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OPENING COMMENTS OF THE UTILITY REFORM NETWORK ON ASSIGNED COMMISSIONER PROPOSAL, PARTY PROPOSALS, AND UTILITIES' IMPLEMENTATION ASSESSMENTS

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OPENING COMMENTS OF THE UTILITY REFORM NETWORK ON ASSIGNED COMMISSIONER PROPOSAL, PARTY PROPOSALS, AND UTILITIES' IMPLEMENTATION ASSESSMENTS

I. INTRODUCTION

The Utility Reform Network (TURN) submits these opening comments pursuant to the June 29, 2026 *Assigned Commissioner's Ruling Providing Direction and Setting the Phase 1B Procedural Schedule*, the July 9, 2026 *Email Ruling Adjusting the Procedural Schedule*, and the October 20, 2026 *Email Ruling Changing the Schedule for Climate Credit Rulemaking*.

The California Public Utilities Commission (Commission) should "focus on maximizing affordability impacts for those who need it most" in the climate credit design and prioritize the needs of low-income and hot-zone customers.[1] TURN recommends the Commission adopt a modified version of TURN's initial proposal, consisting of two elements: 1) a low-income multiplier and 2) baseline scaling. TURN modified its initial proposal to address the implementation cost estimates developed by the investor-owned utilities (IOUs), retaining a low-income multiplier to account for customers' ability to pay and baseline scaling to account for households' varied essential usage based on regional climate. In addition, TURN recommends the Commission consider three supplemental elements from TURN's initial proposal: a zero or negative usage exclusion, a third distribution in one winter month for winter-peaking customers, and the no-carryover policy. The modifications to TURN's initial proposal are described in the table below:

Design Element	**Initial Proposal (September 14, 2026)**	**Current Recommendation**
Low-Income Multiplier	2x for CARE; 1.5x for FERA and DRAH	**Primary.** 1.75x for CARE; 1.5x for FERA and DRAH.
Baseline Scaling	Credit scaled to each customer's baseline allowance; zone bundling as alternative.	**Primary.** Credit scaled to each zone's baseline allowance for distribution season; alternatively, a simple (+0.5x) multiplier for hot zones only.

[1] *Assigned Commissioner's Ruling Providing Direction and Setting the Phase 1B Procedural Schedule* (Guidance Ruling), p. 3.

Zero/Negative Usage Exclusion	Exclude non-CARE/FERA accounts with zero or negative usage in 7+ of prior 12 months.	**Supplemental.**
Timing of Distributions	Two distributions in each baseline territory's peak-billed months (up to five); alternatively, two zone bundles (three or four months).	**Supplemental.** Two distributions per customer based on zone bundle. Only three distribution months statewide: August, September, and January.
No-Carryover Policy	Credit applied only until bill reaches $0; unused amounts reallocated.	**Supplemental.**

Section II explains why the status quo is not consistent with Commission or state priorities. Section III recommends the Commission understand affordability in light of its own definition. Section IV presents TURN's primary recommendation and explains why it is worth its implementation costs. Section V proposes supplemental elements to compound the affordability benefits of TURN's primary recommendation.

II. THE STATUS QUO DESIGN IS NOT ENTITLED TO DEFERENCE AND DOES NOT SATISFY DIRECTIVES TO PRIORITIZE AFFORDABILITY

The Commission should adopt a revised version of the climate credit because failing to do so would forgo a significant opportunity to improve customer affordability at a time the Legislature has directed revisions to maximize affordability, the Governor has required the Commission to identify actions that could improve affordability, and the Commission itself has identified a reallocation of the climate credit as a significant opportunity to do so. Adopting no changes to the current distribution methodology would fail to recognize the direction provided by the Governor and Legislature, which is based on the foundational assumption that the status quo is not sufficient to meet affordability objectives.

a. No Presumption Favors the Status Quo

D.26-04-036 designated the Phase 1A changes (status quo design) as interim to ensure the current phase of the proceeding would consider modifications to the credit without prejudice.[2] Accordingly, the Commission should not weigh the status quo design more favorably than party

[2] Decision (D.) 26-04-036, p. 23 ("There is value in designating these changes as interim, to help ensure considerations in the next phase will proceed without prejudice from our decision today.")

proposals and should evaluate all proposals, including proposals to retain the status quo, using the same standard.

b. California Law Directs the Commission to Prioritize Affordability

California Public Utilities Code Section 748.5(a)(3) requires that the climate credit be provided "in no more than four high-billed months of each year to maximize customer electric bill affordability, or as otherwise directed by the Commission to address extreme, unforeseen, and temporary circumstances."[3] While parties have disagreed about the scope of the mandate to maximize affordability, no party has disputed that it applies to the timing of the credit.

Where the statute is silent, the Commission has discretion. This discretion should be informed by the Legislature's choice to prioritize customer electric bill affordability as the goal for the parameter it expressly addressed, and by the narrow language of the statute's exception, which is made only for "extreme, unforeseen, and temporary circumstances."[4] Additionally, the Commission's discretion should be informed by Executive Order (EO) N-5-24, which required the Commission and the Air Resources Board to "consult with each other on options to maximize the effectiveness of California's Climate Credit" in addition to broader direction to take action to improve customer affordability.[5] In Decision (D.) 26-04-036, the Commission acknowledged EO N-5-24's mandate and explained that in its "responding report the Commission identified the Climate Credit as one area of opportunity."[6]

The Assigned Commissioner's first priority for this proceeding is that "affordability is a central principle."[7] The Guidance Ruling stated, "the Climate Credit should be focused on

[3] Pub. Util. Code Section 748.5(a)(3).

