BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of Its Billing Modernization Initiative	Application 24-10-014 (Filed October 23, 2024)

OPENING BRIEF OF THE UTILITY REFORM NETWORK

TURN
THE UTILITY REFORM NETWORK
Lower bills. Livable planet.

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July 16, 2026

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OPENING BRIEF OF THE UTILITY REFORM NETWORK

I. INTRODUCTION AND SUMMARY OF RECOMMENDATIONS

Pursuant to Rule 13.12 of the Commission's Rules of Practice and Procedure and Administrative Law Judge's Ruling Setting Revised Proceeding Schedule, issued on March 10, 2026, The Utility Reform Network ("TURN") respectfully submits this opening brief.

Below is a summary of TURN's recommendations:

- The Commission should authorize costs equivalent to the inflation-adjusted amount of PG&E's forecast in its 2023 GRC, which TURN estimates to be approximately $202.4 million.
- In the event that the Commission decides to authorize a portion of the increased costs, the Commission should adopt a reduced rate of return for those amounts to send a strong signal that PG&E is not being rewarded for its poor showing in the GRC, which resulted in a denial of its request.

II. THE PROPOSED COSTS OF THE BILLING MODERNIZATION INITIATIVE ARE UNREASONABLE AND UNSUPPORTED

PG&E's Billing Modernization Initiative ("BMI") request represents a shocking departure from the utility's own 2023 General Rate Case ("GRC") filing. In just three years, PG&E has transformed what was presented as a $176.8 million billing system upgrade into a $761.3 million initiative—a staggering 330% increase that undermines both ratepayer affordability and the utility's credibility. The magnitude of this cost escalation, from $176.8 million to $761.3 million, represents an additional burden of $584.5 million on ratepayers for what PG&E previously represented was a comprehensive solution to its billing system challenges. Yet, at the same time, it would result in extraordinary additional profits for shareholders.

A. The Drastic Cost Increases from the 2023 GRC Proposal Are Unsupported and Unreasonable

In its 2023 GRC filing, PG&E presented a comprehensive "Billing System Upgrade Project" with a total project cost of $176.8 million, comprising of $165.0 million in capital expenditures and $11.8 million in operations and maintenance (O&M) expenses over a four-year implementation timeline from 2021 to 2024. The project description explicitly stated its purpose was to "implement a new billing calculation framework with integrated meter data management system, replacing the current meter data management, complex billing, and mass market billing systems."[1] This scope directly mirrors the core objectives now presented in the BMI application, demonstrating that PG&E was fully aware of the fundamental requirements for the billing system it had originally implemented in 2001.

The 2023 GRC filing also provided identical challenges now cited as drivers for the BMI cost escalation. PG&E's 2023 GRC justification stated that "California is a leader in developing aggressive clean energy targets and rate design is a method to achieve these goals" and that "as California continues the path towards time varying rate plans, PG&E expects that rate structures will evolve to be complex dynamic and complex."[2] PG&E asserted that "the current billing system is too rigid to meet the complexity or rate of change of the current rate landscape," and represented that comprehensive modernization addressing these challenges could be accomplished for $176.8 million.[3] The benefits outlined in the 2023 GRC filing encompassed virtually all the capabilities now claimed for the BMI, including "increased rate change responsiveness," "enhanced view of customer information for Customer Service Representatives

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[1] Ex. TURN-01, pp. 7-8, citing A.21-06-021, Exhibit (PG&E-6), Chapter 10, Customer Care Technology Projects, Project Description – Billing System Upgrade Project, WP 10-12, p. 319.
[2] Ex. TURN-01, p. 8, citing A.21-06-021, Exhibit (PG&E-6), Chapter 10, Customer Care Technology Projects, Project Justification – Billing System Upgrade Project, WP 10-12, p. 319.
[3] Ex. TURN-01, p. 8.

to support calls," "improved NEM energy statements for complex NEM customers," "consolidate separate data management, complex billing, and mass market billing systems," "avoided costs for software maintenance and future upgrade costs for eliminated systems," "implements integrated billing and meter data management system with roadmap for future supportability," and "reduced number of integration points due to the consolidation of separate data management, complex billing, and mass market billing systems."[4]

