Decision **PROPOSED DECISION OF ALJ SISTO (Mailed 7/25/2025)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Establish Energization Timelines.	Rulemaking 24-01-018

DECISION RESOLVING PACIFIC GAS AND ELECTRIC COMPANY'S MOTION TO REVISE ITS 2025 AND 2026 ENERGIZATION COST CAPS

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DECISION RESOLVING PACIFIC GAS AND ELECTRIC COMPANY'S MOTION TO REVISE ITS 2025 AND 2026 ENERGIZATION COST CAPS

Summary

This decision partially grants Pacific Gas and Electric Company's (PG&E) Motion to Revise the Energization Cost Caps adopted in Decision (D.) 24-07-008.

D.24-07-008 authorized PG&E to: (1) create an Electric Capacity New Business Interim Memorandum Account (interim memorandum account, or ECNBIMA) to track specific costs incurred for energizing new customers over the years 2024, 2025, and 2026 up to annual caps, and (2) recover costs tracked in the account for completed energization projects in amounts determined through the Annual Electric True-Up (AET) process on an interim basis pending reasonableness review by the Commission.

D.24-07-008 established incremental cost caps of up to $975 million for 2024, $619 million for 2025, and $669 million for 2026. D.24-07-008 also established secondary revenue requirement caps of up to $144.310 million for 2024, $91.568 million for 2025, and $99.071 million for 2026.

In its motion, PG&E seeks to increase the Commission-authorized capital costs within the caps established in D.24-07-008 for the years 2025 and 2026. PG&E also seeks authorization to use these cost caps across 2025 and 2026 and requests that the Commission eliminate the secondary revenue requirement caps for 2024, 2025, and 2026.

Specifically, PG&E's motion requests that the Commission:

(1) Increase the 2025 costs cap from $618 million to $2.115 billion;

(2) Increase the 2026 costs cap from $669 million to $2.302 billion;

(3) Authorize the ability to spend authorized amounts across 2025 and 2026; and

(4) Eliminate the secondary revenue requirement caps for 2024-2026.

This decision denies the amounts requested by PG&E for 2025 and 2026 cap increases and grants lower amounts. PG&E's capital cost caps are increased by $456 million for 2025 and $1,015.7 million for 2026. Accordingly, PG&E's interim memorandum account cost caps are now set at $1,074 million for 2025 and $1,685.1 million for 2026, or a total of $2,759.1 million.

This decision approves PG&E's request for inter-year flexibility between the 2025 and 2026 capital expenditure caps. Additionally, this decision grants the request to eliminate the secondary annual revenue requirement caps. The annual revenue requirement additions will continue to be calculated through the AET process based on costs of projects placed in service each year and subject to refund to ratepayers after reasonableness review in PG&E's General Rate Case.

Rulemaking 24-01-018 remains open.

1. Background

Public Utilities Code (Pub. Util.) Code §§930-939.5[1] codified Senate Bill (SB) 410 (Becker, Stats. 2023, Ch. 394) and Assembly Bill (AB) 50 (Wood, Stats. 2023, Ch. 317). These statutes require the Commission to implement directives to

[1] All references to code through this decision refer to California Public Utilities Code as Pub. Util. Code.

accelerate energization processes for customers that receive electric service from California's electric investor-owned utilities (IOUs).[2]

The Commission adopted Decision (D.) 24-07-008, authorizing Pacific Gas and Electric Company (PG&E) to create its Electric Capacity New Business Interim Memorandum Account (ECNBIMA, or interim memorandum account) to track costs incurred in 2024, 2025 and 2026 associated with customer energization projects in PG&E's service territory.[3] D.24-07-008 established incremental cost caps of up to $975 million for 2024, $619 million for 2025, and $669 million for 2026. PG&E was also authorized to seek interim cost recovery through the Annual Electric True-Up (AET) process, of a revenue requirement of up to $144.310 million in 2024, $91.568 million in 2025, and $99.071 million in 2026 for energization projects placed into service between January 1, 2024, and December 31, 2026.[4]

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[2] Pub. Util. Code §937 directed the Commission to ensure that each electrical corporation has sufficient and timely recovery of costs that are associated with energization project-related costs that exceed what the Commission has previously authorized electric IOUs to recover in other ratemaking proceedings.

[3] D.24-07-008 at 2-3, 51-52, and Appendix A. Pub. Util. Code §937 requires the Commission to ensure that each electrical corporation has sufficient and timely recovery of costs to be consistent with the finding and achieve the policies of this article, including for energization projects and authorized PG&E to create an interim memorandum account to track and seek cost recovery of costs related to energization projects deemed complete between January 1, 2024 and December 31, 2026.

[4] D.24-07-008 at 1. Pub. Util. Code §937(b) requires the Commission to ensure that an electric utility's interim ratemaking mechanism cannot be used to track or seek recovery of any costs that exceed the "electrical corporation's authorized revenue requirement for energization, as established in the electrical corporation's general rate case or any other proceeding."

D.24-07-008 also established parameters for the major work categories (MWC) and maintenance activity types (MAT) for which PG&E may track costs in its interim memorandum account.[5]

Pursuant to Pub. Util. Code §937(b)(4), and D.24-07-008, PG&E may only seek recovery of costs in this interim memorandum account if the costs exceed those that PG&E was authorized to recover in its 2023 General Rate Case (GRC) through D.23-11-069, which was related to PG&E's Test Year 2023 GRC.[6] As required by Cal. Pub. Util. Code §937(b)(3), the Commission must authorize recovery of incremental costs tracked in the interim memorandum account through an annual rate adjustment. D.24-07-008 specified that this annual rate adjustment should occur in PG&E's end of year Annual Electric True-Up (AET) process. PG&E may only include costs of projects placed in service in its AET request.[7]

PG&E is required to make a showing in its Test Year 2027 GRC that the costs tracked in the interim memorandum account that were recovered through

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[5] D.24-07-008 authorized PG&E to track costs related to MATs for the following MWCs: MWC 16 (New Business); MWC 06 and 46 (Distribution Line and Substation Capacity); and MWC 10 (Work at the Request of Others). *See* D.24-07-008, Appendix A.

[6] D.24-07-008 at 16-20. In this decision, the term "placed in service" refers to projects that have associated costs tracked in PG&E's interim memorandum shall be related to energization projects that fall within the MWC and MAT categories defined in D.24-07-008, and are providing customers that had completed energization applications for new or upgraded service on or after January 1, 2023, for which PG&E is providing the new or upgraded energization services on or before December 31, 2026.

[7] D.24-07-008 at 82 authorizes PG&E to recover capital costs through their AET Advice Letters once the project(s) are placed into service.

PG&E's AETs are just and reasonable.[8] If the Commission determines that any costs tracked in the interim memorandum account were not just and reasonable, PG&E must refund corresponding amounts recovered in the AET process for those costs.

PG&E was also authorized to request changes to its 2025 and 2026 interim memorandum account cost caps for a variety of reasons. Ordering Paragraph (OP) 28 of D.24-07-008 states that PG&E "may request that the Commission revisit and change the 2025 and 2026 cap[s] in this phase of the proceeding based on new evidence supporting PG&E's accelerated scenario forecast, including decisions issued in Rulemaking (R.) 24-01-018 and R.21-06-017, advice letter (AL) filings, auditor reports, other information ordered in this decision, and any other relevant information."[9] The Commission, in D.24-07-008, also found that the "adopted outcomes of related proceedings or demonstration of PG&E's ability to meet its 2024 forecast may justify adjustments to reflect PG&E's accelerated scenario in the cap for 2025 and 2026…." and that "[i]n order to align Commission proceeding outcomes, PG&E may request that the Commission revisit the 2025 and 2026 cap in this phase of the proceeding after decisions issued by the Commission in R.24-01-018 and R.21-06-017 or upon successful completion of the 2024 forecasted energization projects."[10]

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[8] PG&E's Test Year 2027 GRC was filed with the Commission on May 15, 2025 (Application 25-05-009).

[9] D.24-07-008 at 42.

[10] D.24-07-008 at 79-80.

On September 12, 2024, the Commission adopted D.24-09-020, establishing energization targets for projects involving Electric Rules 15, 16, 29, and 45, and energization targets for larger upstream capacity projects. D.24-09-020 only applies to the large electric IOUs.[11]

On September 25, 2024, a Joint Administrative Law Judge's (ALJ) Ruling notified parties on the service list of R.24-01-018 and A.21-06-021, PG&E's 2023 GRC, that issues related any request from PG&E to modify its interim memorandum account would be considered in a new ratesetting track established in this proceeding.[12]

As discussed above, PG&E's October 4, 2024, motion (motion), filed in R.24-01-018, seeks Commission approval to increase and modify the cost caps established in D.24-07-008.

The assigned Commissioner issued an amended scoping memo on October 18, 2024, to establish a new ratesetting track and develop the scope, schedule, and categorization of the issues identified in PG&E's motion. The amended scoping memo determined the motion should be resolved through a Commission Decision.

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[11] D.24-09-020 at 13. Pub. Util. Code §939 states that the Commission may modify the energization target and timeline requirements for any electrical corporation that serves fewer than 100,000 service connections in California. (Statutes of 2023, Chapter 394, Section 1).

[12] A Joint Administrative Law Judge Ruling was issued in R.24-01-018 and A.21-06-021 on September 25, 2024, notifying parties that the continued consideration of PG&E's motion to revise its Electric Capacity and New Business Interim Memorandum Account will be considered solely in R.24-01-018.

The Utility Reform Network (TURN) was granted party status to R.24-01-018 on October 7, 2024.[13]

On October 21, 2024, The Utility Reform Network (TURN), The Public Advocates Office at the California Public Utilities Commission (Cal Advocates), and Tesla, Incorporated (Telsa) filed responses to PG&E's motion. On October 31, 2024, PG&E filed a reply to the responses.

The Assigned ALJ modified the schedule after a status conference.[14] Parties waived evidentiary hearings on January 2, 2025, and the ALJ modified the schedule to provide additional time for parties to file opening and reply briefs.[15]

On January 21, 2025, the following parties filed opening briefs related to the issues scoped in the October 18, 2024, amended scoping memo: TURN, Tesla, Coalition of California Utility Employees (CUE), and PG&E. On January 31, 2025, TURN, CUE, Cal Advocates, and PG&E filed reply briefs. Clean Coalition filed a reply brief on February 3, 2025.

A second status conference was held to address parties' concerns regarding the admission of certain exhibits on January 28, 2025, and on February 27, 2025, the ALJ issued rulings marking and admitting the evidence considered in this decision.[16]

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[13] The active parties in the ratesetting portion of R.24-01-018, to date, are PG&E, TURN, the Public Advocates Office at the California Public Utilities Commission, the Coalition of California Utility Employees, Tesla, Inc., and Clean Coalition.

[14] ALJ Ruling dated November 20, 2024.

[15] ALJ Ruling dated January 6, 2025. PG&E filed its report of the January 2, 2025, meet and confer on January 3, 2025.

[16] ALJ Ruling dated January 28, 2025, and ALJ Ruling dated February 27, 2025.

2. Jurisdiction

Pub. Util. Code §§930-939 requires the Commission and all California electrical corporations to undertake a variety of activities to promote timely energization of customer connections in California. Pub. Util. Code §§933.5-936 requires, among other things, for the Commission to determine the criteria for timely completion of electric customers' energization project requests. Pub. Util. Code §937(a) requires the Commission to "ensure that each electrical corporation has sufficient and timely recovery of costs" for energization projects.

3. Issues Before the Commission

3.1. Amended Scoping Memo

The Amended Scoping Memo identifies the following issues to be addressed in this decision:

1. Should the 2025 and 2026 cost caps adopted in D.24-07-008 for PG&E's Electric Capacity and New Business Interim Memorandum Account be modified as proposed in PG&E's motion?
2. What impacts could modifying PG&E's cost caps have on environmental and social justice communities?

3.2. Submission Date

The matter of the issues identified in the Amended Scoping Memo was submitted on January 31, 2025, upon submission of reply briefs.

4. Analysis of PG&E's Motion to Modify its Interim Memorandum Account

4.1. Summary of PG&E's Motion

PG&E asserts that the modified cost caps requested in its motion will allow the utility to "complete 18,758 more customer connections, 129 more capacity projects, and 690 more work-at-the-request-of-others (WRO) projects than could otherwise be completed."[17] PG&E states increased cost caps for its 2025-2026 interim memorandum account will allow the utility to comply with the direction provided by the California Legislature in the passage of SB 410 and AB 50 and will enable it to meet the energization timelines and targets that have been set in this rulemaking.[18]

In its motion, PG&E projects the benefit from the increased cost caps among activity types, including Major Work Category (MWC) 16 (New Business), MWC 06 (Distribution Line Capacity), MWC 46 (Substation Capacity), and MWC 10 (Work Requested by others). Across these work types, PG&E states that with current funding from the two decisions issued in its Test Year 2023 GRC (D.23-11-069 and D.24-07-008), it could complete 20,334 projects/units in the specified timeframe. PG&E asserts with the increased funding requested in the motion, it could complete 39,911 total projects/units.[19]

PG&E asserts that the "persistence of any energization backlog in 2027 and beyond is inconsistent with the Powering Up Californians Act policy objectives for utilities to have sufficient funding needed to reduce existing backlogs and complete any new energization projects without delay."[20] PG&E also states without additional funding, its backlog for customer energization requests could increase customer-connection timelines to as high as 395 business days.[21] PG&E

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[17] Exhibit PGE-01 at 3.

[18] Exhibit PGE-01 at 4

[19] October 4, 2024 PG&E Motion at 3.

[20] Exhibit PGE-01 at 17.