[4] Pub. Util. Code Section 748.5(a)(3).

[5] Cal. Exec. Order No. N-5-24 (October 30, 2024).

[6] D.26-04-036, p. 5.

[7] Guidance Ruling, p. 3.

providing *more* assistance during high-cost periods—which vary across the state—and to focus on maximizing affordability impacts for those who need it most."[8]

III. BILL AFFORDABILITY IS DEFINED BY ABILITY TO PAY FOR ESSENTIAL SERVICE

California is facing a cost-of-living crisis and utility bills are a significant contributor. EO N-5-24 found that utility bills have outpaced the rate of inflation in recent years.[9] From 2016 to 2026, residential rates have increased by 69% in Pacific Gas and Electric Company's (PG&E) service territory, 97% in San Diego Gas and Electric Company's (SDG&E) service territory, and 101% in Southern California Edison Company's (SCE) service territory.[10] Although the climate credit alone cannot address the root causes of increasing rates and bills, the Commission can and should make changes to maximize the credit's potential to alleviate customers' unaffordable bills.

a. The Commission Should Apply Its Existing Definition of Affordability

Customer affordability is the clear focus of this proceeding but party comments and proposals have employed different definitions of affordability.[11] D.20-07-032 already defines affordability as "the degree to which a representative household is able to pay for an *essential* utility service, *given its socioeconomic status*" (emphasis added).[12] The Commission's affordability ratio is a measure of "*essential* utility service charges to *non-disposable household income*" (emphasis added).[13] Both the affordability ratio and definition incorporate two elements:

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[8] Guidance Ruling, p. 3.

[9] Cal. Exec. Order No. N-5-24 (October 30, 2024).

[10] Public Advocates Office, Q2 2026 Electric Rates Report (July 2026), p. 8, https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/260727-public-advocates-office-q2-2026-electric-rates-report.pdf.

[11] *Assigned Commissioner's Scoping Memo and Ruling* (Scoping Ruling), p. 1 ("this proceeding was initiated to consider ways to improve the effectiveness of the Climate Credit in supporting affordability"); Guidance Ruling, p. 3 ("this proceeding's affordability focus"); *Order Instituting Rulemaking to Improve the California Climate Credit* (OIR), p. 3 ("This rulemaking will explore potential approaches to maximize the effectiveness of Cap-and-Trade Program proceeds for supporting customer affordability").

[12] D.20-07-032, p. 2.

[13] D.20-07-032, p. 2.

ability to pay and essential utility service. Consistent with D.20-07-032, the Commission's report responding to EO N-5-24 acknowledged that "the burden of high rates does not affect all customers evenly" and noted that reallocating the climate credit to the customers that need it the most "presents a significant equity opportunity for California."[14]

Certain parties have recommended the Commission adopt a concept of affordability that would disregard one or both of the elements in the Commission's definition. Parties have referred to "universal," "holistic," or "broad" affordability,[15] but this approach would replace affordability with bill reductions. The Commission should reject the premise that affordability is a uniform concern warranting uniform treatment for all customers. The climate credit can contribute to the Commission's goal of improving affordability when applied to the bills that are the most unaffordable, making affordability improvements a necessarily targeted exercise.

Cal Advocates also supports a flat credit on a distinct affordability rationale, stating: "A uniform credit is inherently progressive – bill discounts are more valuable to lower-income residents."[16] A dollar provided to low-income households does more good than a dollar provided to a household that will barely register it, but this premise holds for every possible credit distribution, not just a flat credit. If the Commission seeks to advance affordability, it should

[14] CPUC Response to Executive Order N-5-24 (February 18, 2025), p. 19, https://www.cpuc.ca.gov/-/media/cpuc-website/industries-and-topics/reports/cpuc-response-to-executive-order-n-5-24.pdf. The Guidance Ruling, likewise, treats the ability to pay as part of affordability. Guidance Ruling, p. 3 ("the Climate Credit should be focused on providing *more* assistance during high-cost periods—which vary across the state—and to focus on maximizing affordability impacts for those who need it most… I am also conscious of our impacts on low-income customers; as my concepts reflect, I am interested in ways to prioritize these customers within the approach.")

[15] California Community Choice Association and SCE Joint Proposal, p. 9 ("The Joint Proposal's recommendation to keep the status quo best preserves the values of simplicity and broad affordability"); PG&E Phase 1B Reply Comments, p. 3 (asserting that the Legislature's directive is "to promote affordability for all customers."); SDG&E Phase 1B Opening Comments, p. iii (arguing in support of a flat credit that the Commission should "evaluate affordability holistically across all residential customers, rather than through carveouts that improve affordability for one customer subset by reducing it for another."); Cal Advocates Proposal, p. 4 (stating, in favor of a flat credit, that "The Commission should prioritize universal affordability.")