PG&E's 2023 GRC filing explicitly committed to delivering a complete billing system transformation that would address all the fundamental challenges now cited in the BMI application. The 2023 project description stated unequivocally that "The Billing System Upgrade project will implement a new billing calculation framework with integrated meter data management system, replacing the current meter data management, complex billing, and mass market billing systems." This comprehensive scope included the implementation of a "modular bill calculation methodology that leverages similar calculation routines and reuses them with configurable rates across PG&E's rate schedules"—the exact functionality that PG&E now claims requires $761.3 million to achieve.[5]

The Commission's 2023 GRC decision directed PG&E to provide fundamental support that was missing from its 2023 GRC filing, noting that "PG&E did not provide basic information to justify its forecast for the upgrade, such as how the upgrade implements programs that are beyond the capabilities of the current system." [6] Rather than addressing these deficiencies with the requested detailed justification of its initial $176.8 million forecast, PG&E has instead

[4] Ex. TURN-01, p. 9, citing A.21-06-021, Exhibit (PG&E-6), Chapter 10, Customer Care Technology Projects, Potential Project Benefits – Billing System Upgrade Project, WP 10-12, p. 319.
[5] Ex. TURN-01, p. 10, citing A.21-06-021, Exhibit (PG&E-6), Chapter 10, Customer Care Technology Projects, Project Justification – Billing System Upgrade Project, WP 10-12, p. 319.
[6] D.23-11-069, p.548

submitted a wholly new billion-dollar revenue requirement project that addresses the original billing system inadequacies while dramatically expanding costs and scope. PG&E claims that it re-scoped its entire initiative because the Commission directed PG&E to re-evaluate its proposal.[7] However, during evidentiary hearings, PG&E admitted that the Commission asked PG&E to provide additional information about the system it had proposed in the GRC instead of asking PG&E to present new requirements, features, and functionalities.[8] PG&E also conceded that the Commission did not direct it to re-scope the project.[9]

PG&E has evidently decided that the Commission's rejection of its poor showing in the 2023 GRC somehow represents a golden opportunity to increase shareholder profits by hundreds of millions of dollars. The Commission should find this to be inappropriate and unacceptable.

1. BMI Is Much Less Cost Effective Than the 2023 GRC Proposal

The benefits analysis also reveals a direct correspondence between the comprehensive improvements promised in PG&E's 2023 GRC filing and the quantified benefits now claimed for the 2024 BMI application.[10] In the IT operations category, the 2023 GRC explicitly promised to "consolidate separate data management, complex billing, and mass market billing systems," which directly corresponds to the $207 million "Eliminate Legacy Architecture Costs" benefit claimed in the BMI. The 2023 commitment to "avoided costs for software maintenance and future upgrade costs for eliminated systems" maps precisely to the $3 million "Avoid Future Increased Cost to Maintain Legacy Architecture" benefit. Similarly, the 2023 promise of "potential reduction in IT operations costs due to support of fewer systems and less system customization" aligns with the $6 million "IT Support Process Efficiencies" benefit, while the

[7] Ex. PG&E-03, p. 2-2.
[8] 2 RT 58:20-59:9. (PG&E/Hedges)
[9] 2 RT 56:19-58:7. (PG&E/Hedges)
[10] Ex. PG&E-02, WP 6-2 Cost-Benefit Analysis Workpaper, Slide 33

commitment to "reduced number of integration points due to the consolidation" corresponds to the combined $66 million in implementation cost reductions for current and future projects.

In the operational benefits category, the 2023 GRC's promise of "reduced volume and average handle time for exceptions" and "reduced maintenance of complex rates" directly maps to the $186 million "Billing Operations Process Efficiencies" claimed in the BMI. The customer support improvements promised through "enhanced view of customer information for Customer Service Representatives" and "enhanced start/stop/transfer functionality to enable easier customer support" correspond to the combined $20 million in customer support and contact center process efficiencies.[11] The 2023 commitment to "reduce(s) risk of operating out-of-support systems and potential of system failure" aligns with the $1 million "Reduce Unplanned CIS System Downtime" benefit, while the promise to implement an "integrated billing and meter data management system with roadmap for future supportability" encompasses the vendor support and reliability improvements now claimed to justify the BMI expansion.

