BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE

STATE OF CALIFORNIA

PRESIDENT JOHN REYNOLDS, in attendance

ADMINISTRATIVE LAW JUDGE JOANNA PEREZ-GREEN, presiding

Order Instituting Rulemaking on	)	PREHEARING
California Advanced Electric Rate	)	CONFERENCE
Design.	)	
	)	Rulemaking
	)	26-04-009

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PUBLIC UTILITIES COMMISSION, STATE OF CALIFORNIA
SAN FRANCISCO, CALIFORNIA

VIRTUAL PROCEEDING

JUNE 18, 2026 - 9:02 A.M.

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ADMINISTRATIVE LAW JUDGE PEREZ-GREEN: We are on the record.

This is the remote prehearing conference for Rulemaking 26-04-009 on California Advanced Electric Rate Design. I am Joanna Perez-Green, the assigned administrative law judge to this proceeding, and the assigned commissioner is President Reynolds, who is here with us today.

President Reynolds, would you like to provide some opening remarks?

PRESIDENT REYNOLDS: Thank you, Judge Perez-Green, and good morning everyone.

I'm excited to be here to open this prehearing conference for the California Advanced Electric Rate Design proceeding. We opened this proceeding two months ago on April 9. Since then, we've received 30 comments and 14 reply comments from parties to our Order Instituting Rulemaking, and they've already started to inform our work.

To reiterate what was in that OIR, our goal in this proceeding is to improve how our electric rates reflect the costs of providing service, and how those costs are allocated fairly across all customers. The mechanism we're using to achieve that goal will be updates to both residential and non-residential rate structures and their underlying cost inputs.

The OIR introduced several topics that we want to focus on which serve this goal, including potential updates to time-of-use rates, reclassification of certain costs as fixed costs, adjustments to the base services charges, and strategies to incorporate new large loads, like data centers.

We know that accurate price signals in electric rates can spur demand flexibility, drive investment decisions, and ensure that ratepayers are charged more fairly for the costs of generating and delivering power. Centering cost causation principles as the foundation of electric rate design is the key tool we have for avoiding cost shifts between ratepayers.

Of course, we must be thoughtful in how we enact significant reforms such as these, taking into account the nascent impacts of recent reforms we've already adopted, the maturity of certain technologies, as well as the risks of inaction.

And I do want to emphasize that being able to deliver adjustments to rate design with some degree of speed and flexibility is a real value that I think we will want to support going into the future of the electric grid, and I'm looking forward to proposals that will enable that here.

For today, in particular, I am hoping to have active participation from parties, including the utilities, to give input on the tentative schedule circulated by Judge Perez-Green.

The target dates listed for the proposals, workshops, and proposed decisions necessary to advance these reforms under consideration include many items undertaken in parallel and in sequence. We feel that the schedule is ambitious and meets the urgency of the moment. However, we also want to ensure that it is feasible and will be an efficient process.

I took note in the party comments we've already received that there is some consensus around the topics that should be prioritized or scoped in the proceeding, but also some significant differences of opinion.

So I look forward to hearing more from the parties here today. Your participation will be essential as we think about how to scope this new proceeding and ensure that our future electricity system is better grounded in equitable and affordable rates, while handling rapid load growth and cost allocation challenges.

Thank you for joining us. I will be with you for as long as I can this morning, but my advisor, Justin Galle, will be listening in to the rest of the -- of the PHC, and I look forward to working with everyone here over the course of this proceeding.

Back to you, Judge Perez-Green.

ALJ PEREZ-GREEN: Thank you so much, President Reynolds.

The purpose of this prehearing conference is to address procedural matters, including scope of issues, schedule, categorization, and need for hearing. These matters will ultimately be determined by President Reynolds and issued in a forthcoming scoping memo and ruling.

For the benefit of the court reporter and to ensure a clear complete record, I would like to remind everyone to please mute your phones or computers when not speaking, and refrain from side conversations. Please do not speak unless I call on you to speak. Please introduce yourself every time before we speak. Please speak slowly and clearly. An expedited transcript of today's hearing has been ordered.

And we have multiple parties speaking in today's prehearing conference. Please take no more time than the time allocated, unless I provide other guidance.

In Commission proceedings, those who have filed comments to the Order Instituting Rulemaking, or OIR, are automatically added as a party to the proceeding and to the service list. As noted in the ruling issued on May 22nd, I will not be entertaining oral motions for party status today. Those who wish to become a party may submit written requests for party status in accordance with Rule 1.4 of our Rules of Practice and Procedure. If you do not want to become a formal party, but do wish to follow the proceeding, you have two options, the links to which are going to be included in the chat -- in the chat box where I will share.

In the first option, you can receive notice of documents that are published in this proceeding's docket by subscribing at subscribe@cpuc.ca.gov, or you can -- if you wish to be on the distribution list that we and all parties use to serve documents that are filed on this proceeding's docket, you can submit an addition to a service list form to the Commission's Process Office requesting to be added to the service list as information only. The form is available at https://ia.cpuc.ca.gov/servicelists/sl_index.htm.

Now I will take appearances. Please note that I will only take appearances of representatives and parties who indicated in advance that they wanted to make comments today. There are some exceptions for those who were not added to the service list in time. To find the full formal party list, you can check with the proceeding service list.

When I call on each entity, I would like the designated representative to state their first name.

We have Bear Valley Electric Service and Liberty Utilities, or CalPeco.

MR. GIBSON: Yes. Good morning, your Honor. Jed Gibson, G-i-b-s-o-n, on behalf of Bear Valley Electric Service and Liberty Utilities.

ALJ PEREZ-GREEN: Building Decarbonization Coalition?

MS. MENTEN: Good morning. Good morning. It's Beckie Menten, B-e-c-k-i-e space M-e-n-t-e-n. Thank you.

ALJ PEREZ-GREEN: Cal Advocates?

MS. AKIYA: Good morning, your Honor. Kimiko Akiya on behalf of Cal Advocates, K-i-m-i-k-o A-k-i-y-a. Thank you.

ALJ PEREZ-GREEN: California Environmental Justice Alliance?

MS. LAZEROW: Good morning, your Honor. Shana Lazerow, S-h-a-n-a L-a-z-e-r-o-w, on behalf of CEJA, or

California Environmental Justice Alliance.

ALJ PEREZ-GREEN: California Large Energy Consumers Association.

MS. SHERIFF: Good morning, your Honor. Nora Sheriff, S-h-e-r-i-f, as in frank, F, as in frank, on behalf of the California Large Energy Consumers Association, or CLECA.

ALJ PEREZ-GREEN: California Community Choice Association.

MR. JOHNSTON: Good morning, your Honor. Kevin Johnston, J-o-h-n-s-t-o-n, on behalf of the California Community Choice Association, or CalCCA. Thank you.

ALJ PEREZ-GREEN: California Solar and Storage Association.

MR. HEAVNER: Good morning, your Honor. Brad Heavner on behalf of the California Solar and Storage Association, or CALSSA, B-r-a-d, last name H-e-a-v-n-e-r. Thank you.

ALJ PEREZ-GREEN: Center for Accessible Technology?

MS. KASNITZ: Good morning, your Honor. Melissa Kasnitz, K-a-s-n-i-t, like Tom, Z, like zebra, for Center for Accessible Technology, or CforAT.

ALJ PEREZ-GREEN: Enchanted Rock?

MS. HENDREN: Good morning, your Honor.

Chastity Hendren, H-e-n-d-r-e-n, for Enchanted Rock, or ERock.

ALJ PEREZ-GREEN: Environmental Defense Fund?

MR. COLVIN: Good morning, your Honor. My name is Michael Colvin, C-o-l-v, like in Victor, i-n, on behalf of Environmental Defense Fund, or EDF.

ALJ PEREZ-GREEN: Natural Resources Defense Council?

MS. KUBIAK: Good morning, your Honor. My name is Lauren Kubiak on behalf of the Natural Resources Defense Council, L-a-u-r-e-n K-u-b-i-a-k. Thank you.

ALJ PEREZ-GREEN: Pacific Gas and Electric Company.

MS. WILSON: Good morning, your Honor. This is Maria Wilson on behalf of Pacific Gas and Electric Company, M-a-r-i-a, last name Wilson, W-i-l-s-o-n. Thank you.

ALJ PEREZ-GREEN: PacifiCorp?

MR. DALLAS: Yes, Joe Dallas on behalf of PacifiCorp, J-o-e D-a-l-l-a-s.

ALJ PEREZ-GREEN: San Diego Gas & Electric?

MS. HANSSON: Good morning, your Honor, Rebecca Hansson on behalf of San Diego Gas and Electric Company, or SDG&E. Hansson is H-a-n-s-o -- s-s-o-n.

ALJ PEREZ-GREEN: Sierra Club.