[21] Exhibit PGE-01 at 3.

notes that "the backlog includes a range of community-benefiting projects, including housing, vehicle charging stations, hospitals and medical facilities, and water treatment plants."[22]

PG&E's forecasted additional projects, above what it could complete given only the funding approved in D.23-11-069 and the cost caps adopted in D.24-07-008, are described in Table 1 below.[23]

Table 1: PG&E Forecast of Additional Projects Completed in 2025-2026

Activity	Units/Projects With Current Funding Level (D.23-11-069)	Additional Units/Projects With Increased Caps Proposed In Motion	Total Units/Projects With Total New Overall Funding Levels
MWC 16 (New Business) Customer Connections	19,454	18,758	38,212
MWC 06 (Distribution Line Capacity) Projects	267	121	388
MWC 46 (Substation Capacity) Projects	49	8	57
MWC 10 (Work Requested by Others) Relocations	564	690	1,254

If PG&E is successful in completing the proposed additional projects provided in its motion's forecast, the impact of PG&E requested capital cost increases would be as follows:[24]

Table 2: PG&E's Requested ECNBIMA Cap Increases (Millions)

	2025	2026	Total
Annual Caps Approved in D.24-07-008	$619	$669	$1,288

[22] Exhibit PGE-01 at 17.

[23] Exhibit PGE-01 at 5.

[24] Exhibit PGE-01 at 9; figures may not sum due to rounding.

	2025	2026	Total
Increase	$1,496	$1,633	$3,129
Increase Annual Revenue Requirement Impact	$221	$242	$463
PG&E's Proposed Capital Cost Cap	$2,115	$2,302	$4,417
Proposed Capital Cost Cap Annual Revenue Requirement Impact[25]	$313	$341	$654

PG&E's request to increase their 2025 and 2026 ECNBIMA capital cost caps by $3,129 million is distributed across their MWC activities as follows:

Table 3: Proposed Capital Cost Increases by Activity

Activity	2025 (millions)	2026 (millions)	Total (millions)
MWC 16 (New Business) Customer Connections	$1,161	$1,502	$2,663
MWC 06 (Distribution Line Capacity) Projects	$173.4	$221.5	$394.9
MWC 46 (Substation Capacity) Projects	$103.1	$(136.0)	$(29.8)
MWC 10 (Work Requested by Others) Relocations	$55.5	$45.2	$100.7

PG&E acknowledges that it did not fully expend the funding already authorized by the Commission in D.24-07-008 for 2024 projects intended to expedite implementation of its known and forecasted customer energization

[25] Exhibit PGE-01 at 9; calculated based on "RRQ Rule of Thumb;" calculation: 14.8% of amount in immediately preceding row.

requests before filing its motion to increase its cost caps for 2025 and 2025.[26] PG&E points to the timing of the Commission's mid-year issuance of D.24-07-008, which it states impacted PG&E's ability to conduct advance planning and coordination necessary to execute expedited energization work.[27] PG&E suggests, however that it began expediting energization work by completing over 7,000 customer connections as of July 2024.

In its motion, PG&E proposes a revised unit cost assumption intended to reflect an updated allocation of internal and external labor resources, which the utility asserts are necessary to eliminate the existing backlog of customer connection projects by the conclusion of calendar year 2026. Specifically, PG&E modifies its labor mix assumption to reflect an increased reliance on contracted labor, raising the proportion of projects to be completed by external contractors to 45 percent, as compared to the 22 percent contractor utilization reflected in its 2024 cost cap request. For example, PG&E states that the cost of performing MWC 16 base connection work using external contractors in 2025 is estimated at $167,987 per unit, compared to $57,436 per unit when performed by internal labor.[28] For 2026, the cost of performing MWC 16 base connection work using external contractors is estimated at $170,512 per unit, compared to $58,192 per unit using internal labor.[29] PG&E asserts that it will manage internal and contract

[26] Exhibit PGE-01 at 10, 13, 20, and 28.

[27] Exhibit PGE-01 at 10.

[28] Exhibit PGE-01 Workpaper Table C-6, lines 15-16.

[29] Exhibit PGE-01 Workpaper Table C-6, lines 15-16.

resources across projects and states that "[c]ontractor resources are comprised of large crew sizes, which are better staffed to handle larger projects."[30]

4.1.1. Spending Flexibility across 2025 and 2026

In its motion, PG&E requests that the Commission provide the utility with "operational and financial flexibility to spend authorized cap amounts across years to ensure sufficient funding to serve our forecasted need."[31] PG&E asserts that this flexibility is still consistent with the direction provided by the California Legislature to establish annual cost caps, such as in Pub. Util. Code §973(b)(2) "because there will still be an up-front cap."[32]

4.1.2. PG&E's Forecasted Growth in Energization Requests

PG&E's Motion forecasts a trend of 10 percent increase in energization project requests expected from customers in both 2025 and 2026 (with approximately 1,000 more applications for energization approved each year in 2025 and 2026 compared to 2024).[33] PG&E also updates previous estimates of project costs in 2025 and 2026 to include costs for work that was not completed in 2024. PG&E argues it must approximately double its current rate of project completion based on the evidence provided for 2024 projects in order to end 2026 with zero backlog of energization projects. PG&E asserts that modeling from the California Energy Commission (CEC) reflects modifications to its prior forecast

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[30] Exhibit PGE-01 at 14.

[31] Exhibit PGE-01 at 6.

[32] Exhibit PGE-01 at 6.

[33] Exhibit PGE-01 at 14.

for upstream capacity projects for MWC 06 and MWC 46.[34] PG&E argues the new CEC modeling also suggests PG&E will see an accelerated rate of new customer energization requests for MWC 16.[35]

4.1.3. Elimination of Secondary Revenue Requirement Caps

D.24-07-008 established both expenditure caps and additional revenue requirement caps for 2024, 2025 and 2026. PG&E argues that the "multi-layer cap approach unnecessarily constrains our planning and ability to accelerate projects."[36]

PG&E further requests that the Commission eliminate the annual revenue requirement caps and instead establish cost caps based solely on authorized capital expenditures. PG&E contends that such a modification would streamline and simplify the Commission's cost recovery framework, asserting that revenue requirements may be derived from the actual capital costs ultimately incurred, thereby rendering separate revenue requirement caps unnecessary.

4.1.4. PG&E's Testimony Regarding Cost and Customer Bill Impacts of PG&E's Motion

PG&E proposes that the cost cap increases it requests will facilitate new and additional customer energy usage over time, which would be reflected in PG&E's annual sales forecasts to determine customers' rates.[37] PG&E suggests in its motion that, if offsets from new customer revenue are not counted, the system

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[34] Exhibit PGE-01 at 20-23 and 28; Exhibit PGE-02 Appendix D.

[35] Exhibit PGE-01 at 27.

[36] Exhibit PGE-01 at 6.

[37] Exhibit PGE-01 at 10.

average rate impact from the incremental approval of the full request in the motion is an increase of 1.8 percent, and posits that this percentage increase would be reduced by the contribution of revenue received from the electricity usage from incremental customers with completed energization projects.[38] PG&E's motion notes that its requested increase of the cost caps to be tracked in its interim memorandum account will allow it to complete approximately 38,000 new commercial and industrial customers' projects by December 31, 2026.[39] It suggests that those new energized customers will share the energization costs with existing customers so the actual rate impacts and bill impacts to current customers will be lower than estimated if impacts are computed solely based on upgrade costs. For example, if the new customers' contributions to costs exceeds the cost to energize and provide incremental service, the bills of existing customers could go down, and if the new customers' contributions to costs are less than the cost to energize and serve them, the bills of existing customers could go up.

PG&E notes the following regarding customer risk related to the proposed cost cap increases:

> There is no financial risk to customers if PG&E is unable to complete a project by the end of 2026, as those project costs would not be eligible to be record [sic] to [Electric Capacity New Business Interim Memorandum Account (ECNBIMA)]. However, setting a cap at any amount less than the amount of full potential work in 2026 could

[38] Exhibit PGE-01 at 3.

[39] Exhibit PGE-01 at paragraph 27; Exhibit PGE-03 at 28-31.

harm customers by limiting PG&E's funding to complete the work or accelerate projects.[40]

The maximum costs requested in PG&E's motion are defined in Table 2 below. Interim revenue requirement additions required by Pub. Util. Code §937(b)(3) will be authorized on an annual basis through PG&E's Annual Electric True-Up (AET) process[41] in which the Commission will apply the appropriate depreciation rate and revenue requirement addition based on costs of projects completed in each year.[42] The requested incremental cap increases, if all customers are energized as predicted and if their contribution to costs if not counted, would result in a maximum estimated system average rate impact of approximately 1.8 percent and a typical residential bill impact of $3.65 per month.[43] As discussed above, these estimates do not account for additional revenue collected due to additional energization provided to these customers. Because the newly energized customers will pay for their electricity usage over time, the actual rate and bill impact is unknown and would be lower than these estimates. Additionally, if the Commission finds any costs to not be just and reasonable, ratepayers would receive a refund.

5. Evidence Provided by Other Parties

There were several active parties providing differing evidence regarding PG&E's request to increase its interim memorandum account cost caps for 2025

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[40] Exhibit PGE-03 at 19.

[41] D.24-07-008 Ordering Paragraph 13.

[42] In Opening Comments to the Proposed Decision dated August 14, 2025, at 7, PG&E noted that the Commission does not determine depreciation rates in the AET process.

[43] Exhibit PG&E-01 at 2.

and 2026. CUE, Tesla, Cal Advocates, TURN, and Clean Coalition took active positions in this phase of the rulemaking.

CUE and Tesla largely support approval of PG&E's motion. Cal Advocates, TURN, and Clean Coalition took positions in opposition to granting the motion.

5.1. Coalition of Utility Employees

CUE is a coalition of labor unions whose 43,000 members are employed at California's privately and publicly owned electric and gas utilities. CUE provides evidence and briefing that is generally supportive of PG&E's request.

CUE argues that while the cost caps established in D.24-07-008 represent an upper limit on PG&E's interim cost recovery, the Commission should not undermine or obstruct progress towards the energization goals established in Pub. Util. Code §930-939.5.[44]

CUE notes that these two bills established a number of accountability measures for the ratemaking mechanism that the Commission adopted. SB 410 requires the oversight of a third-party auditor, establishes new utility reporting requirements, mandates improved system planning and requires proactive workforce development.[45]

CUE argues that D.24-09-020 put increased energization requirements on PG&E which warrant an increased cost cap. CUE also notes that since the establishment of the initial cost caps, the Commission has since issued D.24-12-033, which conditionally approved PG&E's plans for spending Diablo

[44] CUE Opening Brief dated January 21, 2025, at 2-6.

[45] CUE Opening Brief dated January 21, 2025, at 3, citing Exhibit PGE-03 at 31.

Canyon Power Plant compensation on a suite of priority work that did not include energization capital projects, though it did include funding for operating system enhancements designed to increase the pace of PG&E's energization work. CUE argues both of these decisions suggest the Commission should consider increasing the cost caps.[46]

CUE separately points to PG&E's analysis that its current interim memorandum account cost caps for 2024, 2025, and 2026, will only enable PG&E to complete roughly half of existing and forecasted energization project demand across New Business (MWC 16), Distribution Line Capacity (MWC 06), Substation Capacity (MWC 46) and Work Requested by Others (MWC 10).[47]

CUE supports PG&E statements that to fully fund MWC 16, PG&E requests $2.7 billion in additional funding,[48] which PG&E suggests could cover the costs of energizing 19,000 unfunded MWC 16 projects and accounts for additional labor costs.[49] CUE supports PG&E's position that if the Commission does not increase the cost caps for MWC 16 work, energization timelines could jump up to "395 business days on average."[50]

CUE supports PG&E's increased reliance on contracted labor. CUE notes that PG&E projects that its internal workforce will complete 9,500 MWC 16

[46] D.24-12-003 at 58.

[47] Exhibit PGE-01 at 5.

[48] Exhibit PGE-01 at 14.

[49] Exhibit PGE-01 at 13-17.

[50] Exhibit PGE-01 at 6.

projects in 2025 and in 2026.[51] CUE notes that while this is significant, it is not enough, and PG&E's internal crews cannot be scaled up quickly enough to meet demand through 2026.[52]

CUE supports increasing internal crews to the greatest extent possible. CUE notes that SB 410 requires PG&E to "maintain a pipeline of apprentices sufficient to meet future qualified staffing needs, subject to any limitations based on safe staffing ratios" and "[r]ecruit, train, and retain an adequately sized and qualified workforce" to promptly energize customers "without sacrificing other necessary activities of the workforce."[53] CUE indicates it is aware that it takes multiple years to train an apprentice lineman to become a journeyman lineman. CUE argues PG&E cannot wait years to begin this work, and in general supports PG&E's plan to utilize external labor to reduce the energization request backlog.

CUE also suggests that the Commission changed its policy direction related to distribution system upgrade deferrals in D.24-10-030, and that the emphasis by the Commission is now on distribution upgrades. CUE argues that this supports PG&E's Motion, because that decision suggested an "explicit policy shift from deferral to upgrades supports increasing the cost caps to facilitate rapid investment in energization and distribution grid readiness."[54] CUE stated

[51] Exhibit PGE-02 at C-6.

[52] Exhibit PGE-03 at 28.

[53] CUE Opening Brief dated January 21, 2025, citing Pub. Util. Code §§933(e) and 935.