Yet, comparisons between the 2023 GRC project and the current BMI application reveal a dramatic deterioration in cost-effectiveness. When analyzing only the benefits that were explicitly promised in the 2023 GRC filing and can be directly mapped to quantified BMI benefits, the total quantifiable value amounts to $488 million. This includes $207 million for eliminating legacy architecture costs through system consolidation, $3 million for avoiding future maintenance cost increases, $6 million for IT support process efficiencies, $66 million for reducing implementation costs through improved integration, $186 million for billing operations process efficiencies through exception reduction and complex rate maintenance improvements, $20 million for customer support and contact center efficiencies through enhanced information

[11] Ex. PG&E-02, WP 6-2 Cost-Benefit Analysis Workpaper - Slide 33, B.2 (“Customer Support Operations Process Efficiencies” + B.3 (“Contact Center Operations Process Efficiencies”)

access and functionality, and $1 million for reducing unplanned system downtime through improved reliability.[12]

Table 1 2023 GRC Promised Benefits and Mapped BMI Monetized Values

Benefit Category	**2023 GRC Promised Benefits**	**$**
System Consolidation	"Consolidate separate data management, complex billing, and mass market billing systems"	$207M
Maintenance Cost Reduction	"Avoided costs for software maintenance and future upgrade costs for eliminated systems"	$3M
IT Operations Efficiency	"Potential reduction in IT operations costs due to support of fewer systems and less system customization"	$6M
System Integration	"Reduced number of integration points due to the consolidation"	$66M
Billing Operations	"Reduced volume and average handle time for exceptions" + "Reduced maintenance of complex rates"	$186M
Customer Support	"Enhanced view of customer information for CSRs" + "Enhanced start/stop/transfer functionality"	$20M
System Reliability	"Reduces risk of operating out-of-support systems and potential of system failure"	$1M
Total Quantified Benefits (2023 GRC Scope)		**$488M**

Applying this $488 million benefit total to the 2023 GRC cost of $176.8 million yields a benefit-cost ratio of 2.76 in nominal terms, meaning ratepayers would receive $2.76 in quantified benefits for every dollar invested. In contrast, the BMI proposal's benefit-cost ratio is only 0.56, -- ratepayers would only receive $0.56 of benefit for every dollar spent. What's even worse is that the incremental $584.5 million of costs in addition to the original $176.8 million forecast will deliver only $108 million in benefits, a dreadful benefit-cost ratio of 0.18, or $0.18 benefit per $1 of ratepayer spent. The Commission should find this level of cost-effectiveness for the incremental $584.5 million to be unacceptable.

[12] Ex. TURN-01, p. 13.

In its rebuttal, PG&E attempts to dismiss the low cost-effectiveness of its BMI proposal compared to its GRC proposal by asserting that 1) costs presented in the 2023 GRC were not correctly forecasted,[13] 2) benefits proposed in the 2023 GRC proposal could not have been obtained at that cost.[14] However, during evidentiary hearings, PG&E clarified that it believes its forecast in 2023 was detailed, valid, and correct given the available information at the time,[15] and that PG&E did not present any evidence to show that its 2023 GRC forecast was incorrect.[16] In addition, PG&E conceded that it did not present evidence to show that benefits proposed in the 2023 GRC proposal could not have been obtained at the forecasted cost.[17] In fact, PG&E acknowledged that between January of 2023 to October of 2025, PG&E's project team for the BMI met regularly, but there were never discussions that resulted in the conclusion that the benefits proposed in the 2023 GRC could not have been obtained at the proposed cost.[18] Furthermore, PG&E's project team has never once mentioned to committees composed of PG&E leadership that the benefits proposed in the 2023 GRC could not be obtained at the $177 million cost.[19]

Given that PG&E's project team has never discussed this, nor has PG&E ever presented this "fact" to its leadership, PG&E's assertion that benefits proposed in the 2023 GRC could not have been obtained at the cost of $177 million is not credible and should not be given any weight by the Commission.

