatory landscape is evolving to address the new influx of data center load.

For example, Pennsylvania recently adopted a large load tariff that requires large load customers (defined as 50 MW of larger) to pay for transmission network upgrades service "that would not have been made but for the interconnection of these customers."⁵³ The Pennsylvania Commission requires these payments to be made in the form of a Contribution In Aid of Construction (CIAC) and the only exception is "for any upgrades or additions that were already planned by the EDC pursuant to a Commission-approved Long-Term Infrastructure Improvement Plan (LTIIIP) before the Large Load Customer requested service."⁵⁴ The Commission noted this is a change from the general practice to socialize Type 4 costs, but that is has the jurisdiction to implement this change due to its "jurisdiction over interconnection for

⁵³ Pennsylvania Public Utility Commission, (Public Meeting held April 30, 2026) Docket Number M-2025-3054271, Interconnection and Tariffs for Large Load Customers Final Order, p. 42, available at <https://www.puc.pa.gov/pcdocs/1929842.pdf>. See also Ex. Cal Advocates 23 at 5, line 18, 6, lines 1-2, citing Pennsylvania Public Utilities Commission, Tentative Order, November 6, 2025, available at: <https://www.puc.pa.gov/pcdocs/1901687.pdf>;

⁵⁴ *Id.* at p. 42. TURN notes that CIAC are generally non-refundable and the Pennsylvania Large Load Tariff does not appear to require the CIAC imposed to be refundable.

retail customers within the Commonwealth, regardless of whether the interconnection is to the distribution or transmission system.”⁵⁵ The Pennsylvania Commission also addressed why this deviation from the general allocation practice is necessary:

Given the unprecedented nature of this load growth, we find that the Commission’s approach to cost allocation must adapt to shield ratepayers from socialization of costs that are properly attributed to Large Load Customers while protecting the Large Load Customer from paying for previously Commission-approved LTIIP planned improvements.⁵⁶

TURN agrees with NRDC and many other parties that an interim approach for allocating Type 4 costs is necessary now, but a stakeholder process to develop a detailed state-wide methodology building on proposals presented by parties in this proceeding is also necessary.⁵⁷ As TURN noted in its Limited Opening Brief,

The record presents several approaches for allocating Transmission Network Upgrade (“Type 4”) costs to transmission-level Rule 30 customers in a manner consistent with cost-causation principles and the Commission’s obligation to protect existing ratepayers. Both Cal Advocates and Sierra Club agree with TURN that large transmission-level customers—especially data centers—are disproportionate drivers and beneficiaries of these upgrades and therefore should bear a commensurate share of their costs.⁵⁸

TURN’s Limited Opening Brief discusses Sierra Club and Cal Advocates proposals briefly and PG&E’s two alternative options for Facility Type 4 cost allocation in detail.⁵⁹ The following sections address the shortcomings of PG&E’s Customer Responsibility Proposal, considerations for PG&E’s alternative recommendation to utilize the Resolution E-5420 refund approach permanently, and TURN’s Load Development Fee proposal.

⁵⁵ *Id.* at p. 41.

⁵⁶ *Id.* at pp. 42-43.

⁵⁷ NRDC Limited Opening Brief, p. 4.

⁵⁸ Ex. Cal Advocates-22, pp. 11-13; Ex. SC-01, Sierra Club Limited Opening Testimony, p. 1 & 8.

⁵⁹ TURN Limited Opening Brief, pp. 5-7 & 12-14.

a. PG&E's Customer Responsibility Proposal Requires Significant Modifications In Order to Provide Ratepayer Protections

PG&E's Customer Responsibility Proposal should not be adopted as proposed because it would not provide adequate protection against cost shifting to existing ratepayers. The proposal's central defect is that PG&E defines the category of directly allocable Type 4 costs (Incremental Transmission Network Upgrades "ITNU") so narrowly that the proposal would rarely assign meaningful responsibility to Rule 30 customers.⁶⁰ Any adoption of PG&E's framework must, at minimum, include three modifications: rejection of PG&E's narrow ITNU definition in favor of capacity-based allocation, extension of the refund period to at least fifteen years, and calculation of advances based on actual rather than estimated costs.⁶¹

First, the Commission should reject PG&E's narrow definition of "Incremental Transmission Network Upgrades." PG&E's proposed definition excludes "upgrades that have been approved by the CAISO through the TPP or are approved in a future TPP", and "upgrades that address load growth and other needs, such as electrification or reliability, generally and are not solely triggered by a transmission-level retail electric customer and/or a cluster of transmission-level retail electric customers".⁶² As Cal Advocates explains "the definition eliminates all or almost all projects from allocated TNU costs."⁶³ NRDC also addresses the practical limitations of PG&E's proposal, including that because most, if not all Type 4 upgrades must be in compliance with NERC Reliability Standards, "any Type 4 Facility could be argued to address system reliability, even if it largely addresses the impacts caused by a transmission-level customer."⁶⁴ Cal Advocates agrees, noting that based on the broad exclusions, PG&E eliminates virtually all TNUs that would be subject to an additional financing requirement.⁶⁵

PG&E's response, that most transmission upgrades are broadly beneficial and therefore properly recovered in rates, does not address the contention that Rule 30 loads can still be major

⁶⁰ TURN Opening Brief, p. 13.

