

## SETTLEMENT AGREEMENT BETWEEN PACIFIC GAS AND ELECTRIC COMPANY (U 39 G) AND THE UTILITY REFORM NETWORK

### Application 24-07-020

This settlement agreement (Settlement) is between Pacific Gas and Electric Company (PG&E) and The Utility Reform Network (TURN (separately “Settling Party” and jointly “Settling Parties”). The Settlement resolves all issues in PG&E’s *Peak Day Supply Standard Application*, Application (A.) 24-07-020 filed at the California Public Utilities Commission (Commission) on July 31, 2024 (PDSS Application).

#### 1. Procedural Background

On July 31, 2024, PG&E submitted the PDSS Application. The PDSS Application was submitted in response to the Commission’s direction in Decision (D.) 23-11-069 in PG&E’s 2023 General Rate Case (GRC) Proceeding (2023 GRC Decision).<sup>1</sup> In the 2023 GRC Decision, the Commission directed PG&E to file an application updating its Peak Day Supply Standard Analysis.<sup>2</sup> In addition to the application, PG&E submitted Prepared Testimony supporting the PDSS Application which was marked as Exhibit PG&E-01.

On September 3, 2024, TURN filed a Protest to the PDSS Application.

On September 10, 2024, PG&E filed a reply to TURN’s Protest.

On January 17, 2025, Administrative Law Judge (ALJ) Ferguson conducted a pre-hearing conference.

On April 17, 2025, Commissioner Douglas issued the *Assigned Commissioner’s Scoping Memo and Ruling* (Scoping Memo).

On April 22, 2025, TURN filed a *Motion to Clarify and/or Modify the Scoping Memo* (TURN Scoping Memo Motion).

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<sup>1</sup> The 2023 GRC proceeding is Application (A.) 21-06-021.

<sup>2</sup> D.23-11-069, p. 159.

On April 24, 2025, PG&E filed its Response to the TURN Scoping Memo Motion.

On May 1, 2025, TURN submitted its reply to PG&E's response to the TURN Scoping Memo Motion.

On May 12, 2025, PG&E filed its *Motion for Conditional Modification to Procedural Schedule and Request for Expedited Consideration* (PG&E Conditional Schedule Motion).

On May 12, 2025, Commissioner Douglas issued the *Assigned Commissioner's Amendment to the Scoping Memo and Ruling, Granting in Part and Denying in Part, The Utility Reform Network's Motion to Clarify and/or Modify the Scoping Memo*.

On May 14, 2025, TURN submitted its testimony which included three exhibits, which were marked TURN-01, TURN-02, and TURN-03.

On May 15, 2025, PG&E filed its *Motion to Strike, Request for Expedited Consideration, And, in the Alternative, Modify the Procedural Schedule* (PG&E Motion to Strike).

On May 16, 2025, TURN filed its response to PG&E's Motion to Strike.

On May 28, 2025, PG&E submitted its rebuttal testimony which was marked as Exhibit PG&E-02.

On June 3, 2025, PG&E and TURN conducted the meet and confer required by Commission Rule of Practice and Procedure (Rules) 13.9.

On June 4, 2025, PG&E and TURN sent an e-mail to ALJ Ferguson indicating "the parties agreed that it may be useful to have settlement discussions to evaluate whether a settlement is possible in this proceeding." PG&E and TURN requested that the hearing scheduled for June 17-18, 2025 be continued, so that the parties could engage in settlement discussions.

On June 6, 2025, ALJ Kimberly Kim granted the request to continue the evidentiary hearing dates and set evidentiary hearings for July 28-29, 2025.

On July 3, 2025, PG&E provided notice of a settlement conference to the service

list consistent with Rule 12.1(b). The settlement conference was held on July 15, 2025, at 10:00 a.m. (PST) and was conducted remotely. The only parties attending the settlement conference were PG&E and TURN.

## **2. Settlement Terms and Conditions**

This proceeding has been actively litigated by TURN and PG&E. TURN has propounded fourteen (14) sets of discovery that have included numerous questions and subparts to these questions. PG&E has provided TURN with substantial information and data in response to these data requests, including information prepared by Marquette Energy Analytics (MEA) and runs on various models used to develop PG&E's Peak Day Supply Standard Analysis. PG&E submitted Prepared and Rebuttal Testimony and TURN submitted three separate pieces of testimony. After extensive discovery and testimony efforts, the Settling Parties were able to work together collaboratively to agree on the following settlement terms and conditions to resolve all of the issues in the PDSS Application:

2.1 Settled Peak Day Supply Standard Analysis: The PDSS Application included an updated Peak Day Supply Standard Analysis.<sup>3</sup> The Settling Parties have agreed to the revised Updated Peak Day Supply Standard Analysis in Table 1 for purposes of this proceeding only (Settled Peak Day Supply Standard Analysis). For clarity, rows in which the Settled Peak Day Supply Standard Analysis varies from PG&E's as-filed Peak Day Supply Standard Analysis are highlighted.