[13] Ex. PG&E-03, p. 2-11.
[14] Ex. PG&E-03, p. 2-12.
[15] 1 RT 18:16-20:5. (PG&E/Briel); 2 RT 61:6-16. (PG&E/Hedges).
[16] 1 RT 21:5-14. (PG&E/Briel)
[17] 1 RT 22:22-23:17. (PG&E/Briel)
[18] 1 RT 24:18-25:1. (PG&E/Briel)
[19] 1 RT 25:2-26:3. (PG&E/Briel)

2. PG&E's Complexity Claims Do Not Justify the Magnitude of Increase but Instead Suggest Mismanagement

While PG&E claims that the increased costs are largely due to the increased complexity it later discovered, evidence suggests that the cost increases are largely a result of PG&E's inability to control project management costs or effectively oversee vendor performance.[20] For example, the BCS implementation timeline has expanded from 18 months in the 2023 GRC to 65 months in the BMI application—a 261% increase representing an additional 47 months of implementation time. The C2M implementation has grown from 48 months to 90 months—an 88% increase adding 42 months to the original timeline. Most significantly, PG&E has inserted an entirely new CC&B 25.1 upgrade phase requiring 28 months and costing $127.5 million that was completely absent from the 2023 GRC scope.

The operations and maintenance cost escalation between the 2023 GRC and this BMI application from $11.8 million to $92.0 million represents another 580% increase that PG&E has failed to justify with specific operational requirements or changed circumstances. Similarly, capital costs have increased from $165.0 million to $669.2 million—a 306% escalation that far exceeds any reasonable adjustment for inflation, scope refinement, or discovered complexity. When PG&E filed its 2023 GRC in 2021, the utility had already operated its legacy systems for over two decades and was fully aware of the technical debt, depreciation, customizations, and integration challenges that are now purportedly requiring a 330% cost increase. PG&E cannot credibly argue that systems it has operated for decades suddenly revealed unforeseen complexities requiring a 330% cost increase.[21] Even excluding the entirely new CC&B 25.1

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[20] Ex. TURN-01, p. 15, citing BillingModernization_DR_TURN_002-Q001b.c

[21] Ex. TURN-01, p. 17, citing A.24-10-014, Table 2-1: Of note, PG&E's billing system has successfully implemented 44 rate implementation projects of varying complexities before 2021 when the 2023 GRC billing upgrade request was filed and 19 after the GRC filing between 2021-2025.

upgrade phase that was not included in the 2023 GRC scope, the remaining BCS and C2M components of the BMI application cost $633.7 million compared to the original $176.8 million request—representing a 258% increase for equivalent work.[22] PG&E's 2023 GRC filing explicitly acknowledged that the existing "billing system architecture, originally implemented in 2001" required modernization to support "complex dynamic" rate structures and "emerging market technologies," yet the utility represented that comprehensive replacement could be accomplished within the $176.8 million budget.

PG&E's justification for the BCS stage relies primarily on replacing "a fully custom solution built in an application not designed for utility-scale billing" with "an Oracle product, BCS [that] could leverage standard integration technologies to interface with CC&B and other systems".[23] While PG&E claims improvements such as reducing daily interface processing from "multiple hours" to "every 45 minutes," the utility admits it "did not perform a detailed cost-benefit analysis specific to the BCS Electric solution before beginning the implementation".[24] This represents a fundamental failure in project planning that should not result in increased profits for PG&E shareholders.

While project implementation schedules may justify some cost variations, the magnitude of these escalations cannot be explained by normal project contingencies. PG&E's recorded costs from 2021-2024 demonstrate the utility's ability to implement billing system components that were required for customer billing. BMI's cost increases (comparted to both recorded costs and 2023 GRC requested costs) are not supported by required change in scope, functionality, or technical requirements for accurate, reliable, and timely billing.