MR. VESPA: Good morning, your Honor. Matt Vespa with Sierra Club, M-a-t-t V, as in Victor, e-s-p, as in Paul, A.

ALJ PEREZ-GREEN: Small U -- Business Utility Advocates.

MS. WEBERSKI: Thank you, your Honor. Jennifer Weberski on behalf of Small Business Utility Advocates, or SBUA, last name spelled W-e-b, like boy, e-r-s-k-i.

ALJ PEREZ-GREEN: Solar Energy Industries Association.

MS. ARMSTRONG: Yes. Good morning. Jeanne Armstrong, Jeanne spelled J-e-a-n-n-e, and I'm on behalf of the solar industries -- Solar Energy Industries Association, or SEIA.

ALJ PEREZ-GREEN: Southern California Edison Company.

MR. JERMAN: Good morning, your Honor, and good morning, President Reynolds. This is Ryan Jerman appearing for Southern California Edison Company. My name is spelled R-y-a-n, last name J-e-r-m-a-n.

ALJ PEREZ-GREEN: Tesla?

(No response.)

ALJ PEREZ-GREEN: Vehicle to Grid Integration -- Integration Council.

MR. SCHWARTZ: Sorry.

ALJ PEREZ-GREEN: Oh, let's go back to Tesla.

MR. SCHWARTZ: Apologies. Yeah. Good morning, your Honor and -- and President Reynolds. Andy Schwartz on behalf of Tesla, first name Andy, A-n-d-y, last name Schwartz, S-c-h-w-a-r-t-z.

ALJ PEREZ-GREEN: Vehicle to Grid Integration Council.

MS. PRATT: Thank you, your Honor. Grace Pratt on behalf of the Vehicle-Grid Integration Council, or VGIC. My name is spelled G-r-a-c-e, last name P-r-a-t-t.

ALJ PEREZ-GREEN: Wikler Consulting, LLC.

MR. WIKLER: Good morning, your Honor, Greg Wikler with Wikler Consulting, LLC. That's W-i-k-l-e-r. Thank you.

ALJ PEREZ-GREEN: I believe I've missed a couple.

So I'm going to go to the utility action network.

MS. KRIKORIAN: Oh, yes. Good morning, your Honor. I believe that's us.

I'm Jane Krikorian on behalf of Utility Consumers' Action Network, or UCAN. My name is spelled J-a-n-e K-r-i-k-o-r-i-a-n. Thank you.

ALJ PEREZ-GREEN: Do we have Ms. Torres from

TURN, as well?

MS. TORRES: Yes, your Honor. Good morning. This is Elise Torres from TURN, or The Utility Reform Network, and my name is spelled Elise, E-l-i-s-e, Torres, T-o-r-r-e-s. Thank you.

ALJ PEREZ-GREEN: Thank you. And have I -- is there anyone else here today?

(Line muted.)

PRESIDENT REYNOLDS: Judge, you're on mute.

ALJ PEREZ-GREEN: I'd like to thank parties for their comments to the OIR, which we have reviewed.

As we move our discussion to the issues and schedule, I'll remind everyone that final issues will be in the scoping memo and ruling by President Reynolds. I'll be referencing the procedural email that I sent to the service list on June 16th, and subsequently June 17th.

Let's first hear from parties on whether the Commission should include the proposed additional issues to the proceeding as follows: Whether the Commission should consider retail rate design and cost allocation for transmission revenue requirements approved by Federal Energy Regulatory Commission, and whether the Commission should consider export compensation for electric vehicles.

I ask everyone to take no more than two minutes to respond, and let's begin with Bear Valley, Mr. -- and CalPeco.

MR. GIBSON: Yes. Thank you, your Honor. Jed Gibson for Bear Valley and Liberty Utilities.

We have no objections to the inclusion of these additional issues within the scope.

Just briefly, without going too far into reiterating what we provided in the joint comments with PacifiCorp, we would note that there is some significant differences between the small utilities and the large utilities, and we think that it's important for the Commission to take those differences into consideration when it's deciding what revisions and issues to address within this proceeding. Thank you.

ALJ PEREZ-GREEN: We -- everyone will get an opportunity to speak more in depth on other OIR issues, just as a reminder.

Building Decarbonization Coalition?

MS. MENTEN: Yes. Thank you, your Honor. We have no issue with these issues being scoped into the proceeding. Thank you.

ALJ PEREZ-GREEN: Cal Advocates?

MS. AKIYA: Thank you, your Honor. Kimiko Akiya on behalf of Cal Advocates.

For the issue on transmission, we would ask for some clarification on what the Commission seeks to achieve in the proceeding with that particular issue, and if it is included, we would recommend that the Commission focus on retail transmission rate and cost allocation analysis as it relates to data center and very large load customer class and/or alternative rates for data center and very large load customers, with -- with reference to that first bullet point on the additional issues. Thank you, your Honor.

ALJ PEREZ-GREEN: CEJA?

MS. LAZEROW: Regarding the transmission issues, CEJA strongly supports including all of the costs that could be imposed on ratepayers due to incoming data centers in a data center's track; so on the first issue, yes, support including it.

On the second issue, the -- the question of EV-specific charging rates, we believe it is better addressed in the High DER proceeding or other proceedings. We think it's important, given the large scope of rate reform envisioned in this proceeding, that we not relitigate issues that are already live in other proceedings. However, CEJA, to the extent that this is not being litigated elsewhere, does believe that this is an important rate issue to be resolved; not clear that this is the appropriate proceeding for it. Thank you.

ALJ PEREZ-GREEN: CLECA?

MS. SHERIFF: Your Honor, President Reynolds, Nora Sheriff on behalf of CLECA.

Regarding the first issue, the transmission retail rate design, we do believe that that should be considered at a later stage of the proceeding, and the -- what should be included -- to develop the record, we should look at what the existing rate design is, what the existing cost allocation is, the amount of those transmission revenue requirements, and perhaps a -- a forecast of how those amounts are expected to grow, as well as information around the cost drivers for those revenue requirements.

On the second issue, the export compensation for electric vehicles, CLECA will simply raise the concern -- in the midst of this affordability crisis with which we are all struggling raise the concern about a potential cost shift and the need to be very very careful to avoid any potential cost shift when looking at export compensation for electric vehicles. Thank you.

ALJ PEREZ-GREEN: CalCCA?

MR. JOHNSTON: Thank you, your Honor. Kevin Johnston for CalCCA.

No issues with the additional items in scope, but given the inclusion of the second item regarding export compensation for electric vehicles, in our opening comments, we asked that the Commission include consideration of rate design in export compensation frameworks that maximize the value of behind-the-meter storage resources. So if the Commission's already considering export compensation issues, we believe it would be consistent to also evaluate export compensation and operational incentives for stationary behind-the-meter storage, as well. Current restrictions on storage exports and grid charging unnecessarily limit the ability of these resources to provide for grid services, improve affordability, and support electrification goals, which are all in line with the goals the Commission is considering in this proceeding.

We have an additional scoping item sort of in the data center vein, but I will save that for the other open period. Thank you, your Honor.

ALJ PEREZ-GREEN: CALSSA?

MR. HEAVNER: Brad Heavner with CALSSA.

We support including both of these items. Particularly on the second one, other venues have proved insufficient in -- in reaching conclusions on the question of export rates for electric vehicles, and this is an opportunity to look at that important question comprehensively. Thank you.

ALJ PEREZ-GREEN: CforAT?

MS. KASNITZ: Thank you, your Honor. CforAT has no objection to including either of the issues, but we do request, when we get to the schedule portion of the proceeding, that the addition of these issues should not serve to delay review of residential rates and residential rate reform. That issue is fundamental to the day-to-day life of the people we represent, and all California residents, and the ongoing affordability crisis means that residential rates need to be given a key priority in the proceeding. Thank you.

ALJ PEREZ-GREEN: ERock?

MS. HENDREN: Thank you, your Honor. Chastity Hendren for Enchanted Rock.

We have no objections to the additional issues proposed, and I think we would echo CalCCA's sentiment on the broader examination of export compensation. Thank you.

ALJ PEREZ-GREEN: EDF?

MR. COLVIN: Thank you, your Honor. With respect to the issue about transmission revenue rates requirements, EDF supports inclusion of that item.

With respect to export compensation for

electric vehicles, EDF would encourage the Commission, if it was to be included in the scope, to further refine that there might be a need to distinguish between passenger-level EV vehicles and heavy-duty vehicles in that we might, in terms of phasing, want to bin passenger vehicles more closely aligned with residential rate design issues, and we might want to bin export compensation for heavy-duty vehicles more closely aligned with other larger commercial loads; that it might be more fruitful to have those conversations be happening in parallel. Thank you.

ALJ PEREZ-GREEN: NRDC?

