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

| | |
|---|---|
| Application of Pacific Gas and Electric Company on Behalf of Customers Seeking a Gas Line Subsidy.<br><br>(U 39 M) | Application 26-07-002<br>(Filed July 1, 2026) |

# JOINT PRE-HEARING CONFERENCE STATEMENT OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 M) AND THE PUBLIC ADVOCATES OFFICE

TARA S. KAUSHIK
LISA-MARIE CLARK

Pacific Gas and Electric Company
Law Department, 19th Floor
300 Lakeside Drive, Suite 210
Oakland, CA 94612
Telephone: (916) 201-2477
Facsimile: (510) 898-
E-Mail: lisa-marie.clark@pge.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

MEGAN DELAPORTA

Public Advocates Office
California Public Utilities Commission
505 Van Ness Avenue San Francisco, CA 94102
Telephone: (415) 703-1319
Email: megan.delaporta@cpuc.ca.gov

Attorney for
PUBLIC ADVOCATES OFFICE

Dated: September 16, 2026

## I. INTRODUCTION

In compliance with the *Administrative Law Judge's Ruling Setting Virtual Prehearing Conference for September 23, 2026, and Directing Parties to Meet and Confer and to File Prehearing Conference Statement* (Ruling), issued on August 14, 2026, Pacific Gas and Electric Company (PG&E) and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submit the following Joint Pre-hearing Conference (PHC) Statement.

## II. PARTY APPEARANCES/SPEAKERS LIST

For PG&E:

Lisa-Marie Clark, Attorney, (916) 201-2477, lisa-marie.clark@pge.com

Kyle Popp, Gas Transm Interconnection Mgr, 530-215-6985, KGP6@pge.com

For Cal Advocates:

Megan Delaporta, Attorney, (415) 703-1319, megan.delaporta@cpuc.ca.gov

## III. PROCEDURAL BACKGROUND

On July 1, 2026, PG&E timely filed Application (A.) 26-07-002, seeking approval for a gas line extension allowance on behalf of the San Francisco Public Utilities Commission's (SFPUC) wastewater treatment plant located in San Francisco, California. PG&E filed this application pursuant to Ordering Paragraph 2 of Decision (D.) 22-09-026.

On September 4, 2026, PG&E and Cal Advocates participated in a Meet and Confer to discuss the Joint PHC Statement. The ALJ Ruling requires the PHC Statement to provide a procedural background that included any relevant Commission decisions, previous gas subsidy applications submitted by PG&E, and references to the Commission's Biomethane Monetary Incentive Program in Rulemaking (R.) 13-02-008.

### A. D.22-09-026 and Successor Decisions

On September 15, 2022, the Commission issued Decision (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. The decision emphasized "the elimination of these subsidies is one of many necessary and important steps in furthering California's decarbonization goals, while easing the burden on gas rate payers, ensuring grid safety and reliability, and continuing to promote alternative clean fuels."[1] This decision also includes a process to allow a limited exemption for certain non-residential projects.

Under that process, the gas IOUs must evaluate projects based on the D.22-09-026 criteria and "file an application with the Commission for approval of a gas line subsidy on behalf of the project applicant(s)."[2] D.22-09-026 requires the IOUs to ensure that projects seeking a gas subsidy meet the decision's minimum criteria based on the information provided by the applicant(s) before filing an application.[3] The Commission's minimum criteria include:

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.[4]

D.22-09-026 did not intend for all customer requests for subsidies to be presented before the Commission. The decision directs:

> If there are projects seeking gas line subsidies that an IOU determines meets the above criteria, the IOU shall file an application, by July 1 of each year beginning in 2023, and include all qualified projects requesting a gas line subsidy.[5]

---

[1] D.22-09-026, p. 48.
[2] *Id.* at 56.
[3] *Id.* at pp. 56-57.
[4] *Id.* at 57.
[5] *Id.*

