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**FILED**

09/22/26

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

10:08 AM  
R2604009

Order Instituting Rulemaking on  
California Advanced Electric Rate Design.

Rulemaking 26-04-009

### **ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING**

This scoping memo and ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure.

#### **1. Procedural Background**

On April 9, 2026, the Commission opened this rulemaking (R.) 26-04-009 to consider advanced electric rate design.

On May 11, 2026, opening comments on the Order Instituting Rulemaking (OIR) were filed by Advanced Energy United (United); Ava Community Energy; Bloom Energy Corporation; Building Decarbonization Coalition; California Community Choice Association (CalCCA); California Environmental Justice Alliance (CEJA); California Large Energy Consumers Association (CLECA); California Solar & Storage Association; Center for Accessible Technology; City Of Long Beach, California (Port of Long Beach); Coalition Of California Utility Employees; Data Center Coalition; Dream Big LLC; Enchanted Rock, LLC (Enchanted Rock); Environmental Defense Fund (EDF); Fervo Energy Company (Fervo Energy); Natural Resources Defense Council (NRDC); Pacific Gas and Electric Company (PG&E); PacifiCorp d/b/a Pacific Power (PacifiCorp),

Liberty Utilities (CalPeco Electric) LLC (Liberty), and Bear Valley Electric Service, Inc, jointly small and multi-jurisdictional utilities; Public Advocates Office at the California Public Utilities Commission (Cal Advocates); San Diego Gas & Electric Company (SDG&E); Sierra Club; Small Business Utility Advocates; Solar Energy Industries Association (SEIA); Southern California Edison Company (SCE); Tesla, Inc; The Center for Biological Diversity, GRID Alternatives, and Vote Solar, jointly Local Clean Energy Advocates; The Utility Reform Network; Utility Consumers' Action Network; and Vehicle-Grid Integration Council.

On May 21, 2026, reply comments on the OIR were filed by Bloom Energy; Cal Advocates; CalCCA; California Farm Bureau Federation; CEJA; CLECA; Enchanted Rock; NRDC; PG&E; SCE; SDG&E; SEIA; Sierra Club; and United.

On May 22, 2026, an Administrative Law Judge (ALJ) Ruling set a prehearing conference (PHC). The PHC was held on June 18, 2026, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. At the PHC, participants commented on whether the Commission should consider 1) retail rate design and cost allocation for transmission revenue requirements approved by Federal Energy Regulatory Commission, and 2) export compensation for electric vehicles in this proceeding.

The ALJ granted motions for party status of City of San Diego and Industrious Labs on June 19, 2026; California Coalition of Large Energy Users, Wild Tree Foundation, 350 Bay Area, and Reclaim Our Power: Utility Justice Campaign on July 21, 2026; Marin Clean Energy on August 11, 2026; and NextEra Energy Resources LLC and Clean Coalition on September 16, 2026.

After considering the opening comments and reply comments to the OIR, and discussion at the PHC, I have determined the issues and schedule of the proceeding to be set forth in this scoping memo. Throughout the proceeding, we can determine whether and how to differentiate rates and rate design methodologies for large electric investor-owned utilities (IOUs) and the small and multi-jurisdictional utilities. I have also determined that certain matters may be raised at a later time including export compensation for electric vehicles.

## **2. Issues**

The issues to be determined or otherwise considered are:

### **Track 1: Data Center Tariffs and Customer Protections**

1. Should the Commission consider rate design for data centers? If so, how based on the following considerations:
  - a. a separate customer class for data centers;
  - b. new rates for data center customers, including alternative generation, transmission and distribution cost allocations and rate designs;
  - c. tariff provisions including contracts between load serving entities and data centers, refunds and exit fees;
  - d. beneficial load growth; and
  - e. ratepayer protections including the prevention of both cost shifts and stranded costs.

### **Track 2: Residential Rate Modernization**

2. Should the Commission authorize funding for third-party consultant services to support the development of rate design, bill impact analysis tools, and to support Energy Division staff analysis of rate design issues in this proceeding?
3. Should the Commission consider adjusting residential rates? If so, how based on the following considerations:
  - a. accurate reflection of existing marginal costs;

- b. time-of-use rates alignment with current and future system load patterns and/or grid cost drivers;
  - c. supporting economically efficient load growth,
  - d. reduction of greenhouse gas emissions; and
  - e. demand/capacity-differentiated charges and nonbypassable charges consistent with the adopted principles of electric rate design.
- 4. Should the Commission adjust the residential Base Services Charge (also known as income-graduated fixed charges)? If so, how?
  - 5. Should the Commission modify the income verification processes adopted in D.24-05-028?
  - 6. Should further elements of a utility's authorized distribution revenue requirement, including embedded customer costs and wildfire-related costs, be classified as fixed costs for residential customers?
    - a. If so, what rate designs, such as fixed charges or demand/capacity-differentiated charges, should the Commission consider for the recovery of these costs for residential customers?
  - 7. Should the Commission consider alternatives or adjustments to baseline tiers in time-of-use rates and electrification rates in order to improve customer understanding, improve vulnerable customer protections in hot climate zones, and support economically efficient electrification? If so, how and why?