⁶¹ TURN Opening Brief, May 8, 2026, pp. 12-14.

⁶² Cal Advocates Limited Opening Brief, p. 24, referencing Ex. PGE-19 at 6, lines 7-12.

⁶³ *Id.*

⁶⁴ NRDC Limited Opening Brief, pp. 11-12.

⁶⁵ Cal Advocates Limited Opening Brief, p. 24.

drivers and major beneficiaries of those same upgrades.⁶⁶ Sierra Club explains that PG&E's approach would allow a data center to avoid cost responsibility even where it is the clear primary driver of an upgrade, simply because some portion of the upgrade also benefits other load.⁶⁷ Cal Advocates likewise explains that shared system benefits do not eliminate the customer-specific demand for capacity that the upgrade is built to serve.⁶⁸

Second, the refund period for any Type 4 advances should be increased to at least fifteen years.⁶⁹ PG&E's proposed five-year refund period does not adequately protect ratepayers from stranded-cost and revenue-shortfall risk associated with large, uncertain loads.⁷⁰ Cal Advocates explains that transmission upgrades are long-lived assets, with a substantial portion of costs entering rate base well beyond the first five years after energization.⁷¹ A five-year refund period therefore risks returning funds before sufficient revenues have materialized to offset the costs of the upgrades those customers require.⁷² Sierra Club similarly warns that PG&E's short refund period increases the likelihood that other ratepayers will bear the costs if data center loads underperform, downsize, or leave the system.⁷³ The Commission has already recognized this problem in recent resolutions by using longer refund periods and related refund constraints for Type 1-3 costs.⁷⁴ The same approach is warranted here.

Third, Type 4 advances should be based on actual costs, not estimated costs. PG&E's proposal to rely on estimated costs creates a substantial risk that cost overruns will be shifted to existing ratepayers.⁷⁵ As Cal Advocates notes, PG&E itself has recognized the financial risks associated with large transmission-level interconnections and relies on actual-cost recovery for Facility Types 1 through 3, yet proposes to expose ratepayers to estimated-cost risk for Type 4

⁶⁶ PG&E Limited Opening Brief, p. 31.

⁶⁷ Ex. SC-02, p. 3.

⁶⁸ Ex. Cal Advocates-23, pp. 17-20.

⁶⁹ TURN Limited Opening Brief, p. 13.

⁷⁰ Ex. Cal Advocates-23, pp. 20-21.

⁷¹ *Id.* at 20.

⁷² *Id.* at 20-21.

⁷³ Ex. SC-02, p. 6.

⁷⁴ TURN Limited Opening Brief, p. 14.

⁷⁵ Ex. Cal Advocates-23, pp. 22-23.

facilities.⁷⁶ At a minimum, the Commission should require actual-cost billing for Type 4 advances, with true-ups or refund adjustments where necessary.

PG&E's Customer Responsibility Proposal is too narrow to protect existing ratepayers. If the Commission nevertheless chooses to use that proposal as a starting point, it must at least require that Type 4 cost responsibility extend to the portions of Preliminary Capacity Upgrades and Dependent Network Upgrades that serve the customer's load, that refunds occur over at least fifteen years, and that advances be based on actual costs. Without those modifications, the proposal would fail to allocate costs consistent with cost causation and would expose existing ratepayers to unjust and unreasonable cost shifting in violation of P.U. Code Section 451.

b. The Resolution E-5420 Refund Approach May Not Fully Capture Rule 30 Type 4 Costs and Is Unsuitable as a Permanent Solution

In their limited opening briefs, proponents of PG&E's proposal suggest that the modified refund framework adopted in Resolution E-5420 could serve as a workable mechanism, at least in the interim, for addressing Rule 30 Type 4 cost allocation. TURN agrees this mechanism is relatively straightforward to implement and it is far better than PG&E's primary proposal that Type 4 costs be funded through transmission rates paid by all transmission customers or PG&E's Customer Responsibility Proposal (unless modified as addressed in the previous section). However, TURN urges the Commission to not consider the Resolution E-5420 methodology as a long-term way to address Type 4 cost allocation as it does not ensure full and timely recovery of Type 4 costs and therefore risks shifting unrecovered costs to bundled ratepayers.

As Cal Advocates correctly observes, the Resolution E-5420 framework limits refunds to 75 percent of actual annual net revenues, allowing the utility to retain the remaining 25 percent.⁷⁷ While this construct may provide a partial offset to Type 4/transmission network upgrade costs added to rate base, it is inherently incomplete. By design, it captures only a fraction of the revenues associated with a customer's load and does so over time, rather than aligning recovery with the incurrence of costs. This structural limitation creates a mismatch between when costs

⁷⁶ *Id.*

⁷⁷ Cal Advocates Limited Opening Brief, p. 27.

are incurred—often upfront when facilities are placed in service—and when, and whether, they are recovered.