The decision did not change the methodology for the calculation of gas line subsidies.[6] In its annual filing, each IOU "should include an update to the non-residential gas line extension allowance calculations based on the current methodology (including all inputs used, *e.g.,* cost of service factor)."[7] For the application , [t]he IOUs, on behalf of the project applicant(s), must demonstrate the factual basis for the project applicants' assertions, and confirm that the minimum requirements have been met based on the information provided by the applicants."[8] Thus far, the Commission has not yet granted any requests to any IOUs for gas line subsidies.[9]

On June 9, 2023, the Commission issued Resolution (Res.) G-3598, which provides further direction for making gas line extension costing principles consistent across all four utilities.[10] The resolution requires the IOUs "change their existing tariffs such that the applicant whose behest the natural gas pipelines are being extended, pay for the total actual costs of the extension and not the initial estimated costs only."[11]

On December 14, 2023, the Commission adopted D.23-12-037, which eliminates electric line subsidies for all mixed-fuel new construction effective July 1, 2024. The decision adopts the same exemption criteria set by the Commission in D.22-09-026 to grant subsidies for gas line extension projects. Consistent with Res. G-3598, the decision requires the IOUs to modify their tariffs so that applicants pay the final actual costs of the electric line extension and not [only] the initial estimate cost.[12]

### B. Prior PG&E Gas Subsidy Applications

Prior to this application, PG&E filed two separate applications for gas line subsidies on behalf of different customers, A.24-07-002 and A.25-07-002. These proceedings were both closed. On June 30, 2025, the Commission issued an Order to Dismissal of Application 24-07-

[6] *Id*. For non-residential customers, allowances are provided by a formula that is calculated on a site-specific basis taking into consideration usage, demand, and other factors. The allowance is equal to "net revenue" divided by "cost of service factor." *Id.* at pp. 12-13.
[7] *Id.* at 57.
[8] *Id.*
[9] A.25-07-001, filed July 1, 2025 by Southern California Gas Company (SoCalGas) remains pending.
[10] Res. G-3598, p. 2.
[11] *Id.*
[12] D.23-12-037, p. 28.

002.[13] On June 19, 2026, the Commission granted the PG&E's motion to withdraw Application 25-07-002.[14] Both applications were dismissed without prejudice. Nothing from these closed proceedings is relevant to A.26-07-002.

### C. Biomethane Monetary Incentive Program Decisions

On June of 2015, the Commission issued D.15-06-029, adopting the Biomethane Monetary Incentive Program, which encourages biomethane producers to design, construct, and safely operate projects that interconnect and inject biomethane into California's natural gas Utilities' pipeline systems. On October 2, 2019 Governor Newsom signed into law, SB 457 (Hueso 2019), which extends the program until December 31, 2026, or until all available program funds are expended, whichever occurs first.

On December 5, 2019, the Commission issued D.19-12-009, which establishes an Incentive Reservation System to facilitate the implementation of the biomethane monetary incentive program:

> The Incentive Reservation System will create a queue to allow qualified projects to reserve funding from the program and receive the incentive once the projects are operating. The system is meant to promote transparency, provide certainty for project developers and investors, and facilitate investment in and development of biomethane interconnection projects. The proposed requirements for the Incentive Reservation System are intended to ensure that only viable projects are eligible to reserve a funding spot.[15]

D.19-12-009 states, "To ensure that the Incentive Reservation System remains transparent, the number of projects with a reservation, the number of projects on the waiting list, and the amount of remaining biomethane incentive funds, will be made publicly available by the Commission."[16] The reservation list for the Inventive Reservation System is maintained by Energy Division. According to the Energy Division's Biomethane Monetary Incentive Program webpage on the Commission website, "The interconnection incentive program is currently fully

---

[13] *See,* Order of Dismissal, D.25-06-068, issued June 30, 2025.
[14] *See,* Decision Granting Motion To Withdraw, D.26.06-007, issued June 19, 2026.
[15] D.19-12-009, 2019 WL 7168901, at *3
[16] *Id.*

subscribed, but still accepting reservations from interested developers."[17] The webpage includes all reservation applications received to date as well those applications currently on the waitlist.

## IV. CATEGORIZATION

Both parties agree with the ratesetting categorization of this proceeding.

