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

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|---|---|
| Application of Pacific Gas and Electric Company on Behalf of Customer Seeking a Gas Line Subsidy Pursuant to the Requirements of D.22-09-026.<br><br>(U 39 G) | Application No. 26-07-___ |

# APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 G) ON BEHALF OF A CUSTOMER SEEKING A GAS LINE SUBSIDY PURSUANT TO THE REQUIREMENTS OF D.22-09-026

**PUBLIC VERSION**
**(ATTACHMENTS A AND B CONTAINS CONFIDENTIAL MATERIAL)**

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PACIFIC GAS AND ELECTRIC COMPANY

Dated: July 1, 2026

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# APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 G) ON BEHALF OF A CUSTOMER SEEKING A GAS LINE SUBSIDY PURSUANT TO THE REQUIREMENTS OF D.22-09-026

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## I. INTRODUCTION

Pursuant to Rules 2.1, 2.2, and 2.9 of the California Public Utilities Commission ("CPUC" or "Commission") Rules of Practice and Procedure (Rules) and Ordering Paragraph (OP) 2 of Decision (D.) 22-09-026, Pacific Gas and Electric Company (PG&E) respectfully submit this Application of Pacific Gas and Electric Company on Behalf of a Customer Seeking a Gas Line Subsidy (the "Application").

## II. LEGAL AND REGULATORY BACKGROUND

On September 15, 2022, the Commission issued D.22-09-026 adopting Energy Division's staff proposal to eliminate gas line extension allowances, the 10-year refundable payment option, and the 50 percent discount payment option for all customer classes effective July 1, 2023.[1/] Prior to D.22-09-026, customers seeking new gas line extensions were required to pay the full cost of the extension but could receive allowances to offset certain upfront costs. In eliminating those allowances, the Commission advanced its policy objectives of promoting building decarbonization and supporting California's long-term greenhouse gas (GHG) reduction goals.

[1/] D.22-09-026, OP 1, at 81.

At the same time, D.22-09-026 recognized that limited, fact-specific exceptions may be appropriate for certain unique non-residential projects. Accordingly, the Decision established an exception process under which the investor-owned gas utilities must file an annual application by July 1 on behalf of its customers seeking approval of gas line extension allowances for projects that satisfy the Commission's minimum criteria:

1. The project demonstrates a reduction in greenhouse gas emissions;
2. The gas line extension is consistent with California's climate goals, including those articulated in Senate Bill 32; and
3. The project demonstrates that there are no feasible alternatives to the use of natural gas, including electrification.[2/]

D.22-09-026 also requires each utility to include an update to the non-residential gas line extension allowance calculations based on the then current methodology, including all inputs used.[3/] In addition, the Commission directs the utilities, "on behalf of the project applicants," to demonstrate the factual basis for the project applicants' assertions, and confirm that the minimum requirements have been met based on the information provided by applicants.[4/]

PG&E received 17 applications from non-residential customers seeking gas line subsidies. PG&E reviewed the applications against the criteria set forth in D.22-09-026. Of those that submitted a Gas New Business Allowance/Discount Exception Application in 2026, PG&E believe one non-residential customer merits Commission review and approval. Based on the information provided, PG&E believes the Wastewater Project proposed by the San Francisco Public Utilities Commission (SFPUC) meets the Commission's minimum requirements and supports Commission approval of the requested gas line subsidy.

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[2/] D.22-09-026, OP 2, at 81-82.

[3/] *Id.*

[4/] D.22-09-026, OP 3, at 82.

## III. SFPUC'S WASTEWATER PROJECT APPLICATION MEETS THE MINIMUM CRITERIA SET FORTH IN D.22-09-026

PG&E submits that the application filed by the SFPUC satisfies the minimum criteria set forth in D.22-09-026 based solely on the information and representations presented in the application. PG&E is not an expert with respect to the proposed wastewater project and does not have, nor does it undertake, any independent duty to investigate, audit, or verify the technical, engineering, or financial assertions presented. Although the application was submitted under penalty of perjury, PG&E necessarily relies on the SFPUC's representations and cannot independently confirm their accuracy or completeness.

Consistent with OP 2 and 3 of D.22-09-026, the PG&E must demonstrate the factual basis for the project applicants' assertions and confirm the statements meet the minimum requirements. The project applicant bears the burden of establishing, and providing a factual basis for, its eligibility for a gas line subsidy in its application. Accordingly, PG&E performs a limited review assessing whether the application, on its face, addresses the Commission's requirements, and PG&E expressly disclaims any obligation or responsibility to substantively validate the underlying project details. PG&E therefore presents the following analysis of the SFPUC's Wastewater Project application based on the record as submitted.

### A. The Customer Applicant

The SFPUC provides, among other things, wastewater utility services to the City of San Francisco. Its mission is to deliver high quality, efficient, and reliable water, power, and sewer services in a manner that includes environmental community interests, and that sustains the resources entrusted to its care.[5/] This proposed project complements its other carbon sequestration efforts utilizing its wastewater treatment facilities—since 2015, the SFPUC has implemented a biosolids program that recycles nutrients from wastewater to a high-quality fertilizer that helps reduce water use, pulls carbon dioxide out of the atmosphere, and improves

[5/] https://www.sfpuc.gov/about-us/who-we-are/our-mission

California's farm soils.[6/] The biosolid fertilizer making process involves breaking down solids in anaerobic digesters; they kill harmful pathogens, break down pollutants, and produce methane gas, which can then be captured and used as a 100% renewable energy source.

### B. Wastewater Application – Capturing Gas from Wastewater and Converting it to Renewable Natural Gas

The SFPUC's Wastewater Project will transform how biosolids' biogas—a byproduct of wastewater treatment—is managed and used. Instead of using the biogas for on-site energy generation, the biogas will be upgraded to pipeline renewable natural gas (RNG) for injection into PG&E's natural gas pipeline. Construction at the wastewater treatment plant facility is currently underway and is anticipated to be completed soon.

The wastewater treatment plant is located in an area designated by the CalEPA as a disadvantaged community for the purpose of Senate Bill (SB) 535 (De León, Ch. 830, Stats of 2012).[7/] This project provides benefits to the community as it will capture methane from the wastewater treatment plant that would otherwise be flared or incinerated.[8/] In its application, the SFPUC states its organization's sustainability goals include reducing greenhouse gas emissions from wastewater operations and maximizing beneficial use of biogas. The application further states the gas line extension enables export of RNG derived from municipal wastewater, allowing displacement of fossil natural gas. Gas service is also required to process heat necessary for stable digestion and operation of the thermal oxidizer, which are integral to continuous biogas capture and RNG production The project supports these goals while minimizing onsite emissions.[9/]

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6/ https://www.sfpuc.gov/programs/biosolids.

7/ *See* Attachment A at 2.

8/ *See* Attachment A at 3.

9/ See Attachment A at 3.

### C. The Application Meets the Minimum Requirements

The factual basis for the SFPUC's assertions that the project meets the minimum requirements of D.22-09-026 are set out below. The Wastewater Project application is included here as Attachment A.[10/]

#### 1. A Demonstrable Reduction in Greenhouse Gas Emissions

PG&E believes, based on information provided by the application, that SFPUC has sufficiently established that its Wastewater Project shows a demonstrable reduction in greenhouse gas emissions. The application estimates the project to have an annual greenhouse gas reduction of 14,200 MT $CO_2$ equivalent.[11/] To support these calculations, the SFPUC includes a table which calculates the total gas load of the equipment to be used, as well as its estimated GHG emissions reduction from offsetting fuels based on average conditions in Table 1.[12/]

The SFPUC asserts the wastewater RNG biogas will significantly lower the direct fugitive and process emissions through the use of 100% carbon free electricity for its wastewater treatment processes. And, with the installation of new anaerobic digesters with fixed covers, more modern biogas treatment technologies, and a thermal oxidizer, direct fugitive and process emissions will be significantly lower. The SFPUC provides further technical details on the appliance upgrades, including three boilers (two on duty, plus one spare on standby), and one thermal oxidizer in its supporting documents attached to the application.