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[22] Ex. TURN-01, p. 17, citing TURN_002-Q001
[23] Ex. TURN-01, p. 15, citing BillingModernization_DR_CalAdvocates_002-Q003_c
[24] Ex. TURN-01, p. 26, citing BillingModernization_DR_CalAdvocates_002-Q003_i

3. The Proposed Cost of the Proposed CC&B 25.1 Upgrade Is Unreasonable and Imprudent

The CC&B 25.1 upgrade represents the most egregious example of unjustified scope expansion, costing $127.5 million for functionality that was not included in the 2023 GRC and addresses vendor support issues that are largely of PG&E's own making.[25] To add insult to injury, PG&E plans to replace CC&B 25.1 just a few years later with C2M, resulting in stranded costs for ratepayers.[26]

Even though PG&E asserts that the CC&B 25.1 Upgrade would allow it to remedy cybersecurity vulnerabilities, integrate with up-to-date versions of Red Hat and VMWare, move away from COBOL to JAVA, and bring associated systems into support,[27] PG&E conceded during evidentiary hearings that the same benefits were also available if PG&E had chosen to upgrade to CC&B v2.9 as part of its 2023 GRC proposal.[28] Despite knowing that these benefits were available if it had upgraded to CC&B v2.9, PG&E opted not to pursue an upgrade of CC&B as part of its 2023 GRC request. Hence, these benefits are not new and cannot reasonably be used to justify the new $127.5 million project.

Also, PG&E's current CC&B has not resulted in lost vendor support or any cyberattack or vulnerability to-date. PG&E cannot credibly claim that cybersecurity vulnerabilities and vendor support issues now necessitate a $127.5 million emergency upgrade for CC&B 25.1

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[25] Ex. TURN-01, p. 28, citing DR TURN-03-Q02a. shows CC&B 2.3 implementation started in 2009 and end in 2011 at an ~$31.2 million cost, and CC&B2.4 deployment started in 2015 and was deployed in 2017 at ~$30.2 million total cost.
[26] Ex. PG&E-01, p. 1-3.
[27] Ex. PG&E-01, p. 4-29.
[28] 2 RT 52:13-55:20. (PG&E/Hedges)

while previous version upgrades were completed at one-fourth the cost,[29] especially when it did not see the need to upgrade CC&B in its 2023 GRC proposal.

Furthermore, available evidence also suggests that alternative vendors like Salesforce/GoTransverse outperformed Oracle in critical operational areas including automation capabilities (31.5 vs. 23.1 weighted scores), user friendliness (39.52 vs. 34.32), and reporting functionality (37.44 vs. 27.04).[30] These performance advantages in automation, user experience, and reporting represent areas critical for driving down total IT and operational costs over the solution's lifecycle, yet PG&E's evaluation methodology applied questionable weightings that minimized these operational benefits while maximizing categories favoring Oracle's incumbent status. The weighting system applied highest weights to categories where Oracle showed advantages while assigning minimal weights to Salesforce's strengths, potentially resulting in vendor lock-in that reduces future negotiating leverage and stifles innovation. Most damning, PG&E admits that "a detailed cost-benefit analysis specific to the module was not performed" for the CC&B upgrade, yet expects ratepayers to fund $127.5 million without adequate justification.[31] Furthermore, PG&E was unable to provide substantive evidence of competitive procurement, vendor evaluation, or cost-benefit analysis that would demonstrate prudent use of ratepayer funds.[32]

Hence, PG&E has failed to meet its burden of proof in justifying that the CC&B investment is necessary and whether the proposed project is cost-effective.

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[29] Ex. TURN-01, p. 28, citing DR TURN-03-Q02a. shows CC&B 2.3 implementation started in 2009 and end in 2011 at an ~$31.2 million cost, and CC&B2.4 deployment started in 2015 and was deployed in 2017 at ~$30.2 million total cost.
[30] Ex. TURN-01, p. 30, citing BillingModernization_DR_CalAdvocates_008-Q002_814842Atch01
[31] Ex. TURN-01, p. 31, citing BillingModernization_DR_CalAdvocates_003-Q001_d
[32] Ex. TURN-01, p. 31, citing BillingModernization_DR_TURN_003.a.ii

4. C2M Implementation Costs Increased by 360% Compared to Recorded Without Reasonable Justification

The C2M implementation represents the largest cost escalation, growing from $76.0 million in recorded capital costs to $349.5 million in forecasted capital—a 360% increase that PG&E cannot adequately explain through technical requirements or operational necessities. While PG&E claims this stage will "complete the implementation of a modernized billing system by replacing all billing components with Oracle's more advanced Customer to Meter (C2M) product" and "consolidating the electric BCS and gas ABS customers into one system," the utility provides no need or whether targeted upgrades could achieve the same objectives at lower cost.[33]