MS. KUBIAK: Good morning. Lauren Kubiak with NRDC.

We have no objection to including those issues in the scope of the proceeding. Thank you.

ALJ PEREZ-GREEN: PG&E.

MS. WILSON: Thank you, your Honor. Maria Wilson for PG&E.

On the first item, PG&E is supportive of this proceeding considering rate design proposals for transmission components. However, PG&E believes FERC approval is needed for implementation of any rate design changes authorized in this proceeding; so timing of implementation may be an issue.

Second, PG&E does not support adding export compensation to this OIR. While that issue is important, export compensation raises crosscutting issues that, although it may include rate design elements, also raise issues that go far beyond the issues contemplated for this OIR. So we are not supportive of that item. Thank you.

ALJ PEREZ-GREEN: PacifiCorp?

MR. DALLAS: Thank you, your Honor. Joe Dallas on behalf of PacifiCorp.

PacifiCorp has no concerns with the two additional items. Thank you.

ALJ PEREZ-GREEN: SDG&E.

MS. HANSSON: Thank you, your Honor and President Reynolds.

On both of these issues, SDG&E does not support including them within the scope of this proceeding. This proceeding already has a significant number of issues, and SDG&E contends that these -- these additional issues are unnecessary, and that they are at least partially previously considered in the Demand Flexibility proceeding. In that -- that Demand Flexibility proceeding, or relative pricing proceeding, both of these issues were at least touched on; and that was a very recent proceeding. The Commission, for one, addressed what an export compensation rate should look like in that proceeding. If you looked at Conclusion of Law 24 in the Demand Flexibility Guidance Decision -- that's D.25-08-049 -- the Commission also addressed what a transmission rate component, for purposes of a -- of a demand flexible -- demand flexibility rate proposal, should look like. So, you know, apparently, because the Commission has already recently addressed both of these issues, and including in some detail, SDG&E does not believe it should be added here to what is already, again, a very complicated proceeding with many issues already.

Thank you, your Honor. Thank you, President Reynolds.]

ALJ PEREZ-GREEN: Sierra Club?

(No response.)

ALJ PEREZ-GREEN: Mr. Vespa?

(No response.)

ALJ PEREZ-GREEN: Small Business Utility Advocates.

MS. WEBERSKI: Thank you, your Honor. Jennifer Weberski on behalf of SBUA.

We don't have an objection, per se, to the inclusion of the two issues. Our only concern is that when we are discussing the schedule, that those two issues are scoped such that the issues surrounding small businesses are not pushed beyond what is already laid out within the schedule. We understand as the schedule was presented that there seemed to be a propensity to do residential rate as a priority. But the affordability crisis is affecting small business customers at an alarming rate, similar to residential. So we are concerned that with the addition of the two issues, it not push it -- the scope up, for the affordability, with respect to the small business customers.

Thank you.

MR. VESPA: Your Honor, this is Matt Vespa for Sierra Club. Sorry. I heard you, and then I went to unmute and the window closed for some reason.

So, if I may?

ALJ PEREZ-GREEN: Please.

MR. VESPA: Thank you.

With regard to the first issue on the FERC transmission, Sierra Club does support the conclusion. This was an issue -- perhaps in the data center track -- this was an issue that came up in PG&E's Rule 30 proceeding and think it should be addressed holistically here.

With regard to the export compensation, we're open to its inclusion; though we share the concerns ^say ha^ raised, given the volume of issues here, whether another proceeding might be more appropriate to address this issue. If not, this would be a place to do that.

ALJ PEREZ-GREEN: SEIA?

MS. ARMSTRONG: Yes. Thank you, your Honor.

We support the inclusion of both these issues. With respect to the first one, SEIA has long raised this issue in GRCs, even though we -- we knew that, you know, transmission rates were not within the Commission jurisdiction, we wanted to sort of peel back the veil and see what was underlying to better assist the Commission with their advocacy on behalf of Californians at the FERC. So we do believe this is a -- an issue that's right to be looked at.

With respect to the export compensation for electric vehicles, we in our reply comments on the OIR supported VGIC in its efforts to get this issue brought into the OIR. Recently, as part of Southern California Edison's last GRC Phase 2, a settlement was presented to the Commission which would have provided a vehicle-to-grid program in SCE's service territory pricing export compensation at avoided costs, and it was rejected by the Commission. So we do think with the increase of this technology, and it becoming more prevalent across all IOU service territory, this issue needs to be looked at. And this is as good as home as any.

So, thank you.

ALJ PEREZ-GREEN: SCE?

MR. JERMAN: Thank you, your Honor. Ryan Jerman for SCE.

SCE opposes including the retail rate design and cost allocation for transmission revenue requirements issue in scope, and that's for a couple reasons:

One, this rulemaking was opened to address certain important and complex rate design issues. And retail rate design and cost allocation for transmission revenue requirements are complex issues that raise unique questions, including jurisdictional questions, that do not impact the other scoped issues. So we think it would be counterproductive to the timely, successful consideration of the other issues in this proceeding to add this new one to scope.

Second, there's no need to consider this issue here, because there are other proceedings in which it can be addressed. And, specifically, these are FERC proceedings. So for SCE, our transmission cost allocation and rate design are addressed in our formula -- FERC formula rate proceedings, which the

Commission has been a party to. The Commission has even been party to settlements in those proceedings.

And I would also note that just this morning, FERC issued a 206 Order to Show Cause addressed to the ISO and transmission owners in California that addresses cost shifting and cost impacts related to large-load customers. This new proceeding is another one where transmission cost allocation rate design issues can be addressed.

And the third reason for not including it in scope is this jurisdictional issue. As I mentioned, our transmission cost allocation and rate design are determined and approved in FERC jurisdictional proceedings. If the Commission were to attempt to address them here, it could create a jurisdictional conflict. And SCE believes that this conflict is best addressed and best resolved in a FERC proceeding, not in this CPUC proceeding.

And then on the second new proposed issue, SCE is not opposed to including the export compensation issue in scope. But I echo comments by a few other parties, that we believe it should be addressed in a -- a trailing track, after consideration of the residential rate design issues.

Thank you.

ALJ PEREZ-GREEN: Tesla?

MR. SCHWARTZ: Thank you, your Honor. Andy Schwartz, on behalf of Tesla.

Tesla has no position on the first issue mentioned regarding retail rate design and cost allocation for transmission revenue requirements.

Regarding the second issue, v-to-g export compensation, Tesla supports including this issue in the scope of this proceeding. We thought it would be helpful, as the Commission considers this, to offer the perspective from the vantage point of the manufacturer that is actively investing in v-to-g storages today. I want to underscore for the Commission this -- that this technology is real and there are active efforts --

(Reporter clarification.)

MR. SCHWARTZ: Oh, sure. Yeah. Apologies.

We thought it would be helpful as the Commission considers this to offer the perspective --

(Reporter clarification.)

MR. SCHWARTZ: -- from the vantage point of a manufacturer that is actively investing in v-to-g solutions today. I want to underscore for the Commission that this technology is real, and there are active efforts underway to deploy v-to-g systems in California via the IOUs' v-to-g pilot programs. We have a number of interconnection applications that are in process before the California IOUs and expect to interconnect hundreds of these systems this year, under the auspices of these pilots.

Bidirectional EVs represent a new asset class that has the potential to cost-effectively provide grid services at significant scale, despite the potential and efforts to establish an interconnection pathway for these systems. To date, outside of the CPUC's emergency load reconduction program and the CEC's demand site grid support program, the futures of which are rightly uncertain, there are no pathways and certainly no longer-term pathways that provide meaningful opportunities to consistently leverage these resources to provide grid services and to compensate them for value provided. This proceeding provides an opportunity to remedy that and establish a more durable and comprehensive approach.

Thank you.

ALJ PEREZ-GREEN: TURN?

MS. TORRES: Thank you, your Honor. TURN supports the inclusion of the first issue and encourages the Commission to include it in the non-residential rate reform track, or the data center track if a separate track is created for data center rate design. And TURN takes no position on the second issue.

ALJ PEREZ-GREEN: UCAN.

MS. KRIKORIAN: Thank you, your Honor.

UCAN supports including the two issues in the proceeding. UCAN commented extensively in our 22-07-005, the precursor to this proceeding, on the benefits of hourly retail transmission pricing and recommended that the Commission oversee the process of design and incorporating transmission components into demand flexible rates. So, here, UCAN diverges from the opinions of the IOUs on the jurisdictional issue. It is our understanding that FERC approves overall revenue amounts, but that the CPUC can and should oversee the retail design. And this is important for ratepayers.

On the second issue of export rates, UCAN supports that issue, believing that export rates could greatly benefit ratepayers by allowing a flexible resource to be optimized.

Thank you.

ALJ PEREZ-GREEN: VGIC.