[54] CUE Opening Brief dated January 21, 2025, at 6-10.

that PG&E's backlog for projects prior to 2023 was due to a "confluence of factors" including wildfire costs and transportation electrification.[55]

5.2. Tesla

Tesla operates electric vehicle charging stations, photovoltaic solar installations, and battery storage installations, which require energization across PG&E's service territory.[56]

Tesla generally supports PG&E's request in the motion. Tesla suggests that as a regulated utility, PG&E is required to complete energization work under its obligation to provide service "as necessary to promote the safety, health, comfort and convenience of its patrons, employees and the public."[57]

Tesla argues that setting an interim memorandum account cost cap lower than the cost of work PG&E must undertake to energize all customers will not reduce the amount of work necessary, and reports delays in the activation of new electric vehicle charging stations within PG&E's service area. Tesla highlights that in 2023, the timeline for energizing these sites increased from roughly two months to approximately six months.[58]

Tesla indicates energization of its electric vehicle infrastructures facilities has been delayed in the past, due to the need for distribution system capacity upgrades, such as the installation of new substation transformers.[59]

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[55] CUE Opening Brief dated January 21, 2025, at 4.

[56] Tesla Opening Brief dated January 21, 2025, at 1.

[57] Pub. Util. Code §451.

[58] Exhibit TSLA-01 at Lines 149-209.

[59] Exhibit TSLA-01 at Lines 193-199.

Tesla maintains that the existing safeguards, including the Commission's ability to refund ratepayers for unreasonable expenses and the requirement for an audit report, sufficiently protect ratepayers from potential financial risks.[60] Additionally, Tesla contends that the increased load will help mitigate the cost impacts associated with the expansion of energized facilities. The company further clarifies that rate impact calculations only account for the additional spending required to fulfill customer energization requests and do not factor in the additional revenue generated by the new loads once these requests are completed.[61]

5.3. TURN

TURN suggests that PG&E's energization projects forecasting is not supported by the data provided in PG&E's motion. TURN argues that, in order to be tracked in PG&E's interim memorandum account, an energization project application must be fully complete no later than August 1, 2026, in order to account for the time necessary for the project to be complete on or before December 31, 2026. This schedule would put PG&E in compliance with the energization targets and timelines adopted in D.24-09-020.[62]

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[60] Exhibit TSLA-01 at Lines 237-272.

[61] Exhibit TSLA-01 at Lines 250-272.

[62] Exhibit TURN-01 at 29. TURN notes that its adjusted forecast only applies to MWC 16 projects, some of which could trigger upstream capacity projects to be completed under MWC 06 and MWC 46, but that it is challenging for an external party to calculate PG&E's forecasted relationship between delayed MWC 16 projects and any reduction in upstream MWC 06 or MWC 46 projects.

TURN also noted that its adjustments to the 2026 forecast do not suggest PG&E should not complete projects sooner and exceed the cap, arguing that any costs associated with projects completed by December 31, 2026, must be evaluated for reasonableness and eligible for recovery in PG&E's next GRC.[63]

5.3.1. TURN Raises Concerns about PG&E's Energization Forecasts

TURN expresses concerns regarding the forecasting methods utilized by PG&E to support its request for higher interim memorandum account cost caps. TURN states it requested data to understand the rate of PG&E's historical energization application increase between 2021 and 2024, and noted that "Between 2021 and 2024, applications increased by an average of 1 [percent] per year, yet PG&E assumes annual growth in the range of 8 [percent] for 2025 and 2026" in its Motion.[64] TURN argues that PG&E's forecast for approximately 1,000 additional applications each year in 2025 and 2026 may prove excessive when considering recorded data over the last few years.[65]

TURN sought incremental data about the forecast basis for PG&E's Motion. First, TURN sought more detail on the types of customer load growth that is projected. The information provided to TURN showed that PG&E could not support its forecasts for specific types of load growth, because PG&E instead asserted that its Motion would lead to work that "benefits all customers."[66]

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[63] Exhibit TURN-01 at 29-30.

[64] TURN Opening Brief dated January 21, 2025, at 34-35.

[65] TURN Opening Brief dated January 21, 2025, at 35, referencing Exhibit PGE-01 at 13.

[66] Exhibit TURN-01, Appendix C, PG&E response to TURN Data Request 3, Q19, Q24, and Q25.

TURN argues that PG&E's anticipated spike in MWC 06 projects due to "deeper agricultural pumping and increased air conditioning usage" to be placed in service in the Central Valley in 2026 is not supported by the data provided by PG&E.[67]

5.3.2. TURN Argues That PG&E Did Not Provide Sufficient New Evidence

TURN argues that "at least for PG&E's ratepayers, the Legislature's consideration of the potential rate impacts that would result from the enactment of AB 50 and SB 410 was based on a significantly lower rate impact than PG&E currently requests."[68] PG&E's Motion requested to spend more than two times what PG&E presented to the Legislature in 2023 when the state was considering the potential capital costs associated with PG&E's energization efforts associated before passing SB 410 and AB 50.[69]

PG&E provided TURN with information about energization funding needs provided to the Legislature during consideration of SB 410 and AB 50 in 2023, including a slide deck that suggested that PG&E's projected costs of customer energization projects would require approximately $2.1 billion in capital expenditures over what PG&E was authorized to track and recover in its interim memorandum account in D.24-07-008.[70]

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[67] Exhibit TURN-01, Appendix C, PG&E response to TURN Data Request 3, Q19, Q24, and Q25.

[68] TURN Opening Brief dated January 21, 2025, at 10.

[69] Exhibit PGE-01 at 1 and 10-11.

[70] TURN Opening Brief dated January 21, 2025, at 10, citing Exhibit TURN-02, PG&E response to TURN Data Request 8.

TURN notes that D.24-07-008, OP 28, gave explicit direction to PG&E regarding what criteria would be appropriate for it to seek a modification of the established cost caps and argues that PG&E's Motion does not comply with the forecasting requirements therein.[71]

TURN contends that, in light of the directive set forth in D.24-07-008 OP 28, PG&E has not presented sufficient new evidence supporting its accelerated scenario forecast to warrant an increase in the annual cost caps.[72] TURN argues that PG&E merely relied on the energization timelines adopted in D.24-09-020 to support its request, but the targets themselves are not sufficient to support an increase in the cost cap in the absence of real information on what PG&E has accomplished using the funding already approved for these activities in D.23-11-069 and D.24-07-008.[73]

TURN notes that D.24-09-020 sets an average energization target of 182 calendar days and does not require PG&E to fully eliminate its backlog pursuant to any definition of the term.[74] TURN also suggests that PG&E uses an unreasonable and overly broad definition of backlog, that assumes that every

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[71] OP 28 of D.24-07-008 reads: "Pacific Gas and Electric Company may request that the Commission revisit and change the 2025 and 2026 cap in this phase of the proceeding based on new evidence supporting PG&E's accelerated scenario forecast, including decisions issued in Rulemaking (R.) 24- 01-018 and R.21-06-017, advice letter filings, auditor reports, other information ordered in this decision, and any other relevant information."

[72] Exhibit TURN-01 at 8.

[73] Exhibit TURN-01 at 10.

[74] D.24-09-029 at 29.

application becomes part of its backlog unless it is energized and placed in service the day after the application is deemed complete.[75]

Separately, TURN found that PG&E has not demonstrated that new data centers are likely to connect at the distribution level and therefore would not be projects for which costs could be tracked in its interim memorandum account because those projects would require transmission-level service connections.[76]

In opening comments to the Proposed Decision, TURN argues that the Commission has relied on evidence that was submitted by PG&E that TURN disputed admittance of during the December 3, 2024, status conference.[77] After this evidence was admitted to this proceeding via an ALJ ruling in January 2025, TURN never formally appealed the ruling, or sought to reopen the record and/or to reinstate hearings. We find that PG&E shared information that was requested by TURN to the service list of this proceeding for all other parties' consideration.

5.3.3. TURN Contends that PG&E's Obligations Under Decision 24-09-020 Can be Met Without Increasing the 2025 and 2026 Cost Caps

TURN contends that PG&E's obligations under D.24-09-020 can be met without increasing the cost caps applicable to the ECNBIMA.

TURN notes that PG&E has indicated it will not refrain from exceeding the established funding cap, if necessary, to achieve the energization targets outlined in D.24--09--020, even if the Commission declines to approve the additional

[75] Exhibit TURN-01 at Appendix C, PG&E response to Data Request 5, Q8.

[76] Exhibit TURN-01, Appendix C, PG&E response to TURN Data Request 2, Q25(e), (f).

[77] TURN Opening Comments on the Proposed Decision dated August 14, 2025, at 3-5.

interim funding requested in the motion.[78] TURN indicates that PG&E recognizes that any energization project spending in excess of the cost caps adopted in D.24-07-008 could be incurred through 2026 and would be eligible for recovery in its 2027 general rate case.[79] TURN argues that, because PG&E will not refrain from completing energization requests if the costs exceed the caps established for its interim memorandum account, denying PG&E's motion in whole or in part would not compromise achievement of the energization targets.

5.3.4. TURN Objects to PG&E's Characterization of the Motion's Benefits

TURN's testimony highlighted that PG&E's initial filing acknowledges historical inefficiencies and outlines a set of operational enhancements implemented in 2023 and 2024, which collectively resulted in annual cost savings of tens of millions of dollars.[80] TURN notes that despite the claimed savings, PG&E indicates that it has not made any reductions to the specific unit cost forecast for 2025 and 2026 to reflect any energization process improvements.[81] TURN asserts that PG&E is attempting to claim credit for operational efficiencies to increase its number of completed energization applications.

TURN noted that it is unclear whether or how PG&E adjusted its forecasts of future work to account for the rate of projects being cancelled or abandoned by the customer, after the project applications are deemed complete.[82] TURN also

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[78] Exhibit TURN-01 at Appendix C, PG&E response to Data Request 3, Q36.

[79] Exhibit TURN-01 at Appendix C, PG&E response to Data Request 3, Q36.

[80] Exhibit TURN-01 at 16-17 citing PG&E motion, p. 28.

[81] Exhibit TURN-01 at Appendix C, PG&E response to TURN Data Request 3, Q29(d).

[82] Exhibit TURN-01 at 30-31.

noted PG&E's response to its data request 005, Question 007, which stated that PG&E considers its backlog to be "all open applications deemed complete but not yet in service as of December 31, 2024."[83] TURN sought details about PG&E's cancellation/abandonment rates but argued that "PG&E has not adequately demonstrated that its forecast of work to be completed by December 31, 2026, has properly accounted for the reductions caused by cancellations of applications already deemed complete."[84] TURN also observes that PG&E supports its proposal by citing several anticipated customer benefits, including enhanced grid reliability, reductions in emissions with corresponding environmental and public health improvements, and the potential to facilitate new residential and commercial development.[85] TURN indicates it requested that PG&E provide all relevant analyses, modeling, and studies that establish the connection between specific levels of energization spending and the corresponding customer benefits claimed. In a data request response to TURN, PG&E indicated that no such studies or modeling had been conducted to demonstrate the potential benefits at higher cost cap levels.[86]

[83] Exhibit TURN-01 includes the response from PG&E to TURN_005-Q007; *also see* PGE-02 at 16-27.

[84] Exhibit TURN-01 at 30-31, and PG&E Response to TURN Data Request 4, Q5(e).

[85] Exhibit PGE-03 at 9.

[86] Exhibit TURN-02, PG&E response to TURN Data Request 8, Q1.

5.3.5. TURN Opposes PG&E's Proposed Reliance on External Labor

TURN argued that the "primary driver of PG&E's forecasted increase in base costs for MWC 16 projects is outside contract labor," rather than utilizing internal staff.

In a data request response to TURN, PG&E states that the total base energization connection units to be performed by outside contractors will increase from 22 percent in 2024 to 45 and 46 percent, respectively, for 2025 and 2026.[87] According to PG&E, the cost of performing MWC 16 base connection work using external contractors in 2025 is estimated at $167,987 per unit, compared to $57,436 per unit when performed by internal labor.[88]

TURN notes PG&E's position regarding the difficulty of ramping up internal labor quickly enough to meet the statutory requirements and the timelines adopted in D.24-09-020 but also points to the statutory language requiring the Commission to ensure that the IOUs have adequate staff to complete energization application requests. TURN states the workplan PG&E provided in its motion does not comply with the following:

- Pub. Util. Code § 932(a)(9) requires each utility "to recruit, train, and retain an adequately sized, qualified workforce."
- Pub. Util. Code § 933(e) establishes the policy of the state to "Recruit, train, and retain an adequately sized and qualified workforce to carry out the planning, engineering, and construction of electrical distribution systems needed

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[87] Exhibit TURN-01 at 21, footnote 60, citing PG&E response to TURN Data Request 5, Q2, Attachment 1. Total base connect units assigned to contractors is forecasted to increase from 2,692 units in 2024, to 7,689 units in 2025, and 7,957 units in 2026.

[88] Exhibit PGE-02, PG&E response to TURN Data Request 5, Q2, Attachment 1.

to promptly serve customers seeking energization and service upgrades without sacrificing other necessary activities of the workforce."

- Pub. Util. Code § 935(b) states "The commission shall require each electrical corporation to have adequate qualified staffing needed to be consistent with the findings and achieve the policies and requirements of this article."
- Pub. Util. Code § 935(c) states "For job classifications that have apprentice training requirements, the commission shall require each electrical corporation to maintain a pipeline of apprentices sufficient to meet future qualified staffing needs, subject to any limitations based on safe staffing ratios."

TURN notes that in December 2023, PG&E anticipated that, in 2024, 78 percent of the base connect units would be completed by internal labor and 22 percent of the units will be completed by contractors.[89] This is in stark contrast to PG&E's motion, which proposes that 45 percent of labor be assigned to contract workers. TURN contends that maintaining the previous internal-to-contractor labor ratio in PG&E's forecasts throughout the SB 410 ratemaking period would result in a 24 percent reduction in total base connection costs—equating to $436 million in savings for 2025 and $467 million for 2026—for a combined total savings of $903 million over the two-year period.[90]

In opening comments to the Proposed Decision, TURN reiterates the Commission should adopt its recommendation to require PG&E to describe its

[89] Exhibit TURN-01 at 22.