#### 2. Consistent With California's Climate Goals

PG&E believes, based on information provided by the application, this project is consistent with California's climate goals, including the California Global Warming Solutions Act of 2016 (Senate Bill 32), which mandates a statewide reduction in greenhouse gas

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10/ Both Confidential and Public Version available.

11/ *See* Attachment A at 5-6.

12/ *Id.*

emissions.[13/] This project upgrades municipal wastewater biogas to RNG for pipeline injection, displacing fossil natural gas with a lower-carbon fuel. The project captures and beneficially uses biogenic methane that would otherwise be flared or emitted, consistent with the California Air Resource Board Scoping Plan's[14/] prioritization of waste-derived renewable fuels and near-term greenhouse gas reductions. Limited natural gas use is restricted to necessary process heat for digestion and thermal oxidation required to safely enable RNG production, resulting in a net system-level greenhouse gas benefit.

### 3. No Feasible Alternatives to the Use of Natural Gas

Based on the information provided by the application, PG&E believes the SFPUC has sufficiently demonstrated that there are no feasible alternatives to the use of natural gas. Electrification is not feasible due to the continuous, high-temperature thermal energy required for stable digestion and safe destruction of residual methane, which cannot be reliably or cost-effectively met with electric technologies. All electric loads associated with RNG upgrading will be served by 100 percent greenhouse-gas-free electricity; however, natural gas is required for process heat necessary to enable safe, continuous biogas capture and RNG production. Electric service at the site is not sufficient to replace these thermal processes without substantial infrastructure upgrades.

### 4. Subsidy Via a Different CPUC Program Is not Possible

Attaining a subsidy via a different CPUC-approved program is not possible. All funds authorized by the Biomethane Monetary Incentive Program, established in D.15-06-029, are currently encumbered, and this program is not on the waitlist for that program. Thus, it is not anticipated that this project would receive funds from this program.

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13/ Cal. Health & Safety Code § 38500 *et seq*.

14/ California Air Resources Board. 2022 Scoping Plan for Achieving Carbon Neutrality. California Environmental Protection Agency, 2022. https://ww2.arb.ca.gov/resources/documents/2022-scoping-plan-documents.

### 5. Allowance Calculation and Methodology

OP 2 of D.22-09-026, requires that utilities include an update to the non-residential gas line extension allowance calculations based on the current methodology.[15/] The current methodology for non-residential gas line extension allowances is stated in PG&E's Gas Rule 15 and is based on the equation below.[16/]

$$\text{Allowance} = \frac{\text{Net Revenue}}{\text{Cost-of-Service Factor}}$$

PG&E estimates the allowance for this project to be as follows:

| Project | Projected Net Revenue (Annual) | Cost-of-Service Factor | Allowance | Maximum Subsidy (Refundable Job Costs) |
|---|---|---|---|---|
| Wastewater | $1,358,329 | 14.04% | $9,675,000 | $3,215,964 |

Project net revenue is much higher than typical for this type of project as the customer will take service under the core G-NR2 Mainline extension rate.[17/] However, per Gas Rule 15, Section E, Subpart 7, the allowance amount is capped at actual project costs and limited to the amounts authorized by the Commission in this proceeding. PG&E also reduced the final subsidy cost by accounting for all the nonrefundable costs associated with the project (e.g., environmental review, permitting, excavation and backfill, etc.) Here, the maximum subsidy allowed by the tariff is $3,215,964. Providing a subsidy up to this maximum contract amount is justified, as ratepayers would recover the full subsidy within approximately eight months of service through collected revenues, with an additional 28 months of net positive contribution to

15/ "Specifically, this information should contain an update to the non-residential gas line extension allowance calculation based on current methodology, as required in D.22-09-026. [This] information can help the Commission examine whether the costs for the gas line subsidies requested for each project are reasonable, which is an issue in this proceeding." Scoping Memo at 13 (A.25-07-002).

16/ PG&E's Gas Rule 15, Section C, Subpart 4.

17/ Gas Schedule G-NR2, Gas Service to Large Commercial Customers.

the system. PG&E provides additional information (including all inputs used) regarding this allowance calculation in Attachment B to this Application.[18/]

## IV. COMPLIANCE REQUIRED BY THE COMMISSION'S RULES OF PRACTICE AND PROCEDURE

### A. Statutory and Other Authority (Rule 2.1)

PG&E files this Application pursuant to Rules 2.1 of the Rules of Practice and Procedure, as well OP 2 of D.22-09-026.

### B. Legal Name and Principal Place of Business (Rule 2.1(a))

The legal name of the Applicant is Pacific Gas and Electric Company. PG&E's principal place of business is 300 Lakeside Drive, Oakland, California 94612. PG&E is duly organized under the State of California.

### C. Correspondence and Communications (Rule 2.1(b))

All correspondence, communications, and service of papers regarding this application should be directed to:

Lisa-Marie Clark
Senior Counsel
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Law Department, 19th Floor
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Regulatory Case Manager, Principal
Regulatory Proceedings and Rates, 12th Floor
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Telephone: (707) 266-2462
Email: Maya.Biery@pge.com

### D. Categorization, Hearings, and Issues to Be Considered (Rule 2.1(c), 7.1)

#### 1. Proposed Categorization

Pursuant to Commission Rule of Practice and Procedure (Rule) 2.1(c), PG&E proposes that this proceeding be categorized as "ratesetting." PG&E is not proposing in this proceeding to change rates. Funding for the allowance is already being considered in PG&E's 2027 General

18/ Both Confidential and Public Version available.

Rate Case.[19/] However, ratesetting appears to be the best categorization for this proceeding as it is not adjudicatory or quasi-legislative in nature.

### 2. Need for Hearings

PG&E believes that hearings are unnecessary to address this Application. The Application, including the additional attachments, constitute a sufficient record for the Commission to rule on PG&E's proposal. To the extent that the Commission or parties to the proceeding request additional information, PG&E will direct those to the SFPUC in order to submit a complete response. PG&E proposes a procedural scheduled below.

### 3. Issues to Be Considered

The issues to be considered are:

1. Whether the SFPUC's wastewater project application demonstrates the minimum requirements set forth in D.22-09-026 to support approval of the requested gas line subsidy.
2. Whether the proposed non-residential gas subsidy amount is reasonable.

## E. Procedural Schedule (Rules 2.1(c), 2.9)

PG&E proposes the following procedural schedule. PG&E believes that hearings will not be necessary in this proceeding and thus the proposed schedule does not include evidentiary hearing dates.

| Activity | Date |
|---|---|
| Application Filed | July 1, 2026 |
| Notice in CPUC Daily Calendar | TBD |
| Responses/Protests | Daily Calendar Notice + 30 days |
| Prehearing Conference | Filing Date + 45 days |
| Scoping Memo | Filing Date + 75 days |
| Opening Briefs (if needed) | Scoping Memo + 45 days |
| Reply Briefs (if needed) | Opening Briefs + 14 days |
| Proposed Decision | Reply Briefs + 60 days |
| Commission Decision | Proposed Decision + 30 days |

19/ PG&E's General Rate Case [A.25-05-009], Exhibit 3, Chapter 5, Section B.14.3.a.