MS. PRATT: Thank you, your Honor.

VGIC does not have a position on the first issue surrounding transmission rate components.

On the second issue, VGIC strongly supports adding EV export compensation and export compensation more broadly to the scope of this proceeding. I believe that we are the party that first proposed this in OIR comments. As discussed by Tesla there are a growing number of bidirectional EVs that can provide a wide variety of grid services. The California Energy Commission has already estimated that EV battery capacity in California exceeds the state's installed stationary storage capacity. And the CEC has also highlighted bidirectional EV discharge as the single largest source of demand flexibility.

However, the state really lacks a consistent framework to value EV exports. There has been some discussion of export rates, specifically for dynamic rate structures. But that rate design is quite specific and should not be the only framework by which customers are able to provide exports.

As highlighted by SEIA earlier, the Commission recently took up this issue a little bit in Southern California Edison's GRC Phase 2. In that decision, the Commission highlighted a desire to consider broader export ratemaking policy before adopting a specific EV export rate. The Commission specifically highlighted three issues:

One, the accuracy and cost-effectiveness of avoided cost calculator based, versus realtime marginal cost based credits and reflecting marginal costs;

Two, customer preferences and behaviors regarding export rates;

And, three, customer and broader distributed energy resource export flexibility under different compensation structures.

We believe that since this proceeding is the broad ratemaking rate design rulemaking, this issue is appropriately considered here and not in other venues, such as the High DER proceeding that is frankly ill equipped to take up an export tariff, such as the one that we would like to discuss.

Thank you, your Honor.

ALJ PEREZ-GREEN: Wikler Consulting.

MR. WIKLER: Thank you, your Honor. Greg Wikler with Wikler Consulting.

We take no position on the first issue. Regarding the second issue, we wholeheartedly support the inclusion of export compensation for electric vehicles. In -- consistently, in line with the comments from Tesla and VGIC, we believe that inclusion of export compensation for EVs and bidirectional charging tariffs are essential for meeting California's flexible demand goals that are state policy goals and priorities currently for the state. So we support inclusion of this issue in the -- in the proceeding.

Thank you.

ALJ PEREZ-GREEN: Thank you, everyone, for your input on these two items.

On April 9th, 2026, the OIR preliminary categorized this rulemaking as ratesetting and indicated that there may be a need for evidentiary hearings. The parties largely agreed with the OIR on those matters.

The June 16th procedural email included a schedule with issues, as well as a sequencing of procedural events. At a high level, there was AB 2109, which includes a joint investor-owned utility proposal, data centers, residential rate reform, non-residential rate reform, and marginal costs, which includes a joint investor-owned utility report.

I am going to give parties up to three minutes, and this will be to respond to the schedule and issues. And if parties have further comment on categorization and need for hearings, they may do so at this time. Because of the amount of participants, this will likely be your last opportunity to provide input. So, if -- so you may prioritize as you need.

Let's start with Bear Valley Electric Service and CalPeco.

MR. GIBSON: Thank you, your Honor. Jed Gibson for Bear Valley and Liberty.

To reiterate what we provided in opening comments with PacifiCorp, the small utilities are differently situated than the large utilities in a lot of respects. With respect to AB 2109, I would note that the small utility service territories are less conducive commercial and industrial customers. Similarly, there were a few large energy users or -- there's little demand for data center growth in the small utility service territories. Similarly, we -- the small utilities have different rate structures, they aren't subject to Commission-mandated time of use rates.

There are -- the base services charges are only recently being implemented by the small utilities. So we -- we feel that these distinctions should be accounted for in -- in scheduling the issues to be addressed in the proceeding. And it may be more efficient to address small utility issues separately from the large utilities, just given the differences in requirements and differences in how reforms may be implemented. So we would encourage just taking those considerations into account when developing a schedule through the proceeding and potentially figuring out which issues are large-IOU-specific and which may not apply to the small utilities and -- in crafting the schedule and allowing more efficient party participation going forward.

Thank you.

ALJ PEREZ-GREEN: Building Decarbonization Coalition?

MS. MENTEN: Thank you, your Honor. Again, this Beckie Menten, representing the Building Decarbonization Coalition.

We think the categorization of the proceeding is good. Regarding scope, specifically with the residential rate reform, we urge that the scope of issues considered in residential rate reform be set broadly. Specifically, however, it should include consideration of changes to baseline rates, time of use rates, dynamic rates, and fixed charges.

On the schedule of the proceeding, we do recommend that the proposed schedule be revised to issue a proposed decision on residential rate reform in the first half of 2017. Local air districts and the California Air Resources Board have already set targets, or are setting targets, for the phase out of gas appliances that will begin in 2028. And having rates that reflect the marginal cost of electrification and allow customers to better manage bills will be critical for maintaining customer affordability. Since it will take many months, if not years, for changes imposed in a decision to be reflected in changes in customer bills, it's critical that the Public Utilities Commission act as fast as it can in this proceeding.

Thank you.

ALJ PEREZ-GREEN: Cal Advocates.

MS. AKIYA: Thank you, your Honor. Kimiko Akiya on behalf of Cal Advocates.

With regard to the -- the bullet point on data centers and SB 57 assessment, we would ask for more information on the process or schedule beyond the SB 57 assessment. We do urge the Commission that there's no need to wait for that assessment to be submitted to begin working on the question of whether data centers and large load should be considered a separate class. This is an urgent issue with large ratepayer impacts. And we think it should be made a priority. And so we want to ensure there is ratepayer protections put in place as soon as possible and that is IOUs can implement based on a decision in this proceeding, rather than needing to file additional applications.

For the SB 57 report, we would recommend that there be additional discussion with parties about what costs will be captured in the report to solicit feedback on other potential related costs such as generation energy and capacity costs and -- that require direct and indirect cost analysis, as well as analyzing cost shifts from distribution-level data centers, not just transmission-level data centers.

In addition to the SB 57 report, we would also say that there is the need to consider whether data centers should be considered a -- data centers, and/or large load customers should be considered a separate class. And that should include a consideration of the load shapes of data centers and large load customers, what size thresholds to analyze and the definition of "data center."

And so with all these issues, we think this is a process that should be started in 2026. In addition, we would ask for overall clarification on the other tracks and how they include the tracks raised by Cal Advocates and other parties, and what issues will be included in each track, as well as the timing for comments, workshops, testimony, et cetera.

I would also emphasize Cal Advocates' position regarding the last issue -- the last bullet point, regarding marginal costs. We urge the Commission to not consider marginal costs in this proceeding, which other parties independently agreed with in their comments as well.

On the E3 tool, we don't see that reflected in this proposed schedule. So we would ask for a timeline to be provided in the scoping memo for parties to comment before the tool is finalized, timing overall of the tool to inform the residential and non-residential rate tracks; because that is going to be an essential tool, as well as how it's finalized for those -- those particular tracks.

And then, lastly, we would just reiterate that we urge the Commission to include our proposed issue regarding the ongoing process for monitoring and evaluating dynamic rate design structures and cost-effectiveness. There is a need for a framework to evaluate these rates. The IOUs objected to our proposed issue, but they misunderstood the scope of this proposed issue on our part, in that there is not a framework in place at this point to evaluate these rates. And so it's a narrow issue; but it's an essential one. And it's unclear how it's going to be established, in terms of -- in these separate proceedings. I'm going -- thank you, your Honor.

ALJ PEREZ-GREEN: Just wanted to do a time check.

MS. AKIYA: Thank you. Yes. That was --

ALJ PEREZ-GREEN: Okay.

MS. AKIYA: That was my last point.

Thank you, your Honor.

ALJ PEREZ-GREEN: CEJA?

MS. LAZEROW: Thank you, your Honor. Again, Shana Lazerow on behalf of the California Environmental Justice Alliance. As an initial matter, CEJA is extremely appreciative of the -- highlighting the equity issues at play and the need to incorporate the Environmental and Social Justice Action Plan. That really needs to be infused throughout the proceeding.

And what that could look like, in terms of a more fleshed out schedule, is having a clear process with set tracks with adequate stakeholder opportunities for involvement. We should consider workshops with commenting opportunities before staff proposals come out, staff office hours to discuss technical questions, especially regarding modeling, would be extremely helpful. And we would just urge the Commission to consider opportunities for more public feedback, if we're considering shifts in how rates are designed. Because, obviously, the public is extremely impacted by affordability at the moment.

We're generally supportive of the proposed schedule. The tracks that concern CEJA the most are the data centers track, which should be significantly expanded from the June 16 email. That track should look at landing on a tariff that clearly protects all other ratepayers from bearing the costs and the burdens associated with incoming data centers. That is vital.