The utility's own admission that "at the conclusion of the 2nd stage PG&E will reassess the billing system landscape to confirm this is still the optimal path" undermines confidence in the current cost estimates and suggests that the $349.5 million forecasted expenditure may be unnecessary if alternative solutions prove more cost-effective. PG&E's reliance on consultant-driven analysis from Accenture and Utiligent, conducted "between 2018 and 2022, both ultimately recommending Oracle," appears to steelman Oracle's case as the preferred vendor rather than objective technical requirements or thorough cost-effectiveness considerations.[34]

B. Problematic Assumptions Underline PG&E's Benefit-Cost Analysis that Is Already Much Worse than Previously Forecasted

PG&E's cost-benefit analysis contains fundamental methodological and assumption-related errors that artificially inflate the appearance of project value while concealing the true economic burden on ratepayers. PG&E's analysis employs assumptions including incorrect baseline calculations that start inflation and discount factors above 100% in the 2024 baseline

[33] Ex. TURN-01, p. 32.
[34] Ex. TURN-01, p. 33, citing TURN-03-Q08a and b.

year.[35] Most critically, PG&E fails to calculate Net Present Value (NPV) ratios or Present Value of Revenue Requirements (PVRR) in calculating the BCRs that would reveal the true cost burden to customers, instead relying on nominal benefit-cost ratios that ignore the time value of money.

TURN's analysis using PG&E's own cost and benefit data (and including all contested assumptions as-is) reveals all three stages with an extremely low benefit-to-cost ratio when proper NPV methodology is applied. Under NPV analysis using social discount rates, the entire Billing Modernization Initiative achieves a benefit-cost ratio of only 0.0004—meaning ratepayers receive four-hundredths of a cent in benefits for every dollar invested.[36] Even PG&E's own nominal (non-NPV or nominal) analysis shows benefit-cost ratios well below 1.0 for the overall project (0.48 using societal discount rate) and individual stages, with CC&B 25.1 achieving only 0.02 and BCS reaching just 0.03.[37] The NPV analysis demonstrates that when costs are properly weighted for their early occurrence and benefits appropriately discounted for their delayed realization, the BMI is woefully cost-ineffective, destroying over 99.96% of ratepayer value while saddling customers with front-loaded cost recovery for benefits that may never materialize at the promised levels or timeline.

PG&E's billing modernization initiative also suffers from a fundamental lack of meaningful cost detail and inadequate granularity, making it impossible to conduct even a basic prudence review of the $761.3 million request. The dramatic cost escalation from $171 million in recorded costs (2021-2024) to $498.2 million in forecasted costs (2025-2030) represents a

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[35] Ex. PG&E-02, WP 6-1 Benefits Calculations
[36] Ex. TURN-01, p. 19.
[37] Ex. TURN-01, p. 19.

staggering increase that PG&E tries to justify through vague asset class categorizations-driven analysis.

In response to TURN's discovery seeking details on cost categorization, PG&E provides only the most general descriptions of cost components, stating that "for hardware, the costs would include, but are not limited to, the purchase of servers, cabling and other materials, labor to install the hardware, software licenses, etc." and "for software, costs include application licenses, system integrator contracts, labor for development and testing, etc."[38] PG&E fails to provide basic details on what type of hardware will be purchased, let alone justification for the respective hardware and software costs across the 3 stages.[39] PG&E's response is muddled and indicates lack of thorough evaluation, or even more concerningly, an understanding, of what exactly needs to be implemented—such as how many servers are required, what specific software licenses are necessary, or how cloud-based services might reduce hardware requirements compared to current infrastructure.[40] This level of imprecision is wholly inadequate for a $761.3 million authorization request and demonstrates PG&E's unwillingness or inability to provide the detailed cost justification.