### F. Articles of Incorporation (Rule 2.2)

PG&E is, and since October 10, 1905, has been, an operating public utility corporation organized under California law. It is engaged principally in the business of furnishing electric and gas services in California. A certified copy of PG&E's Amended and Restated Articles of Incorporation, effective June 22, 2020, was filed with the Commission on July 1, 2020, with PG&E's Application 20-07-002. These articles are incorporated herein by reference.

### G. Safety (Rule 2.1( c))

In D.16-01-017, the Commission adopted an amendment to Rule 2.1(c) requiring applications to clearly state the "relevant safety considerations." The Commission has previously explained that the "safe and reliable provisions of utilities at predictable rates promotes public safety."[20/]

D.22-09-026 reiterated that the elimination of gas subsidies is one of many necessary and important steps in furthering California's decarbonization goals, while easing the burden on gas ratepayers, ensuring grid safety and reliability, and continuing to promote alternative clean fuels.[21/] However, the exemption process furthers safety and reliability, as these projects, if approved for subsidies through this application process, would have demonstrated that they will reduce GHG emissions and be consistent with California's climate goals.

## V. SERVICE

PG&E is serving this Application on parties to the service list for R.19-01-011.

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20/ D.14-12-053, pp. 12-13.

21/ D.22-09-026, p. 48.

## VI. CONCLUSION

PG&E appreciates the Commission's consideration of the SFPUC's Wastewater Project and respectfully requests that the Commission approve the gas line subsidy as it meets the minimum criteria set forth in D.22-09-026.

Respectfully Submitted,

LISA MARIE CLARK

By: */s/ Lisa Marie Clark*
LISA MARIE CLARK

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Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: July 1, 2026

**VERIFICATION**

I, the undersigned, say:

I am an officer of PACIFIC GAS AND ELECTRIC COMPANY, a corporation, and am authorized to make this verification for and on behalf of said corporation, and I make this verification for that reason: I have read the foregoing application and I am informed and believe that the matters therein concerning PACIFIC GAS AND ELECTRIC COMPANY are true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, to the best of my knowledge.

Executed on July 1, 2026, at Oakland, California.

By: Jenny Kan

Jenny Kan

Assistant Corporate Secretary

Pacific Gas and Electric Company

# ATTACHMENT A

**CONFIDENTIAL INFORMATION WITHIN THIS ATTACHMENT HAS BEEN FILED UNDER SEAL WITH THE CPUC'S DOCKET OFFICE. A REDACTED VERSION IS PROVIDED IN THE PUBLIC VERSION**

Pacific Gas and Electric Company

# GAS NEW BUSINESS ALLOWANCE / DISCOUNT EXCEPTION APPLICATION

**Background**

Pursuant to the California Public Utilities Commission's (CPUC) Decision 22-09-026 as part of Rulemaking 19-01-011, Order Instituting Rulemaking Regarding Building Decarbonization, Customers may request approval from the CPUC for a gas line extension allowance, a 10-year refundable payment option, or a 50 percent discount payment option only for specific, unique non-residential projects meeting **ALL** the criteria established below:

(a) The project shows a demonstrable reduction in greenhouse gas emissions.
(b) The project's gas line extension is consistent with California's climate goals, including those articulated in Senate Bill 32 (Pavley, 2016); and
© The project demonstrates that it has no feasible alternatives to the use of natural gas, including electrification.

PG&E's sole responsibility is to review all Customer Gas New Business Allowance/Discount Exception Applications submitted on after July 1, 2023 (the effective date of the elimination of most gas allowances, refunds and discounts) and submit potentially qualifying projects to the CPUC for final approval or rejection as part of an annual CPUC Application filed by PG&E. PG&E and/or the CPUC may require additional documentation or information to proceed with the CPUC Application process. Per the CPUC, **PG&E is only permitted to submit the CPUC Application once per year on July 1.** This means that the response timeline could vary greatly and PG&E cannot provide any timeline for Gas Line Extension Allowances, Refunds, or Discount Exceptions.

Please see PG&E's Gas Rule 15, Section C for additional details.

Customer feedback on this process described above can be provided using the CPUC online comment options here: Providing Public Comments at the CPUC (ca.gov).

**Please complete the following.**

## PART 1: Project Information

| | |
|---|---|
| Application/Project Number: | BDFP New NG Load / R-2026 and S-1426 |
| Applicant/Submitter Name: | SFPUC / [redacted] |
| Primary Contact Name: | [redacted] |
| Legal Contact Name: | SFPUC |
| Company Name: | SFPUC |
| Business Activity (NAICS): | Public Utility - Water, Power, Sewer Services |

**Project Location Information:**

Project Address:

| | |
|---|---|
| Street Name | [redacted] |
| City | San Francisco |
| County | San Francisco |
| Zip Code | 94124 |
| Email Address: | [redacted] |
| Contact Number: | [redacted] |

Air district for the project location: Bay Area Air District

Pacific Gas and Electric Company

# GAS NEW BUSINESS ALLOWANCE / DISCOUNT EXCEPTION APPLICATION

Is this project located in a disadvantaged community?
To find out if your project is located in a Disadvantaged community: SB 535 Disadvantaged Communities | OEHHA (ca.gov)

- [x] Yes
- [ ] No

Desired Customer Completion Date: 6/15/2026

Project Construction Status:

- [x] New
- [ ] Existing

## CRITERIA A: The project shows a demonstrable reduction in greenhouse gas emissions

Complete the following questions in as much detail as possible. If additional space is needed, attach your supporting documentation and summary.

*See list below for additional greenhouse gas emission resources:*
*Environmental Protection Agency*
*USEPA - General Stationary Combustion Source (Subpart C), Subpart C Methodologies*
*Argonne National Laboratory - Argonne GREET Model*

1. Gas Appliances and Operation
List any equipment included in this project application including all new and existing natural gas appliances and load. If you have multiple pieces of the same type of equipment with different loads, please list them separately.

Appliance #1

| | |
|---|---|
| Description of Appliance: | Boilers |
| Number of Appliances: | 3 (2 duty + 1 standby) |
| Each Appliance MBtu/h: | 24.2 |
| Total MBtu/h: | 48.4 |

See attached Summary of BDFP Natural Gas Appliances Table for additional details on appliances. Numbers in this form are based on demand load (maximum) in PG&E application.

Appliance #2

| | |
|---|---|
| Description of Appliance: | Thermal Oxidizer |
| Number of Appliances: | 1 |
| Each Appliance MBtu/h: | 8.5 |
| Total MBtu/h: | 8.5 |

Etc.

| | |
|---|---|
| Number of operating hours per day: | 24 |
| Number of operating days per week: | 7 |
| Number of weeks per year: | 52 |

2. Describe how your new gas business project shows a demonstrable reduction in greenhouse gas (GHG) emissions. If applicable, provide documentation that shows you are taking part in GHG reduction (including but not limited to: Low Carbon Fuel Standard (LCFS) and/or Renewable Identification Number (RINs/ERINs credits, Energy Efficiency Participation).

- [x] Document Attached/Included

3. What is your project's estimated annual greenhouse gas reduction? 14,200 MT CO2e

4. Does your project use technology that meets/exceeds energy efficiency above standard practice or Title 24 Part 6 standards?

   ■ Yes
   ☐ No

5. If Yes to Question 4: Please provide any documentation illustrating how the technology will increase energy efficiency (i.e. manufacturer cut sheet).

   ■ Document Attached/Included

**CRITERIA B: The project's gas line extension is consistent with California's climate goals, including those articulated in Senate Bill 32 (Pavley, 2016)**

1. Describe how your new gas business project is consistent with California's climate goals, including those articulated in Senate Bill 32 (Pavley, 2016).