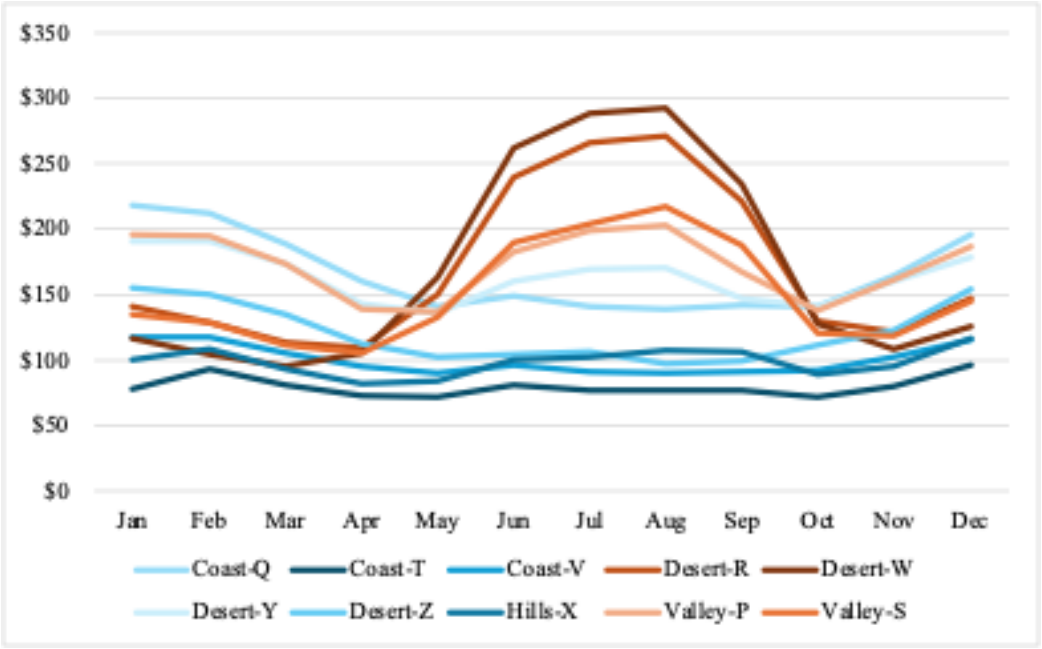
[16] Cal Advocates Proposal, p. 4.

direct more dollars to the customers with the greatest need—those with lower incomes and living in hotter climate zones.

b. Income and Climate Zone Are Key Determinants of Electric Bill Affordability

While the affordability crisis is widespread, certain customer groups face greater burdens than others, based on either their limited means or greater essential usage due to more extreme regional temperatures. Customers in the low-income discount programs, CARE and FERA, are more likely to be behind on their bills than customers not enrolled in those programs.[17] In California's hottest climate zones, increased cooling is necessary to protect customers' health, resulting in more non-discretionary usage than in other parts of the state.

Figure 1: Average Monthly Non-NEM CARE Bills by PG&E Baseline Territory in 2025[18]



[17] In May 2026, 19% of PG&E non-CARE/FERA-enrolled customers were in arrears, while 40% of PG&E CARE customers were in arrears and 41% of FERA customers were in arrears. TURN Reply Comments on Guidance Ruling, p. 7; PG&E Monthly Disconnection Report (July 2026) (showing 4,291,546 active non-CARE/non-FERA customer accounts, 1,343,102 active CARE customer accounts, and 53,728 active FERA customer accounts).

[18] PG&E Response to TURN_DR002, Question 2, Atch 01.

The credit can help alleviate these burdens by offsetting growing unaffordable bills. Research suggests that bill discounts and subsidies generally can reduce arrearages and disconnections, demonstrably improving customer welfare. An analysis of California's Percentage of Income Payment Pilot found that the pilot's bill discounts reduced arrearages for participants by 55% in one year across the IOUs (reducing past due balances by an average of $131) and modestly reduced disconnections.[19] Reducing arrearages also yields benefits for *all other* utility customers who would otherwise bear those costs. For example, in New York during the COVID-19 pandemic, the Public Utility Law Project found that customers receiving a bill discount saw much slower growth in arrearages compared to customers not receiving a discount, which may have translated to savings of $89 million in avoided debt for residential ratepayers collectively.[20] While TURN is not aware of an analysis regarding the impacts of a flat credit, or the climate credit specifically, on utility arrearages and disconnections, it is reasonable to assume that providing an additional bill subsidy for customers at highest risk of nonpayment would yield directionally similar affordability benefits to other subsidies.

IV. TURN'S PRIMARY RECOMMENDATION

The Commission should adopt a streamlined, two-element credit structure consisting of 1) a low-income multiplier and 2) scaling the credit to baseline quantities. This approach would rely on well-vetted indicators within existing billing systems that account for both customers' ability to pay and essential usage. If the Commission does not adopt the baseline-scaling element, TURN recommends a simple hot-zone multiplier accompany the low-income multiplier.

[19] "Percentage of Income Payment Pilot (PIPP) Program," APPRISE, March 25, 2025, slides 26 and 28. https://liob.cpuc.ca.gov/wp-content/uploads/sites/14/2025/03/Item-5-Percentage-of-Income-Payment-Pilot-PIPP.pdf.

[20] Ian Donaldson and Laurie Wheelock, Written Testimony for the SFY-2026 New York State Environmental Conservation Budget Hearing, Public Utility Law Project, January 25, 2025, p. 5. https://www.nysenate.gov/sites/default/files/admin/structure/media/manage/filefile/a/2025-01/public-utility-law-project.pdf.

a. Primary Recommendation Element 1: Low-Income Multiplier

Using existing indicators of low-income is the most direct way the Commission can improve affordability outcomes. TURN recommends a multiplier of 1.75x for CARE customers and 1.5x for FERA and DRAH, with customer status fixed on a single date.