Lastly, during evidentiary hearings, it became clear that PG&E's cost estimates are wildly imprecise at best. PG&E stated that it could not provide cost estimates for the new functionalities that it asserts the BMI project will deliver because it could only provide cost

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[38] Ex. TURN-01, p. 21, citing BillingModernization_DR_TURN_004-Q004
[39] Ex. TURN-01, p. 22, citing BillingModernization_DR_TURN_004-Q004
[40] Ex. TURN-01, p. 22. To TURN's knowledge, the CPUC has not established precedent allowing capitalization of cloud-based software costs for ratemaking. Recent SCE experience with SAP's cloud-hosted system in its Customer Service Re-Platform Application - A.21-07-009 - demonstrates how, despite FASB's revised accounting guidance, utilities often lack detailed cost breakdowns and justifications to include IaaS / cloud services requiring capital asset treatment. See also FASB ASC 350-40 and dissenting opinions that question the appropriateness of asset treatment for cloud implementation costs.

estimates for "requirements" but not functionalities since it only asked its vendors to provide responses based on the "entirety of the requirements."[41] The Commission and the public should find this explanation to be troubling – it is not reasonable for PG&E not to know the costs of purported new functionalities expected from a $761 million project. This would make evaluation of the reasonableness of the costs, cost-effectiveness, and accountability for benefits promised all but impossible.

III. THE COMMISSION SHOULD AVOID SETTING A DANGEROUS PRECEDENT BY ALLOWING PG&E TO TURN A DENIAL INTO AN PROFIT-MAXIMIZING OPPORTUNITY

Despite the shortcomings of PG&E's showing for the increased costs in this application, TURN recognizes that reliable customer billing and incorporation of new tariffs and complex billing structures is essential for PG&E's operations and regulatory compliance, but such modernization must be accomplished cost effectively. Furthermore, as much as PG&E would like the Commission and the public to forget and ignore PG&E's testimony in its 2023 GRC, that evidence is there and speaks for itself. As noted earlier, PG&E affirmed that its forecast in the 2023 GRC was detailed, valid, and correct given the available information at the time. The Commission asked PG&E to come back with more information to support its request, not to come back with a new request costing 330% more. PG&E should not be allowed to turn a denial into a profit opportunity that is 4.3 times the original request, and the Commission should avoid setting a dangerous precedent that could create a perverse incentive for the future. If this becomes the new standard, then there is little incentive for utilities to provide a robust showing

[41] 2 RT 78:8-82:17. (PG&E/Hedges).

in their initial application since if the request is approved, they win; if the request is denied, they could win even more.

Hence, TURN strongly urges the Commission to authorize no more than the inflation adjusted amount PG&E requested in its 2023 GRC, which TURN estimates to be $202.4 million using a 2.4% annual inflation rate.[42] This would represent a 12.7% increase from PG&Es original request in its 2023 GRC. This approach holds PG&E accountable to deliver the comprehensive billing system upgrade it committed to provide, including the benefits that were promised for $176.8 million in 2023. This would also send a strong signal to the utilities that they should be held accountable for accurate, trustworthy cost forecasts in their GRC filings. PG&E's decision to abandon its previous testimony and commitment represents a breach of regulatory trust that should not be rewarded with increased shareholder profits, particularly during a period of increasingly dire affordability crisis that the Commission and the governor have repeatedly acknowledged.[43] PG&E represented that comprehensive billing system modernization addressing all fundamental challenges could be delivered for $176.8 million. The appropriate path forward is to hold PG&E accountable to this commitment, with inflation adjustments bringing the total to approximately $202.4 million in current dollars, rather than permitting the utility to quadruple costs and increase profits while delivering essentially the same core functionality.

In the event that the Commission decides to authorize a portion of the increased costs, the Commission should adopt a reduced rate of return for those amounts to send a strong signal that PG&E is not being rewarded for its poor showing in the GRC, which resulted in a denial of its request.

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[42] Ex. TURN-01, p. 3, citing https://www.bls.gov.
[43] Ex. TURN-01, p. 17, citing See Governor Newsom's Executive Order of October 30, 2024.

IV. CONCLUSION

In conclusion, TURN strongly urges the Commission to deny PG&E's request of $761.3 million for its BMI project, a 330% increase from PG&E's forecast for the same project in its 2023 GRC. This drastic increase in costs is both unsupported and unreasonable, as detailed in the above sections. The Commission should authorize no more than costs equivalent to the inflation-adjusted amount of PG&E's forecast in its 2023 GRC, which TURN estimates to be approximately $202.4 million.

Date: July 16, 2026

Respectfully submitted,

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