   *See list below for a few helpful hyperlinks regarding California's climate goals:*
   *Senate Bill 32 California Global Warming Solutions Act of 2006*
   *California Air Resource Board (CARB)*
   *2022 Scoping Plan for Achieving Carbon Neutrality*

   This project supports California's climate goals under Senate Bill 32 by upgrading municipal wastewater biogas to renewable natural gas (RNG) for pipeline injection, displacing fossil natural gas with a lower-carbon fuel. The project captures and beneficially uses biogenic methane that would otherwise be flared or emitted, consistent with the CARB Scoping Plan's prioritization of waste-derived renewable fuels and near-term greenhouse gas reductions. All electric loads for RNG upgrading will be served by 100 percent greenhouse-gas-free electricity. Limited natural gas use is restricted to necessary process heat for digestion and thermal oxidation required to

2. What are your organization's sustainability goals and how does your gas line extension project relate to those goals?

   SFPUC's sustainability goals include reducing greenhouse gas emissions from wastewater operations and maximizing beneficial use of biogas. The gas line extension enables export of RNG derived from municipal wastewater, allowing displacement of fossil natural gas. Gas service is also required to provide process heat necessary for stable digestion and operation of the thermal oxidizer, which are integral to continuous biogas capture and RNG production. The project supports these goals while minimizing onsite emissions through the

3. Does your project qualify for any of the following programs? (Select all that apply)

   ☐ Self-Generation Incentive Program (SGIP)
   ☐ Demand Side Grid Support (DSGS) Program
   ☐ PG&E Energy Efficiency Rebates for Businesses
   ☐ PG&E Energy Action Guide
   ☐ PG&E Energy Efficiency Financing
   ☐ GoGreen Financing
   ☐ Compressed Natural Gas for Vehicles
   ■ None of the above
   ☐ Other (Please specify):

4. Does your project fall into one of the below categories? (Select all that apply.)

- [x] Renewable Natural Gas (RNG) or Hydrogen (Piped and Virtual)
- [ ] Compressed Natural Gas (CNG), Liquid Natural Gas (LNG), and Hydrogen Stations
- [ ] Electric Generation
- [ ] Backup Generation
- [ ] Facility Conversions (facilities switching from higher greenhouse gas intensity fuels)
- [ ] Large Commercial Customer
- [ ] Industrial Customer
- [ ] Gas Transmission Customer
- [x] Critical Load

## CRITERIA C: The project demonstrates that it has no feasible alternatives to the use of natural gas, including electrification

1. Explain why your project has no feasible/technology alternatives to the use of natural gas, including electrification. Please describe the alternatives and why they are not feasible. Is there a sufficient electric service available at this location?

Electrification is not feasible due to the continuous, high-temperature thermal energy required for stable digestion and safe destruction of residual methane, which cannot be reliably or cost-effectively met with electric technologies. All electric loads associated with RNG upgrading will be served by 100 percent greenhouse-gas-free electricity; however, natural gas is required for process heat necessary to enable safe, continuous biogas capture and RNG production. Electric service at the site is not sufficient to replace these thermal processes without substantial infrastructure upgrades.

2. How would you operate your business if natural gas equipment was not available?

Without access to natural gas equipment, the facility would be unable to reliably operate the digestion and thermal oxidation processes necessary to safely treat and condition biogas for renewable natural gas production. In the absence of feasible alternatives, biogas would be flared or wasted, eliminating the ability to produce and export renewable natural gas and resulting in higher overall greenhouse gas emissions.

**Please provide any additional information to support meeting the above criteria to be included with PG&E's annual CPUC Application described above requesting consideration for Allowances, Refunds, or the 50% Discount option.**

- [ ] Document Attached/Included

## Acknowledgement

- [x] I declare that I conducted a thorough search for feasible alternatives to the use of natural gas in this project and was not able to find any such alternatives.
- [x] I declare under penalty of perjury that the information submitted in this application is true, correct, and complete to the best of my knowledge.

Applicant's Signature [redacted] Print Name [redacted] Date 05/01/26

*First Name, Middle Initial, Last Name*

**Summary of BDFP Natural Gas Appliances**

| Equipment | Gas Load | | | Use Frequency |
|---|---|---|---|---|
| | scfh | Mcfh | MMBTU/hr | |
| Boiler 1 | [redacted] | | | Continuous |
| Boiler 2 | | | | Continuous |
| Boiler 3 | | | | Spare |
| Portable Boiler | | | | Continuous (if needed) |
| Thermal Oxidizer | | | | Continuous |
| Biogas Flare Ignition | | | | Intermittent |
| Existing Services | | | | Intermittent |
| Safety Factor | | | | Continuous |
| **TOTAL REQUESTED LOAD** | | | | |

## BDFP Greenhouse Gas Reduction Estimates

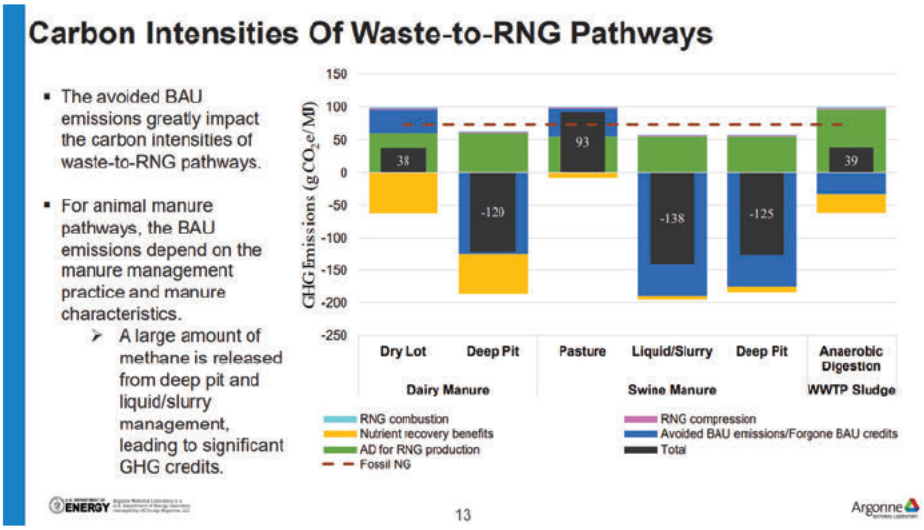
At startup of the project, SFPUC will generate an average of 752 scfm of RNG with an estimated natural gas use of 248 scfm. The estimated GHG emissions reduction from offsetting fuels based on annual average conditions are provided in Table 1.

*Table 1. BDFP Non-Lifecycle GHG Reduction*

| Use | End-Use | Offset per year, MT CO2e/yr |
|---|---|---|
| **RNG Replacement for Fossil Fuel Derived Natural Gas** | Heating | 21,100 (Does not deduct natural gas use)<br>**14,200** (deducts natural gas use) |
| **RNG Replacement for Fossil Fuel Derived Diesel** | Transportation | 29,100 (Does not deduct natural gas use)<br>**19,700** (deducts natural gas use) |

Life-Cycle GHG Reduction

Current GREET models for lifecycle GHG reductions indicate that wastewater GHG emissions per unit of energy are higher than that of fossil fuel natural gas. These models are based on general assumptions for the wastewater sector.




Source: Life-Cycle GHG Results of Fuels from Waste Streams and Biomass with the R&D GREET Model

SFPUC's lifecycle emissions deviate from the base GREET assumptions for wastewater treatment plants for two primary reasons: reduction of electricity emissions and reduction of fugitive/process emissions.