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<sup>3</sup> PDSS Application, p. 6, Table 1.

**Table 1 – Settled Peak Day Supply Standard Analysis**

			PG&E As-Filed			Settlement		
			Winter 24-25 (mmscfd)	Winter 25-26 (mmscfd)	Winter 26-27 (mmscfd)	Winter 24-25 (mmscfd)	Winter 25-26 (mmscfd)	Winter 26-27 (mmscfd)
	<b>Demand</b>							
1	Core		2,491	2,491	2,488	2,424	2,425	2,422
2	Industrial Demand		509	512	516	509	512	516
3	Electric Generation		1,186	1,021	915	1,100	950	850
4	Off-System and Shrinkage		123	123	123	123	123	123
5	Total Demand	Sum Line 1-4	4,309	4,147	4,042	4,156	4,010	3,911
	<b>Supply</b>							
6	Total Combined Northern and Southern Supply		3,723	3,723	3,723	3,815	3,815	3,815
7	Withdrawal Needed To Meet Demand Only	Line 5 minus 6	586	424	319	341	195	96
8	Inventory Management and Reserve Capacity		550	550	550	550	550	550
9	Total Withdrawal Needed From PG&E Storage	Line 7 plus 8	1,136	974	869	891	745	646
10	Forecast PG&E Withdrawal Capacities (McDonald Island, Los Medanos, Cross Compression and PG&E Gill Ranch)		756	781	820	756	781	820
11	Capacity Surplus/Shortfall	Line 10 minus 9	-380	-193	-49	-135	36	174
	<b>Capacity Investment</b>							
12	New/Replacement Wells At PG&E Facilities		38	98	98	38	98	98
13	New/Replacement Wells PG&E Gill Ranch		0	4	8	0	4	8
14	Total Capacity Additions	Sum Lines 12-13	38	102	106	38	102	106
15	Forecasted PG&E Storage Capacities After Investments	Sum line 10 plus 14	794	883	926	794	883	926

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16	Surplus or Shortfall After Identified Investments	Line 15 minus 9	-342	-91	57	-97	138	280

2.2 Compliance with the 2023 GRC Decision: PG&E's PDSS Application, as modified by this Settlement, complies with the 2023 GRC Decision.

2.3 Discovery: Discovery responses from the PDSS Application proceeding can be used in other proceedings including, but not limited to, PG&E's 2027 General Rate Case (GRC) (Application 25-05-009), as applicable.

2.4 Core Gas Firm Storage: Advice Letter 4886-G concerning firm gas storage held by PG&E for core gas customers will remain in effect until a decision in PG&E's 2027 GRC.

2.5 Closing PDSS Application proceeding: The Settling Parties agree to request that, upon approval of the Settlement, the PDSS Application proceeding be closed.

### **3. General Terms and Conditions**

3.1 Commission's Primary Jurisdiction: The Settling Parties agree that the Commission has primary jurisdiction over any interpretation, enforcement, or remedies regarding this Settlement. None of the Settling Parties may bring an action regarding this Settlement in any State or Federal court or administrative agency without having first exhausted its administrative remedies at the Commission.

3.2 Further Actions: The Settling Parties acknowledge that this Settlement is subject to approval by the Commission. As soon as practicable after all the Settling Parties have signed the Settlement, the Settling Parties through their respective attorneys shall prepare and file a Joint Motion for Approval and Adoption of the Settlement. The Settling Parties shall furnish such additional information, documents, or testimonies as the Commission may require for purposes of granting the Joint Motion and approving and adopting the Settlement. In accordance with Rule 12.6, if this Settlement is not adopted by the Commission, its terms are inadmissible in any evidentiary hearing unless their admission is agreed to by all of the Settling Parties.

3.3 Non-Severability: The provisions of this Settlement are non-severable.

3.4 Voluntary and Knowing Acceptance: Each of the Settling Parties acknowledges and stipulates that it is agreeing to this Settlement freely, voluntarily, and without any fraud, duress, or undue influence by any other Settling Party. Each Settling Party has read and fully understands its rights, privileges, and duties under this Settlement, including its right to discuss this Settlement with its legal counsel, which has been exercised to the extent deemed necessary.