The residential track should also be proceeding immediately and should include a focus on -- at every stage evaluating impacts on low-income customers. We are not talking about relitigating issues that have already been determined in other proceedings. But as we establish new rates, every shift in rates must be assessed for its potential impacts on the most vulnerable and energy-burdened customers -- sorry.

As to the E3 contract, if any new models are developed under this contract, they must have that capability of fully analyzing impacts to low- and moderate-income customers. And, as I mentioned, affordability for those most impacted customers need to be central to any part of any analysis.

And I'll close with highlighting that as time has gone by, California's rate structures have become more and more inaccessible. Even practitioners often don't know the full breadth of the programs that folks qualify for and how they impact their rates. So we would request that in this proceeding, in particular, the Commission consider transparency and accessibility of bills and rates.

Thank you.]

ALJ PEREZ-GREEN: Ms. Sheriff?

MS. SHERIFF: Thank you, your Honor, President Reynolds. Nora Sheriff on behalf of CLECA.

Regarding the first track for Assembly Bill 2109 implementation, CLECA very very strongly supports this timing with this track going first and being separated from the other broader more complex issues. We -- we strongly strongly support that, and urge its retention in the scoping memo.

Regarding the non-residential rate reform track, this is critical for inclusion, and we urge the Commission to ensure that the non-residential rate design issues not get lost as you look at the equally important residential rate design issues and the data center issues, and we also don't want the non-residential rate reform issues to be delayed.

CLECA also rec- -- recommends inclusion in the non-residential rate design issues the consideration of the need to retain energy-intensive trade-exposed customers as a scoped sub-issue, and to develop a rate design for large industrial customers that sends effective price signals and removes structural barriers to industrial decarbonization investments.

Finally, on the last track on marginal costs, I want to raise a concern with the potential overlap of this track's timing with the non-residential rate design track, and suggest respectfully pushing back the marginal costs track, so as to avoid burdening non-residential customer advocates by having that overlap with the non-residential rate design. I do anticipate active engagement by CLECA on both the non-residential rate reform track and on the marginal costs track, and I'm concerned about the potential straining of the resources. Thank you so much.

ALJ PEREZ-GREEN: CalCCA?

MR. JOHNSTON: Thank you, your Honor. Kevin Johnston for CalCCA.

We have no issues with the general proposed schedule. We had identified the need for tracks and to prioritize the data center issue first; so the current proposal satisfies those needs. I think we will certainly have input on sequencing within those tracks as we go along, but, for now, I think the proposed schedule looks about right.

In our opening comments, we had requested two additional scoping items. We certainly believe that either of those items are in scope or in the spirit of scope, especially considering the two additions we have discussed today; but, always appreciate the explicit designation.

So the first issue we addressed was in the ongoing PG&E Rule 30 proceeding, which is A.24-11-007. There's a proposed settlement which includes an agreement between CalCCA and PG&E for certain information sharing timelines to ensure that CCAs operating in PG&E's territory receive notice of new transmission interconnected loads requesting interconnection at sites where the CCA is the default generation provider. CalCCA recommends that the scope of this proceeding clearly include adoption of similar information sharing provisions in the other large IOU territories, regardless of whether the CPUC determines the new tariffs for data centers and/or other large loads are needed. We believe extending these information sharing provisions across the state improves consistency and promotes the ability of CCAs to serve all of their customers affordably and efficiently.

And then the second issue was the inclusion of the export compensation for behind-the-meter storage resources, which we addressed earlier, so I will stop there and say thank you, your Honor.

ALJ PEREZ-GREEN: CALSSA?

MR. HEAVNER: Brad Heavner for CALSSA.

The main recommendation on timing is to break the issues into smaller buckets. This is a large proceeding with a lot of complicated topics, and that should not surprise us. These are all important issues, and the -- this is a good venue to address them, and the Commission should expect to take the time it requires to really address all of these issues. But, it would be problematic if the decisions are grouped into broad categories. It would slow down issues that could move quicker, and I think that the Commission should expect to issue far more than five separate decisions, and to sequence them according to what is more ready to go. For example, residential rate reform on the base services charge discussion will need to wait for the evaluation, and has to begin when there's one calendar year of data available, which will be some time; but, other residential rate design issues, such as TOU reform, baselines, and tiers are ready to be considered right away, and -- and are urgent to help with affordability. And then there are non-residential rate reforms issues that are ready to go before that base services charge discussion would be ready to begin.

On AB 2109 implementation, that bill requires the Commission to consider departing load charges for a small set of customers. This is an important question that has become relevant to a large set of customers, and this is a good venue to address it comprehensively. There are protests to advice letters that could potentially put the issue to rest, but it's kind of a -- a -- a back door way to do it, or indirect way to do it. There would likely be a complaint proceeding if the utilities begin to actually assess these charges on self-generation, and -- and so this would be a good venue to actually look at the -- at the question, and comp -- comprehensively make a solid decision for departing load charges for all types of customers. And I'd like to emphasize the importance of allowing parties to make proposals. For 2109 implementation, the -- the June 15th ruling says the expectation is to simply respond to IOU proposals, and there should be an opportunity for other parties to make proposals. And the same is true for -- for data center rates and -- and other issues. That's it. Thank you much.

ALJ PEREZ-GREEN: CforAT.

MS. KASNITZ: Thank you. Melissa Kasnitz for CforAT.

As I've already indicated, residential rates are CforAT's priority. I would strongly encourage greater clarity in the plan for the workshops, staff proposals, and comments that are referenced in the information put out before this PHC. I agree with CALSSA that there need to be sub-tracks, and that the sequencing within the residential rate topic is going to be very important. I disagree with CALSSA that we can't begin work on the basic service charge next iteration until data collection is complete. There are a great number of issues, including potential methodology for how to classify customers into moderate or high-income tiers that need to be developed, and where work can begin before the completion of the -- the data collection that Mr. Heavner referenced.

Also, in CforAT's comments on the OIR, I raised the issue of the need to consider specifically the impacts of any change in the use of a default tiered rate structure on medical customers, and particularly on the structure of the Medical Baseline Program, which is set in statute. I want to ensure that that issue is not overlooked.

And finally, I support much of what was said by CEJA regarding the importance of public input, focus on ESJ communities and other vulnerable populations, and increased transparency of bills and rates so that the public has a better understanding of what is driving the very high costs that they are seeing for electricity. Thank you very much.

ALJ PEREZ-GREEN: Enchanted Rock.

MS. HENDREN: Chastity Hendren on behalf of Enchanted Rock.

On scope, our concern is that the current framing in the proposed schedule email may unintentionally narrow the issues identified in both the OIR and SB 57. The OIR does more than just direct the Commission to prepare the assessment report on data center costs and potential cost shifts. It expressly identifies the rate design issues for data centers and other large load customers as matters to be considered. The OIR reflects the understanding that you may not be able to limit review to just costs and cost shifts, because to accurately evaluate those questions, you have to examine the factors that determine a large load's actual impact on the electric system, for planning purposes. Today's large load customers have multiple supply options available to them. Those choices can significantly affect infrastructure requirements, procurement needs, and cost allocation outcomes. This now makes rate design no longer an implementation issue to worry about on the back end; it is a key driver in the planning process, and a large load customer's choices among those various options will be substantially influenced by the tariff frameworks available. Without considering those factors, there are real risks of over-procurement and stranded costs.

So we request that the scope expressly include consideration of rate design issues, including alternative customer supply arrangements, customer-provided resources, and the relationship between tariff design and large load behavior. Thank you, your Honor.

ALJ PEREZ-GREEN: EDF.

MR. COLVIN: Michael Colvin for Environmental Defense Fund, your Honor.

As we indicated in our response to the Order Instituting Rulemaking, we think that the issues around Senate Bill 57 and data centers are a top priority, and we would encourage the Commission, in terms of schedule, to put that into a separate track, and do it in parallel with the first item that has been identified. We think waiting even another six months, until the first quarter of 2027, is too long for this important issue.

EDF doesn't want to object to the categorization, but specifically on the data center issue, we're not yet sure that evidentiary hearings are going to be required, and something that we have seen work well in the past is to direct parties to submit a request for evidentiary hearings by a date certain, otherwise take them off the calendar; so that way, we sort of have some certainty if they are -- that they are needed or not. We might not be able to make that determination until we get into the proceeding a little bit more, but we think that the need for evidentiary hearings for the rest of the proceeding is probably higher than it is for Senate Bill 57 issues, and so we want to acknowledge that the Commission may want to make separate determinations for each track of the proceeding.

With that, we have no other concerns about the proposed schedule, and we look forward to active participation.

ALJ PEREZ-GREEN: NRDC.

MS. KUBIAK: Thank you, your Honor. This is Lauren Kubiak with NRDC.

NRDC supports the Commission's efforts to develop and refine electric rates to better facilitate electrification and progress toward meeting our climate goals.