The IOUs will need to add IT functionality for CARE, FERA, and DRAH to apply the multiplier. These are existing indicators within IOU billing systems and the best available proxies for low-income status.[21] The Commission and intervenors have spent substantial time and analysis considering the most accurate available indicators for low-income status in the Base Services Charge (BSC) implementation and have concluded that CARE, FERA, and DRAH status are the best available options. The Commission should rely on these conclusions here and consider linking the low-income multiplier to the BSC proceeding in the future.[22] The Commission could also consider a simplified, CARE-only version of the multiplier for the small, multi-jurisdictional IOUs that do not offer FERA programs or for which identifying DRAH status would present a substantial challenge.[23]

For master-metered customers, the IOUs should approach distribution much as they do now. They should calculate a lump sum credit using the household credit amount and the dwelling unit count on record, with the master-meter owner responsible for distributing the benefit to tenants.[24] For the household credit amount, IOUs should identify if the dwelling includes CARE, FERA, or DRAH sub-metered customers and, if so, adjust the lump sum to account for the increased credit by the number of eligible sub-metered accounts.[25] Because the

[21] PG&E Response to TURN_DR005, Question 5; SCE Response to TURN_DR005, Question 5; SDG&E Response to TURN_DR006, Question 5.

[22] For example, the Commission could direct the IOUs to periodically evaluate and report to the Commission on whether the BSC low-income methodology has evolved and whether applying it to the climate credit would be beneficial for affordability.

[23] Liberty Response to TURN_DR001, Question 3; Bear Valley Response to TURN_DR001, Question 3.

[24] PG&E Implementation Assessment, p. 6.

[25] *See* PG&E Implementation Assessment, p. 6.

second element of TURN's recommendation, baseline scaling, applies a consistent amount to each climate zone, it should not complicate master-metered treatment.

The low-income credit multiplier can be conveyed simply in outreach materials. IOUs need not customize outreach for every customer subgroup, but can explain that the low-income multiplier increases the credit amount by a set percentage for the designated subgroups.

TURN does not, however, recommend a low-income multiplier alone. Because of the zero-sum nature of the allowance revenue pool, increasing the credit for CARE, FERA, and DRAH customers will make customers outside of this subset worse off, making it important to include adequate protections for other high-need customers. This is of particular concern for customers in hot climate zones with incomes just outside the discount program cutoffs.

Table 1: SCE Example - Total Annual CC Allocated to Customers Under Different Proposals[26]

	Status Quo	2x CARE/FERA Multiplier Only	TURN BQ Scaling + Low-Income Multiplier	TURN Hot Zone Multiplier + Low-Income Multiplier
SCE				
Hot Zone (13) CARE	$72.00	$116.54	$139.79	$111.57
Hot Zone (13) FERA	$72.00	$116.54	$119.82	$99.18
Hot Zone (13) Non Discount	$72.00	$58.27	$79.88	$74.38
Other Zone (16) CARE	$72.00	$116.54	$92.56	$86.78
Other Zone (16) FERA	$72.00	$116.54	$79.34	$74.38
Other Zone (16) Non Discount	$72.00	$58.27	$52.89	$49.59

b. Primary Recommendation Element 2: Baseline Quantity Scaling

The Commission should adopt a baseline-scaled credit design because it accounts for variable essential electricity usage based on climate. Baseline quantity is a stable, well-researched metric for necessary usage based on thoroughly vetted data and is already in use with existing customer outreach language.

Adopting a baseline-scaled credit requires a status lookup and does not require customer-level historical usage calculations. In a modification from TURN's initial proposal, TURN

[26] TURN's "BQ Scaling + Low-Income Multiplier" approach here scales the CC by taking the total available CC pool for a given IOU and weighting the distribution by each customer's summer baseline, multiplied by 1.75x for CARE and 1.5x for FERA customers. TURN's "Hot-Zone Multiplier + Low-Income Multiplier" approach scales the CC by weighting the distribution by 1.75x for CARE and 1.5x for FERA customers, with an additional +0.5x for customers in hot climate zones.

recommends that the Commission apply the seasonal baseline allowance corresponding to the season of the credit distribution. Assuming the Commission maintains two summer distributions, it should thus apply the summer baseline allowance for each zone. The Commission should apply the same baseline quantity to all customers, regardless of rate schedule. Additionally, baseline scaling is one of the less complicated elements to implement for the small multi-jurisdictional IOUs with only a single baseline territory.[27]

i. Simplified Recommendation Element 2: Hot-Zone Multiplier

The Commission could further simplify this approach by bundling climate zones. In the table below, TURN calculates the credit amount assuming a multiplier of 1.75x for CARE, 1.5x for FERA/DRAH, plus a simple hot-zone multiplier (+0.5x), in place of baseline scaling:

Table 2: Total Annual Climate Credit Under Simplified Hot-Zone Multiplier[28]