The Resolution E-5420 approach relies on actual realized net revenues as the mechanism for cost recovery. As Cal Advocates emphasizes, this introduces significant uncertainty because recovery becomes contingent on the customer's load materializing and persisting over time, as well as on prevailing electric rates.⁷⁸ If a customer underperforms, delays operations, reduces load, or exits service earlier than anticipated, the revenue stream may be insufficient to recover the associated Type 4 costs. In such scenarios, any shortfall would not be borne by the benefiting customer but instead would be shifted to other ratepayers.

Additionally, because the refund framework operates as a trailing, revenue-based mechanism, it does not necessarily track the full scope of Type 4 costs. Resolution E-5420 approximates recovery indirectly through net transmission revenues, which may not fully reflect the cost responsibility associated with Type 4 upgrades that benefit the new Rule 30 customers. The resulting disconnect risks under-collection, particularly for large, capital-intensive projects with long depreciation lives. Even in the illustrative example cited by Cal Advocates, a 50 MW customer generating approximately \$10 million in annual transmission net revenues, the implied \$2.5 million retained annually by PG&E does not guarantee full recovery over the life of the asset.⁷⁹ That outcome depends on stable operations over a multi-decade period, assumptions that are speculative at best. The Commission should not rely on such contingent, back-ended recovery as a permanent solution to address substantial, upfront Type 4 investments.

For these reasons, while the Commission may consider whether the Resolution E-5420 framework has limited applicability as an interim measure, it should not be adopted as a permanent solution for Rule 30 Type 4 cost allocation. The following section addresses why TURN's load development fee proposal is a more appropriate interim measure. A permanent approach should be considered in the Rate Design Rulemaking, R.26-04-009, or another appropriate forum. A permanent approach to Type 4 cost allocation must ensure that costs are both fully and reliably assigned to the customers who cause them, without exposing other

⁷⁸ Cal Advocates Limited Opening Brief, p. 27.

⁷⁹ *Id.*

ratepayers to the risk of unrecovered balances. The Resolution E-5420 approach fails to meet that standard.

c. TURN's Load Development Fee is Reasonable Option to Address Type 4 Cost Allocation for Interim Implementation

Absent the opportunity to fully assess the magnitude new large loads have on broader generation or reliability impacts and each Rule 30 customer's Type 4 cost responsibility, TURN proposes the Commission adopt a fee similar (but not identical) to the load development fee employed by Silicon Valley Power ("SVP") to account for Type 4 costs. This placeholder, load-size based fee would apply to Rule 30 customers with loads of 25 MW or greater, while exempting load additions for existing customers associated with decarbonization, electrification, or EV charging.⁸⁰ The proposal relies on system-average cost estimates developed in this proceeding, including PG&E's own estimated average Type 4 costs, to establish a straightforward, administratively feasible proxy for allocating Type 4 costs on an interim basis.⁸¹

Unlike SVP's approach, TURN's proposed fee would be refundable through the modified BARC mechanism applied to Types 1-3 facilities. Under this framework, customers fund upfront the transmission system costs they create or accelerate but receive refunds over time as actual net transmission revenues demonstrate system benefits.⁸² This structure assigns initial risk to the new large load customer while preserving the opportunity for recovery if the anticipated benefits materialize.

TURN's proposal also mitigates ratepayer risk. If Rule 30 customers deliver the system benefits PG&E forecasts, refunds will return those contributions over time. If they do not, due to load underperformance, delay, or attrition, the upfront funding will reduce the likelihood that existing ratepayers bear stranded transmission costs. As Sierra Club explains, upfront collection of transmission upgrade costs is critical to protect ratepayers from the risks associated with speculative and uncertain data center load growth.⁸³

⁸⁰ TURN Opening Brief, p. 50–51.

⁸¹ Cal Advocates Limited Opening Brief, pp. 20-21.

⁸² TURN Limited Opening Brief, p. 12.

⁸³ Sierra Club Limited Opening Brief, pp. 4-5

Finally, TURN's proposal provides practical administrative advantages. PG&E acknowledges that a load development fee eliminates the need to allocate Type 4 costs across customers within cluster studies, avoiding the complexities PG&E claims render customer-specific allocation infeasible.⁸⁴ This expediency allows the Commission to adopt immediate ratepayer protections while continuing to develop a more granular, statewide allocation framework.

d. PG&E's Critique of TURN's Load Development Fee Fails to Rebut the Need for an Interim Financing Mechanism for Transmission Network Upgrade Costs

PG&E's opposition to Load Development Fees rests on three flawed premises: (1) the amount TURN based its fee proposal on is not sufficiently supported, (2) that a load-based fee is inequitable or discriminatory, and (3) that the fee would disincentivize large load customers from developing in California. The evidentiary record rebuts each these claims.

(1) PG&E's Assertions that the Type 4 Costs TURN Based its Refundable Load Development Fee Proposal On are Insufficiently Supported Misunderstands the Goal of TURN's Proposal

PG&E continues to argue that Type 4 costs are too uncertain or speculative to support a standardized fee. Yet, as addressed in its Limited Opening Brief, TURN demonstrates that PG&E itself developed a \$50 million average Type 4 cost estimate based on project data it deemed sufficiently reliable to support its claimed ratepayer bill savings.⁸⁵ PG&E cannot simultaneously rely on this data to support its illustrative bill savings and then dismiss it as insufficiently robust when proposed to protect ratepayers.