Within the proposed schedule shared in advance of this prehearing conference, NRDC offers the following considerations: On the track considering AB 2109 implementation, NRDC supports full implementation of AB 2109 to remove a structural disadvantage to installing waste heat recovery systems on industrial plants. Within the data center track, NRDC supports establishing a new customer class for data centers and developing a statewide methodology for the direct cost allocation and financing requirements of data centers for electrical infrastructure, including transmission network upgrades. Within the residential rate reform track, we support continuing to evaluate reforms that would improve the equity and cost causality of residential rates, while also supporting electrification. And within the non-residential rate reform track, NRDC supports consideration of equipment-specific industrial rates that reduce the structural operating cost disadvantage for electrification of industrial heat without causing a cost shift. As part of this, barriers and challenges to the adoption of equipment-specific rates for new beneficial electrification loads should be considered. Those considerations should include operational, as well as structural, reforms to how non-marginal electricity costs are collected that don't disincentivize electrification or shift cost to other customers. Thank you.

ALJ PEREZ-GREEN: PG&E.

MS. WILSON: Thank you, your Honor. Maria Wilson for PG&E.

We're hearing a lot of perspectives this morning, and PG&E would like to just note that as we consider changes to rate design it's also important to remember that revenue allocation and rate design is a zero-sum game.

Turning now to specific issues, given the emergence of large load growth, which has the potential to benefit all California ratepayers, issues regarding large load customers are the most immediately pressing, and should have first priority in this proceeding. This proceeding can, and should, realize the potential benefits of large load to California.

PG&E supports a proceeding schedule that results in rate implementation in 2028 for both of its proposed Track 1A and Track 1B items, as referred to in its comments.

The ALJ's communication recognizes that data gathering and assessments on this topic would occur through Q1 2027. PG&E urges that the data gathering and assessments be used to develop a robust record, including for the 2028 ratesetting.

Final decision should be issued in 2027, establishing rate design frameworks consistent with the state goals as soon as possible for the Track 1A and Track 1B items in 2028.

Speaking on Track 1A, PG&E recommended that it be scoped broadly enough to ensure that costs are appropriately calculated, allocated, and charged to large load customers to result in the creation and implementation of a new large load customer class and related rate schedules and tariffs. This will require that the proceeding establish a large load customer class and eligibility criteria, develop cost-based rate schedules for all rate components, including transmission, which again, would require FERC approval, distribution, PPP, and generation. PG&E seeks implementation of components as soon as practical -- practical by an advice letter final -- following a final decision in this proceeding.

The scope of this effort must also consider and address potential impacts on existing customers to ensure lower -- load growth is beneficial to all customers. The Commission's adopted scope and schedule should allow for timely evaluation and mitigation of cost impacts, and PG&E believes that a full evidentiary record, including testimony, is necessary due to the complexity of these issues. For example, potential cost shifts to other customers from generation-related procurement could -- should be addressed, so the Commission could consider that emerging large-load customers have the potential in the near-term to increase generation for commodity costs, which could put upward pressure on Commission rates. Because this could have the potential to impact all load-serving entities, this OIR is the appropriate venue to consider both short-term commodity cost impacts and longer-term generation cost implications associated with large load.

PG&E also proposes that its Track 1B run in near parallel to Track 1A, and is scoped to address issues ancillary to rate design, but are necessary to prevent other potential impacts on customers, including safeguards for existing customers, requirements for large load customer switching between bundled and community choice aggregation service, and potential revisions to Rule 23 concerning the provider of last resort for these customers.

Following the completion of Track 1A and 1B, PG&E also proposes a Track 1C to evaluate and authorize other unique and non-standard rate options.

If your Honor -- if I may have one more minute, on the topic of residential-based service charge, to the extent the Commission seeks to make changes to the cost categories, that can be included within the existing BSC structure as currently implemented. PG&E recommends that the Commission address this issue in the Q3 2027

PD, and to the extent that the Commission seeks to change the current structure of the BSC -- for example, an additional income tier or the income verification processes -- the Commission take this on at a later date. Thank you very much.

ALJ PEREZ-GREEN: PacifiCorp?

MR. DALLAS: Yeah. Thank you, your Honor. Joe Dallas on behalf of PacifiCorp.

PacifiCorp submitted joint comments with Bear Valley in this proceeding, so I won't echo the comments made by Mr. Gibson, but PacifiCorp supports the comments made by Mr. Gibson, and in particular for the scope of this proceeding to include a consideration for the applicability of small and multi-jurisdictional utilities. Thank you.

ALJ PEREZ-GREEN: SDG&E.

MS. HANSSON: Thank you, your Honor. Rebecca Hansson on behalf of SDG&E.

Thank you for providing the proposed tracks in your email this week. SDG&E agrees that additional clarity and details are needed to flesh out those schedules, with particular attention to building a sufficient record for each track, including testimony, where appropriate, and that the Commission consider more tracks and phases.

With respect to the proposed residential rate reform track, and specifically as it relates to the base services charge, SDG&E strongly urges the Commission to commence this track as soon as possible. SDG&E emphasizes, first, that it's important for the Commission to consider expanding the categories of costs eligible for inclusion in the base services charge, and second, that the Commission consider whether an increase to the base services charge or a more variable base services charge is appropriate. The Commission does not need to wait for the evaluation report on the base services charge. Rates are always changing, and things are evolving, and the Commission should not delay necessary changes to the BSC to gain some limited information that is expected to come out of the report.

Importantly, I think these issues go to what President Reynolds mentioned in his opening comments here, that there's a risk to the Commission's inaction if it fails to update the level of the base services charge, that the benefits of the base services charge will be eroded if that change -- or that charge, excuse me, is not updated and increased.

Further, SDG&E echos PG&E that, to the extent the Commission intends to consider new or changed income verification processes for purposes of the base services charge, that SDG&E hopes the Commission will consider breaking this issue out into its own phase, a Phase 2, of that residential rate track. This issue has already been considered in the Demand Flexibility OIR, and is demonstrated by the working group final report attached to the O -- to this OIR. The issues prove to be extremely difficult, and without any clear consensus proposals. There's plenty that can be accomplished within the framework already adopted. The Commission should not del- -- delay additional progress and rate benefits associated with the rates -- the base services charge.

Additionally, another party commented about accelerating the timeline for a decision in the residential rate design track, at least Phase 1 of that track, excluding that income verification issue. The first half of 2027 sounds reasonable to SDG&E, and would improve the base services charge and implementation of rate-deferring benefits resulting from that charge.

Finally, SDG&E echos the comments made earlier by Cal Advocates about exclusion of marginal costs from this proceeding. SDG&E addresses this issue in its comments and reply comments, and refers the Commission back to those comments for additional details. Thank you for the time.

ALJ PEREZ-GREEN: Sierra Club?

MR. VESPA: Thank you, your Honor. Matt Vespa with Sierra Club.

Overall, we agree with the tracks that's been proposed here. We do have some comments on the scope and the timing.

For data centers, it reads very much like information gathering without additional action, as parties have mentioned earlier. We feel it's very important to also consider a separate weight class for data centers and the right tariff for data centers as part of this. We -- President Reynolds emphasized needed flexibility to adapt to changing conditions, and this is one changing condition that requires action, and so we'd like to see that as part of the scope of this particular track.

With regard to residential rate reform, we would support moving certain decisions earlier, in particular, issues around baseline and TOU periods. As I believe Building Decarbonization Coalition referenced, there are actions by air districts right now, for example, to require zero-emission water heating standards, but we still don't have a -- a water heating baseline credit for heat pump water heaters, as an example, that can help facilitate that. And I -- I think the Commission should really think through how its rate design changes and the timing of those can really uplift decarbonization efforts of other agencies, and work in tandem with those, and that's one example that can be done fairly quickly, earlier, within that -- within that track.

On non-residential rate reform, and also with residential rate reform, just having explicit consideration of ways in which we can adjust rates, you know, obviously bearing in mind any type of cost shift to facilitate electrification. Industrial electrification is critical to reaching our decarbonization goals, but a huge barrier is the cost differential right now between electric heat pump options and gas alternatives, and so ways we could think about reducing the differential as part of that proceeding is very important. Thank you.

ALJ PEREZ-GREEN: SBUA?

MS. WEBERSKI: Thank you, your Honor. Jennifer Weberski on behalf of SBUA.

We appreciate the circulation of the schedule, and we will not reiterate the comments of the other parties, but we firmly believe that a phased track approach is necessary, given the legislative timeline with regard to the data centers. We agree with party comments that that data center issue needs to be expanded to include establishing a rate class for large industrial customers for -- similar to data centers, the tariffs, that that needs to be fleshed out more.