IOU	Baseline Territory	Status Quo	CARE (1.75x) Hot (2.25x)		FERA/DRAH (1.5x) Hot (2x)		Non-CARE/FERA Hot (1.5X)	
			CC	Change	CC	Change	CC	Change
PG&E	Coast-Q	$ 72.36	$ 92.46	$ 20.10	$ 79.25	$ 6.89	$ 52.83	$ (19.53)
	Coast-T	$ 72.36	$ 92.46	$ 20.10	$ 79.25	$ 6.89	$ 52.83	$ (19.53)
	Coast-V	$ 72.36	$ 92.46	$ 20.10	$ 79.25	$ 6.89	$ 52.83	$ (19.53)
	Desert-R	$ 72.36	$ 118.87	$ 46.51	$ 105.66	$ 33.30	$ 79.25	$ 6.89
	Desert-W	$ 72.36	$ 118.87	$ 46.51	$ 105.66	$ 33.30	$ 79.25	$ 6.89
	Desert-Y	$ 72.36	$ 92.46	$ 20.10	$ 79.25	$ 6.89	$ 52.83	$ (19.53)
	Desert-Z	$ 72.36	$ 92.46	$ 20.10	$ 79.25	$ 6.89	$ 52.83	$ (19.53)
	Hills-X	$ 72.36	$ 92.46	$ 20.10	$ 79.25	$ 6.89	$ 52.83	$ (19.53)
	Valley-P	$ 72.36	$ 118.87	$ 46.51	$ 105.66	$ 33.30	$ 79.25	$ 6.89
	Valley-S	$ 72.36	$ 118.87	$ 46.51	$ 105.66	$ 33.30	$ 79.25	$ 6.89
SCE	5	$ 72.00	[1]				$ 49.59	$ (22.41)
	6	$ 72.00	$ 86.78	$ 14.78	$ 74.38	$ 2.38	$ 49.59	$ (22.41)
	8	$ 72.00	$ 86.78	$ 14.78	$ 74.38	$ 2.38	$ 49.59	$ (22.41)
	9	$ 72.00	$ 111.57	$ 39.57	$ 99.18	$ 27.18	$ 74.38	$ 2.38
	10	$ 72.00	$ 111.57	$ 39.57	$ 99.18	$ 27.18	$ 74.38	$ 2.38
	13	$ 72.00	$ 111.57	$ 39.57	$ 99.18	$ 27.18	$ 74.38	$ 2.38
	14	$ 72.00	$ 111.57	$ 39.57	$ 99.18	$ 27.18	$ 74.38	$ 2.38
	15	$ 72.00	$ 111.57	$ 39.57	$ 99.18	$ 27.18	$ 74.38	$ 2.38
	16	$ 72.00	$ 86.78	$ 14.78	$ 74.38	$ 2.38	$ 49.59	$ (22.41)
SDG&E	Coastal	$ 98.72	$ 126.05	$ 27.33	$ 108.05	$ 9.33	$ 72.03	$ (26.69)
	Inland	$ 98.72	$ 162.07	$ 63.35	$ 144.06	$ 45.34	$ 108.05	$ 9.33
	Mountain	$ 98.72	$ 126.05	$ 27.33	$ 108.05	$ 9.33	$ 72.03	$ (26.69)
	Desert	$ 98.72	$ 162.07	$ 63.35	$ 144.06	$ 45.34	$ 108.05	$ 9.33

[27] Liberty Response to TURN_DR001, Question 2; Bear Valley Response to TURN_DR001, Question 2.

[28] Calculated using TURN's proposal workpapers with modifications.

Table 3: Hot Bundle Customers - Change in August Bill (2025 Avg Bills), from Simplified Hot-Zone Multiplier Approach vs. Counterfactual Distribution of Flat 2026 Climate Credit in August[29]

IOU	Baseline Territory	CARE				Non-CARE			
		Old Bill	New Bill	Change ($)	Change (%)	Old Bill	New Bill	Change ($)	Change (%)
PG&E	Desert-R	$ 205.82	$ 182.56	$ (23.26)	-11%	$ 264.82	$ 261.38	$ (3.44)	-1%
	Desert-W	$ 216.82	$ 193.56	$ (23.26)	-11%	$ 266.82	$ 263.38	$ (3.44)	-1%
	Valley-P	$ 156.82	$ 133.56	$ (23.26)	-15%	$ 216.82	$ 213.38	$ (3.44)	-2%
	Valley-S	$ 160.82	$ 137.56	$ (23.26)	-14%	$ 220.82	$ 217.38	$ (3.44)	-2%
SCE	9	$ 112.78	$ 92.99	$ (19.79)	-18%	$196.35	$ 195.15	$ (1.19)	-1%
	10	$ 153.71	$ 133.92	$ (19.79)	-13%	$205.07	$ 203.87	$ (1.19)	-1%
	13	$ 176.75	$ 156.96	$ (19.79)	-11%	$238.11	$ 236.92	$ (1.19)	-1%
	14	$ 154.54	$ 134.75	$ (19.79)	-13%	$186.88	$ 185.69	$ (1.19)	-1%
	15	$ 224.86	$ 205.07	$ (19.79)	-9%	$294.52	$ 293.33	$ (1.19)	0%
SDG&E	Inland	$ 72.64	$ 40.97	$ (31.67)	-44%	$ 115.64	$ 110.98	$ (4.66)	-4%
	Desert	$ 171.64	$ 139.97	$ (31.67)	-18%	$ 164.64	$ 159.98	$ (4.66)	-3%

Declining to apply any climate-based differentiation will leave customers in some of the hottest parts of the state worse off, assuming the Commission applies a low-income multiplier. At a minimum, TURN recommends that the Commission adopt this simple hot-zone multiplier, alongside the low-income multiplier.

c. TURN's Primary Recommendation Is Worth Its Cost

The Commission should evaluate all proposals, including the proposal to retain the status quo, based on their overall customer affordability benefits. The California Community Choice Association (CalCCA) and SCE have proposed that any departure from the status quo should "demonstrate a net customer benefit after accounting for both the corresponding impacts on other customers and the costs of implementing the change."[30] TURN agrees that the Commission should evaluate the net benefits of proposals, with two caveats.

First, the Commission must evaluate the status quo on the same basis. Given D.26-04-036's interim designation, there is no reason to apply a different standard to the proposal to retain the status quo.