**Track 3: Nonresidential Rate Modernization**

- 8. Should the Commission consider adjusting non-residential rates? If so, how based on the following considerations:
  - a. accurate reflection of existing marginal costs;
  - b. time-of-use rates alignment with current system load patterns and/or grid cost drivers;
  - c. supporting economically efficient load growth;

- d. reduction of greenhouse gas emissions;
  - e. demand charges and nonbypassable charges consistent with the adopted principles of electric rate design;
  - f. implementation of an Assembly Bill 2109 exemption from nonbypassable or departing load charges for industrial process heat recovery technology customers, subject to a cap and prescribed requirements to be established by the Commission; and
  - g. improved rate signals for large-load customers, including industrial process heat recovery and large commercial hydrogen generation, to support economically efficient load growth and load flexibility?
9. Should further elements of a utility's authorized distribution revenue requirement, including embedded customer costs, costs recovered by line-item charges, and wildfire-related costs, be classified as fixed costs for non-residential customers? If so, what rate designs, such as fixed charges or demand/capacity-differentiated charges, should the Commission consider for the recovery of these costs for residential customers?

**Track 4: Dynamic Rates, Framework for Marginal Costs, and Framework for Transmission Revenue Requirements**

- 10. How should current marginal cost inputs and methodologies be modified to better reflect the costs of providing service?
- 11. How should the Commission address retail revenue allocation for transmission revenue requirements approved by Federal Energy Regulatory Commission?
- 12. Should the Commission provide any additional rate design requirements for dynamic rates? If so, which?

**3. Need for Evidentiary Hearing**

In comments to the OIR, several parties indicated that evidentiary hearings may be needed. I have determined the following.

The issues in Track 1 of this proceeding potentially have contested material facts. Any party that believes that an evidentiary hearing is required should coordinate with all parties to file and serve a joint motion requesting such a hearing in accordance with the schedule below. Any such motion must identify and describe (i) the material issues of disputed fact; (ii) the evidence the party (or parties) proposes to introduce at the requested hearing; and (iii) the schedule for conducting the hearing. The motion shall also state a justification for hearing and what the moving party (parties) would seek to demonstrate through hearing. It shall also contain anything else necessary for the Commission to make an informed decision on the motion. Any right that a party may otherwise have to an evidentiary hearing will be waived if the party does not submit a timely joint motion requesting an evidentiary hearing. The record shall be composed of all filed and served documents and shall include evidence received at a hearing if a motion for hearing is granted.

I have determined that there are no disputed issues of material facts in Track 2-4 of this proceeding. Accordingly, no evidentiary hearing is needed for those tracks in this proceeding.

#### **4. Schedule**

The following schedule is adopted here and may be modified by the ALJ as required to promote the efficient and fair resolution of the rulemaking:

##### **Track 1**

| <b>Event</b>                                              | <b>Date</b>                |
|-----------------------------------------------------------|----------------------------|
| Workshop on Senate Bill 57 and other large load customers | October 2026               |
| Joint IOU workshop report                                 | 45 days after the workshop |
| Ruling with staff proposal on data center tariff          | Q1 2027                    |

|                                                      |                                         |
|------------------------------------------------------|-----------------------------------------|
| Workshop on staff proposal, held                     | 20 days after the staff proposal ruling |
| Motions for evidentiary hearings due                 | 20 days after the staff proposal ruling |
| Opening comments on staff proposal, filed and served | 45 days after the staff proposal ruling |
| Reply comments on staff proposal, filed and served   | 20 days after opening comments          |
| Evidentiary hearings (if needed)                     | To be determined (TBD) <sup>1</sup>     |
| Proposed decision (PD) on data centers, issued       | Q2 2027 <sup>2</sup>                    |
| Commission decision, issued                          | No sooner than 30 days after PD         |

**Track 2**

| <b>Event</b>                                         | <b>Date</b>                             |
|------------------------------------------------------|-----------------------------------------|
| Proposed decision on consultant services, issued     | Q4 2026                                 |
| Commission decision on consultant services, issued   | No sooner than 30 days after PD         |
| Ruling with staff proposal on residential rates      | Q1 2027                                 |
| Workshop on staff proposal, held                     | 20 days after the staff proposal ruling |
| Opening comments on staff proposal, filed and served | 45 days after the staff proposal ruling |
| Reply comments on staff proposal, filed and served   | 20 days after opening comments          |
| Proposed decision on residential rates, issued       | Q3 2027                                 |
| Commission decision, issued                          | No sooner than 30 days after PD         |

**Track 3**

| <b>Event</b>                                    | <b>Date</b> |
|-------------------------------------------------|-------------|
| Joint IOU proposal on AB 2109, filed and served | Q3 2026     |

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<sup>1</sup> If required, the ALJ will set dates for prepared testimony, briefs, status conference, and evidentiary hearing.