Our main concern is that, under the current siloing structure, small business issues and considerations of rate design will not occur until the non-residential, which will take us into 2028, and we are very deeply concerned that small business issues will be lost in the non-residential phase to the larger commercial and industrial customers. Small business customers, with respect to rate design, their affordability issues, their concerns, are much similar to residential customers. So if we are going to go down the phased silo approach of residential versus non-residential, we would ask for consideration of small business issues in the residential phase so that they can be addressed earlier, and we could also address any possible concerns of cost shifting onto small business customers with what is going to proceed out of the other proceedings.

We -- we will also -- we do support the idea that in some of the phases we may not need evidentiary hearings. I think, in many of them, we will. So the -- the idea to have to file a motion to request evidentiary hearings in some phases, where it's not an across-the-board approach, we agree with.

We also think that the idea that we're only going to have five decisions -- we agree with the idea that we're going to probably want to take one larger track, and break it down into smaller phases so that some issues can be addressed sooner than others within those tracks. Thank you.

ALJ PEREZ-GREEN: SEIA?

MS. ARMSTRONG: Thank you, your Honor. I would echo the concerns about the -- the -- the way that the -- the schedule is laid out in -- in the email.

We stated in our reply -- I think our reply comments in the OIR for each of these phases there needs to be a clear delineation of which issues will be addressed, and then a -- a means -- a procedural means to address the -- the issue, as other parties have referred to it as maybe taking a phase, and breaking it down into individual tracks; if not, issues are going to get lost or there's going to be confusion about what parties are supposed to be commenting on. There won't be a clear record. So we would ask that when the scoping memo is -- is drafted that there is a clear listing of issues under each broad phase and how each of those issues will be addressed, what procedural means.

And then specifically with respect to the phase on residential rate design, we -- we strongly disagree with SDG&E regarding the Commission's ability to commence making a determination on the change in the base service charge now, and -- and to have a decision on that issue at the beginning of -- of the first part of 2027. In the -- in the decision which the Commission issued on the fixed charge back in May of 2024 it was very clear in its directions that the -- the -- its staff would facilitate the -- the filing of an evaluation in -- report in the proceeding to build the record -- I'm -- I'm quoting -- to build the record for a decision on the next version of the income-graduated fixed charge. The staff cannot even begin that report until one year of metrics is -- have come in. One year metrics won't be completed until March or -- or April of 2027, because PG&E implemented its fixed charge later than the other two IOUs. Therefore, there's no way the Commission can issue a decision on changing the base service charge in the first half of 2027. So we -- we ask the Commission to take that into account when its scoping -- in the scoping memo and when it's setting out, excuse me, the schedule for the residential phase. Thank you.]

ALJ PEREZ-GREEN: SCE.

MR. JERMAN: Thank you, your Honor. Ryan Jerman for SCE.

SCE supports the draft schedule. It's ambitious, but we believe it's feasible. To support the feasibility, SCE recommends that the Commission provide further guidance on the scope of the tracks and sequencing of issues within the tracks.

Now, we addressed both the scope and sequencing in our filed comments, which we continue to support. I'm not going to repeat our comments here, but I did just want to address two tracks specifically:

One on the SB 57 assessment, SCE recommends that the information gathering should focus on actual cost drivers, such as load size, voltage level, load factor, RAMP schedule, customer-specific infrastructure requirements and generation-related costs, which were mentioned by PG&E in their comments here today.

And then, second, on the residential rate reform track, SCE recommends that the initial focus of the track be on affordability tools, bill impacts, ESC-related issues, and possible optional rate structures. And this focus could be achieved by setting the scope of early workshops in the track to address these issues. And then, later, workshops could focus on broader issues, such as baseline allowances, seasonal definitions, TOU period redesign, phasing out inclining block rates, and dynamic rate evaluation.

Thank you.

ALJ PEREZ-GREEN: Tesla.

MR. SCHWARTZ: Thank you, your Honor. Andy Schwartz on behalf of Tesla.

Tesla has no concerns with the categorization of this proceeding. We also have no comments regarding the schedule and proposed tracks, beyond reiterating our support for including the v-to-g export compensation issue discussed earlier, perhaps addressing those issues as part of the residential rate reform track.

Thank you.

ALJ PEREZ-GREEN: VGIC.

MS. PRATT: Thank you, your Honor. VGIC does not take issue with the tracks and the overall schedule circulated ahead of this PHC. Similar to Tesla, we do suggest that export compensation be taken up earlier in the proceeding, perhaps alongside the residential -- alongside or within the residential and non-residential rate design tracks as a sub-track or some other part of a larger phase. We also take no issue with the categorization of this proceeding.

Thank you.

ALJ PEREZ-GREEN: Wikler Consulting.

MR. WIKLER: Thank you, your Honor. Again, Greg Wikler, representing Wikler Consulting, LLC.

We support the proposed schedule and categorization of issues as presented thus far. More broadly, we applaud the Commission for taking up the very important topic of advanced electric rate design and rate structures to this proceeding. We believe that it is very important for California to immediately tackle the issue of rate reform in order to realize the enormous potential for advanced technologies covering residential space and water heating, electric vehicles, and industrial processes as a means by which to tackle our state's important decarbonization and flexible demand resource goals.

But in order to unlock that potential, we must address the significant barriers that exist under the current antiquated and inequitable rate structures, which impose enormous operating costs and affordability challenges for various consumer classes wishing to implement these new and emerging technologies. We hope this proceeding leads to meaningful rate and regulatory reforms that reduce operating costs and support broader adoption of residential heat pumps through space and water heating, more equitable and widespread electric vehicle charging infrastructures, well-planned and prioritized natural resource treatment for future data centers, and advancements in carbon-free industrial processes without burdening other non-industrial ratepayers.

We look forward to contributing our expertise where appropriate as a stakeholder.

Thank you, your Honor.

ALJ PEREZ-GREEN: Thank you, everyone, for your comments.

Because everyone was brief in their responses, I -- oh, I am so sorry. Did I miss -- I believe I'm off our -- working off of the wrong list. Okay.

Let's go to TURN, and then we'll hear from UCAN.

MS. TORRES: Thank you, your Honor. This is Elise Torres on behalf of TURN. TURN supports the proposed categorization of the proceeding and prioritizing the data center and residential rate reform tracks. Regarding the data center track, the current scope is insufficient and should be expanded to include rate design and cost allocation for data centers, including consideration of the creation of a data center customer class.

Regarding the residential rate reform track, TURN supports the proposed schedule and notes that the residential rate design decision should not be pushed later than the proposed Q3 2027 date, in order to get an updated version of the base service charge implemented before 2030. Based on TURN's work on the first version of the base service charge, we assume it will take a while to get that implemented, due to the need for billing system changes at the utilities and marketing and education and outreach activities. If that decision date is going to be pushed back, then the Commission should request the utilities to provide a timeline for how long it will take to implement the base service charge changes and take that into consideration when developing a schedule.

TURN also agrees that evidentiary hearings may be needed, at least in these two tracks. And we support other parties' call to schedule them initially, and then request that parties make a formal request for hearings by a certain date just to get them on the schedule, whether we need them or not.

Thank you. That's it.

ALJ PEREZ-GREEN: Thank you.

UCAN?

MS. KRIKORIAN: Thank you, your Honor. This is Jane Krikorian from UCAN with just short comments on schedule and scope.

Regarding the schedule, UCAN supports the multiple tracks, as the issues are many and complex, and believes parties have provided good ideas on how this should proceed.

Regarding scope, UCAN supports Cal Advocates' suggestion on page 5 of the -- their OIR comments about including baseline allowance issues and whether those can be modified to benefit ratepayers. They reference TURN's testimony in A.24-03-019 for additional ideas on this topic. And UCAN believes updating baseline allowances is necessary as California continues on its electrification path and ratepayers use more electricity, in general.

Regarding the marginal cost issue, UCAN is unclear about the detail that will be included in this issue right now and whether this should be scoped here or kept to GRC Phase 2 proceedings, as parties have suggested. One thought is to include methodology issues here, which will inform the GRC Phase 2 proceeding. However, UCAN looks forward to reviewing parties' ideas on this issue and further clarification as to what could be included or not.

And that's it. Thank you very much.

ALJ PEREZ-GREEN: Thank you.

Have I missed anyone?

(No response.)

ALJ PEREZ-GREEN: I'm going to give everyone one more minute. There were some suggestions provided by different parties, and I want to give everybody the opportunity to potentially respond where appropriate. So I'm going to go ahead in the same order as before and begin with Bear Valley and CalPeco.

MR. GIBSON: Thank you, your Honor. Jed Gibson for Bear Valley and Liberty Utilities. We are supportive of party recommendations to phase or track the various issues for consideration in this proceeding. We would, I think, further support kind of sub-phasing or sub-tracking certain issues to break out how some of these reforms are going to occur for the large utilities versus the smaller utilities, given some of the significant differences between the larger and smalls. Otherwise, we have nothing further to add.