[29] Calculated using TURN's proposal workpaper with modifications.

[30] CalCCA and SCE Joint Proposal, p. 1.

Second, the Commission must define "benefit" in order for the net benefit analysis to yield meaningful results. As many parties have observed, the allowance revenue pool is fixed, so any increase to one customer group's share necessarily reduces the share available to others. If "customer benefit" is measured in dollars, every credit design will net to zero once "corresponding impacts" on other customers have been considered. This approach would transform the net benefits analysis into a mere comparison of implementation costs, favoring the status quo regardless of how the credit is distributed. The cheapest approach to implement would automatically result in the highest net benefit regardless of the fairness of distribution to different customer subgroups. Party proposals have different implementation costs because they target and achieve different outcomes. The Commission should understand benefits as affordability benefits, given the primacy of affordability in this proceeding.[31]

Existing data does not allow for quantitative "netting" of affordability costs and benefits but the Commission need not assign a precise dollar value to each proposal. The Commission should evaluate each proposal by considering the extent to which it directs credit dollars to customers with lower incomes and higher essential electricity requirements, the corresponding reduction in benefits for other customers, and the incremental implementation costs required to achieve that distribution. While there is no perfect proxy for identifying customers with unaffordable bills, the Commission has familiar indicators it can apply for which the IOUs have provided substantial data: CARE and FERA. The Commission can rely on baseline quantity as a vetted proxy for essential electricity requirements.

Benefits of TURN's Recommendation

Under TURN's primary recommendation, a greater percentage of the total climate credit pool is allocated toward CARE and FERA customers, as well as toward hot-zone customers in the aggregate, compared to the status quo (uniform) credit. For example, for PG&E customers, an additional $63 million of the 2026 climate credit is allocated to CARE and FERA customers

[31] *See supra*, note 11.

under TURN's proposal compared to the status quo.[32] An additional $75 million of the 2026 climate credit is allocated to hot-zone customers.[33]

Table 4: Percent of Climate Credit Pool Allocated to CARE, FERA, and Non-Discount Customers in Hot and Other Baseline Territories Under Different Proposals[34]

	Status Quo	2x CARE/FERA Multiplier Only	TURN BQ Scaling + Low-Income Multiplier	TURN Hot Zone Multiplier + Low-Income Multiplier
PG&E				
Hot Zone CARE/FERA	13.7%	21.8%	28.8%	22.4%
Hot Zone Non Discount	22.8%	18.2%	26.5%	24.9%
Other Zone CARE/FERA	11.6%	18.6%	12.4%	14.8%
Other Zone Non Discount	51.9%	41.4%	32.2%	37.9%
SCE				
Hot Zone CARE/FERA	14.9%	24.1%	25.6%	23.0%
Hot Zone Non Discount	40.5%	32.8%	40.7%	41.9%
Other Zone CARE/FERA	8.7%	14.0%	9.4%	10.4%
Other Zone Non Discount	35.9%	29.0%	24.3%	24.7%
SDG&E				
Hot Zone CARE/FERA	11.1%	18.2%	17.9%	18.1%
Hot Zone Non Discount	30.7%	25.2%	28.5%	33.6%
Other Zone CARE/FERA	10.8%	17.8%	15.2%	13.7%
Other Zone Non Discount	47.4%	38.8%	38.3%	34.6%

These affordability benefits flow from a reallocation away from other customer groups. This reallocation is justified because benefits flow to groups based on established indicators of need, while the implementation costs will be spread across a far larger group of customers that, on average, has higher incomes and lower essential usage. CARE, FERA, and DRAH customers gain substantially more than the additional costs recovered from customers in the broader customer base. Similarly, the additional $75 million directed to hot-zone customers reflects their greater non-discretionary cooling load relative to other customers. The Commission's definition of affordability accounts for ability to pay for essential use; a larger increase for hot-zone customers therefore outweighs the modest reduction for the broader customer base.

[32] Calculated by multiplying PG&E's 2026 res climate credit pool of $396,606,462 by 25.3% under the status quo vs. 41.2% under TURN's proposal.

[33] Calculated by multiplying PG&E's 2026 res climate credit pool of $396,606,462 by 36.4% under the status quo vs. 55.3% under TURN's proposal.

[34] Calculated using TURN's proposal workpapers with modifications.

A flat credit has lower implementation costs but distributes dollars irrespective of where they will impact affordability. A flat credit would direct about 22-25% of dollars to CARE and FERA customers but would also direct about 4% to customers with zero or negative usage, 5% to customers with incomes above $338,000, and 1% to customers with incomes over $854,000.[35]

A low-income multiplier alone provides affordability benefits by increasing CARE and FERA customers' share of the pool (from 25.3% to 40.4% of PG&E's pool, for example, with a 2x multiplier, compared to the status quo). However, it fails to account for customers with higher need due to their climate-related essential electricity usage. The low-income multiplier alone would provide less for hot-zone customers (40% of PG&E's pool, compared to 47.3% under TURN's simplified proposal, and 55.3% under TURN's baseline-scaling proposal).

Costs of TURN's Recommendation

TURN's primary recommendation here materially streamlines its initial proposal in response to IOU implementation assessments, retaining only two elements of the initial proposal. The IOUs' implementation assessments estimated costs for TURN's initial proposal as a whole, rather than by the elements within the proposal.[36] Nevertheless, TURN has approximated the costs of its primary recommendation using estimates for a comparable proposal.