- SFPUC utilizes 100% carbon free electricity from Hetch Hetchy Power for their treatment processes and will not have Scope 2 indirect emissions for its use.
- Direct fugitive and process emissions from SFPUC will be significantly lower as the plant is installing new anaerobic digestors with fixed covers, more modern biogas treatment technologies, and a thermal oxidizer. Older digestion and biogas upgrading system are prone to more emissions due to the design of the system. Older biogas upgrading systems typically vent tail gas which contains methane. SFPUC will be installing a thermal oxidizer to combust the tail gas to prevent those emissions.

It is anticipated that these two parameters would shift wastewater RNG biogas to have a lower carbon intensity than fossil derived natural gas. To estimate the annual greenhouse gas reductions from the project, a carbon intensity of 39 gCO2e/MJ was assumed for SFPUC's RNG fuel. Note that the average carbon intensity of approved fuel pathways in CARB's LCFS program for compressed natural gas using wastewater sludge as of 5/1/2026 is 36.86 gCO2e/MJ, but the more conservative value of 39 gCO2e/MJ was assumed in this calculation.

# HURST
BOILER & WELDING CO., INC.

AVAILABLE WITH LOW NOX

## HURST SERIES 500

**4-PASS SCOTCH MARINE DESIGN**
**with Wetback Construction**

## HIGH PRESSURE BOILER
Capacities From 30 to 1500 BHP.
1004 to 50,213 MBTU/HR.

**STEAM**
Pressures to 15-300 PSIG
*Higher Pressures Upon Request*

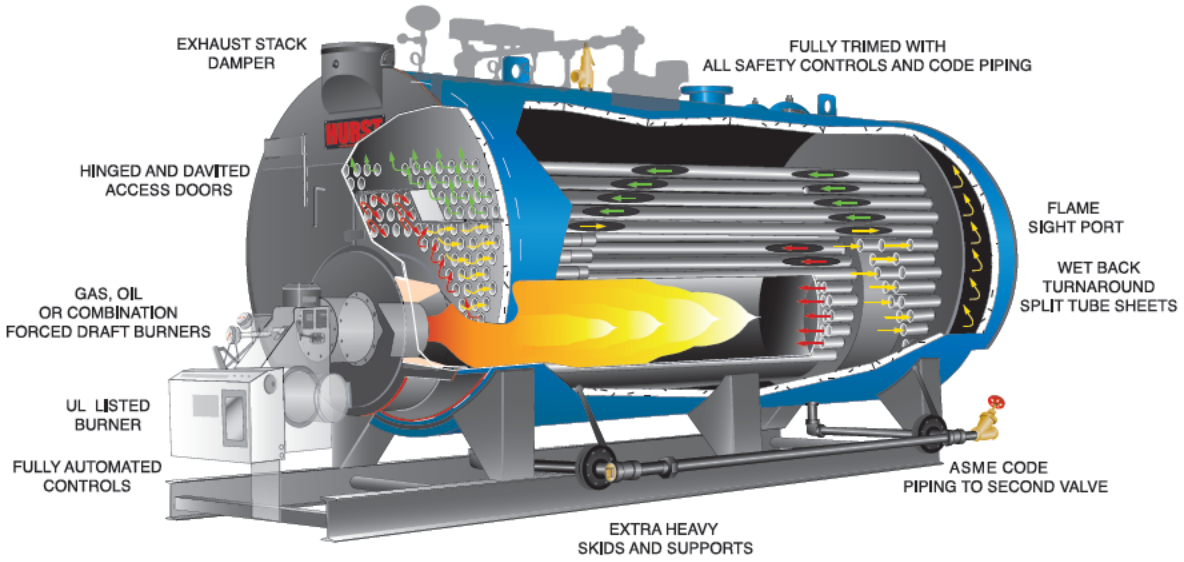
**HOT WATER**
Section I and Section IV


Shown with
Low Nox Burner

**SKID MOUNTED**
**MODULAR PACKAGED**

*Wetback design eliminates costly deteriorating refractory rear doors and baffles between flue gas passes.*