PG&E now contends that more recent information undercuts TURN's estimate of Type 4 costs, however its position relies on selectively excluding broad categories of transmission upgrades from attribution to Rule 30 customers. Specifically, PG&E's data responses show its new Type 4 allocation methodology exclude upgrades included in the Transmission Planning Process ("TPP") or upgrades characterized as supporting "future load growth."⁸⁶ In effect, PG&E

⁸⁴ PG&E Limited Opening Brief, p. 40.

⁸⁵ See TURN Limited Opening Brief, p. 12; See also Ex. PGE-01, PG&E Supplemental Testimony, March 21, 2025, p. 34.

⁸⁶ Ex. PGE-20E, Attachment B (TURN_004-Q001, Public Version).

defines away Type 4 costs by excluding precisely those categories of upgrades most likely to be driven, or accelerated by, large transmission-level loads. PG&E's position is also internally inconsistent. It relies on PES data to claim that some projects have no Type 4 costs,⁸⁷ but then rejects the use of PES data when it supports allocating costs to customers.⁸⁸ PG&E's reliance on selected projects that purportedly have zero Type 4 costs is further undermined by its own admissions that, for some projects, cost categories had not yet been delineated.⁸⁹

TURN's proposal is (by design) an interim and simplified mechanism. It is not intended to precisely measure customer-specific cost responsibility, but rather to provide a reasonable proxy that assigns risk to the cost-causing customers pending development of a more granular methodology. If the Commission determines TURN's proposed refundable load development fee is too high, it is welcome to adopt a different amount. TURN would also support a process to identify an appropriate load development fee amount.

*(2) PG&E's "Equity" and "Discrimination" Arguments
Ignores Large Load Customers' Disproportionate Impacts*

PG&E's broader contention that large new loads merely "accelerate" upgrades that would otherwise occur—and therefore should be paid for by all customers—ignores substantial evidence in the record. Cal Advocates analysis indicates "the addition of significant new large loads do not simply advance the timing of Transmission Network Upgrades, they increase the scope and cost of the upgrades beyond what might otherwise ever be needed."⁹⁰ Sierra Club similarly finds that data center loads create distinct system impacts due to their size, concentration, and reliability requirements, which necessitate significant and localized transmission investments.⁹¹ Under these circumstances, socializing the costs of such upgrades is inconsistent with cost-causation principles.

PG&E also argues that because all load growth, including electrification and EV charging, contributes to transmission upgrades, cost responsibility should be socialized across all ratepayers. This argument fails to recognize that not all load growth imposes the same demand

⁸⁷ Ex. PGE-20E, p. 14.

⁸⁸ Cal Advocates Limited Opening Brief, p. 26.

⁸⁹ Ex. PGE-20E, Attachment B (TURN_004-Q001, Public Version)

⁹⁰ Ex. Cal Advocates-22, p. 10.; TURN Limited Opening Brief, p.10.

⁹¹ Sierra Club Limited Opening Brief, p. 4-5.

on the grid, and accordingly infrastructure costs. As Cal Advocates demonstrates, data center load is uniquely large, concentrated, continuous, and is expected to represent a substantial share of PG&E's forecasted load growth.⁹² Sierra Club similarly explains that these characteristics impose disproportionate costs and risks on the system.⁹³

PG&E further contends that a load development fee would be discriminatory unless applied to all customers.⁹⁴ A rate design or cost allocation mechanism is not unlawfully discriminatory where it reflects relevant differences in cost causation. As Sierra Club explains, "(T)he [Commission's Rate Design] principles do not, however, prohibit the Commission from recognizing and assigning cost responsibility based on the actual system impacts of distinct categories of load."⁹⁵ Further, large transmission-level customers are not comparable to smaller or more diffuse load growth, and the Commission routinely distinguishes among customer classes based on their impact on the system.⁹⁶ As Sierra Club notes, policies that fail to differentiate among customers with materially different system impacts risk creating precisely the type of cross-subsidy that the Commission's rate design principles are intended to prevent.⁹⁷

Lastly, PG&E makes the point that "PG&E network upgrades needed on PG&E's system to accommodate large loads for other utilities would still be recovered through the CAISO Transmission Access Charge (TAC), which would create inequities in the CAISO system."⁹⁸ This is a valid consideration. For example, if data center load locates in SVP service territory rather than PG&E's, PG&E's customers will pay for the transmission upgrade costs through CAISO, while receiving none of the kWh load benefit. TURN notes that this is precisely the case with SCE's customers relative to PG&E due to the nature of the TAC, which is why the Commission should ensure Type 4 costs are paid for by the customers driving the need for the

⁹² Ex. Cal Advocates-23, p. 5 & Ex. Cal Advocates-22, pp. 11-12.

⁹³ Ex. SC-01, pp. 6-7.

⁹⁴ PG&E Limited Opening Brief, pp. 19-20.