[90] Exhibit TURN-01 at 22.

allocation of internal workforce versus contracted labor in its 2027 Test Year GRC.[91]

5.3.6. TURN Finds PG&E's Major Work Category 16 Customer Application Forecast Overly Optimistic

PG&E suggests it could see up to a ten percent increase in customer energization applications over 2025 and 2026.[92] TURN identifies inconsistencies in PG&E's forecast for the number of MWC 16 energization applications, particularly when compared to historical data.[93]

[91] TURN Opening Comments on the Proposed Decision dated August 14, 2025, at 1-3, citing TURN Reply Brief dated January 31, 2025, at 18-21.

[92] Exhibit PGE-01 at 16.

[93] Exhibit TURN-02, PG&E response to TURN Data Request 8, Q15. Data for 2021-2024 is historical/recorded and 2025-2026 represents PG&E's forecast. TURN adjusted the 2023 cancelations/withdrawals to reflect the 19 percent rate cited in PG&E's rebuttal testimony (Exhibit PGE-03, page 22) and calculated the numbers of applications and cancelations required in 2025 and 2026 to support PG&E's forecast of a 1,000 application increase per year in 2025 and 2026. TURN excluded 2020 data because of likely anomalies due to the COVID-19 pandemic.

Table 5: PG&E Expected Energization Major Work Category 16 Applications Based on TURN Discovery

	2021	2022	2023	2024	2025	2026
Total deemed complete	14,163	15,000	15,440	14,774	16,009	17,234
Cancellations (19 percent on average)[94]	2,550	2,938	2,934	2,807	3,042	3,276
Active	11,613	12,062	12,506	11,967	12,967	13,967
Increase in Number of Projects Deemed Complete Year over Year		449	444	(539)	1,000	1,000
Percent Change in Projects Deemed Complete Year over Year		3.9%	3.7%	(4.3%)	8.4%	7.7%

TURN contends that the recorded figures reflect minimal growth and, during 2023 and 2024, a downward trend. TURN notes that applying the average growth rate from 2021 to 2024 (approximately 1 percent) to the 2025 and 2026 projections would result in 1,751 fewer customer applications than were forecasted in PG&E's motion.[95] Accordingly, TURN recommends that the Commission take this discrepancy into account when assessing the reasonableness of PG&E's request for an increased cost cap.

[94] Exhibit TURN-02 at 41.

[95] Exhibit TURN-02, PG&E response to TURN Data Request 8, Q15. Data for 2021-2024 is historical/recorded and 2025-2026 represents PG&E's forecast. TURN adjusted the 2023 cancelations/withdrawals to reflect the 19 percent rate cited in PG&E's rebuttal testimony (Exhibit PGE-03, page 22) and calculated the numbers of applications and cancelations required in 2025 and 2026 to support PG&E's forecast of a 1,000 application increase per year in 2025 and 2026. TURN excluded 2020 data because of likely anomalies due to the COVID-19 pandemic.

5.3.7. TURN Contends PG&E's Major Work Category 16 Forecast Includes the Cost of Projects that Are Unlikely to be Placed in Service by the End of 2026

PG&E suggested that it must enter 2027 with no energization project applications pending in its backlog. [96] TURN argues that Pub. Util. Code §937 does not include a requirement that PG&E should enter 2027 with no energization applications backlogged. D.24-09-020 establishes an average energization application completion target of 182 calendar days, but the Commission's directives do not require PG&E to enter 2027 with zero energization project applications in its backlog.

Energization projects not completed by the end of 2026 are categorically ineligible for interim rate recovery pursuant to SB 410.[97] TURN points to PG&E's assertion that "PG&E's 2026 cost forecast assumes it will complete all forecasted projects, including for applications that are deemed complete in late 2026."[98]

TURN argues that PG&E's assumption that it can energize all customer energization applications deemed complete in the year of 2026 overstates the number of projects PG&E could complete by December 31, 2026.[99]

TURN uses information provided from PG&E to calculate the average monthly percentage of annual applications from 2020 to 2023 and used this data to propose reductions to the 2026 cost cap by excluding applications anticipated

[96] Exhibit PGE-01 at 16.

[97] Pub. Util. Code §937(e).

[98] Exhibit PGE-03 at 19.

[99] Exhibit TURN-01 at 27, citing Pub. Util. Code §937(e).

to be submitted after certain cutoff dates. PG&E has indicated that 6,457 of the 17,457 base connect units projected for 2026 will consist of applications deemed complete before January 1, 2026.[100] TURN notes that PG&E's original workpapers supporting its motion show a forecasted backlog of 6,175 units as of January 1, 2026.[101]

TURN recommends a cost cap reduction for PG&E base connect unit costs from PG&E's proposed $109,388 in 2026 to TURN's lower base connect unit costs of $82,654 in 2026, assuming 22 percent contract labor using PG&E's 2024 forecast. Alternatively, TURN proposed a base connect unit cost ($100,982 in 2026) assuming 38 percent contract labor using PG&E's recorded 2024 data. With this modification, excluding 100 percent of applications forecasted to be deemed complete after TURN's proposed cutoff date of August 1, 2026, PG&E's proposed capital cost cap for 2026 would be reduced by $596 million.[102]

TURN emphasizes that, based on its own analysis, approval of the motion—when combined with the cost caps established in D.24-07-008—would result in an average increase of 9.1 percent in distribution rates and an overall average rate increase of 3.5 percent, equating to approximately 1.2 cents per kilowatt-hour (kWh). For a typical residential customer consuming 500 kWh per

[100] Exhibit PGE-03 at 21.

[101] Exhibit PGE-02 at Attachment C – MWC Workpapers, Table C-4, line 41. TURN notes that, due to the lack of adequate support for the higher forecasts presented in PG&E's rebuttal testimony (which included a backlog of 6,457 units), TURN has revised its recommendations to exclude the forecasted backlog of 6,175 units as of January 1, 2026, which were originally included in PG&E's motion and workpapers.

[102] TURN-01 at 1-2.

month, TURN estimates this would translate to an annual bill increase of $72.50.[103]

5.3.8. TURN Proposes Using Diablo Canyon Volumetric Performance Fees to Lower Ratepayer Costs

SB 846 (Dodd, Stats. 2022, Ch. 239) authorizes PG&E to collect compensation in lieu of a rate-based return on investment for each megawatt hour of energy that its Diablo Canyon Power Plant generates.[104] The Legislature directed PG&E to use the compensation earned under SB 846 to cover costs associated with operating the nuclear generation facility and other "critical public purpose priorities."[105]

These revenues have been named Volumetric Performance Fees (VPFs) by PG&E in the proceedings implementing SB 846.[106] TURN notes SB 846 identifies "accelerating customer and generator interconnections" as the first item on the list of "critical public purpose priorities" that can be funded with VPFs.[107] PG&E forecasts collecting a total of $415 million in VPFs between 2024 and 2026.[108]

In Pub. Util. Code §932(a)(6), the Legislature recognizes that Pub. Util. Code §712.8(s)(1) states that VPFs not needed for the continued operation of

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[103] Exhibit PGE-02 at Attachment 1.

[104] Pub. Util. Code §712.8(f)(5),

[105] Pub. Util. Code §712.8 (s).

[106] Exhibit TURN-01 at 31.

[107] Exhibit TURN-01 at 31, and Cal. Pub. Util. Code §712.8(s)(1)(A).

[108] Exhibit TURN-01 at 31.

Diablo Canyon "shall be spent on critical public purpose priorities, one of which is accelerating customer and generator interconnections."[109]

TURN recommends applying 75 percent of these funds to customer energization projects through 2026.

5.3.9. TURN Challenges Claims of Downward Pressure on Rates

PG&E's motion argues that the rate impacts of its energization work will be "mitigated by additional revenue resulting from increased load that puts downward pressure on rates."[110] TURN observes that PG&E has not provided any modeling or quantitative analysis to support its claim that increased cost caps for the years 2024 and 2025 would result in downward pressure on electric customers' rates.[111]

TURN notes that PG&E provided in rebuttal testimony an analysis addressing how it foresees a future where "increased load and associated revenues result in downward pressure on rates for specific new business connections."[112] TURN asserts that PG&E's analysis contains several significant deficiencies, including the omission of incremental costs related to serving new customers beyond initial energization, and the presentation of multiple energization scenarios that may not be cost-effective. Specifically, TURN noted that PG&E failed to exclude projects that connect distributed energy resources

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109 Pub. Util. Code §932(a)(6).

110 Exhibit PGE-01 at Winget declaration at 3.

111 TURN Opening Brief dated January 21, 2025, at 22-26.

112 Exhibit PGE-03 at 13.

(DER) to the grid from its energization project forecasts.[113] TURN notes that according to PG&E, there are 374 active customer connection applications in the current backlog that have a pending Electric Generator Interconnection application.[114] This omission is important, TURN argues, because applications for upgraded service triggered by the addition of a DER are categorically ineligible for interim rate recovery under Pub. Util. Code §931(b), which provides that "'Energization' and 'energize' do not include activities related to connecting electrical supply resources."

TURN recommends that the Commission require PG&E to revise any applicable cost cap to exclude the 374 active customer connection applications currently in the backlog that are associated with pending generator interconnection applications. Additionally, TURN recommends that PG&E be directed to adjust its forecast of new applications for 2025–2026 by excluding the historical proportion of applications—dating back to 2020—that required service upgrades due to the addition of a DER. TURN proposes that PG&E implement these adjustments through a post-decision Advice Letter.[115]

5.4. Cal Advocates

Cal Advocates opposes PG&E's request for increased cost caps and asserts that the Commission should reject PG&E's request, arguing that PG&E has

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[113] TURN Opening Brief dated January 21, 2025, at 23-28.

[114] Exhibit TURN-02, PG&E response to TURN Data Request 8, Q11Rev(c).

[115] TURN Opening Brief dated January 21, 2025, at 36, citing Exhibit PGE-01, Workpaper Table C-6, lines 15 and 16.

presented no new evidence and acknowledges that it is merely readdressing issues that the Commission has already resolved.[116]

Cal Advocates recommends the maximum relief granted by the Commission to address PG&E's motion should be limited to carrying forward any unspent amounts authorized in the existing cost cap for 2024.[117] Additionally, Cal Advocates asserts that any future requests for additional funds should only be authorized once PG&E has fully expended all currently authorized funds to address energization projects in 2024, 2025, and 2026.[118]

5.4.1. Affordability Concerns Raised by Cal Advocates

Cal Advocates raises concerns about customers that are still facing delays in energization, who will face a rate increase due to PG&E's motion.

Cal Advocates observes that this motion was filed only six months after D.24-07-008 established the annual cost caps for PG&E's interim memorandum account with the "goal of allowing interim rate recovery for incremental spending consistent with prioritizing energization and electrification goals with concern for the affordability"[119] Cal Advocates also noted the information provided in PG&E's Motion "fails to show that its average pace of work is rapidly improving" after the Commission granted it authority to spend

[116] Exhibit CalAdv-01 at 2-3 through 2-4, citing Exhibit PGE-01 at 1 and 16-17.

[117] Cal Advocates Opening Brief dated January 21, 2025, at 32.

[118] Cal Advocates Opening Brief dated January 21, 2025, at 32-33.

[119] D.24-07-008 at 2-3; Cal Advocates Opening Brief dated January 21, 2025, at 4-9.

incremental funding targeting energization projects in D.23-11-069 and D.24-07-008.[120]

Cal Advocates asserts that PG&E has not adequately demonstrated how it is addressing concerns related to customer affordability. Specifically, Cal Advocates refers to PG&E's suggestion that addressing affordability within this proceeding would overstep the legislature's authority on the matter.[121]

In opening comments to the Proposed Decision Cal Advocates again argues the upfront annual cap and the revenue requirement caps were put into place by the legislature to preserve customer affordability.[122]

5.4.2. Cal Advocates' Analysis of PG&E's Proposed Unit Cost Increase for Internal Versus External Labor

Cal Advocates highlights that PG&E's projected base connection unit price for 2025 is $57,436 when utilizing internal labor, and $167,987 when employing contract labor. Cal Advocates notes that PG&E's projected base connection unit price in 2026 grows to $58,192 using internal labor and $170,512 using contract labor.[123] Cal Advocates notes that PG&E asserts it needs to connect 34,646 units across 2025 and 2026, and proposes to use contract labor to connect 15,646,

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[120] Cal Advocates Reply Brief, dated January 31, 2025, at 15-17.

[121] Exhibit PGE-03, page 8, Cal Advocates Opening Brief dated January 21, 2025, at 2-3.

[122] Cal Advocates opening comments at 3, citing SB 410 Senate Floor Analysis, at 6, and Pub. Util. Code §1757(a)(2) and *Smith v. Superior Court*, 39 Cal.4th 77, 83 (2006) (citations omitted) (stating that courts must "give 'significance to every word, phrase, sentence, and part of an act in pursuance of the legislative purpose.'"

[123] Exhibit CalAdv-01 at 3-4.

(45 percent) of those units.[124] According to Cal Advocates' analysis, permitting PG&E to rely on contract labor rather than employing internal staff for the 15,646 units in question would result in an additional financial burden of approximately $1.7 billion for ratepayers. Cal Advocates contends that this use of external labor contravenes the statutory intent of Pub. Util. Code §935 and §§932(a)(9) and 935e)."[125]

Cal Advocates stated that "PG&E's definition of backlog means all projects past, present, and future," citing information from PG&E that shows PG&E has defined its backlog as "electric New Business projects with applications deemed complete after January 31, 2023" and which are "awaiting PG&E to complete the project. This is not a fixed number of projects, and grows as each new application submittal is completed."[126] Thus, PG&E defines every new energization application as in its backlog until the project is in service.[127]

5.4.3. Cal Advocates Raises Concerns About Customer Outreach Costs

Cal Advocates argues that PG&E did not justify the $74 million in ratepayer funding requested in the motion to improve customer outreach for

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[124] Exhibit CalAdv-01 at 3-4.