The Assigned Commissioner's Concept 2, like TURN's primary recommendation, scales credits by baseline territory (or bundle) and adds a CARE/FERA multiplier.[37] PG&E identified Concept 2 as a "low-complexity differentiated flat-credit design" and estimated $8.1 million in

[35] Approximated based on the thresholds for the top 5% and 1% of California households by income. 2023 SOI Tax Stats - Adjusted gross income (AGI) percentile data by state, The Internal Revenue Service, https://www.irs.gov/statistics/soi-tax-stats-adjusted-gross-income-agi-percentile-data-by-state.

[36] SCE Response to TURN_DR005, Question 2; PG&E Response to TURN_DR005, Questions 2 and 3; SDG&E Response to TURN_DR006, Questions 2 and 3. PG&E provided additional context for costs in the absence of element-specific estimates. Although element-specific estimates would have helped TURN evaluate the relative cost-effectiveness of the different design elements, the IOUs declined to provide them in response to TURN's requests or, in the case of SCE, stated it would not be possible to develop such estimates. PG&E Response to TURN_DR005, Question 2; SDG&E Response to TURN_DR005, Question 2; SCE Response to TURN_DR005, Question 2 ("SCE cannot provide a breakdown as requested").

[37] Guidance Ruling, p. 8.

one-time IT costs and $350,000-925,000 in startup ME&O costs.[38] SCE and SDG&E did not estimate the costs of the Assigned Commissioner's concepts in their assessments. PG&E's cost estimate for Concept 2 provides a reasonable proxy for TURN's primary recommendation. The addition of DRAH to CARE and FERA in the low-income multiplier element should not substantially increase the complexity or cost of implementation.

The roughly $8.5-9 million PG&E estimates is reasonable given the substantial affordability benefits TURN's recommendation would provide. TURN's low-income multiplier improves affordability targeting based on income, while baseline scaling accounts for differences in essential electricity needs. The estimated $8.5-9 million in one-time IT and startup ME&O costs is about 13-14% of the additional $63 million reallocated to low-income customers and 11-12% of the additional $75 million reallocated to hot-zone customers. While the reallocation to these high-need customer groups will occur annually, PG&E's estimated ongoing costs were far less than its one-time, upfront estimates: $650,800 in administration costs and $200,000-250,000 in ME&O annually.[39]

Even considering the IOUs' maximum one-time startup implementation cost estimates based on TURN's full, initial proposal, which contained multiple elements removed from the primary recommendation presented here, upfront implementation costs are a small percentage of the overall pool. As a portion of the overall credit pool, ongoing costs are even more insignificant (PG&E estimates these costs to be around $2 million annually).[40]

[38] PG&E Implementation Assessment, p. 34.

[39] PG&E Implementation Assessment, p. 34.

[40] PG&E Implementation Assessment, p. 12.

Table 5: Implementation Costs of TURN Proposal Compared to Climate Credit Pool[41]

IOU	2026 Res CC Pool	TURN Proposal Implementation Costs (Maximum Estimate)	Implementation Costs as % of CC
PG&E	$ 396,606,462	$ 20,950,000	5%
SCE	$ 346,816,944	$ 17,000,000	5%
SDG&E	$ 139,171,014	$ 3,500,000	3%

The IOUs acknowledge that these implementation cost estimates are preliminary.[42] The implementation assessments also appeared to scope tasks more broadly than the designs require. For example, while TURN proposed between three and five distribution months, IOUs based cost estimates on the five-month version.

TURN's primary recommendation would allocate a materially larger share of the climate credit revenue to customers with the greatest affordability needs, based on the best available indicators. These substantial affordability benefits justify the incremental implementation costs and are consistent with the Commission's affordability guiding principle.

V. TURN'S SUPPLEMENTAL RECOMMENDATIONS

TURN recommends the Commission consider including one or more of the following severable elements (shaded in the table below) to compound the benefits of TURN's primary recommendation.

TURN Proposal Elements	**Impact**
Low-Income Multiplier	Ensures that CARE, FERA, and DRAH customers are better off than the status quo in each baseline territory.
Baseline Scaling (and Hot Climate Zone Multiplier)	Ensures that hot climate zone customers receive a larger credit reflecting their larger average bills.
Zero/Negative Usage Exclusion	Increases the pool available to customers with higher bills.

[41] Climate credit pool per the IOUs' 2027 ERRA filings. Implementation costs combine startup IT and ME&O costs, per IOU implementation assessments. SCE Implementation Assessment, p. 4; PG&E Implementation Assessment, p. 12; SDG&E Implementation Assessment, pp. 13, 17.

[42] PG&E Implementation Assessment, p. 2; SDG&E Implementation Assessment, p. 2.