⁹⁵ Sierra Club Limited Opening Brief, p. 13.

⁹⁶ *Id.* at p. 13-14.

⁹⁷ *Id.* at p. 12-14

⁹⁸ PG&E Limited Opening Brief, pp. 37-38.

Transmission Network Upgrade. This is also why it is essential the Commission address data center rate design and a consider the creation of data center rate class expeditiously in the Advanced Electric Rate Design Rulemaking.⁹⁹

(3) PG&E's Claims that a Load Development Fee Would Disincentivize Large Load Customers from Locating in its Service Territory Are Unsupported

PG&E's claim that requiring a load development fee would harm its competitiveness is unsupported and contradicted by the evidentiary record. PG&E provides no evidence to substantiate its assertion that customers would locate outside its service territory if required to fund Transmission Network Upgrade costs.¹⁰⁰ Further, the record indicates PG&E's concern is contrary to broader industry trends. Multiple jurisdictions are actively considering policies requiring large-load customers to finance their share of system upgrade costs need to serve them.¹⁰¹

Finally, major data center developers, precisely the customers at issue in this proceeding, have publicly committed to funding the infrastructure necessary to serve their operations.¹⁰² As Cal Advocates notes:

Multiple transmission-level customers for which PG&E submitted exceptional case filings in the past year signed the federal "Ratepayer Protection Pledge." The pledge commits signing parties to "pay for all new power delivery infrastructure upgrades required to service their data centers."¹⁰³

This evidence directly contradicts PG&E's claim that requiring upfront cost responsibility would deter customer development or drive load to other jurisdictions.

⁹⁹ See Rulemaking (R.) 26-04-009, Order Instituting Rulemaking on California Advanced Electric Rate Design, April 10, 2026.

¹⁰⁰ Cal Advocates Limited Opening Brief, p. 11.

¹⁰¹ *Id.*

¹⁰² *Id.* at 12.

¹⁰³ Ex. Cal Advocates-23, p. 7 (Footnote Omitted). Referencing Executive Office of the President, Proclamation 11014 of March 4, 2026, *Ratepayer Protection Pledge*, March 4, 2026, available at: <https://www.federalregister.gov/documents/2026/03/09/2026-04645/ratepayer-protection-pledge>.

(4) *Conclusion*

TURN's proposal strikes a reasonable balance. It assigns an upfront, refundable charge based on system-average costs, and ties refunds to actual system performance through the modified BARC framework. PG&E's criticisms do not address TURN's central argument. The relevant question is not whether TURN's proposal is a perfect measure of cost causation. It is whether, in the face of significant uncertainty and substantial potential costs, the Commission should require large transmission-level customers to bear some upfront responsibility for the infrastructure investments they drive.

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?

a. Rate Impacts for Existing Customers are Dependent on Many Factors

Under Rule 30 as proposed by PG&E, new customers would not be fully allocated the system upgrade costs associated with serving them,¹⁰⁴ so the impact of new transmission-level customers under PG&E's proposal is unknown. TURN's response to this issue in Section III.A.3 of its Opening Brief and Section III.A.2 above address potential rate impacts for existing customers in detail.

b. Reliability Concerns

Section III.A.4 of TURN's Opening Brief address potential reliability concerns in detail. PG&E's Opening Brief merely claims, "these issues are being actively studied by industry bodies such as NERC and WECC" and "PG&E is incorporating emerging guidance into its transmission system modeling".¹⁰⁵ TURN urges the Commission to take potential reliability impacts seriously.

¹⁰⁴ Evidentiary Hearing, 09-18-2025 Vol 1, p. 69-70.

¹⁰⁵ PG&E Opening Brief, p. 62.

c. The Adoption of Mandatory Demand Response Participation and Battery Storage Requirements Will Help Mitigate Rule 30 Cost and Reliability Impacts on Existing Ratepayers

(1) *Clarification about TURN's Proposal to Require Battery Storage*

Since the filing of the first round of testimonies in 2025, TURN has revised its original proposal. As explained in TURN's Opening Brief, instead of a 100% storage capacity requirement, the updated version reads as follows: TURN recommends that Rule 30 customers with load factors greater than 70% be required to include 4-hour battery storage capacity, or other behind the grid clean energy capacity equal to **at least 50%** of their projected load.¹⁰⁶

(2) *The Record has Enough Evidence to Support Mandatory Demand Response Participation and Battery Storage Requirements*

PG&E states that "there are a number of problems" with TURN's proposals to require Rule 30 customers to participate in mandatory demand response programs and have battery storage.¹⁰⁷ None of the alleged "problems" offer enough basis for the Commission to reject TURN's proposals.

Before addressing each of these "problems", it is worth noting that there is strong evidence in the record of the issues these proposals intend to address—i.e., potential near-term impacts of large loads on generation markets and non-participant costs. As TURN's expert witness Ms. Jennifer Dowdell explains, "PG&E has stated that it expects its Bay Area Load to grow 30% by 2034 and by 50% by 2039. [citation omitted] TURN does not dispute that load growth can be positive for customers, but less so when load is added as a step function and drives exceptional energy capacity costs for other customers."¹⁰⁸ TURN goes on and shares an example of the PJM energy capacity market area, citing First Energy's CEO who explains that there is a significant timing gap between the three-year development of data centers and the six-year timeline required to build new power plants. This discrepancy raises concerns that consumers will face higher energy capacity costs for years before any new supply can

¹⁰⁶ TURN Opening Brief, p. 21.