Thank you.

ALJ PEREZ-GREEN: Building Decarbonization Coalition.

MS. MENTEN: Thank you, your Honor. We have no additional comments.

ALJ PEREZ-GREEN: Cal Advocates.

MS. AKIYA: Thank you, your Honor. No further comments from us. Thank you.

ALJ PEREZ-GREEN: SEJA.

MS. LAZEROW: Thank you, your Honor. Shana Lazerow on behalf of CEJA.

We -- CEJA agrees with parties that highlighted the need to have the full evaluation of the BSC before concluding a residential check. It's critical to see where we, in fact, are with the measures that statutorily are required to bring down the burdens on low-income customers. Regarding the data center track, it is extremely important that this proceeding not relitigate procurement of resources, like gas and diesel generation, or the question of whether diesel generation can participate in demand response programs. So, those are scoping issues.

Also want to circle back to highlight that in the data centers track, we want to be sure to include all of the data centers' related costs so that the -- the tariff that -- the rate that comes out of this proceeding adequately does what it needs to do for protecting other customers.

And we'll close there. Thank you.

ALJ PEREZ-GREEN: CLECA.

MS. SHERIFF: Thank you, your Honor. Nora Sheriff for CLECA. I have nothing to add to the comments that we submitted in writing or the comments that were made here at the prehearing conference.

Thank you.

ALJ PEREZ-GREEN: CalCCA.

MR. JOHNSTON: Thank you, your Honor. Kevin Johnston for CalCCA. Just to add support for the comments that were raised regarding the need to wait for the base service charge evaluation, which was also reflected in our opening comments.

Thank you.

ALJ PEREZ-GREEN: CALSSA.

MR. HEAVNER: Brad Heavner with CALSSA. We have no further comments. Thank you.

ALJ PEREZ-GREEN: C4AT.

MS. KASNITZ: Melissa Kasnitz, Center for Accessible Technology. No further comments.

ALJ PEREZ-GREEN: Enchanted Rock?

MS. HENDREN: Chasity Hendren for Enchanted Rock. We support separating off the large load issues, potentially into two tracks, one for the SB 57 assessment. And the second for large load tariffs and rate design issues.

Thank you, your Honor.

ALJ PEREZ-GREEN: EDF?

MR. COLVIN: Michael Colvin with Environmental Defense Fund. We would like to just offer broad support for the comments offered by CLECA, by Natural Resources Defense Council, and by Sierra Club. And after hearing all the different party comments, something that Ms. Lazerow said at CEJA I think is worth emphasizing, which is the need for very clear marketing, education, and outreach and explanation of the rate designs. And so as we are thinking through each of these individual phases, EDF would encourage the Commission to address how these updates are going to be communicated to customers both in the transition and in the overall offering of what their benefits to them could be from having these new updates, with particular emphasis on using the affordability metrics that the Commission has developed.

Beyond that, we thank the Commission for, you know, all the thoughtfulness in this morning's PHC.

ALJ PEREZ-GREEN: NRDC.

MS. KUBIAK: Thank you, your Honor. Lauren Kubiak with NRDC. Nothing to add at this time.

ALJ PEREZ-GREEN: PG&E?

MS. WILSON: Thank you, your Honor. Maria Wilson for PG&E. Responding to two comments, one on marginal cost and the other on data centers.

PG&E would seek clarity on the marginal cost report and would not recommend it to be a priority in light of the other pressing issues in this proceeding. Each IOU's marginal cost characteristic reflects the IOU's unique cost and customer composition. Although PG&E recognizes the Commission's desire to evaluate marginal costs statewide, marginal costs are best addressed in GRC Phase 1s, which are -- 2s -- excuse me -- which are facilities -- utility specific. And to the extent that the Commission provides additional guidance, PG&E would recommend submittal in Q3 of that report, given the Q1 2028 proposed decision timeline.

On data center specific generation, this proceeding can also explore generation arrangements, such as bring your own generation arrangements, including how these arrangements can align with the Commission's planning and compliance processes, like RA, resource adequacy or renewable support portfolio standard to avoid duplicative procurement. Novel cost recovery mechanisms attributed to large load customers should strive to seamlessly fit with other existing cost recovery mechanisms for other large -- non-large-load customers.

Thank you very much.

ALJ PEREZ-GREEN: PacifiCorp.

MR. DALLAS: Yeah. Thank you. Joe Dallas on behalf of PacifiCorp. And we have no additional comments. Thank you.

ALJ PEREZ-GREEN: SDG&E.

MS. HANSSON: Rebecca Hansson on behalf of SDG&E. SDG&E, I think, notes really, I guess, that it just supports PG&E's additional comments on marginal cost issues and the potential delay of that joint report, as well as clarification as to what that would include. I think se- -- the amount of details on that particular phase or track of the proceeding would be helpful, to the extent that it's not excluded.

Thank you, your Honor.

ALJ PEREZ-GREEN: SDG&E.

(No response.)

ALJ PEREZ-GREEN: SDG&E?

(No response.)

ALJ PEREZ-GREEN: My apologies, we have Sierra Club.

MR. VESPA: Thank you, your Honor.

Just to respond to something PG&E just said about bringing your own generation for data centers. I just want to flag this raises a lot of significant concerns, depending on what you're bringing. Is it diesel backup? Is it running off fossil fuels? Particularly, for this large load, that could have very serious implications on air quality and our climate goals. So I would encourage us -- I think it's -- it raises a lot. It may complicate the proceeding. If it does get brought in, those are very serious issues that need to get brought in with it. Thank you.

ALJ PEREZ-GREEN: SBUA.

MS. WEBERSKI: Thank you, your Honor. We have no further questions -- or no further comment at this time.

ALJ PEREZ-GREEN: SEIA.

MS. ARMSTRONG: Thank you, Jeanne Armstrong for SEIA. Just one additional comment I forgot to raise earlier. We do support CALSSA in its suggestion to expand the scope of the departing load issue, especially for departing load charges being assessed on non-export generation. It's -- the departing load charge is -- well, it was established a long time ago to fit other, sort of, departing load. It wasn't intended to be -- non-export generation wasn't even in existence, really, when the departing load charge setup was adopted by the Commission. So having to re-look at that, with respect to these non-export generators, is something that we really should include in the scope.

ALJ PEREZ-GREEN: SCE.

MR. JERMAN: Thank you, your Honor. Ryan Jerman for SCE.

And I just wanted to echo comments that affordability-related residential issues, such as optional rates to support affordability, should be accelerated within the residential track. Affordability-related issues can be focused on early in the workshops that will be held in that track. But also to the extent that issues are resolved regarding affordability, the Commission should issue early orders in the residential track addressing the affordability issues. Thank you.

ALJ PEREZ-GREEN: Tesla.

MR. SCHWARTZ: Thank you, your Honor. Andy Schwartz with Tesla. No further comments at this time.

ALJ PEREZ-GREEN: TURN.

MS. TORRES: Thank you, your Honor. TURN has no further comments at this time.

ALJ PEREZ-GREEN: UCAN.

MS. KRIKORIAN: Thank you, your Honor. Jane Krikorian for UCAN. We have no further comments.

ALJ PEREZ-GREEN: VGIC.

MS. PRATT: Thank you, your Honor. Grace Pratt for VGIC. We have no further comments at this time. Thank you.

ALJ PEREZ-GREEN: Wikler Consulting.

MR. WIKLER: Thank you, your Honor. Greg

Wikler with Wikler Consulting. We have no further comments at this time. Thank you.

ALJ PEREZ-GREEN: Thank you, all, for your participation. And thank you to the court reporter.

We are adjourned.

(At the hour of 10:52 a.m., this matter having been concluded, the Commission then adjourned.)]

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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE

STATE OF CALIFORNIA

CERTIFICATION OF TRANSCRIPT OF PROCEEDING

I, KARLY POWERS, CERTIFIED SHORTHAND REPORTER NO. 13991, IN AND FOR THE STATE OF CALIFORNIA DO HEREBY CERTIFY THAT THE PAGES OF THIS TRANSCRIPT PREPARED BY ME COMPRISE A FULL, TRUE, AND CORRECT TRANSCRIPT OF THE TESTIMONY AND PROCEEDINGS HELD IN THIS MATTER ON JUNE 18, 2026.

I FURTHER CERTIFY THAT I HAVE NO INTEREST IN THE EVENTS OF THE MATTER OR THE OUTCOME OF THE PROCEEDING.

EXECUTED THIS JUNE 24, 2026.

KPowers

KARLY POWERS
CSR NO.#13991

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EXECUTED THIS JUNE 24, 2026.

Rebekah L. DeRosa

REBEKAH L. DE ROSA
CSR NO. 8708

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