Timing (Summer/Summer and Summer/Winter Distributions)	Ensures that cool/mixed climate zone customers receive the credit when it's needed most; increases the value of the credit in terms of % of bill for these customers.
No-Carryover Policy	Increases the pool available to customers with higher bills.

a. Zero or Negative Usage Exclusion

TURN recommends the Commission consider excluding customer accounts with zero or negative net usage in seven or more of the prior 12 months. This exclusion is directly responsive to the Assigned Commissioner's concerns, regarding Concept 2, that, "Some customers in climate zones with temperature extremes and very low bills have low electricity imports, or purchases from their utility, and under this approach may receive the higher credit allotment of their zone."[43] It would also free up significant revenue: the reallocation alone would fully offset even the largest cost estimates for TURN's proposal (from PG&E).[44]

Table 6: Comparison of Climate Credit Reallocation from Zero/Negative Use Exclusion and IOU-Estimated Implementation Costs of TURN Proposal[45]

	Non-CARE/FERA Customers with Zero or Negative Usage in ≧ 7 months	Percent of All Customers	Share of 2025 Climate Credit	TURN Proposal Implementation Costs (Maximum Estimate)
PG&E	240,714	5%	$ 28,033,552	$ 20,950,000
SCE	132,703	3%	$ 14,862,736	$ 17,000,000
SDG&E	115,459	9%	$ 18,792,107	$ 3,500,000
Total	488,876	4%	$ 61,688,395	$ 41,450,000

Based on IOU feedback, TURN recommends fixing a single date to extract and measure usage data once per distribution. Where customers have recently moved into the service territory

[43] Guidance Ruling, p. 9.

[44] Based on 2025 data, customers with zero or negative use would have received $28 million in PG&E's territory. TURN Proposal, p. 4, Table 2. PG&E estimates costs up to $20 million for IT setup plus another $860,000 for startup ME&O for TURN's initial proposal. PG&E Implementation Assessment, p. 12.

[45] Data on zero/negative usage customers from IOU responses to TURN_DR004, Question 8. Implementation costs combine startup IT and ME&O costs, per IOU implementation assessments. SCE Implementation Assessment, p. 4; PG&E Implementation Assessment, p. 12; SDG&E Implementation Assessment, pp. 13, 17.

or have partial histories for other reasons, they should remain eligible for the credit. NEM and NBT customers would be treated like all other customers. TURN acknowledges that many customers excluded by this policy would be NEM and NBT customers; however, TURN recommends the zero or negative usage exclusion because it may capture vacation homes, second homes, and other outliers that do not have unaffordable bills.

b. Timing of Distributions

TURN recommends the Commission consider a three-month zone-bundled approach to timing of distributions. While more granular targeting of timing to the times of greatest need is more equitable, TURN acknowledges the implementation concerns raised regarding a larger number of distributions. TURN recommends the winter distribution occur in January as it is the peak-billed winter month and will not overlap with the gas credit distribution. In response to TURN's data requests, PG&E and SCE explained that reducing the number of distribution months from five to three would not significantly reduce upfront implementation costs but would reduce associated ongoing administrative and ME&O costs.[46]

Table 7: Change in January Bill (2025 Avg Bills) for Customers in Cool/Mixed Baseline Territories from TURN Simplified Hot-Zone Multiplier Approach If Distributed in January[47]

IOU	Baseline Territory	CARE				Non-CARE			
		Old Bill	New Bill	Change ($)	Change (%)	Old Bill	New Bill	Change ($)	Change (%)
PG&E	Coast-Q	$ 221.00	$ 174.77	$ (46.23)	-21%	$ 295.00	$ 268.58	$ (26.42)	-9%
	Coast-T	$ 78.00	$ 31.77	$ (46.23)	-59%	$ 149.00	$ 122.58	$ (26.42)	-18%
	Coast-V	$ 116.00	$ 69.77	$ (46.23)	-40%	$ 175.00	$ 148.58	$ (26.42)	-15%
	Desert-Y	$ 190.00	$ 143.77	$ (46.23)	-24%	$ 185.00	$ 158.58	$ (26.42)	-14%
	Desert-Z	$ 154.00	$ 107.77	$ (46.23)	-30%	$ 164.00	$ 137.58	$ (26.42)	-16%
	Hills-X	$ 100.00	$ 53.77	$ (46.23)	-46%	$ 188.00	$ 161.58	$ (26.42)	-14%
SCE	5					$ 293.96	$ 269.16	$ (24.79)	-8%
	6	$ 99.44	$ 56.05	$ (43.39)	-44%	$ 159.36	$ 134.57	$ (24.79)	-16%
	8	$ 104.55	$ 61.16	$ (43.39)	-42%	$ 158.92	$ 134.12	$ (24.79)	-16%
	16	$ 143.68	$ 100.29	$ (43.39)	-30%	$ 179.78	$ 154.99	$ (24.79)	-14%
SDG&E	Coastal	$ 99.00	$ 35.97	$ (63.03)	-64%	$ 169.00	$ 132.98	$ (36.02)	-21%
	Mountain	$ 176.00	$ 112.97	$ (63.03)	-36%	$ 204.00	$ 167.98	$ (36.02)	-18%

[46] PG&E Response to TURN_DR005, Questions 2 and 6.

[47] Calculated using TURN's proposal workpapers with modifications.

TURN recommends that the Commission consider revisiting this over time, as peak-billed months are likely to change and implementation may be more feasible after billing modernizations are complete. IOUs could signal their readiness for this element by advice letter.

c. No-Carryover Policy

The Commission should consider applying the no-carryover policy from TURN's initial proposal,[48] capping the credit at current-month billed charges before taxes for all customers, even those with shorter billing cycles due to recent moves.

VI. CONCLUSION

The Commission should evaluate all proposals by evaluating their overall affordability benefits. On that standard, TURN respectfully requests that the Commission adopt TURN's primary recommendation, a low-income multiplier for CARE, FERA, and DRAH customers combined with baseline-scaled credits. These elements direct a greater share of the credit to customers with the least ability to pay and the highest essential electricity usage. The available cost estimates do not show that TURN's proposal would come at a cost disproportionate to its substantial affordability benefits.

Respectfully submitted,

/s/
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[48] *See* full description in TURN's Proposal, pp. 4-5.