¹⁰⁷ PG&E Opening Brief, p. 64.

¹⁰⁸ Ex. TURN-01E, p. 15.

realistically reach the market.¹⁰⁹ TURN further explains, citing an article published by the LA Times, that “[a]long with precipitating capacity spikes in the energy markets, data centers’ demand for electricity also increases the risk of blackouts.”¹¹⁰ TURN also presents data from CAISO’s experience with rolling blackouts due to peak power shortages, Entergy’s plans to spend a huge amount of money to accommodate the significant jump in anticipated data center demand, and Duke University’s research suggesting that a near term mitigation may be limited curtailments of large loads.¹¹¹

In addition to the information offered by TURN, Cal Advocates explains that “[t]he load from new transmission-level customers interconnected under Proposed Rule 30 could negatively impact reliability and rates for all ratepayers.”¹¹² CLECA also describes why data centers pose unique challenges to electric service and reliability, since they are “highly sensitive to voltage disturbances, and have the potential to rapidly drop load from the electric system as a result of these disturbances.”¹¹³ All of this evidence, including data both from California and other jurisdictions support TURN’s proposals to require Rule 30 customers to participate in mandatory demand response programs and have 4-hour battery storage capacity equal to *at least 50%* of their projected load.

PG&E presents five “problems” to claim that TURN’s proposals are “unreasonable and should be rejected.” PG&E’s five arguments are summarized below and following that TURN explains why these reasons are not sufficient to undermine TURN’s proposals.

1. TURN has failed to identify which demand response program, if any, would be suited for transmission-level customers. (PG&E Opening Brief at 64)
2. TURN failed to offer any analysis demonstrating that transmission-level customers could install batteries or clean-generation resources sufficient to provide 100 percent¹¹⁴ of their energy needs for four hours. (PG&E Opening Brief at 64-65)

¹⁰⁹ Ex. TURN-01E, p. 15:14-20.

¹¹⁰ Ex. TURN-01E, p. 16:1-2.

¹¹¹ Ex. TURN-01E, p. 16:2-15.

¹¹² Cal Advocates’ Opening Brief, p. 15.

¹¹³ CLECA’s Opening Brief, p. 14.

¹¹⁴ Please note TURN’s revised, 50% storage capacity requirement proposal.

3. TURN failed to offer any analysis regarding the cost of its proposal. (PG&E Opening Brief at 65)
4. Depending on the configuration, battery storage can be considered load, as energy is needed to charge the batteries. (PG&E Opening Brief at 65)
5. The only evidence in the record as to the potential cost of TURN's battery/clean-generation proposal makes clear that this proposal is not reasonable. (PG&E Opening Brief at 65)

PG&E's first statement refers to TURN's mandatory demand response proposal. PG&E says that TURN has failed to identify a demand-response program suited for transmission-level customers. This is not enough for the Commission to reject TURN's proposal. Ms. Dowdell refers to the FlexConnect demand response program in her testimony.¹¹⁵ While PG&E, when asked about that program, has responded that "FlexConnect is only for Distribution-connected customers, and, at this time there are no distribution-interconnected data centers enrolled in the FlexConnect pilot program,"¹¹⁶ it has not indicated that FlexConnect could not be used for transmission-connected customers. Ms. Dowdell explains, justifying the demand response requirement proposal, that "any opportunity to mitigate potential energy price spikes, grid costs, and other potential negatives impact of Rule 30 to non-participating ratepayers"¹¹⁷ should not go unexplored.¹¹⁸ In fact, other states are exploring similar requirements to address the impacts of large loads, especially data centers. For example, Texas Senate Bill 6, which went into effect June 20, 2025, creates mandatory curtailment protocols during grid emergencies for large load transmission-level customers. Under TX SB6, these facilities face mandatory shutdowns or reductions to protect the grid when certain events occur.¹¹⁹

As explained above, the record has enough evidence of the problem the demand response proposal intends to address, i.e., the potential near-term impacts of large loads on generation

¹¹⁵ Ex. TURN-01E at 17:6-9.

¹¹⁶ Ex. TURN-01E at 17:6-9, citing to Cal Advocates DR 11, Q 3.

¹¹⁷ Ex. TURN-01E at 17:13-14.

¹¹⁸ *Id.*

¹¹⁹ See <https://capitol.texas.gov/BillLookup/History.aspx?LegSess=89R&Bill=SB6>. Accessed on 5/20/2026.

markets and non-participant costs. Thus, the Commission has strong support to find that Rule 30 customers should be required to participate in demand response programs, even if the Commission decides that the specific demand response program should be approved in another proceeding, such as the new Rate Design Rulemaking (R.26-04-009). The Commission could also mandate Rule 30 customers participate in existing demand response programs and/or require PG&E to modify the eligibility of the FlexConnect program to include transmission-level customers.

