

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



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Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2027. (U 39 M)

Application 25-05-009
(Filed May 15, 2025)

**COMMENTS OF THE UTILITY REFORM NETWORK
ON THE PROPOSED DECISION AUTHORIZING
INTERIM RATE RECOVERY**

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TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	THE PD ERRS IN DEPARTING FROM NORMAL GENERAL RATE CASE RATEMAKING WITHOUT SUBSTANTIAL EVIDENCE OF BENEFITS.....	1
A.	The PD Errs in Relying on Rate Smoothing Benefits.....	2
B.	Layered Rate Increases in the Summer Months Can Be Avoided Without Interim Rate Relief.	4
C.	The PD’s Departure from Well-Established GRC Ratemaking Based on This Record Risks Making Interim Rate Recovery “Routine”.	5
III.	CONCLUSION.....	5

TABLE OF AUTHORITIES

Rule 14.3	1
D.26-04-036	4

SUMMARY OF RECOMMENDATIONS

The Commission should revise the PD to decline PG&E’s request for Interim Rate Relief because the potential benefits to ratepayers from rate smoothing and interest savings would be *de minimus* and as such, would not warrant this departure from non-routine GRC ratemaking.

**COMMENTS OF THE UTILITY REFORM NETWORK
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INTERIM RATE RECOVERY**

I. INTRODUCTION

On May 7, 2026, the Commission issued the proposed decision of Administrative Law Judge Elizabeth Fox entitled *Decision Authorizing Interim Rate Relief* (PD). The PD would authorize Pacific Gas and Electric Company (PG&E) to recover, on an interim basis and subject to refund with interest, \$456 million in Test Year (TY) 2027 revenue requirements starting on January 1, 2027. This interim authorization would terminate with the Commission’s forthcoming decision adopting annual revenue requirements for this TY 2027 General Rate Case (GRC) period.¹

Pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure, The Utility Reform Network (TURN) submits these comments on the PD. As explained below, the PD errs in departing from well-established GRC ratemaking based on evidence of only *de minimus* and speculative benefits. As such, the Commission should modify the PD to deny PG&E’s request for interim rate recovery.

II. THE PD ERRS IN DEPARTING FROM NORMAL GENERAL RATE CASE RATEMAKING WITHOUT SUBSTANTIAL EVIDENCE OF BENEFITS

The PD agrees “that interim rate recovery is not, and should not be, routine,” but concludes that “[t]he totality of circumstances justifies granting interim cost recovery prior to

¹ PD, Ordering Paragraph 1.

a determination on whether the costs are reasonable.”² The PD points to the following factors weighing in favor of this conclusion:

- “...we are persuaded by PG&E that interim rate relief is appropriate, specifically to smooth rates and alleviate potential rate shock.” (PD, p. 11)
- “Given the need to ensure stability of rates, we partially grant the IRR motion.” (PD, p. 12)
- “Partial revenue requirement authorization in advance of a final Phase 1 decision presents ratepayers with minimal risk of pre-approving cost recovery for costs that will not be incurred.” (PD, p. 13)
- “The timing of the instant decision ... would allow implementation of the interim rate relief in the winter season to avoid the potential layered rate increases in the summer months, when total customer bills are typically higher.” (PD, p. 11)

The Commission should modify the PD because the PD’s analysis is not supported by substantial evidence.

A. The PD Errs in Relying on Rate Smoothing Benefits.

The only evidence of rate smoothing impacts recounted by the PD is Table 2 from PG&E’s interim rate recovery motion, reproduced as Table 2 in the PD.³ That table illustrates changes in average residential non-CARE customer bills with and without interim rate recovery. However, the bill changes shown in the table are significantly exaggerated for two reasons.

² PD, p. 10 and Conclusion of Law 3.

³ PD, p. 4, Table 2 (citing “IRR Motion at 8”, which is PG&E’s Table 2).

First, Table 2 illustrates bill impacts flowing from the Commission's authorization of 100 percent of PG&E's requested GRC increase.⁴ Yet, as the PD recognizes, final revenue requirement authorizations in recent GRCs ranged from 31.5 percent to 56.9 percent of requested increases.⁵ Under a more reasonable estimate of the final GRC revenue requirements, bill impacts from interim rate relief would be much smaller, even half of the magnitude shown in Table 2. Second, PG&E calculated the bill impacts in Table 2 before reducing the requested 2027 GRC revenue requirement increase from \$1.188 billion to \$885 million in its opening brief.⁶ This 25 percent reduction in requested revenue requirements reduces the bill impacts relative to Table 2.