<sup>2</sup> If an evidentiary hearing is required, this may delay the issuance of a proposed decision.

|                                                                     |                                         |
|---------------------------------------------------------------------|-----------------------------------------|
| Opening comments on joint IOU proposal on AB 2109, filed and served | 45 days after the joint IOU proposal    |
| Reply comments on joint IOU proposal on AB 2109, filed and served   | 20 days after opening comments          |
| Proposed decision on AB 2109, issued                                | Q1 2027                                 |
| Commission decision on AB 2109, issued                              | No sooner than 30 days after PD         |
| Ruling with staff proposal on non-residential rates                 | Q4 2027                                 |
| Workshop on staff proposal, held                                    | 20 days after the staff proposal ruling |
| Opening comments on staff proposal, filed and served                | 45 days after the staff proposal ruling |
| Reply comments on staff proposal, filed and served                  | 20 days after opening comments          |
| Proposed decision, issued                                           | Q1 2028                                 |
| Commission decision, issued                                         | No sooner than 30 days after PD         |

**Track 4**

| <b>Event</b>                                                      | <b>Date</b> |
|-------------------------------------------------------------------|-------------|
| Ruling with guidance for joint IOU report on marginal costs       | TBD         |
| IOUs submit joint IOU report on marginal costs to Energy Division | TBD         |
| ALJ Ruling with joint IOU report on marginal costs and questions  | TBD         |
| Opening comments on marginal costs, filed and served              | TBD         |
| Reply comments on marginal costs, filed and served                | TBD         |
| Proposed decision, issued                                         | TBD         |
| Commission decision, issued                                       | TBD         |

Due to the complexity and number of issues in this proceeding, the Commission intends to resolve this proceeding within 24 months of the issuance of this scoping memo as authorized by Public Utilities Code (Pub. Util. Code) Section 1701.5.

## **5. Alternative Dispute Resolution (ADR) Program and Settlements**

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.<sup>3</sup>

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Commission's Rules of Practice and Procedure (Rules) and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

## **6. Category of Proceeding and Ex Parte Restrictions**

This ruling confirms the Commission's preliminary determination<sup>4</sup> that this is a ratesetting proceeding. Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Rules.

## **7. Public Outreach**

Pursuant to Pub. Util. Code Section 1711(a), where feasible and appropriate, before determining the scope of the proceeding, the Commission sought the participation of those likely to be affected, including those likely to derive benefit from, and those potentially subject to, a decision in this proceeding. This matter was noticed on the Commission's daily calendar. Where

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<sup>3</sup> <https://www.cpuc.ca.gov/PUC/adr/>

<sup>4</sup> Resolution OIR at 16.

feasible and appropriate, this matter was incorporated into engagements conducted by the Commission's External Affairs Division with local governments and other interested parties.

In addition, the Commission served the OIR on R.22-07-005; R.18-07-006; R.25-10-003; R.25-09-004; R.20-11-003; R.21-06-017; Application (A.) 24-03-019; A.24-06-014; A.24-09-014; A.23-01-008; A.21-12-006 et al; A.20-10-011; A.17-01-012 et al; and A.22-05-002 et al..

## **8. Intervenor Compensation**

Pursuant to Pub. Util. Code 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation within 30 days after the prehearing conference.

## **9. Response to Public Comments**

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the "Add Public Comment" button on the "Public Comment" tab of the online docket card for the proceeding.

## **10. Public Advisor**

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at:

<https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/public-advisors-office>

or contact the Commission's Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov).

## **11. Filing, Service, and Service List**

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is

correct and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.<sup>5</sup> Respondents listed in the OIR are parties to the proceeding (*see* Rule 1.4(d)) and are on the official service list.

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners, their personal advisors, or the ALJ unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at [process\\_office@cpuc.ca.gov](mailto:process_office@cpuc.ca.gov) to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission's subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices

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<sup>5</sup> The form to request additions and changes to the Service list may be found at <https://www.cpsc.ca.gov/-/media/cpsc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

## **12. Receiving Electronic Service from the Commission**

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive e-mails from the Commission. Please add “@cpuc.ca.gov” to your e-mail safe sender list and update your e-mail screening practices, settings and filters to ensure receipt of e-mails from the Commission.

## **13. Assignment of Proceeding**

President John Reynolds is the assigned Commissioner and Joanna Perez-Green is the assigned ALJ and presiding officer for the proceeding.

**IT IS RULED** that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. Evidentiary hearing may be needed for Track 1.
4. Evidentiary hearings are not needed for Track 2, 3, and 4.
5. The category of the proceeding is ratesetting.
6. The presiding officer is ALJ Perez-Green.

Dated September 22, 2026, at San Francisco, California.

/s/ JOHN REYNOLDS

John Reynolds  
Assigned Commissioner