The second and third “problems” presented by PG&E relate to TURN’s battery storage proposal. PG&E argues that there is a lack of analysis supporting the feasibility of battery storage installation (second problem) and a lack of analysis regarding the costs of battery storage installation (third problem). While TURN did not conduct the referred analyses itself, these allegations fail to acknowledge that TURN did address the National Renewable Energy Laboratory (NREL) Study of Battery Storage Costs during evidentiary hearings.^{120,121} In addition, TURN’s Opening Brief also addresses both the feasibility and the costs of battery installation:

As PG&E addressed in hearings, TURN’s proposal could add roughly \$120 million of customer costs for a 60 MW data center. [citation omitted] However, according to an Energy Power Research Institute (EPRI) presentation “about 90 percent of total data center load is electronically driven” [citation omitted] and data centers have backup battery storage “so that if the voltage dips sufficiently, the data center load moves to the battery.” [citation omitted] This suggests that many data centers may already include battery storage to support their own operational needs.

As TURN has stated “PG&E’s grid will need battery storage in order to support reliability of renewables” and absent leveraging an investment that is likely already needed by Rule 30 customers for operational reasons, these costs would need to be funded by ratepayers and added to PG&E’s continually increasing rate base. [citation omitted]¹²²

PG&E’s cross examination mentioned above referred to TURN’s original proposal instead of the revised, 50% storage capacity requirement. The updated proposal will certainly be less costly, and adopting storage solutions is undoubtedly feasible as shown by Google’s

¹²⁰ Evidentiary Hearing, 09-18-2025 Vol 1, p. 46, lines 4-25, p. 47 lines 1-25, p. 48 lines 1–25, and p. 49 lines 1-16.

¹²¹ The NREL Study of Battery Storage Costs is marked as PG&E-14.

¹²² TURN’s Opening Brief, p. 21-22.

commitment to invest in batteries for backup power at its data centers.¹²³ Thus, TURN's proposal is reasonable and should be adopted by the Commission.

PG&E's fourth argument against TURN's storage proposal is that "[i]f the batteries were charging at the same time that the transmission-level customer was operating at 100%, additional transmission capacity would be necessary for both loads. This could result in larger interconnection facilities (i.e., Facility Types 1-3) and transmission network upgrades (i.e., Facility Type 4) being needed so that the transmission-level customer's facility and battery charging could operate at the same time."¹²⁴ This statement relies on the flawed and unrealistic assumption that these batteries would be operated in the most grid-deficient manner possible—specifically, charging at 100% capacity during concurrent peak facility load and peak system stress. This is not how TURN proposes or envisions battery storage being operated. PG&E's concern that additional transmission capacity, larger interconnection facilities (Facility Types 1-3), and transmission network upgrades (Facility Type 4) would be required could be mitigated through operational and contractual guardrails, such as peaking shaving and load shifting—batteries would charge during periods of high renewable generation and low system demand (e.g., mid-day solar abundance) and discharge during peak hours, thereby smoothing the customer's load profile. If carefully implemented, TURN's proposal could reduce, rather than increase, the need for transmission upgrades, and should be adopted by the Commission.

Finally, PG&E claims that the only evidence in the record as to the potential cost of TURN's battery/clean-generation proposal is the study by NREL that estimates a cost of \$1,900/kilowatt-hour for a 4-hour battery storage unit.¹²⁵ PG&E appears skeptical that it is

¹²³ "When it comes to data center power systems, batteries play an important role. The applications that run in our data centers require nearly continuous uptime. And while utility power is highly reliable, power outages are unavoidable. When an outage happens, batteries can supply short-duration power, allowing servers to operate continuously when the facility switches between AC power sources, or to ride through transient power disturbances. Or, if a facility loses both primary and alternate power sources for an extended period of time, batteries can supply sufficient power to allow machines to execute a clean shutdown procedure. This is helpful in expediting machine restarts after the power outage. More importantly, it helps ensure that critical user data is safely stored to disk and not lost in the power disruption." See <https://cloud.google.com/blog/topics/systems/100-million-li-ion-cells-in-google-data-centers>. Accessed on 5/19/2026.

¹²⁴ PG&E's Opening Brief, p. 65.

¹²⁵ PG&E's Opening Brief, p. 5-66.

reasonable to require Rule 30 customers to fund storage at a cost of roughly \$1.9 million per MWh.¹²⁶ However, Google’s commitment to invest in battery storage is again a good example of the cost-effectiveness and feasibility of TURN’s proposal.¹²⁷ Moreover, as Ms. Dowdell has testified, there is “no reason to doubt that California’s electric grid and PG&E’s grid will need battery storage in order to support reliability of renewables and that it’s something that will have to be paid for by someone.”¹²⁸ As TURN has previously stated, “PG&E’s grid will need battery storage in order to support reliability of renewables” and absent leveraging an investment that is likely already needed by Rule 30 customers for operational reasons, these costs would need to be funded by ratepayers and added to PG&E’s continually increasing rate base.¹²⁹ Therefore, TURN’s proposal for requiring Rule 30 customers to install battery storage is reasonable and should be adopted.