**HURST PERFORMANCE SERIES BOILERS**




## BOILER SPECIFICATIONS

| | BOILER HORSEPOWER | | | SEMI WET BACK 30 | 40 | 50 | 60 | 70 | 80 | 100 | 125 | 150 | 200 | 250 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | HEATING SURFACE | FIRESIDE | SQ. FT. | 150 | 200 | 250 | 300 | 350 | 400 | 500 | 625 | 750 | 1000 | 1250 | |
| | STEAM OUTPUT | FROM &@ 212° | LBS/HR | 1035 | 1380 | 1725 | 2070 | 2415 | 2760 | 3450 | 4313 | 5175 | 6900 | 8625 | |
| | GROSS OUTPUT | | MBH | 1004 | 1339 | 1674 | 2009 | 2343 | 2678 | 3348 | 4184 | 5021 | 6695 | 8369 | |
| | FIRING RATE GAS | 1,000 BTU/CF | CFH | 1260 | 1680 | 2100 | 2520 | 2940 | 3360 | 4200 | 5250 | 6300 | 8400 | 10500 | |
| | FIRING RATE LP GAS | 91,500 BTU | GPH | 13.8 | 18.4 | 23 | 27.5 | 32 | 36.7 | 46 | 57 | 69 | 92 | 115 | |
| | FIRING RATE OIL #2 | 140,000 BTU | GPH | 9 | 12 | 15 | 18 | 21 | 24 | 29.9 | 37.4 | 45 | 60 | 75 | |
| | FIRING RATE OIL #5 & #6 | 150,000 BTU | GPH | 8.4 | 11.2 | 14 | 16.8 | 19.6 | 22.4 | 28 | 35 | 42 | 56 | 70 | |
| A | *NOTE: 1 STEAM OUTLET SIZE | 150 PSI | IN | 1.5 | 2 | 2.5 | 2.5 | 3 | 3 | 4 | 4 | 4 | 4 | 6 | A |
| AA | *NOTE: 2 STEAM OUTLET SIZE | 15 PSI | IN | 4 | 4 | 4 | 6 | 6 | 6 | 8 | 8 | 8 | 8 | 10 | AA |
| B | *NOTE: 2 WATER SUPPLY SIZE | 30 PSI | IN | 4 | 4 | 4 | 6 | 6 | 6 | 8 | 8 | 8 | 8 | 10 | B |
| C | *NOTE: 2 WATER RETURN SIZE | 30 PSI | IN | 4 | 4 | 4 | 4 | 4 | 4 | 6 | 6 | 6 | 6 | 8 | C |
| D | FEEDWATER CONNECTION SIZE | | IN | 0.75 | 0.75 | 0.75 | 1 | 1 | 1.25 | 1.25 | 1.25 | 1.25 | 1.5 | 1.5 | D |
| E | BLOWDOWN CONNECTION (BTM) | HIGH PRESS. | IN | 1 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 2@1.25 | 2@1.25 | 2@1.25 | 2@1.25 | 2@1.25 | E |
| EE | BLOWDOWN CONNECTION (BTM) | LOW PRESS. & HW | IN | 1.25 | 1.25 | 1.25 | 1.5 | 1.5 | 1.5 | 2@1.50 | 2@1.50 | 2@2.0 | 2@2.0 | 2@2.0 | EE |
| F | STACK OUTLET SIZE O.D. | | IN | 10 | 10 | 10 | 12 | 12 | 12 | 14 | 14 | 16 | 16 | 18 | F |
| G | FURNACE O.D. | | IN | 14 | 14 | 16 | 18 | 18 | 18 | 22 | 26 | 30 | 30 | 32 | G |
| H | SHELL I.D. | | IN | 40 | 40 | 44 | 48 | 48 | 48 | 54 | 60 | 66 | 70 | 72 | H |
| I | SUPPLY HEIGHT | | IN | 55.25 | 55.375 | 59.75 | 63.75 | 66.625 | 66.625 | 74.625 | 81.75 | 87.75 | 90.75 | 93.75 | I |
| J | WIDTH WITHOUT TRIM | | IN | 46 | 46 | 50 | 54.63 | 54.63 | 54.63 | 60 | 66.5 | 72.5 | 75.75 | 77.75 | J |
| K | WIDTH WITH TRIM | | IN | 58 | 58 | 60 | 66 | 66 | 66 | 72 | 79 | 84 | 88 | 90 | K |
| L | SKID WIDTH | | IN | 34 | 34 | 36 | 40 | 40 | 40 | 44 | 48 | 51 | 56 | 57 | L |
| M | END OF SKID FROM FRT. PLATE | | IN | 13.5 | 14.25 | 15.25 | 15.25 | 15.25 | 15.25 | 21.75 | 25.13 | 27.18 | 34.18 | 28.63 | M |
| N | SHELL TO FLOOR | | IN | 12 | 12 | 12 | 12 | 12 | 12 | 14 | 15 | 15 | 14 | 15 | N |
| O | SKID LENGTH | | IN | 81 | 99 | 102 | 102 | 102 | 114 | 114 | 132 | 147 | 168 | 180 | O |
| P | STACK OUTLET HEIGHT | | IN | 58.63 | 58.63 | 62.63 | 66.63 | 66.63 | 66.63 | 74.63 | 81.75 | 87.75 | 90.75 | 93.75 | P |
| Q | BLOWDOWN LOCATION | | IN | 35.75 | 41 | 31.75 | 29.75 | 29.75 | 29.75 | 29.75 | 32.88 | 31.81 | 31.81 | 33.88 | Q |
| R | STEAM OUTLET LOCATION | 15 PSI & UP | IN | 38.75 | 41.75 | 40.25 | 49.75 | 49.75 | 58.75 | 55.75 | 55.88 | 66.81 | 72.81 | 70.38 | R |
| S | SUPPLY LOCATION | | IN | 20.25 | 20.25 | 33.25 | 37.75 | 37.75 | 43.75 | 32.75 | 32 | 34 | 45.88 | 49.38 | S |
| T | RETURN LOCATION | | IN | 59.25 | 74.25 | 78.25 | 85.75 | 85.75 | 97.75 | 90.75 | 102 | 82 | 80 | 86 | T |
| U | BURNER PROJECTION | STND. BURNER | IN | 32 | 35 | 35 | 38 | 38 | 42 | 42 | 42 | 45 | 45 | 45 | U |
| V | TUBE REMOVAL | FRONT | IN | 68 | 85 | 88 | 91 | 91 | 102 | 96 | 108 | 127 | 139 | 152 | V |
| W | CENTER LINE OF FURNACE | TO FLOOR | | 27.31 | 27.31 | 28.81 | 31.31 | 31.31 | 31.31 | 29.81 | 33.75 | 34.88 | 34.63 | 35.63 | W |
| X | APPROX. OVERALL LENGTH | | IN | 113 | 130 | 134 | 144 | 144 | 160 | 158 | 189 | 192 | 204 | 219 | X |
| Y | 2ND. BLOWDOWN CONNECTION | | IN | NA | NA | NA | NA | NA | NA | 50 | 56 | 93 | 105 | 98 | Y |
| | WATER CAPACITY - STEAM | NWL | GALS | 215 | 272 | 324 | 389 | 371 | 429 | 482 | 681 | 945 | 1169 | 1332 | |
| | WATER CAPACITY - HOT WATER | FLOODED | GALS | 252 | 320 | 382 | 445 | 427 | 492 | 564 | 793 | 1130 | 1410 | 1553 | |
| | APPROX. SHIPPING WEIGHT | 150 PSI | LBS | 3500 | 4100 | 4700 | 6450 | 6700 | 7150 | 8200 | 10400 | 13000 | 16600 | 20500 | |
| | APPROX. SHIPPING WEIGHT. | 15 & 30 PSI | LBS | 3400 | 4000 | 4500 | 6200 | 6400 | 6850 | 7200 | 9400 | 11750 | 13700 | 18500 | |
| | BOILER HORSEPOWER | | | 30 | 40 | 50 | 60 | 70 | 80 | 100 | 125 | 150 | 200 | 250 | |

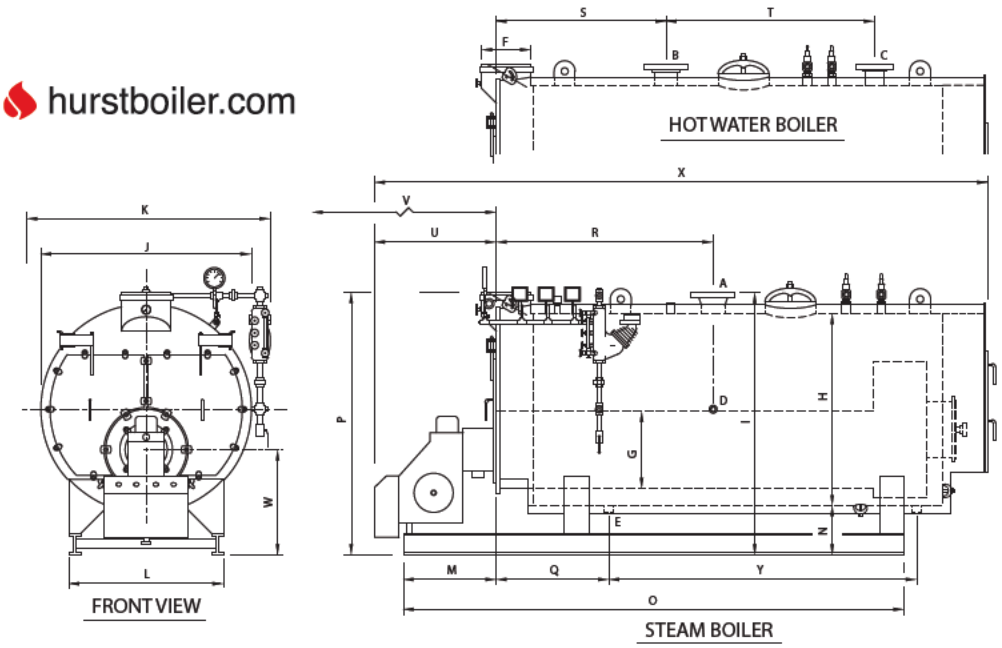
*NOTE:1* 3"& ABOVE ARE 300# ANSI FLANGE.
*NOTE:2* 4" & ABOVE ARE 150# ANSI FLANGE.
*NOTE:* 100 HP & LARGER HAS 12" X 16" MANWAY

ALL DIMENSIONS ARE IN INCHES
CERTIFIED DRAWING AVAILABLE UPON REQUEST.
DIMENSIONS SUBJECT TO CHANGE WITHOUT NOTICE.

Inspected and registered with the National Board of Boiler & Pressure Vessel Inspectors.