The combined effect of these two known factors identified in the PD is that the information in Table 2 cannot be relied upon as an indication of potential rate smoothing impacts of authorizing interim rate recovery. Furthermore, the record reflects that other rate changes will occur at the same time as these GRC rate changes, making it unreasonable to assess bill volatility by looking at GRC revenue requirement increases alone.⁷ For these reasons, perhaps it is no surprise that the PD declines to make findings of fact related to bill volatility-related benefits from granting interim rate relief.⁸

⁴ PG&E Interim Rate Recovery Motion, pp. 7-8.

⁵ PD, p. 12.

⁶ PD, p. 4, Table 1; p. 5, Table 3. PG&E reduced its revenue requirement request to remove SB 410 and AB 841 costs from memorandum account balances reflected in Track 1 rate base.

⁷ *See, e.g.*, TURN Response to PG&E IRR Motion, 6/1/26, pp. 9-11.

⁸ Instead, the PD includes a finding about the percentage of recent GRC revenue requirement increases requested that the Commission has authorized, and a finding that residential customer bills are higher in the summer months, neither of which supports the PD's rationale that interim rate relief is needed for rate stability. (PD, Findings of Fact 4-5).

B. Layered Rate Increases in the Summer Months Can Be Avoided Without Interim Rate Relief.

The PD also points to an affordability benefit purportedly tied to PG&E’s interim rate relief request. The PD reasons that authorizing PG&E to begin collecting the TY 2027 GRC revenue requirement on January 1, 2027, subject to refund, “would allow implementation of the interim rate relief in the winter season to avoid the potential of layered rate increases in the summer months, when total customer bills are typically higher.”⁹ The PD may be seeking to avoid the “catch-up” 5.9 percent bill increase shown in Table 2 as taking effect on September 1, 2026.

TURN appreciates the PD’s thoughtfulness about implementing rate increases at exactly the time when customer bills tend to be highest on average. However, the 5.9 percent bill increase shown in Table 2 is significantly exaggerated as explained in Section II.A above. Moreover, the Commission can avoid implementing the ultimate GRC revenue requirement increase during the time when customer bills tend to be highest by directing PG&E to amortize the authorized revenue requirement changes starting either in the spring or in the fall months in 2027, depending on the GRC decision timing.¹⁰ Nothing requires PG&E to implement a catch-up 2027 GRC revenue requirement rate increase on September 1, 2027.

TURN notes that the PD does not cite avoided interest expense as a factor weighing in favor of interim rate recovery. However, if it did, TURN would similarly point out that the savings estimates offered by PG&E and recounted in the PD are calculated based on the assumption that the Commission would ultimately approve 100 percent of PG&E’s requested

⁹ PD, p. 11.

¹⁰ See D.26-04-036, Finding of Fact 1.

GRC revenue requirement increases, an almost implausible outcome.¹¹ As the PD notes, final revenue requirement authorizations in recent GRCs ranged from 31.5 percent to 56.9 percent of requested increases.¹² A more reasonable estimate of interest expense which might be avoided by interim rate recovery could be half of PG&E's assumed amounts.

C. The PD's Departure from Well-Established GRC Ratemaking Based on This Record Risks Making Interim Rate Recovery "Routine".

The PD states, "While we agree that interim rate recovery is not, and should not be, routine, we disagree that a showing of urgency or extraordinary circumstances is needed to authorize interim rate recovery."¹³ The PD instead asserts that the Commission has the authority to set interim rates "as long as the rate is subject to refund and sufficiently justified."¹⁴ The PD would authorize interim rate recovery based on speculative and *de minimus* rate smoothing benefits, as shown above. This record provides a very low bar for justifying interim rate recovery. The Commission should modify the PD to avoid making interim rate recovery routine, contrary to the PD's stance that it should *not be routine*.

III. CONCLUSION

For the reasons set forth above, the Commission should modify the PD to deny PG&E's request for interim rate recovery. The PD lacks substantial evidence to conclude that

¹¹ PD, p. 5; TURN Response to PG&E IRR Motion, 6/1/26, pp. 8-9.

¹² PD, p. 12.

¹³ PD, p. 10.

¹⁴ PD, p. 10.

the totality of circumstances justifies departing from well-established GRC ratemaking and granting interim cost recovery.

Date: October 13, 2026

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Appendix A

Proposed Modifications to Findings of Fact and Conclusions of Law (additions underlined, deletions in ~~striketrough~~)

Conclusions of Law

3. The totality of circumstances ~~justifies~~ does not justify granting interim cost recovery prior to a determination on whether the costs are reasonable.