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?

No, see TURN’s response in its Opening Brief.¹³⁰ TURN agrees with Cal Advocates that “PG&E’s proposed provisions on customer Advances, Actual Cost Payments, and the value of their Contributions and Applicant Build Facilities are not reasonable.”¹³¹ The Commission should adopt Cal Advocates Revenue Cap proposal discussed in more detail in the following section.

¹²⁶ Evidentiary Hearing, 09-18-2025 Vol 1, p. 49, lines 5-13.

¹²⁷ See <https://cloud.google.com/blog/topics/systems/100-million-li-ion-cells-in-google-data-centers>. Accessed on 5/19/2026.

¹²⁸ Evidentiary Hearing, 09-18-2025 Vol 1, p. 48 lines 24-25, p. 49 lines 1-4.

¹²⁹ Ex. TURN-01E, p. 13:10-13: “From 2015 to 2024, PG&E’s capital spending grew from 5.4 billion to \$10.6 billion, nearly 100% over the past 10 years at an accelerating pace, with cumulative rate increases of 130%...”

¹³⁰ TURN Opening Brief, Section III.C.6, p. 34.

¹³¹ Cal Advocates Opening Brief, p. 20.

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

No, PG&E’s BARC-based refund design is not reasonable as it risks cost shifts to existing customers in the near-term. Cal Advocates’ analysis shows, under some circumstances, a Rule 30 customer may receive a refund in early years that is many times larger than its net revenue contribution.¹³² TURN addresses this risks in Section III.C.7 of its Opening Brief and will not repeat its analysis here.¹³³ TURN supports adopting Cal Advocates’ Revenue Cap proposal and other modifications to the BARC formula.

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

TURN does not specifically address this issue.

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)?

TURN does not specifically address this issue.

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?

No, see TURN’s response in its Opening Brief.¹³⁴ PG&E’s pre-funding loan option may cause a negative timing impact on ratemaking. As Cal Advocates explains, “PG&E’s proposal allows an acceleration of costly grid infrastructure upgrades into rate base, which if left unchecked, could have a severe impact on the costs paid by existing ratepayers.”¹³⁵

TURN recommends that the Commission require PG&E to track any interest savings associated with prefunding loan financing and refund it on an annual basis to ratepayers in

¹³² Ex. Cal Advocates-01, p. 32.

¹³³ TURN Opening Brief, pp. 35-38.

¹³⁴ TURN Opening Brief, Section III.C.6, p. 34.

¹³⁵ Cal Advocates Opening Brief, p. 42.

PG&E's Annual Electric True-up filing.¹³⁶ If PG&E pays overall higher interest costs as a result of prefunding loan financing, this amount should not be recovered from ratepayers as this borrowing rate would be higher than authorized. This refund requirement is consistent with and could be subsumed into Cal Advocates recommendation that all pre-funding loan agreements be submitted to the Commission for review and approval via a Tier 2 Advice Letter process.¹³⁷

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?

TURN addresses the risk of stranded costs and potential shortfalls and recommended mitigations in detail in Section III.A of its Opening Brief. Consistent with Cal Advocates' and TURN's proposals, transmission-level customers interconnecting under Electric Rule 30 should have a 15-year minimum contract term. 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. PG&E agreed to adopt this recommendation in its Rebuttal Testimony, Ex. PGE-04.¹³⁸

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.

Reporting requirements for Rule 30 transmission level projects to inform related electric system planning processes are prudent. Particularly if the Commission declines to collect a portion of Facility Type 4 costs from Rule 30 customers, it is also essential that Type 4 costs are tracked for Rule 30 customers and reported on, so the impact of this policy is known. TURN generally supports the reporting and information sharing requirements included in the Joint Motion For Adoption of Partial Settlement Agreement of Pacific Gas And Electric Company,

¹³⁶ TURN Opening Brief, Section III.C.10, p. 38.

¹³⁷ Ex. CalAdvocates-01, p. 66.

¹³⁸ Ex. PGE-04, pp. 84-85.

The Public Advocates Office, The California Community Choice Association, And Sierra Club, filed May 7, 2026.¹³⁹ The Settlement should be modified to allow all non-market participant intervenors to request and receive the information addressed in the proposed settlement after execution of an appropriate non-disclosure agreement.

E. Issue 5: Accounting and Operational Reporting Process

TURN does not specifically address this issue. See Section III.C.10 of TURN's Opening Brief regarding TURN's recommendation that the Commission require PG&E to track any interest savings associated with pre-funding loan financing and refund it annually ratepayers in PG&E's Annual Electric True-up.

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?

See TURN's Opening Brief recommending a Tier 2 advice letter, so parties have the opportunity to protest if they believe PG&E's implementation of the final decision is inconsistent with the Commission's directives.¹⁴⁰

¹³⁹ A.24-11-007, Joint Motion For Adoption of Partial Settlement Agreement of Pacific Gas And Electric Company, The Public Advocates Office, The California Community Choice Association, And Sierra Club, May 7, 2026.

¹⁴⁰ TURN Opening Brief, p. 40.

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Respectfully submitted,

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