BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future.	Rulemaking 21-06-017

REPLY COMMENTS OF THE PUBLIC ADVOCATES OFFICE ON THE PROPOSED DECISION ADDRESSING TRACK 3 ISSUES DIRECTING LARGE INVESTOR-OWNED UTILITIES TO SUPPORT AFFORDABILITY THROUGH FLEXIBLE SERVICE CONNECTIONS

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I. INTRODUCTION

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits these reply comments in response to parties' comments on the California Public Utilities Commission's (Commission) proposed *Decision Addressing Track 3 Issues Directing Large Investor-Owned Utilities to Support Affordability Through Flexible Service Connections* (PD),[1] filed October 20, 2026, in Rulemaking (R.) 21-06-017.[2]

The PD directs, among other things, that Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) (collectively, the investor-owned utilities (IOUs)) evaluate Flexible Service Connections (FSCs) as alternatives to conventional grid upgrades and expand existing FSC offerings.[3] The PD also declines to authorize additional IOU cost recovery[4] and states that the IOUs may seek relevant cost recovery through their General Rate Cases (GRCs).[5] Cal Advocates recommends that the IOUs' requests in opening comments for new or expanded memorandum accounts to track incremental costs associated with implementing FSCs should be rejected.

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[1] The PD is available at: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M624/K559/624559279.PDF.

[2] Cal Advocates submits its reply comments pursuant to Rule 14.3(d) of the Commission's Rules of Practice and Procedure (Rules).

[3] PD at 2-4.

[4] PD at 151 and Conclusion of Law 47 at 166 ("No additional cost recovery should be authorized in this decision.").

[5] PD at 151, and Finding of Fact 51 at 160.

II. DISCUSSION

A. The IOUs' requests for new or expanded memorandum accounts should be rejected.

PG&E and SDG&E argue that their GRC schedules would delay recovery of incremental costs associated with implementation of the PD.[6] SCE similarly states that its GRC schedule does not align with the PD's FSC implementation requirements.[7] The PD declines to authorize additional IOU cost recovery.[8] The IOUs disagree with the PD's determination and recommend that the PD be modified to authorize memorandum accounts to track incremental costs associated with implementing FSCs. PG&E requests authorization to use its existing Distribution Resources Plan Tools Memorandum Account (DRPTMA), SDG&E proposes a new memorandum account, and SCE requests authority to establish a memorandum account if needed.[9]

The IOUs' requests for new or expanded memorandum accounts should be rejected. The PD evaluates PG&E's request to track FSC costs in its Distributed Energy Resources Distribution Deferral Account (DERDDA) memorandum account and considers Cal Advocates' and Small Business Utility Advocates' objections to additional cost recovery.[10] The PD finds merit in those objections and declines to authorize additional IOU cost recovery on the basis that "[t]he record in this proceeding does not

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[6] PG&E, *Pacific Gas and Electric Company's (U 39 E) Opening Comments on the Proposed Decision Addressing Track 3 Issues Directing Large Investor-Owned Utilities to Support Affordability Through Flexible Service Connections*, November 9, 2026 (PG&E Comments) at 5-6. Available at: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M629/K331/629331135.PDF; and SDG&E, *Opening Comments of San Diego Gas & Electric Company (U 902 E) on Proposed Decision Addressing Track 3 Issues Directing Large Investor-Owned Utilities to Support Affordability Through Flexible Service Connections*, November 9, 2026 (SDG&E Comments) at 2. Available at: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M629/K331/629331665.PDF.

[7] SCE, *Southern California Edison Company's (U 338-E) Comments on PD Addressing Track 3 Issues Directing Large Investor-Owned Utilities to Support Affordability Through Flexible Service Connections*, November 9, 2026 (SCE Comments) at 4. Available at: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M629/K331/629331666.PDF.

[8] PD at 151. See also Conclusion of Law 47 at 166 ("No additional cost recovery should be authorized in this decision.").

[9] PG&E Comments at 5-6; SDG&E Comments at 1-3; and SCE Comments at 4-5.

[10] PD at 151.

reflect a fulsome discussion on possible cost recovery pathways" and "[a]s such, any new authorization of cost recovery here risks failing to account for prior authorizations for related spending."[11] The fact that the IOUs disagree with the PD's determination and would prefer a different cost-recovery outcome does not establish error in the PD as required by Rule 14.3(c).[12]

The PD's concern regarding potentially overlapping expenditures is appropriate given the Commission's recent cost recovery treatment for Standard Offer FSCs in Decision (D.) 26-02-025,[13] and given the FSC investments proposed in PG&E's pending GRC. In D.26-02-025, the Commission rejected PG&E's request for a memorandum account to track costs associated with establishing and administering the Standard Offer FSC because the Standard Offer FSC largely formalizes an existing low-cost process.[14] The PD directs the IOUs to develop persistent non-bridging FSCs that build upon the Standard Offer FSCs.[15] Because the new non-bridging FSCs build upon the Standard Offer FSCs, new or expanded memorandum accounts could include costs associated with activities for which the Commission previously declined memorandum-account authorization. In addition, PG&E's pending 2027 GRC includes proposed investments in FSC-related distribution planning capabilities that may overlap with the implementation

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[11] PD at 151. See also Conclusion of Law 47 at 166 ("No additional cost recovery should be authorized in this decision.").

[12] Rule 14.3(c) of the Commission's Rules of Practice and Procedure (requiring comments to "focus on factual, legal or technical errors" and make specific references to the record or applicable law).

[13] D.26-02-025, *Decision Establishing a Standard Offer for Flexible Service Connections*, February 5, 2026; issued in R.24-01-018, *Order Instituting Rulemaking to Establish Energization Timelines*. Available at: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M598/K715/598715449.PDF.

[14] D.26-02-025 at 69, footnotes omitted:

> In Opening Comments, PG&E requests memorandum account tracking for costs associated with establishing and administering the Standard Offer. The Standard Offer is largely a formalization of the [Load Limit Letters] process. [Environmental Defense Fund] has established that PG&E considers the cost associated with the continued use of LLL as negligible, and this agrees with PG&E's own assessment that these solutions have no or low cost. Accordingly, we do not provide authorization to record Standard Offer costs within memorandum accounts.

[15] PD at 85-86.

costs PG&E seeks to track through a memorandum account.[16] New or expanded memorandum accounts to track incremental costs associated with implementing FSCs would create another pathway for the IOUs to seek recovery of overlapping expenditures, increasing the risk of duplicative costs to ratepayers. Recovery of such costs would be neither just nor reasonable.[17]

The IOUs' requests for new or expanded memorandum accounts to track incremental costs associated with implementing FSCs should be rejected, and the PD should retain its determinations in Section 14.2.3 and Conclusion of Law 47. The IOUs should seek cost recovery of FSC implementation costs through their GRCs, where the Commission can evaluate proposed expenditures alongside other utility investments and prevent duplicative costs.

III. CONCLUSION

The PD appropriately declines to authorize additional IOU cost recovery and the IOUs' comments on the PD fail to identify factual, legal, or technical errors that justify modifying the PD's cost-recovery determination. The IOUs' requests for new or expanded memorandum accounts to track incremental costs associated with implementing FSCs should be rejected.

Respectfully Submitted,

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[16] PG&E, 2027 General Rate Case Prepared Testimony, Exhibit (PG&E-4), May 15, 2025, Chapter 22 at 22-26; submitted in Application 25-05-009, *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)*. Available at: https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2505009/8135/566327254.pdf.

[17] Public Utilities Code Section 451.

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