Designed, constructed and stamped in accordance with the requirements of the ASME Boiler Codes.

hurstboiler.com




| | 300 | 350 | 400 | 500 | 600 | 700 | 750 | 800 | 900 | 1000 | 1200 | 1500 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1500 | 1750 | 2000 | 2500 | 3000 | 3500 | 3750 | 4000 | 4500 | 5000 | 6000 | 7500 | |
| | 10350 | 12075 | 13800 | 17250 | 20700 | 24150 | 25875 | 27600 | 31050 | 34500 | 41400 | 51750 | |
| | 10043 | 11716 | 13390 | 16738 | 20085 | 23432 | 25106 | 26780 | 30128 | 33475 | 40170 | 50213 | |
| | 12600 | 14700 | 16800 | 21000 | 25200 | 29400 | 31500 | 33600 | 37800 | 42000 | 50400 | 63000 | |
| | 138 | 160 | 184 | 230 | 275 | 320 | 344 | 368 | 413 | 460 | 550 | 688 | |
| | 90 | 105 | 120 | 150 | 180 | 210 | 225 | 240 | 270 | 300 | 360 | 450 | |
| | 84 | 98 | 112 | 140 | 168 | 196 | 210 | 224 | 252 | 280 | 336 | 420 | |
| A | 6 | 6 | 6 | 6 | 8 | 8 | 8 | 8 | 8 | 8 | 10 | 10 | A |
| AA | 10 | 10 | 10 | 10 | 12 | 12 | 12 | 12 | 14 | 14 | 14 | 14 | AA |
| B | 10 | 10 | 10 | 10 | 12 | 12 | 12 | 12 | 12 | 12 | 14 | 14 | B |
| C | 8 | 8 | 8 | 8 | 8 | 10 | 10 | 10 | 12 | 12 | 14 | 14 | C |
| D | 2 | 2 | 2 | 2 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | D |
| E | 2@1.50 | 2@1.50 | 2@1.50 | 2@1.50 | 2@1.50 | 2@2.0 | 2@2.0 | 2@2.0 | 2@2.0 | 2@2.0 | 2@2.0 | 2@2.0 | E |
| EE | 2@2.0 | 2@2.0 | 2@2.0 | 2@2.0 | 2@2.0 | 2@2.0 | 2@2.0 | 2@2.0 | 2@2.0 | 2@2.0 | 2@2.0 | 2@2.0 | EE |
| F | 20 | 20 | 24 | 24 | 28 | 30 | 30 | 30 | 30 | 30 | 32 | 32 | F |
| G | 34 | 34 | 38 | 44 | 46 | 52 | 52 | 52 | 52 | 52 | 56 | 56 | G |
| H | 84 | 84 | 90 | 96 | 102 | 115 | 115 | 115 | 120 | 120 | 132 | 136 | H |
| I | 109 | 109 | 115 | 121 | 127 | 140.25 | 140.25 | 140.25 | 146.25 | 146.25 | 158.25 | 162.5 | I |
| J | 90.75 | 90.75 | 96.25 | 102.75 | 108.75 | 122 | 122 | 122 | 127 | 127 | 139.5 | 143.5 | J |
| K | 102 | 102 | 108 | 114 | 121 | 132 | 132 | 132 | 138 | 138 | 150 | 156 | K |
| L | 64 | 64 | 70 | 76 | 78 | 88 | 88 | 88 | 92 | 92 | 104 | 114 | L |
| M | 30.63 | 35.63 | 32.63 | 35.63 | 48.63 | 41.63 | 41.63 | 42.63 | 48.63 | 52.63 | 55.63 | 54.5 | M |
| N | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | N |
| O | 174 | 204 | 198 | 222 | 252 | 228 | 240 | 252 | 261 | 288 | 294 | 330 | O |
| P | 109 | 109 | 115 | 121 | 127 | 140.25 | 140.25 | 140.25 | 145.25 | 145.25 | 158.25 | 162.5 | P |
| Q | 34.38 | 40 | 46 | 48 | 49 | 48 | 48 | 50 | 50 | 50 | 58 | 60 | Q |
| R | 69.88 | 82.88 | 91.38 | 93 | 96.88 | 86.88 | 89.88 | 91 | 99.88 | 105.88 | 124.88 | 144 | R |
| S | 46.38 | 53.88 | 51.88 | 56.88 | 66 | 61 | 61 | 63.88 | 63.88 | 70.88 | 73.88 | 74 | S |
| T | 88 | 95 | 95 | 102 | 110 | 110 | 116 | 126 | 126 | 135 | 137 | 160 | T |
| U | 46 | 48 | 54 | 57 | 62 | 62 | 62 | 62 | 68 | 68 | 84 | 84 | U |
| V | 144 | 168 | 168 | 190 | 205 | 188 | 200 | 213 | 216 | 239 | 239 | 276 | V |
| W | 40.25 | 40.25 | 42.63 | 46.25 | 47.25 | 50.5 | 50.5 | 50.5 | 50.5 | 50.5 | 52.63 | 52.75 | W |
| X | 215 | 241 | 246 | 275 | 297 | 283 | 295 | 308 | 317 | 340 | 361 | 402 | X |
| Y | 96 | 110 | 104 | 120 | 159 | 144 | 156 | 165 | 168 | 191 | 186 | 192 | Y |
| | 1628 | 1925 | 2250 | 2780 | 3707 | 3019 | 3758 | 4017 | 4504 | 5010 | 5762 | 7121 | |
| | 2147 | 2530 | 2829 | 3557 | 4611 | 4838 | 5161 | 5513 | 6218 | 6908 | 8498 | 10480 | |
| | 25000 | 27600 | 30000 | 37500 | 44000 | 52000 | 58000 | 60000 | 62000 | 68000 | 82000 | 98000 | |
| | 23000 | 25500 | 28000 | 35000 | 41000 | 49000 | 53500 | 55000 | 58000 | 64500 | 78000 | 93000 | |
| | 300 | 350 | 400 | 500 | 600 | 700 | 750 | 800 | 900 | 1000 | 1200 | 1500 | |

**BOILER DESIGN:**
Four-Pass "Scotch Marine" Firetube design with stress relieving "Wetback" construction. Pressure designs for steam are:

30-150 BHP. > 450 PSIG max.
200-400 BHP. > 400 PSIG max.
500-600 BHP. > 325 PSIG max.
700-1000 BHP. > 300 PSIG max.
1200-1200 BHP. > 250 PSIG max.
1500-1500 BHP. > 250 PSIG max.
1600-2000 BHP. > 200 PSIG max.

Hot Water pressures models are from 30-160 psig. High pressure, high temperature Section I hot water boilers available.
Factory assembled with trim, tested, ASME code, UL, and CSD-1 standards.

**STEAM MODEL TRIM:**
Safety relief valve(s), operating pressure control, high limit pressure control with manual reset, steam pressure gauge with syphon, combination pump control and low water cut-off with gauge glass assembly and drain valve, auxiliary low water cut-off with manual reset.

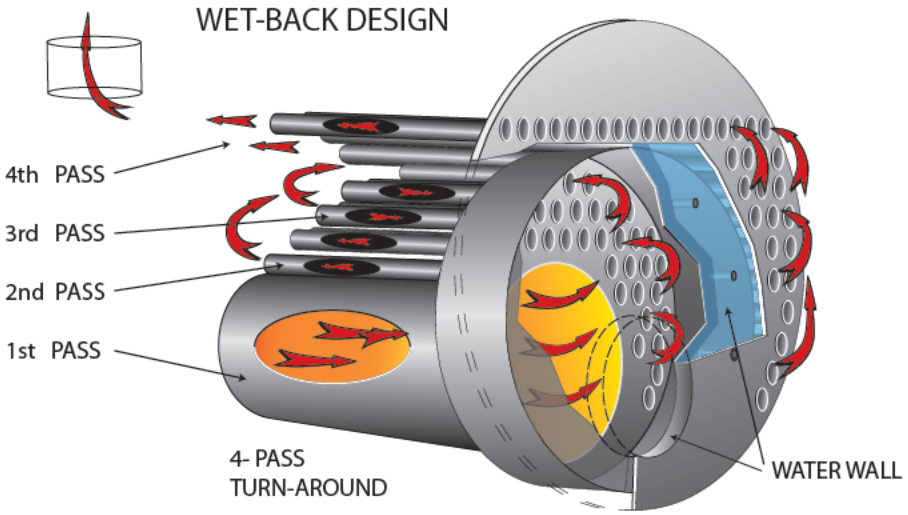
**HOT WATER MODEL TRIM:**
Safety relief valve(s), operating temperature control, high limit temperature control with manual reset, combination pressure & temperature gauge, low water cut-off control with manual reset.