[125] Pub. Util. Code §935(b) requires the Commission to ensure each electric corporation has "adequate staffing needed to be consistent with the findings and achieve the policies and requirements of this article," and Cal. Pub. Util. Code §§ 932(a)(9) and 933(e) require each electrical corporation that distributes electricity must recruit, train, and retain an adequately sized, qualified workforce."

[126] *See* for example, Exhibit CalAdv-01 at 2-8 to 2-10 and Cal Advocates' Opening Brief Filed January 21, 2025, at 19, which cite information from

[127] Cal Advocates Opening Brief dated January 21, 2025, at 18-20.

energization applications.[128] PG&E's Motion stated that it requires additional project management employees to improve its current outreach processes to customers seeking new or upgraded energization services.[129] PG&E provided Cal Advocates with specific information about what customer outreach improvements may be necessary to comply with the requirements adopted in D.24-09-020, but that information was supported by "'expert judgement' of unidentified employees who did not testify in this proceeding ."[130] Cal Advocates specifically cited PG&E's AL 7431-E, at 5, which did not suggest PG&E anticipated spending $74 million on customer notification to comply with D.24-07-008; it only requested an incremental $2.5 million to $4 million.[131] Cal Advocates states that without an expert witnesses certifying PG&E's testimony on this matter, it could be hearsay, and in turn Cal Advocates argues that the evidence may be considered but not relied upon for a finding.[132]

5.4.4. Cal Advocates Raises Questions About Potential Downward Pressure on Rates

Cal Advocates argues that PG&E's description of its increased cost caps providing an overarching downward pressure on rates is inadequate. Cal Advocates notes its own Distribution Grid Electrification Model Study and Report which found that downward pressure on rates may not be achieved if

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[128] Cal Advocates Opening Brief filed January 21, 2025, at 23-26.

[129] Exhibit PGE-01 at 17.

[130] Cal Advocates Opening Brief dated January 21, 2025, at 24-26.

[131] Exhibit CalAdv-01 at 3-12-3-13, citing PG&E AL 7431-E at 5.

[132] The Utility Reform Network v. Public Utilities Commission, 223 Cal.App.4th 945, 961 (2014).

"utilities build more infrastructure than is needed or build infrastructure in the wrong location."[133]

5.4.5. Cal Advocates Argues PG&E's Request to Eliminate the Annual Cost Caps and the Revenue Requirement Caps related to its Interim Memorandum Account Should Be Denied

Cal Advocates argues that the annual cost caps serve as a ratepayer protection function, and that the conditions adopted in D.24-07-008 protect ratepayers, consistent with SB 410.[134]

Cal Advocates also states that PG&E's request to eliminate the revenue requirement caps, which are secondary to the cost caps adopted in D.24-07-008, is an attempt to relitigate issues the Commission has already considered and decided on, and that PG&E's motion provides only a hypothetical in support of this specific request in its motion.[135] Cal Advocates notes that PG&E states, in its motion that, "In revisiting the caps here, the Commission should reconsider this issue."[136] While PG&E suggests that the revenue requirement caps could inhibit its ability to accelerate energization project completions, Cal Advocates notes that PG&E only supported its request for the Commission to revisit this issue,

[133] California Public Advocates Office, Distribution Grid Electrification Model Study and Report, August 2023, at ES-4. D.23-11-069 at 25.

[134] Cal Advocates Opening Comments on the Proposed Decision dated August 14, 2025, at 14, citing D.24-07-008, Finding of Fact 31 at 89.

[135] Cal Advocates Opening Brief dated January 21, 2025, at 17.

[136] Cal Advocates Opening Brief dated January 21, 2025, at 17, citing Exhibit PGE-01 at 85.

resolved in D.24-07-008, through a hypothetical table not supported by new evidence.[137]Clean Coalition

Clean Coalition concurs with many of the positions of TURN and Cal Advocates in opposing the motion.

Clean Coalition observes that, now legally mandated to address the issue, PG&E is presenting its proposal to spend billions of dollars and is relying on more expensive third-party contractors, positioning this approach as the only solution due to the urgency of the matter. Clean Coalition indicates "approving the Motion sets a terrible precedent, rewarding PG&E with higher profits despite significant organizational shortcomings and reliance on contractor labor triple the cost of internal staff gives free license for the utilities to burden the ratepayers to get out of a self-dug hole."[138]

6. Analysis and Discussion of the Motion and Intervenor Positions

The Commission's consideration of whether to increase the cost caps adopted for PG&E's interim memorandum account relies on whether the evidence PG&E provided supports its request to increase the capital cost caps by approximately $3.129 billion dollars in 2025 and 2026, to eliminate the existing secondary revenue requirement caps, and for PG&E to be authorized to spread the annual capital cost caps established for its Electric Capacity New Business Interim Memorandum Account in D.24-07-008 across 2025 and 2026.[139]

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[137] Cal Advocates Opening Brief dated January 21, 2025, at 17-18, citing Exhibit PGE-01 at 34-35.

[138] Exhibit CLC-01 at 1-2, and Clean Coalition Reply Brief dated January 21, 2025, at 3.

[139] Exhibit PGE-01 at 1-2.

Pub. Util. Code §937(b)(3) requires the Commission to determine whether the costs tracked in any electric utility's interim ratemaking mechanism authorized under SB 410 are just and reasonable, and to evaluate the costs tracked in the interim ratemaking mechanism in the electrical corporation's next GRC. The same statute also states that all costs tracked in the interim ratemaking mechanism that the Commission finds unreasonable may be subject to a refund to ratepayers.

6.1. Legislative Findings in Pub. Util. Code §§930-938

The Legislature provided its vision for how quickly the electric IOUs should fulfill their obligation to address new customers energization requests in Pub. Util. Code §930-938. The Legislature found that increasing the pace of completing customer energization applications could support California's goal of achieving carbon neutrality by 2045.

The statutes find that the state's electrical distribution systems must be promptly upgraded, new customers must connect quickly, and service levels for existing customers must be improved. The Legislature additionally found that there are concerns about delays in energizing large housing developments, individual customer service upgrades, and electric vehicle charging stations, which could hinder progress on the decarbonization goals. To address these issues, the Legislature directed the Commission to ensure the electrical corporations enhance their current planning, engineering, and construction of distribution and transmission systems to speed up service upgrades and energization.

The Legislature also found that electrification of transportation and buildings may reduce overall electricity rates by distributing fixed costs across greater usage and argues that delays in energization and service upgrades impose financial burdens on customers awaiting service and prevent system-wide rate benefits. Further, the Legislature found that to ensure timely service, California's electrical corporations must maintain a sufficiently staffed and skilled workforce to carry out necessary system upgrades.

As we analyze PG&E's request and the intervenors' responses, we consider these legislative findings.

6.2. PG&E Compliance with D.24-07-008 to Submit Additional Evidence

As discussed in Sections 5.3 and 5.4 above, Cal Advocates and TURN suggest PG&E has failed to comply with the Commission's directives in D.24-07-008, particularly those outlined in Ordering Paragraph 28. PG&E disputes these assertions.

PG&E argues D.24-07-008 is explicit that "the Commission will have the option to consider revising the 2025 and 2026 [cost] cap based on additional evidence submitted by motion including evidence that may support accelerated work on energization projects and a higher cap on energization projects in those years."[140]

PG&E states its demonstrated ability to ramp up work execution in late 2024 is exactly the type of evidence that is relevant to support higher caps. PG&E believes its evidence shows an increased pace of work between August 2024 and

[140] D.24-07-008 at 80.

November 2024, and that its provided evidence is sufficient to suggest an increased pace of completion of energization work is possible for the utility.[141] PG&E also notes that the adoption of D.24-09-020, which created energization timelines and targets, resulted in its updated estimates for new service requests and energization needs. PG&E suggests that if the Commission maintains its current cost caps for its interim memorandum account, and the funding already authorized in D.23-11-069, PG&E's energization project backlog will still grow to 19,000 uncompleted projects by the end of 2026.[142]

After considering the evidence PG&E provided, we find that PG&E complied with the requirement adopted in D.24-07-008 to request higher annual revenue requirement cost caps for its interim memorandum account, given its projections for a larger number of energization project applications in 2025 and 2026.[143] PG&E identifies known MWC 16 applications deemed complete prior to 2025, which includes applications deemed complete in 2023 and 2024 for customers seeking energization in later years, to be 16,662 in 2025, and 3,977 units in 2026, or a total of 20,639. PG&E also provides a forecast of new applications it expects to be filed in 2025 and 2026, which brings its forecast of MWC 16 units to be complete in 2025 and 2026 to total 38,175.[144]

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[141] Exhibit PGE-03 at Table 1.

[142] Exhibit PGE-01 at 7 and PG&E Reply Brief dated January 31, 2025, at 2.

[143] PGE-05, PG&E Response to Data Request TURN_008-Q-008, dated January 10, 2025, and PG&E Supplemental Response to Data Request TURN_005-Q005Supp01, dated January 14, 2025.

[144] PG&E Reply Brief dated January 31, 2025, at 27.

PG&E must fully expend costs associated with the line items of MWC 16, MWC 06, MWC 46, and MWC 10 that were authorized in D.23-11-069 and any other Commission decision, prior to tracking additional energization project costs in its interim memorandum account, pursuant to Pub. Util. Code §937(b)(1).

6.3. Project Cutoff Date

TURN argues it is reasonable to assume that energization project applications associated with MWC 16 filed on or after August 1, 2026, are unlikely to be placed in service by December 31, 2026, even under the accelerated targets and timelines adopted in D.24-09-020.[145]

In opening comments to the Proposed Decision, CUE and PG&E both suggested this limitation would prevent PG&E from tracking project costs in its interim memorandum account after August 1, 2026.[146] We disagree. Our decision to limit PG&E's cost cap to projects that have completed energization applications on or before August 1, 2026, is based on the project completion targets and timelines adopted in this proceeding in D.24-09-020. The Commission adopted targets and timelines for different types of energization projects, based on the average time necessary for the large electric utilities, including PG&E, to complete different customer application types. The Commission adopted 125 business days, or 182 calendar days, as a target to accelerate energization project completion.[147]

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[145] TURN Opening Brief dated January 21, 2025, at 39-43.

[146] CUE Opening Comments on the Proposed Decision dated August 14, 2025, at 5-8; PG&E Opening Comments on the Proposed Decision dated August 14, 2025 at 2-4.

[147] D.24-09-020 at 30.

The cost caps adopted herein consider the likelihood that energization projects that do not have fully complete applications by August 1, 2026, are unlikely to be put into service on or before December 31, 2026.[148]

The reasonableness of costs tracked in PG&E's interim memorandum account will be reviewed in PG&E's next GRC, based on whether the costs relate to projects that are in service on or before December 31, 2026, and whether the costs tracked in the interim memorandum account remain below the caps authorized in this decision.

Therefore, for projects falling under MWC 16 and the MAT categories adopted in D.24-07-008, we establish the capital cost caps utilizing PG&E's forecast of projects that are expected to have completed applications as of August 1, 2026.

In adopting TURN's recommendation, PG&E's forecasted base connects completed in 2026 is reduced by 4,660 projects, for a total 2026 completed base connects of 6,622 projects. Per TURN's Opening Brief, this results in an approximately $510 million reduction in PG&E's 2026 capital cost cap as it relates to MWC 16 projects, when using PG&E's unit cost.[149] We adopt a reduction of $510 million to PG&E's proposed MWC 16 2026 capital cost cap. PG&E may nonetheless recover costs for any project that is placed in service on or before

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[148] *See* TURN-02: PG&E response to TURN Data Request 8, Q20, which provides data showing that PG&E expects that the 182 day average of completion of energization projects adopted in D.24-09-0202 will translate into 408 calendar days after accounting for activities within the control of the customer.

[149] TURN Opening Brief dated January 21, 2025, at iv.

December 31, 2026, as long as those costs are within the cap and otherwise meet the requirements of SB 410, this decision, and D.24-07-008.

6.4. PG&E's Forecast of New Applications

The new evidence PG&E provided in this proceeding pointed to a forecast which was "updated to reflect a trend of a ten percent increase in customer demand expected in 2025 and in 2026," and that PG&E is "forecasting to receive approximately 1,000 more applications each year in 2025 and 2026 compared to 2024."[150]

Utilizing PG&E's customer data, TURN compared PG&E's 2025 and 2026 energization application forecast to PG&E's actual customer application between 2021 and 2024. Between 2021 and 2024, TURN's analysis shows that applications increased by an average of one percent per year, yet PG&E assumes a growth range of approximately eight percent per year over 2025 and 2026.[151] Consequently, TURN questions this forecast and argues that it may prove excessive in light of recorded data over the last few years.[152] TURN requests that the Commission consider this discrepancy.

The purpose of this interim memorandum account is to provide PG&E with timely cost recovery should it increase its rate of energization projects. While PG&E has shown growth in requests year over year, we agree with TURN that an eight percent increase in energization project application growth in 2025 or 2026 is not supported. PG&E's evidence of known energization applications

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[150] Exhibit PGE-01 at 1 and Exhibit TSLA-01 at lines 130-227.

[151] TURN Opening Brief dated January 21, 2025, at 36.

[152] TURN Opening brief, pg. 35.

already reflects an increase in projects compared to prior years, and the additional 1,000 forecasted projects fails to account for pending applications that may drop out of the process. Accordingly, we adopt TURN's recommendation to use a one percent growth rate that would reduce the number of customer applications by approximately 1,751 projects. This results in a reduction of approximately $192 million in the MWC 16 portion of PG&E's proposed 2025 and 2026 capital cost caps. This is calculated factoring PG&E's $109,388 per unit costs by the number of customer applications that are reduced (1,751).