## V. SETTLEMENT AND ALTERNATIVE DISPUTE RESOLUTION

Both parties are open to settlement and willing to participate in Alternative Dispute Resolution.

## VI. SCOPE OF ISSUES

Both parties agree on scope of issues set forth in Cal Advocates' Protest to PG&E's Application, dated August 3, 2026:

- Whether the customer's project complies with all of the D.22-09-026 requirements to receive a gas extension subsidy;
  - Material Legal Issue in Dispute: whether PG&E must demonstrate that the customer's project is specific, unique, and unable to proceed without a gas line subsidy.[18]
- Whether the representations made in the Application are factually accurate and reasonable;
- Whether the relief requested in the Application constitutes a just and reasonable use of ratepayer funds; and
- Whether granting exemptions in this proceeding is consistent with Commission policy in the Biomethane Standards Rulemaking proceeding (Rulemaking (R.) 13-02-008).

---

[17] https://www.cpuc.ca.gov/industries-and-topics/natural-gas/renewable-gas.

[18] In its protest, Cal Advocates recognizes that the Commission expressed that gas line extension allowance exemptions should be for "specific, unique projects that claim to be unable to proceed without a gas line subsidy." This language is found in D.22-09-026 at page 56. In its response to Cal Advocates' protest, PG&E argues that it does not need to demonstrate that the proposed project is unable to proceed without a gas line subsidy because this language is not found in the OPs of D.22-09-026.

## VII. SCHEDULE AND HEARINGS

Both parties agree to the schedule set forth in Cal Advocates' Protest[19] to PG&E's Application.

| Activity | Deadline |
|---|---|
| Response/Protest Due | August 3, 2026 |
| Reply to Protest | August 13, 2026 |
| Prehearing Conference | September 23, 2026 |
| Scoping Memo | October 23, 2026 |
| Intervenor Testimony | December 22, 2026 |
| Last Day for Supplemental or Revised Testimony (if needed) | January 6, 2026 |
| Rebuttal Testimony | January 21, 2027 |
| Completion of Discovery | February 2, 2027 |
| Completion of Settlement and ADR discussions | February 4, 2027 |
| Motion for Evidentiary Hearings (if needed) | February 4, 2027 |
| Evidentiary Hearings (if needed) | February 15, 2027 |
| Opening Briefs (if needed) | March 22, 2027 |
| Reply Briefs (if needed) | April 12, 2027 |
| Proposed Decision | Reply Briefs + 60 Days |

[19] This schedule differs from that proposed in Cal Advocates' protest in that it includes proposed deadlines for completion of settlement and ADR discussions and for completion of discovery, per the Ruling. This schedule also expands the deadline for the last day to serve supplemental or revised testimony and sets the deadline for opening briefs at 60 days from rebuttal testimony and reply briefs at 21 days from opening briefs.

| | |
|---|---|
| Commission Decision | Proposed Decision<br>+ 30 Days |

## VIII. STATUS CONFERENCE

The parties are available for a status conference on Tuesday, December 8, 2026, Wednesday, December 9, 2026, and Thursday, December 10, 2026.

///

///

///

## IX. CONCLUSION

PG&E and Cal Advocates respectfully request that the Commission consider this Joint Pre-hearing Conference Statement.

Respectfully Submitted,

TARA S. KAUSHIK
LISA-MARIE CLARK

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

Pacific Gas and Electric Company
Law Department, 19th Floor
300 Lakeside Drive, Suite 210
Oakland, CA 94612
Telephone: (415) 201-2477
Facsimile: (510) 898-9696
E-Mail: lisa-marie.clark@pge.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

MEGAN DELAPORTA

By: */s/ Megan Delaporta*
MEGAN DELAPORTA

Public Advocates Office
California Public Utilities Commission
505 Van Ness Avenue San Francisco, CA 94102
Telephone: (415) 703-1319
Email: megan.delaporta@cpuc.ca.gov

Attorney for
PUBLIC ADVOCATES OFFICE

Dated: September 16, 2026