3.5 Settlement is Based on a Reasonable Record: In executing this Settlement, each Settling Party declares and mutually agrees that the terms and conditions are reasonable in light of the whole record, consistent with law, and in the public interest

3.6 Entirety of Agreement: This Settlement constitutes the entire understanding and agreement of the Settling Parties regarding the matters set forth herein. All prior oral or written agreements, settlements, principles, negotiations, statements, representations, or understandings whether oral or in writing regarding any matter set forth in this Settlement, are expressly waived and have no further force or effect. In the event there is any conflict between the terms and scope of this Settlement and the terms and scope of the accompanying joint motion in support of the Settlement, the Settlement shall govern.

3.7 No Modification: The Settlement may not be altered, amended, or modified in any respect except in writing and with the express written and signed consent of all the Settling Parties except as provided in Section 3.16 below.

3.8 No Reliance: None of the Settling Parties has relied or presently relies on any statement, promise, or representation by any other Settling Party, whether oral or written, except as specifically set forth in this Settlement. Each Settling Party expressly assumes the risk of any mistake of law or fact made by such Settling Party or its authorized representative.

3.9 Counterparts: This Settlement may be executed in separate counterparts by the different Settling Parties hereto and all so executed counterparts shall be binding and

have the same effect as if all the Settling Parties had signed one and the same document. All such counterparts shall be deemed to be an original and together constitute one and the same Settlement, notwithstanding that the signatures of the Settling Parties and/or of a Settling Party's attorney or other representative do not appear on the same page of this Settlement.

3.10 Binding Upon Full Execution: This Settlement shall become effective and binding on each of the Settling Parties as of the date when it is fully executed. It shall also be binding upon each of the Settling Parties' respective successors, subsidiaries, affiliates, representatives, agents, officers, directors, employees, and personal representatives, whether past, present, or future.

3.11 Commission Adoption Not Precedential and Use in Other Proceedings: In accordance with Rule 12.1(a), the Settlement is limited to the issues in the PDSS Application proceeding and shall not extend or apply to any substantive issues which may come before the Commission in other or future proceedings. In addition, in accordance with Rule 12.5, the Settling Parties agree and acknowledge that unless the Commission expressly provides otherwise, Commission approval and adoption of this Settlement does not constitute approval of or precedent regarding any principle or issue of law or fact in this or any other current or future proceeding.

3.12 Enforceability: The Settling Parties agree and acknowledge that after issuance of the Commission decision approving and adopting this Settlement, the Commission may reassert jurisdiction and reopen this proceeding to enforce the terms and conditions of this Settlement.

3.13 Finality: Once fully executed by the Settling Parties and adopted and approved by a Commission decision, this Settlement fully and finally settles any and all disputes among and between the Settling Parties in the PDSS Application proceeding

3.14 No Admission: Nothing in this Settlement or related negotiations may be construed as an admission of any law or fact by any of the Settling Parties, or as

precedential or binding on any of the Parties in any other proceeding whether before the Commission or in any state or federal court or administrative agency. Further, this Settlement does not constitute an acknowledgement, admission, or acceptance by any of the Settling Parties regarding any issue of law or fact in this matter, or the validity or invalidity of any particular method, theory, or principle of ratemaking or regulation in this or any other proceeding. This Settlement represents a compromise of disputed claims between the Settling Parties after arm's-length negotiations. The Settling Parties have reached this Settlement after taking into account the possibility that each Settling Party may or may not prevail on any given issue.

3.15 Authority to Sign: Each Settling Party executing this Settlement represents and warrants to the other Settling Party that the individual signing this Settlement and the related Motion has the legal authority to do so on behalf of the Settling Party.

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3.16 Rejection or Modification by the Commission: The Settling Parties agree that if the Administrative Law Judge and/or the Commission issues a proposed decision that fails to adopt the Settlement in its entirety and adds a change unacceptable to any Settling Party, the Settling Parties shall meet and confer to discuss a resolution within five (5) days of the date the proposed decision is issued. The Settling Parties will make best efforts to prepare joint comments on the proposed decision that support adoption of the Settlement in full. The Settling Parties agree that if the Commission fails to adopt this Settlement in its entirety and without modification in a final decision, the Settling Parties shall convene a settlement conference within fifteen (15) days thereof to discuss whether they can resolve the issues raised by the Commission's actions. If the Settling Parties cannot mutually agree to resolve the issues raised by the Commission's actions, the Settlement shall be rescinded, and the Settling Parties shall be released from their obligation to support the Settlement. Thereafter, the Settling Parties may pursue any action they deem appropriate but agree to cooperate in establishing a procedural schedule. The Settling Parties reserve all rights set forth in Rule 12.4.

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(END ATTACHMENT 1)