In total, the reductions to PG&E's MWC 16 forecast result in the following total forecasted completed projects by December 31, 2026.

Table 6: Forecasted Projects to Be Completed With Increased ECNBIMA Capital Cost Caps

Activity	Projects With Current Funding Levels	Additional Projects with Increased Caps	Forecasted Total Completed Projects
New Business	19,454	12,347	31,801
Distribution Line Capacity	267	121	388
Substation Capacity Projects	49	8	57
Work Requested by Other Relocations	564	690	1,254

We adopt a reduction of $192 million across PG&E's MWC 16 2025 and 2026 capital cost caps. PG&E's 2025 and 2026 annual capital cost forecasts and completed projects for MWC 06, MWC 10, and MWC 46 are approved as proposed.

6.5. Customer Notification Costs

Cal Advocates contends that PG&E's request for $74 million in customer notification costs are not supported by an expert witness and should be considered hearsay.[153] PG&E opposes Cal Advocates' objection and notes witness Mr. Narbir Hothi responded to Cal Advocates' data requests on this subject and would have been available for cross examination had hearings occurred. Mr. Hothi, PG&E remarks, is an expert witness, as presented in his statement of qualifications.[154]

In D.24-07-008 the Commission directed PG&E to solely track costs in its interim memorandum account that are included within the line items authorized in Section 6.[155] PG&E's discussion about requiring an additional $74 million is not related to the costs PG&E was authorized to track in its interim memorandum account.

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[153] Exhibit CalAdv-01 at 3-5 through 3-13 and Cal Advocates Opening Brief dated January 21, 2025, at 23-26.

[154] Exhibit PGE-03 at Appendix A, HN-1.

[155] D.24-07-008 OP 2, 3, and 4. The line items include MCW 10 – Energization Related Work Requested by Others; MWC 46 (Normal Capacity, New Business Related Capacity); MWC 06 (Feeder Projects associated with Substation Work, Overloaded Transformers, Managed Circuit Reinforcements, Voltage compliance, and New Business Related Capacity and Emergent Capacity; and MWC 16 (Residential and Nonresidential Connections, Transformer Purchases, Transformer Scrapping, and "AB 50 Projects" – Forecasting and Escalation Adjustment.) *Note:* this list excludes the line items that PG&E requested to track in its ratemaking mechanism that the Commission denied in D.24-07-008.

Cal Advocates also cites PG&E's Advice Letter 7431-E, in which "PG&E admits that the $74 million will not be the 'best use of ratepayer funds.'"[156]

We agree with Cal Advocates and PG&E that increasing PG&E's interim memorandum account cost cap by $74 million across 2025 and 2026 to conduct customer notification would not be the best use of ratepayer funds, and that this issue is being addressed in the Commission's consideration of AL 7431-E, which is separate from this proceeding.[157]

When calculated using PG&E's per unit cost over 2025 and 2026, considering the exclusion of units that may not be completed in 2025, as discussed in Section 6.8 below, and the exclusion of units that would not have approved energization applications on or before August 1, 2026, this results in a decrease of $23 million in 2025, and $12 million in 2026, or a total reduction in PG&E's cost cap requests of $35.4 million across 2025 and 2026.

6.6. Diablo Canyon Volumetric Performance Fee

TURN suggests the Commission should apply the Diablo Canyon Power Plant (DCPP) Volumetric Performance Fee (VPF) to offset costs PG&E tracks and seeks recovery for under its interim memorandum account. [158]

PG&E opposes this proposal, asserting that the use of DCPP VPF funds was recently addressed and decided in A.24-03-018, which pertains to the 2025 Diablo Canyon Extended Operations Forecast and the planned expenditure of

[156] Exhibit CalAdv-01 at 3-12.

[157] Exhibit PGE-03 at 32; Exhibit Cal Adv-01 at 3-12; Cal Advocates Opening Brief filed January 21, 2025, at 23-26.

[158] Exhibit TURN-01 at 31; TURN Opening Brief dated January 21, 2025, at 43-47.

2025 VPFs. PG&E further references D.24-12-033, in which the Commission determined that matters concerning the calculation and proposed use of VPFs should be reviewed annually through a separate application process.[159] The Commission finds that issues relating to the Diablo Canyon VPF, including its calculation and application, are expressly scoped for consideration in A.24-03-018. The Commission has already determined, in D.24-12-033, that "it is appropriate to consider the program annually through an application process" when determining VPF calculations and proposed uses .[160] As such, this proceeding is not the appropriate venue to determine matters related to the use of the DCPP VPF.

6.7. Affordability

TURN estimates that PG&E's proposed increased interim memorandum account cost caps would result in an additional $72.50 per year for a residential customer that uses 500 kWh per month of electric service.

Cal Advocates maintains that the Legislature, in Pub. Util. Code §937, intended the ratemaking mechanism for energization projects to provide meaningful cost caps for any electric corporation's ratemaking mechanism adopted under SB 410 and that routinely increasing them undermines the purpose of establishing the annual caps required under Pub. Util. Code §937(b)(2). Cal Advocates argues the Commission must continue to weigh affordability concerns as a central part of its policy framework.[161]

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[159] Exhibit PGE-03 at 38.

[160] D.24-12-003 at 68.

[161] Cal Advocates Opening Brief dated January 21, 2025, at 6-8,

PG&E rebuts the claim that its request to spend approximately $3.129 billion over 2025 and 2026 to complete customer energization requests disregards overarching rate affordability.[162] PG&E notes that its motion to increase the cost caps adopted in D.24-07-008 is tied to updated project forecasts and workload assumptions supported by detailed cost breakdowns, not a blanket request for additional funding. PG&E suggests that actual cost recovery will be subject to interim treatment and subsequent reasonableness review, with the possibility of disallowance and ratepayer refund if costs that PG&E receives recovery of through its interim memorandum account are found to not be just and reasonable upon review in its Test Year 2027 GRC. We require all costs tracked in the interim memorandum account only relate to projects that had energization applications completed and put into service after January 1, 2024, and before December 31, 2026.[163]

PG&E further asserts that affordability must be weighed alongside the statutory goals of Pub. Util. Code §930-938, which focus on expediting energization application completions. The statute suggests that delays in customer energization impose broader economic costs, both on individual customers and on the system as a whole, by constraining growth and limiting downward pressure on rates. PG&E contends that timely energization work is itself an affordability strategy that reduces long-term system costs.[164]

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[162] Exhibit PGE-03 at 11.

[163] D.24-07-008 at 16 and 80-83,

[164] Exhibit PGE-03 at 11-13.

PG&E estimates a maximum increase of $7.45 per month per typical residential electric customer if the entirety of both the originally approved and requested cost caps were recovered solely from existing customers.[165] PG&E suggests that these costs could be partially offset by cost sharing from new customers receiving service and that these increased cost caps are necessary to fulfill its statutory obligation to serve new load promptly and efficiently.[166]

In opening comments to the Proposed Decision, TURN argues that PG&E has consistently refused to provide information about the potential downward pressure on rates related to increased completion of energization projects. TURN argues that this energy usage data should be provided for consideration when the costs tracked in PG&E's interim memorandum account are reviewed for reasonableness in PG&E's Test Year 2027 GRC.[167]

We find the amount of electricity usage of new customers' energization projects completed in 2025 and 2026 cannot be calculated with the information provided on the record of this proceeding. The bill impacts of the cost of energizing new customers based on our modifications to PG&E's motion in this decision, cannot be quantified without data related to the increased energy usage from completed energization projects.

PG&E's motion and supporting documentation cannot adequately model the affordability impacts on customers. We cannot evaluate the ratepayer impact of costs tracked in PG&E's interim memorandum account until or unless the final

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[165] PG&E Reply Brief dated January 31, 2025, at 11-12.

[166] PG&E Reply Brief dated January 31, 2025, at 17-18.

[167] TURN Opening Comments on the Proposed Decision dated August 14, 2025, at 7-8.

costs of the energization projects that are tracked in PG&E's interim memorandum account and are put into service between January 1, 2024 and December 31, 2026, are deemed to be just and reasonable by the Commission.

Pub. Util. Code §§937 and 938 provide the Commission discretion in setting the cap(s) for energization related interim memorandum accounts and clarifies that costs recovered after being in tracked interim memorandum accounts between January 2024 and December 2026 could be subject to ratepayer refund if the Commission determines they are not just and reasonable upon review in the utility's next GRC.

Authorizing PG&E to track costs across 2025 and 2026, and removal of the secondary revenue requirement caps will not affect the Commission's ability to conduct a thorough reasonableness review of the costs tracked in PG&E's interim memorandum account. The reasonableness review will occur in the Test Year 2027 GRC (A.25-05-009). In opening comments to the Proposed Decision, PG&E confirmed it will provide the ECNBIMA balance consistent with Resolution E-5217 separate from the other accounts it reports in its AET, which includes recorded costs and forecasted costs for year-end months where recorded data is not yet available.[168]

The overall analysis of affordability related to PG&E's motion must occur once the Commission has full understanding of the incremental energy usage associated with the projects that are deemed complete and fully operational between January 1, 2024, and December 31, 2026, which will occur when the

[168] PG&E Opening Comments on the Proposed Decision at 7.

Commission reviews the third-party audit ordered in D.24-07-008 in the Commission's review of PG&E's Test Year 2027 GRC (A.25-05-009). All costs tracked and recovered through PG&E's interim memorandum account will be subject to reasonableness review in PG&E's Test Year 2027 GRC.[169]

6.8. Adjustment to 2025 Cap

In opening comments to the Proposed Decision, Cal Advocates argued the Commission should reduce the 2025 cost cap by $997.3 million to reflect that PG&E will only have four months to expedite energization projects in 2025 if this decision is adopted in August 2025.[170] In reply comments to the proposed decision, PG&E stated "in learning from 2024, PG&E developed workplans for 2025 to execute energization work assuming some incremental funding may be authorized, with the ability to ramp down if no incremental funding was ultimately approved. While PG&E does not expect to spend to the requested 2025 cost cap, we are working at a pace above current approved funding levels."[171]

The modifications to the capital cost caps adopted in this decision are intended to encourage PG&E to complete energization projects in a timely manner, and more specifically, to reflect the estimated costs to complete customer energization applications within the targets and timelines adopted in D.24-09-020, pursuant to SB 410.

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[169] A.25-05-009.

[170] Cal Advocates Opening Comments on the Proposed Decision dated August 14, 2025, at 14-15.

[171] PG&E Reply Comments on the Proposed Decision dated August 19, 2025, at 4.

However, a short time remains between now and the end of 2025, and PG&E is expected to control costs by working prudently and efficiently in the time remaining before the statute sunsets on December 31, 2026. Additionally, this decision provides flexibility for PG&E to spread its interim memorandum account annual cost caps across 2025 and 2026. For these reasons, we find it is reasonable to reduce the cap for 2025 as proposed by Cal Advocates its opening comments to the Proposed Decision. This reflects costs associated with PG&E completing one-third of the projects PG&E forecasted it could complete in 2025, using its forecasted cost per unit of $2,009 for 2025.[172]

This reduction would equate to PG&E being authorized to track an incremental $456 million in 2025 in its interim memorandum account. PG&E must expend the amounts the Commission authorized PG&E to recover in D.23-11-069 for the MATs and MWCs identified in D.24-07-008, before tracking those energization project related costs in its interim memorandum account.

6.9. PG&E's Workforce and Labor

TURN contends that PG&E's ongoing reliance on external contractors for energization work is a primary driver of its cost cap increase request for 2025 and 2026.[173] TURN suggests that external contractor costs per unit are nearly three times higher than costs associated with PG&E's internal labor force and argues that PG&E has not demonstrated that its labor sourcing approach complies with Pub. Util. Code §§932(a)(9), 933(e), and 935(b)-(c), which collectively express a

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[172] PGE-01 at C-6, lines 14 and 25.

[173] Exhibit TURN-01 at 21-22, Exhibit TURN-01 Appendix C, PG&E response to TURN Data Request 5, Q2, Attachment 1; TURN Opening Brief dated January 21, 2025, at 28-35.

legislative preference for developing and retaining an internal, qualified workforce.[174]

TURN estimates that if PG&E used internal labor for all 2025–2026 base connection work, total costs would be reduced by approximately 47 percent, or $1.76 billion. Alternatively, if PG&E maintained its 2024 projected labor split of 78 percent internal to 22 percent external, TURN estimates potential savings of $903 million over the two-year period.[175]

Cal Advocates also opposes PG&E's plan to use external resources short-term, arguing that external labor is more expensive than internal labor, and that PG&E did not provide evidence to prove that external labor is necessary to comply with SB 410.[176]

PG&E acknowledges that contract labor is more expensive on a per-unit basis but explains that contractors are typically assigned to larger and more complex energization projects, which require larger crews and extended durations. PG&E also notes that it cannot reasonably reallocate its internal labor or ramp up hiring fast enough to meet the extraordinary volume of projects it has forecasted to complete in 2025 and 2026.[177]

PG&E argues that Cal Advocates' proposal to base cost caps on internal labor assumptions is unrealistic and unsupported by the practical constraints of

[174] Exhibit TURN-01, at 22; Exhibit TURN-02, PG&E Response to TURN Data Request 8, Q21.

[175] TURN Opening Brief dated January 21, 2025, at 33, and Exhibit TURN-01 at 21-22.

[176] Cal Advocates Opening Brief dated January 21, 2025, at 21-22.