**BURNER:**
UL listed burner/boiler packages available with factory pre-piped, wired and tested. Available fuel configurations: natural gas, propane gas, No. 2 oil, or combination.

# HURST PERFORMANCE SERIES BOILERS

## WETBACK ADVANTAGE

Dryback boilers are subject to deteriorating rear refractory, leaking baffles, leaking door seals, and often found with a heat-stressed rear tube sheet. Fragile refractory baffling and door seals will require continuous monitoring, maintenance, and replacement, costing thousands of dollars in materials and specialized labor costs over the life of the boiler. In addition, broken baffles and leaking seals will short-circuit the boiler's gas flow, causing high stack temperatures and lowering efficiency until repairs can be made. This can bring your production process to a costly halt.




All of those frustrating problems have been designed out of the Hurst Series 500 Wetback. It has a full wetback radiant heat transfer area that promotes superior internal water circulation and rapid heat absorption. Separate rear tube sheets allow each pass of tubes to expand and contract at its own rate without tube-to-sheet stress. Tubes are mechanically rolled, flared and beaded, making any tube service a simple matter. The only rear refractory is a manway plug which allows access to the furnace for inspection.

Stress Relieving "Wetback" Construction for Extended Life

## STANDARD STEAM TRIM

- Operating and high limit pressure control
- Modulating pressure control (when appl.)
- Water column with gauge glass, combination low water cut-off and pump control
- Probe Aux, L.W.C.O. with Manual Reset Steam pressure gauge, syphon and test cock
- Stack Thermometer, Water column drain valve
- Safety relief valve(s) per ASME Code

## STANDARD WATER TRIM

- Operating and high limit temperature control
- Modulating temperature control (when appl.)
- Probe type low water cut-off control with Manual Reset
- Combination pressure and temperature gauge
- Hot water return baffle for shock resistance
- Safety relief valve(s) per ASME Code
- Stack Thermometer

HBC-09507
09/2019

Hurst BOILER
hurstboiler.com

HURST BOILER
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Tel: (229) 346-3545 • Fax (229) 346-3874
email: info@hurstboiler.com
MANUFACTURED IN THE USA

# ATTACHMENT B

**CONFIDENTIAL INFORMATION WITHIN THIS ATTACHMENT HAS BEEN FILED UNDER SEAL WITH THE CPUC'S DOCKET OFFICE. A REDACTED VERSION IS PROVIDED IN THE PUBLIC VERSION**

## CPUC Exhibit - San Francisco Public Utilities Commission RNG Project

**Rate Schedule 1: G-NR2**

| G-NR2 Transportation Rates | First 4,000 Therms | Excess |
|---|---|---|
| Summer (Apr-Oct) | $1.28920 | $0.69518 |
| Winter (Nov-Mar) | $1.51553 | $0.81722 |

| | |
|---|---|
| **Customer Charge ($/day)** | $4.95518 |
| **Backbone MFV Rate ($/therm)** | $0.06895 |

| **Mainline Extension Rate Calculation** | | |
|---|---|---|
| Projected Annual Therms | [redacted] | |
| Rate ($/therm) | $0.22803 | **Gas Preliminary Statement Part B Sheet 20** |
| Net Annual Revenue | [redacted] | [redacted] × *$0.22803* = [redacted] |
| Monthly Charge | 1.17% | **Transmission Monthly Charge, PG&E Financed, Gas Rule 2.C.3.b** |
| Cost of Service Factor | 0.1404 | *1.17% × 12 months = 14.04% (Cost of Service Factor)* |
| **Allowance (TOTAL)** | **$9,674,709** | |

| | |
|---|---|
| 24% ITCC Tax (Refundable) | $771,831.47 |
| Non-Refundable Job Costs | $371,287 |
| Non-Refundable ITCC Tax | $89,109 |

| **Revenue Analysis** | |
|---|---|
| Annual Therms | [redacted] |
| Mainline Extension Rate ($/therm) | $0.22803 |
| Mainline Extension Revenue (Annual) | [redacted] |
| **Estimated Total Annual Revenue** | [redacted] |
| **3-Year Revenue Projection** | [redacted] |
| **Refundable Job Costs (Maximum Subsidy)** | **$3,215,964** |

**PG&E Position Supporting Gas Line Subsidy Exception**

PG&E supports the San Francisco Public Utilities Commission's (SFPUC) renewable natural gas (RNG) project as meeting the narrow exception criteria for non-residential gas line subsidies established in CPUC Decision 22-09-026. Per Section 6.4.4 of D.22-09-026, the Commission approved an application process for "specific, unique non-residential projects" that meet three minimum requirements: (a) demonstrable reduction in greenhouse gas emissions, (b) consistency with California's climate goals including SB 32, and (c) no feasible alternatives to natural gas use. The SFPUC's RNG production facility directly addresses criteria (a) and (b) by capturing and utilizing methane that would otherwise escape into the atmosphere—a significant source of short-lived climate pollutants (SLCPs). By injecting RNG into the pipeline system, this project displaces conventional natural gas with a renewable, carbon-beneficial fuel source, directly supporting California's decarbonization objectives while maintaining essential gas infrastructure for industrial applications that currently lack electrification alternatives.

From a financial perspective, PG&E's analysis demonstrates substantial ratepayer benefit. Using the CPUC-approved allowance formula set forth in Gas Rule 15, Section C.4 (Allowance = Net Annual Revenue / Cost of Service Factor), PG&E calculated the project allowance based on the G-NR2 Mainline Extension Rate of $0.22803/therm and annual usage of [redacted] therms, yielding a Net Annual Revenue of approximately [redacted] and a resulting allowance of $9,674,709. However, considering the full rate schedule revenue (transportation rates, backbone minimum firm volume charges, and customer charges), PG&E estimates total annual revenue of approximately [redacted] If the customer remains on the G-NR2 rate schedule for three years, PG&E would collect approximately [redacted] in total revenue—substantially exceeding the semi-final Refundable Job Costs of $3,215,964 (after non-refundable costs are factored, but prior to total job costs being assessed post-construction completion). Per Gas Rule 15, Section E.7 ("Maximum Refund"), no refund shall exceed the refundable amount, effectively capping the maximum subsidy at the Refundable Job Costs. PG&E's position is that providing a subsidy up to this maximum contract amount of $3,215,964 is justified, as ratepayers would recover the full subsidy within approximately 8 months of service through collected revenues, with an additional 28 months of net positive contribution to the system.

| **Regulatory References** | |
|---|---|
| **CPUC Decision 22-09-026** | Section 6.4.4 - Application Process for Select Projects |
| **CPUC Decision 22-09-026** | Pages 56-58 - Eligible Project Criteria |
| **Gas Rule 15** | Section C.2 - CPUC Approval for Allowances |
| **Gas Rule 15** | Section E.7 - Maximum Refund (limits subsidy to refundable amount) |
| **Gas Rule 15** | Section I - Definitions (Eligible Projects) |

| **D.22-09-026 Eligibility Criteria** | |
|---|---|
| **Criterion (a)** | Demonstrable reduction in greenhouse gas emissions |
| **Criterion (b)** | Consistent with California's climate goals (SB 32) |
| **Criterion (c)** | No feasible alternatives to natural gas use |