[177] Exhibit PGE-03 at 28-29.

workforce availability, recruitment timelines, and training requirements.[178]In opening comments to the Proposed Decision, CUE further notes that "a significant share of near-term MWC 16 costs are driven by contract labor, due in part to the size and complexity of certain large projects and limitations on PG&E's ability to onboard internal employees quickly enough to complete the work on time."[179]

Pub. Util. Code §935 does not mandate that utilities meet all near-term system needs exclusively through internal labor, particularly under emergency or transitional circumstances. PG&E's reliance on external labor in 2024 through 2026 may be necessary to address the scale of its backlog of customer energization requests. We therefore use PG&E's per unit costs to calculate our estimated costs related to its forecasts of the use of external contract labor for 2025, and 2026. The necessity of any costs incurred for energization projects, including costs related to the use of external labor, will be evaluated in PG&E's Test Year 2027 GRC (A.25-05-009) when the Commission conducts reasonableness review.

In SB 410, the Legislature directed the Commission to conduct its reasonableness review of costs tracked in a utility's interim memorandum account in that utility's next GRC. The Commission therefore declines to determine whether the use of external labor and associated costs are reasonable here.

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[178] PG&E Reply Brief dated January 31, 2025, at 27-28

[179] CUE Opening Comments on the Proposed Decision dated August 14, 2025, at 3, citing Exhibit PGE-03 at 28.

6.10. PG&E's Request to Spend Authorized Amounts Across 2025 and 2026

In its motion, PG&E seeks approval to implement operational and financial flexibility under the expenditure caps adopted in D.24-07-008, allowing the utility to shift authorized spending amounts between 2025 and 2026 to better align with actual project execution timelines and customer demand. PG&E argues that under the current structure, delays in project completion—often caused by factors beyond its control—could result in underutilized 2025 funds and a constrained 2026 budget that fails to reflect the need to complete rollover work.[180]

While not addressed in PG&E's October 4, 2024, motion we note that PG&E's request to recover costs associated with the 2024 cost cap, as filed in PG&E Advice Letter 7482-E, was denied by the Commission through an Energy Division disposition letter dated April 24, 2025. As Energy Division noted, PG&E is only authorized to seek interim recovery of costs tracked in its interim memorandum account through its AET process, not through any other advice letter process. As provided in D.24-07-008, PG&E may request recovery of 2024 costs through a revenue requirement adjustment established through its next AET process, along with a request to recover costs accrued in 2025. The 2024 capital cost and revenue requirement data should be provided separately from the 2025 capital cost and revenue requirement data. Each year's data must be separated by line item, as provided in D.24-07-008, Ordering Paragraphs 1-8. The reasonableness review of any costs that PG&E recovers from ratepayers through

[180] PG&E Motion dated October 4, 2024, at 6.

its 2026 and/or 2027 AET process will occur in PG&E's Test Year 2027 GRC (A.25-05-009).

We find PG&E's request to carry over unspent capital costs authorized for 2025 to 2026, and the option for PG&E to pull forward capital costs authorized for 2026 to be spent in 2025, may support the State's energization goals. PG&E noted the forecasts provided to support its Motion "reflect, in part, the movement of uncompleted projects from 2024 into 2025-2026," and that it anticipated spending approximately $266 million below the 2024 revenue requirement cap adopted in D.24-07-008.[181] While Cal Advocates opposed PG&E's Motion, it did suggest the Commission could consider allowing PG&E to carry any unspent amounts from its 2024 cost caps into 2025.[182]

The goals of California as expressed in Pub. Util. Code §§932-933, as well as the directives established by the Commission in D.24-09-020, may require PG&E to complete energization work that has unpredictable timing or project-specific externalities. PG&E argued "at times it may be prudent for us to accelerate a project based on the availability of materials and resources."[183] Allowing costs to be spread across 2025, and 2026, while still remaining within the overall cost cap adopted in D.24-07-008 and this decision, may advance the energization goals of California.[184] Allowing PG&E to pull authorized capital

[181] Exhibit PGE-01 at 11-12 and footnote 27.

[182] Exhibit CalAdv-01 at 5, and footnote 12.

[183] Exhibit PGE-01 at 31-32.

[184] D.24-07-008 at 50 and Finding of Fact 27 found it reasonable to allow PG&E to shift some work to address its backlog of energization projects from 2024 to 2025.

cost cap amounts for 2026 forward in 2025 to accelerate projects or move cap amounts from 2025 into 2026 to accommodate unpredictable circumstances will also support California's energization goals.

PG&E's may use the 2025 and 2026 cost caps adopted in this decision across the two years so long as PG&E ensures that the costs recorded are separated by the MWCs and MATs. PG&E is authorized to seek recovery of costs tracked in the interim memorandum account for energization-related MWCs and MATs, pursuant to D.24-07-008.[185]

In each AET, PG&E shall include a table summarizing:

1. Amounts that will be carried over from 2025 into 2026 to be used in the future, by budget line item; and/or
2. Amounts that were pulled forward from 2026 to 2025 to expedite energization projects, by budget line item.

The interim memorandum account shall only be used to track costs for energization projects that are placed in service on or before December 31, 2026, and the project costs that are eligible to be tracked are defined in D.24--07--008 Section 6.[186] As noted in D.24-07-008, PG&E must retain- and provide, to its

[185] D.24-07-008 identifies the line items that PG&E is authorized to track in its interim memorandum account in Section 6.

[186] Pub. Util. Code §937(e). The only costs to be tracked in PG&E's interim memorandum shall be related to energization projects placed in service that fall within the MWC and MAT categories defined in D.24-07-008, and are providing customers that had energization applications for new or upgraded service on or after January 1, 2023, that are providing the new or upgraded energization services on or before December 31, 2026.

independent auditor and in its upcoming GRC application, project level cost data for each energization project PG&E tracks in its interim memorandum account.[187]

6.11. Elimination of the Secondary Revenue Requirement Cap for PG&E's Interim Memorandum Account

We find that PG&E's request to remove the secondary revenue requirement caps established for its interim memorandum account aligns with Pub. Util. Code §937. The revenue requirement caps are not necessary for the Commission to evaluate PG&E's spending in its interim memorandum account because the Commission has set caps on capital cost expenditures, and these expenditures will undergo an audit and reasonableness review and comparison against what PG&E was previously authorized to spend in D.23-11-069.[188] The Commission also has established the AET process as the means to establish the annual revenue requirement adjustment for recovery of these costs, consistent with Pub. Util. Code §937(b)(3).[189]

Considering the modifications discussed in previous sections, this decision authorizes the following increase in capital costs that PG&E is authorized to track in its interim memorandum account and seek recovery of through the AET process, for future reasonableness review in its Test Year 2027 GRC.

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[187] *See* D.24-07-008 Section 10.3. The third-party auditor reports are due on March 1, and September 1, each year, pursuant to D.24-07-008 Ordering Paragraph 18.

[188] Pub. Util. Code §937 requires the Commission to ensure the ratesetting mechanism for energization projects tracks costs that "exceed the costs included in the electrical corporation's annual authorized revenue requirement for energization, as established in the electrical corporation's general rate case or any other proceeding."

[189] Pub. Util. Code §937(b)(3) requires the Commission to allow interim recovery of "costs tracked within the mechanism through an annual rate adjustment."

6.12. ECNBIMA Cost Caps Adopted in This Decision

The costs PG&E is authorized to track in its interim memorandum account are detailed in Table 7, below:

Table 7: Costs Authorized to be Tracked in PG&E's Electric Capacity New Business Interim Memorandum (in Million $)

	2025	2026	Total
Current Annual Cost Caps	$618.7	$669.4	**$1,288.1**
Authorized Increase to Annual Cost Caps	$456	$1,015.7	**$1,475.7**
Adopted Annual Cost Caps	$1,074	$1,685.1	**$2,759.1**

The figures in this table reflect the following: (1) removal of customer notification costs of $23 million in 2025 and $12 million in 2026; (2) reduction of $95 million in 2025 and $95 million in 2026, to reflect a one percent growth rate in PG&E's MWC 16 applications; (3) a reduction of $911 million in 2025 in response to comments by Cal Advocates to reflect the projects that may not be completed and the need to strictly manage costs, as discussed in Section 6.8 above; and (4) a reduction of $510 million in capital costs in 2026 to reflect the projects with energization applications that are not expected to be complete as of August 1, 2026. The cost cap increases authorized in this decision, coupled with the authorized flexibility to spend toward the cost caps between 2025 and 2026, provide PG&E with flexibility an opportunity to address its existing energization project backlog with the intention of minimizing the energization project backlog going into 2027.

In opening comments on the Proposed Decision, Cal Advocates argued that authorizing PG&E to spread the annual capital cost caps across 2025 and 2026, and removal of the secondary revenue requirement caps are beyond the scope of this track of this proceeding.[190]

We disagree. The first scoped issue of this proceeding is to address PG&E's motion to modify its interim memorandum account. That motion includes a request to be authorized to allocate costs across 2025 and 2025, and to be relieved of the secondary revenue requirement cost caps adopted in D.24-07-008.

As noted in Section 5.4 above, Cal Advocates did discuss PG&E's request to change its annual capital cost caps and the concept of removing the revenue requirement caps in its briefs, which demonstrates that Cal Advocates and other parties had notice of this issue, had an opportunity to be heard, and party comments related to the structure of the interim memorandum account were considered in this decision, per Scoping Memo Issue 1.

6.13. Future GRC Directives

As directed in D.24-07-008, all costs to complete PG&E's energization requests from 2024-2026 must be reported at a project level and included in the third-party auditor's biannual reports and separately reviewed by the Commission in PG&E's Test Year 2027 GRC, which was filed on May 15, 2025 (A.25-05-009).[191] The Commission will consider these audits to assess the reasonableness of costs associated with energization projects. PG&E is expected to ensure that all amounts recovered through the interim memorandum account

[190] Cal Advocates Opening Comments on the Proposed Decision dated August 14, 2025, at 10.

[191] D.24-07-008 OP 27 at 96-97, and pages 63-77.

reflect prudent investment. If PG&E does not provide evidence proving that the investments tracked in its interim memorandum account are prudent, the Commission will exercise its authority to disallow and require refund of any costs deemed unreasonable. To ensure the Commission and parties can better evaluate the costs tracked in PG&E's interim memorandum account, PG&E is directed to provide a separate exhibit in its current GRC (A.25-05-009), supported by witness testimony that discusses how any costs tracked in the interim memorandum account were spent, which projects were completed, and summarizes the outcome of each audit of its interim memorandum account.

This information will provide the ALJs, and parties to A.25-05-009, with a detailed context to review the reasonableness of the costs tracked in the interim memorandum account. This testimony must be served on the service list of this proceeding, and to the A.25-05-009 service list as supplemental exhibits in PG&E's Test Year 2027 GRC after the September 2025 and September 2026 audits are completed. We reiterate that any revenue requirements associated with energization costs tracked in the interim memorandum account are subject to refund to customers if the Commission determines, upon review of the information provided in A.25-05-009, that any of the costs tracked in the interim memorandum account are not just and reasonable.

7. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

No public comment on the issues identified in President Alice Reynolds' October 18, 2024, Amended Scoping Memo has been identified as of August 26, 2025.

8. Conclusion

The capital costs PG&E may track and seek recovery of in its Electric Capacity and New Business Interim Memorandum Account are increased from up to $619 million in 2025 and $669 million in 2026, to up to $ 1,985.9 million in 2025 and $1,684.7 million in 2026.

The costs tracked in PG&E's interim memorandum account may only be associated with costs associated with energization projects that would lead to PG&E exceeding the revenue requirement cost caps for MWC 16 (New Business); MWC 06 and 46 (Distribution Line and Substation Capacity); and MWC 10 (Work at the Request of Others) adopted in its last GRC, as established in D.24-07-008 Section 6.

PG&E's interim memorandum account shall only track costs for projects that are put into service (defined as fully providing new or upgraded energization service), no later than December 31, 2026. PG&E shall not track costs associated with energization project applications that are not deemed complete on or before August 1, 2026, in its interim memorandum account.

PG&E is authorized to spread the annual cost caps adopted in this decision across 2025 and 2026. PG&E must continue to track, record, and report, in its AET AL, its third-party auditor reports, and its Test Year 2027 GRC, any differential between cost previously authorized in PG&E's Test Year 2023 GRC, D.23-11-069 and costs tracked in the interim memorandum account that fall into the MWC and MAT categories for energization work, as defined in D.24-07-008.

Nothing in this decision prevents PG&E from continuing to invest in projects necessary to meet the energization requirements established in Pub. Util. Code §§930-394 and the energization project targets and timelines adopted in D.24-09-020.

Consideration of the reasonableness of PG&E's expenditures for energization projects tracked in the interim memorandum account will occur in the PG&E's next GRC filed in 2025 for Test Year 2027.

This proceeding remains open.

9. Comments on Proposed Decision

The proposed decision of ALJ Carolyn Sisto in this matter was mailed to the parties to this proceeding was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Opening comments were filed on August 14, 2025, by Clean Coalition, CUE, Cal Advocates, PG&E, and TURN. Reply comments were filed on August 19, 2025, by Clean Coalition, CUE, PG&E, and TURNs.

This decision was substantively edited to respond to comments by reducing the 2025 cost cap to $456 million and makes other clarifying edits throughout to reflect party comments.

10. Assignment of Proceeding

President Alice Reynolds is the assigned Commissioner and Carolyn Sisto is the assigned ALJ for the ratesetting track of this proceeding.[192]

Findings of Fact

1. As required by Pub. Util. Code §937, D.24-07-008 authorized PG&E to establish an Electric Capacity New Business Interim Memorandum Account to track costs related to specific energization project types that exceed what was previously authorized by the Commission in A.21-06-021 or any other proceeding and to seek recovery of these costs through a revenue requirement adjustment established in the AET process.

2. PG&E's Electric Capacity New Business Interim Memorandum Account capital cost and revenue requirement caps were established pursuant to Pub. Util. Code §937, which directs the Commission to adopt annual, up-front caps on the amount an electrical corporation can seek to recover within any ratemaking mechanism established to accelerate energization projects from 2024 through 2026.

3. PG&E has an existing Electric Capacity New Business Interim Memorandum Account to track energization-related costs and annual revenue requirement caps for 2024, 2025, and 2026.

4. PG&E's Electric Capacity New Business Interim Memorandum Account authorizes PG&E to seek recovery of costs tracked in the memorandum account for service projects on or before December 31, 2026, pursuant to Pub. Util. Code §§937-938.

[192] ALJ Justin Regnier is also assigned to R.24-01-018's quasi-legislative track.

5. The cost caps adopted in D.24-07-008 authorize PG&E to track up to $2.262 billion in capital expenditures in the Electric Capacity New Business Interim Memorandum Account (ECNBIMA) over 2024-2026 and seek recovery of eligible amounts tracked in its ECNBIMA through its AET.

6. The Commission will review the reasonableness of PG&E's costs tracked and recovered through its Electric Capacity New Business Interim Memorandum Account in PG&E's Test Year 2027 GRC.

7. D.24-07-008 established up-front annual revenue requirement cost caps for the amount PG&E can track within its interim memorandum account for each year: 2024, 2025, and 2026, pursuant to Pub. Util. Code §937(b).

8. Energization applications that are not deemed complete by PG&E before August 1, 2026, are unlikely to be placed in service by December 31, 2026.

9. In D.24-09-020, the Commission determined that the average time for large electric utilities to complete energization projects should be 182 days.

10. The Commission may provide ratepayers a refund for cost recovery granted through PG&E's AET filings related to its interim memorandum account, if PG&E's costs to accomplish energization projects are deemed unreasonable during PG&E's GRC.

11. PG&E's motion dated October 4, 2024, seeks to increase the caps on energization-related capital costs that may be recovered through the interim memorandum account established in D.24-07-008.

12. PG&E's motion dated October 4, 2024, requests the increased caps, in part, based on a projection of $74 million to increase customer outreach and improve customer notifications for its energization process over 2025 and 2026.

13. PG&E's motion dated October 4, 2024, requests the increased caps, in part, based on the continued use of external contract labor to expedite energization projects over 2025 and 2026.

14. PG&E's motion dated October 4, 2024, requested an incremental $3.13 billion in their capital cost caps in 2025 and 2026 (two years) beyond the caps authorized in D.24-07-008.

15. PG&E had not fully exhausted the funding that was already authorized under the 2024 cost cap established in D.24-07-008 as of the filing of its motion dated October 4, 2024.

16. PG&E's planned completion of 16,000 projects per year over 2025 and 2026, as described in its October 4, 2024, motion, does not meet PG&E's two-year plan goal of completing 38,000 projects before December 31, 2026.

17. PG&E's evidence of known energization applications reflects an increase in projects compared to prior years, but the additional 1,000 forecasted projects per year in 2025 and 2026 does not account for pending applications that may drop out of the energization application process.

18. Providing flexibility to expend authorized cost caps across program years 2025 and 2026 will allow PG&E to complete additional energization work in 2025 if it is able to accelerate its energization activity or in 2026 if activities are delayed.

19. California's energization goals, as expressed in Pub. Util. Code §§932-933, as well as the directive established by the Commission in D.24-09-020, may require PG&E to complete energization work that has unpredictable timing or project-specific externalities.

20. The costs tracked in PG&E's Electric Capacity New Business Interim Memorandum Account will be reviewed by the Commission in PG&E's next GRC.

21. OP 28 of D.24-07-008 provided PG&E with an option to seek reconsideration of the cost caps established for its interim memorandum account based on new evidence supporting PG&E's accelerated energization scenario forecast, which could include decisions issued in R.24-01-018 and R.21-06-017.

22. The energization targets and timelines adopted in D.24-09-020, pursuant to Pub. Util. Code §934 are intended to accelerate PG&E's work to complete customers' energization applications.

23. D.24-09-020 adopted average and maximum energization targets and timelines for customers that file energization project applications after September 17, 2024.

24. D.24-09-020 directed PG&E to provide the Commission with information about its progress toward meeting the energization targets and timelines required under Pub. Util. Code §§933.5-935.

25. Nothing in this decision prevents PG&E from complying with the targets and timelines adopted in D.24-09-020.

26. D.24-07-008 directed PG&E to provide information about the energization projects tracked in its interim memorandum account based on project types and MWC line item expenses.

27. PG&E provides an overly broad definition of its energization project backlog, which included projects that are not expected to be completed by December 31, 2026.

28. PG&E's motion dated October 4, 2024, includes a labor mix assumption in 2025 and 2026 of 45 percent external contractors, compared to the 22 percent external contractor utilization reflected in its 2024 cost cap request that was considered in in A.21-06-021 and adopted in D.24-07-008.

29. There is not adequate time for PG&E to hire and train an internal workforce in time to complete all of the energization projects in its backlog in 2025 and 2026.

30. The evidence provided in this proceeding shows that the estimated cost of performing MWC 16 base connection work using external contractors in 2025 is $137,299 per unit, compared to $67,264 per unit when performed by internal labor.

31. The forecasts presented by PG&E suggest it anticipates an eight percent increase in energization applications. PG&E did not provide data that supported its forecasted growth in energization applications over 2025 and 2026.

32. PG&E's data reflects a one percent increase in energization project applications between 2021 and 2024.

33. PG&E has stated that increasing its interim memorandum account cost cap in 2025 and 2026 to conduct customer notification would not be the best use of ratepayer funds.

34. Energization related customer notification issues are being addressed in the Commission's consideration of AL 7431-E. SB 846 authorizes PG&E to collect compensation based on each megawatt hour of energy that its Diablo Canyon Power Plant generates and directs PG&E to use the funds collected under SB 846

to cover costs associated with operating the nuclear generation facility and other critical public purpose priorities.

35. California has prioritized completion of energization projects as a method to meet its broader goal of carbon neutrality by 2045.

36. PG&E may accelerate its rate of energization over the remainder of 2025 and into 2026 beyond what was considered by the Commission in A.21-06-021 and D.24-07-008.

37. PG&E was not authorized to recover costs tracked through the end of 2024 in its Electric Capacity New Business Interim Memorandum Account because PG&E did not seek recovery of those costs through its 2024 Annual Electric True-Up advice letter process as required in D.24-07-008.

38. Pub. Util. Code §937 requires the Commission to ensure that the costs tracked in PG&E's interim ratemaking mechanism, adopted in D.24-07-008, exclude any costs associated with the revenue requirements adopted in the electric corporation's most recent GRC or other any other proceeding.

39. Pub. Util. Code §938 requires PG&E to submit reports from the third-party auditor review of the costs tracked in its interim memorandum account to the Commission biannually and to the appropriate policy committees of the California Legislature.

40. The shortest average energization target established in D.24-09-020 is 182 business days.

41. PG&E provides data to the third-party auditor hired to review its interim memorandum account to track costs from January 1, 2024, through December 31, 2024, pursuant to Pub. Util. Code §938 and D.24-07-008.

42. PG&E forecasted that it could complete up to 16,000 projects per year in 2025 and 2026 if its motion was granted.

43. PG&E is not currently authorized to track or seek recovery of any costs tracked in its interim memorandum account until it has expended the annualized capital costs for energization projects across 2024-2026, as established in D.23-11-069 and D.24-7-008.

44. Ordering Paragraph 12 of D.24-07-008 states "No Maintenance Activity Type (MAT) or line item within the Electric Capacity and New Business Interim Memorandum Account shall be eligible for any rate recovery until that MAT or line item's balance exceeds the annual capital expenditures authorized in Decision 23-11-069."

45. PG&E's evidence does not support its claim that the rate impact of the full request in its motion is an increase of 1.8 percent for an average residential customer.

46. The evidence provided in this proceeding does not prove that the percentage increase on average residential customer bills can be reduced by the contribution of revenue received from the electricity usage from incremental customers with completed energization projects.

47. Pub. Util. Code §935 requires electric corporations to recruit, train, and maintain a workforce that supports broader efforts to meet the state's electrification goals.

48. D.24-12-033 determined that matters concerning the calculation and proposed use of the Diablo Canyon VPFs should be reviewed annually through a separate application process.

Conclusions of Law

1. It is reasonable to base an increase in cost caps for PG&E only on forecasts of project costs for energization projects expected to have applications deemed complete as of August 1, 2026.

2. It is reasonable that in each AET AL, PG&E ensures that the costs recorded in its Electric Capacity New Business Interim Memorandum Account are separated by the MWCs and MATs PG&E is authorized to recover costs by line item pursuant to D.24-07-008.

3. Pub. Util. Code §937(a) requires the Commission to establish a ratemaking mechanism for electric corporations to have sufficient and timely recovery of costs for energization-related projects.

4. Pub. Util. Code §937(b) requires the Commission to review costs tracked and recovered in any ratemaking mechanism established pursuant to Pub. Util. Code §§937(a) to ensure the electrical corporation does not recover any costs in any year until its recorded spending for energization projects exceeds annual spending authorized for energization projects as established in the electrical corporation's GRC.

5. Pursuant to Pub. Util. Code §937, PG&E's Electric Capacity New Business Interim Memorandum Account was authorized for PG&E to record costs for energization projects that are completed and put into service between January 1, 2024, and December 31, 2026.

6. PG&E should only track costs in its Electric Capacity New Business Interim Memorandum Account that exceed what the Commission has authorized in D.23-11-069 or any other prior decisions.

7. PG&E may track costs up to caps that reflect an estimated one percent increase in customer energization applications across 2025 and 2026 in its Electric Capacity New Business Interim Memorandum Account.

8. The costs tracked in PG&E's Electric Capacity New Business Interim Memorandum Account should be reviewed by the Commission during PG&E's Test Year 2027 GRC (A.25-05-009).

9. Allowing PG&E to track costs in its interim memorandum account between 2025 and 2026 as long as they do not exceed the combined cap will advance California's energization goals by allowing for necessary flexibility to accelerate energization of new customers.

10. PG&E should be allowed to track and seek recovery of up to an additional $2,759.1 million for energization projects in its Electric Capacity New Business Interim Memorandum Account that are placed in service between January 1, 2024, and December 31, 2026, if PG&E meets specific conditions, as detailed in the Ordering Paragraphs below.

11. PG&E should not track or seek recovery of customer notification costs related to energization applications in its Electric Capacity New Business Interim Memorandum Account.

12. Pub. Util. Code §935 does not mandate that utilities meet all near-term system energization upgrade needs exclusively through internal labor, particularly under emergency or transitional circumstances.

13. Issues related to expenditure of PG&E's Diablo Canyon VPFs are within the scope of a different proceeding and should not be considered in this proceeding.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company (PG&E) shall only track energization-related costs associated with customer applications that fall under Major Work Categories 06, 10, 16, and 46, as defined in PG&E's General Rate Case Application 21-06-021, and Decisions 23-11-069 and 24-07-008, in its Electric Capacity New Business Interim Memorandum Account.

2. Pacific Gas and Electric Company's motion to track and record up to $2.115 billion in 2025 and $2.302 billion in 2026 in its Electric Capacity New Business Interim Memorandum Account is denied.

3. Pacific Gas and Electric Company (PG&E) is authorized to track costs of up to $1,074 million in 2025 and $1,685.1 million in 2026, or a total of $2,759.1 million, for energization-related costs associated with customer applications that fall under Major Work Categories 06, 10, 16, and 46, as defined in PG&E's General Rate Case Application 21-06-021, Decisions 23-11-069 and 24-07-008, in its Electric Capacity New Business Interim Memorandum Account.

4. Pacific Gas and Electric Company (PG&E) is authorized to track and seek recovery of the capital cost for amounts up to the caps adopted in this decision across 2025 and 2026 through its 2026 or 2027 Annual Electric True Up Advice Letters, and through PG&E's Test Year 2027 General Rate Case.

5. Pacific Gas and Electric Company shall only seek recovery of costs related to energization projects that are placed in service no later than December 31, 2026, in its Electric Capacity New Business Interim Memorandum Account.

6. Pacific Gas and Electric Company must not seek cost recovery of any energization projects tracked in its Electric Capacity New Business Interim Memorandum Account that are not in service as of December 31, 2026.

7. Pacific Gas and Electric Company shall not track or seek recovery of capital costs in excess of $2,759.1 million in its Electric Capacity New Business Interim Memorandum Account across 2025 and 2026.

8. Pacific Gas and Electric Company's request to eliminate the annual revenue requirement caps and to rely exclusively on expenditure caps in its Electric Capacity New Business Interim Memorandum Account to govern cost recovery for the 2024–2026 period is granted.

9. The 2025 and 2026 annual cost caps to be tracked in Pacific Gas and Electric Company's (PG&E's) Electric Capacity New Business Interim Memorandum Account may be tracked and accounted for across 2025 and 2026, so long as PG&E's annual electric true-up filings show that each year's costs are above the amounts already authorized in Decision 23-11-069.
PG&E is directed to provide a separate exhibit in its current general rate case (Application 25-05-009), supported by witness testimony that discusses how any costs tracked in the interim memorandum account were spent, which projects were completed, and summarizes the outcome of each audit of its interim memorandum account.

10. Within its 2026 Annual Electric True-Up advice letter, Pacific Gas and Electric Company may seek recovery of costs tracked in its Electric Capacity New Business Interim Memorandum Account in 2024 as separate line items along with the costs tracked in its Electric Capacity New Business Interim

Memorandum Account tracked in 2025, which must also be provided as separate line items.

11. Rulemaking 24-01-018 remains open.

This order is effective today.

Dated ____________________________, at San Francisco, California