

Decision 26-10-038

October 8, 2026

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U902-E) for Approval of its 2026 Electric Procurement Revenue Requirement Forecasts, 2026 Electric Sales Forecast, and GHG-Related Forecasts.

Application 25-05-012

**ORDER CORRECTING FORMATTING ERROR
AND DENYING REHEARING OF DECISION 25-12-008**

I. INTRODUCTION

The Commission issued Decision (D.) 25-12-008 (Decision) on December 5, 2025. (*Decision Approving San Diego Gas & Electric Company's 2026 Electric Procurement Revenue Requirement Forecasts, 2026 Electric Sales Forecast, and Greenhouse Gas Related Forecasts* (2025) [D.25-12-008].¹)

Among other determinations that are not at issue here, the Decision adopts San Diego Gas & Electric Company's (SDG&E's) 2025 Energy Resource Recovery Account (ERRA) year-end balance that incorporates the revised Resource Adequacy (RA) Market Price Benchmark (MPB) methodology previously adopted by the Commission in D.25-06-049. (*Id.* at p. 26, and pp. 32-35, Finding of Facts (FOFs) 2 and 3, Conclusions of Law (COLs) 2 and 3, Ordering Paragraph (OP) 1(b) and (d); see also *Decision Adopting Changes to the Calculation of the Resource Adequacy Market Price Benchmark* (2025) [D.25-06-049].)

¹ Unless otherwise noted, citations to Commission Decisions issued since July 1, 2000 are to the official pdf versions, which are available on the Commission's website at: <https://docs.cpuc.ca.gov/ResolutionSearchForm.aspx>

The San Diego Community Power and Clean Energy Alliances (the SD CCAs) filed a timely application for rehearing of the Decision on January 5, 2026. (*San Diego Community Power and Clean Energy Alliance's Application for Rehearing of D.25-12-008*, A.25-05-012 (Jan. 5, 2026) [hereinafter *Rehg. App.*].) The SD CCAs take issue with the Decision's approval of final 2025 ERRA balances that incorporate the revised RA MPB established in D.25-06-049.

SDG&E filed a response to the rehearing application on January 20, 2026. In its response, SDG&E argues that the rehearing application constitutes an improper collateral attack on D.25-06-049, and that there is no legal error in the Commission's use of the revised RA MPB. (See *SDG&E's Response to Application for Rehearing*, A.25-05-012 (Jan. 20, 2026).)

The Commission has carefully reviewed and considered the SD CCAs' claim of legal error and find no basis for rehearing.

II. DISCUSSION

A. **The SD CCAs' claim of retroactive ratemaking is a collateral attack of a determination made in D.25-06-049.**

In 2025, the Commission initiated Rulemaking (R.) 25-02-005 in order to consider changes to the annual ERRA forecast and compliance proceedings, with Track 1 of R.25-02-005 focused on revising the RA MPB to ensure that RA costs were being accurately captured and distributed between bundled and unbundled customers. (See D.25-06-049, *supra*, at pp. 2-7.) Track 1 of R.25-02-005 culminated in D.25-06-049, which adopted a revised RA MPB methodology. D.25-06-049 directed that the revised RA MPB be applied effectively immediately. This included a specific directive that the revised RA MPB be applied to the 2025 final RA MPB in each Investor-Owned Utility's (IOU's) upcoming ERRA proceeding. (*Id.* at pp. 34-35, COL 10 and OPs 1 and 2.)

During the course of R.25-02-005, CalCCA raised the issue of retroactive ratemaking, alleging that application of a revised RA MPB during the final 2025 ERRA

true-up would violate Public Utilities Code section 728.² (See *id.* at pp. 28-29.) D.25-06-049 rejected this argument, explaining that the Supreme Court in *Southern California Edison Co. v. Public Utilities Commission* held that the “prohibition on retroactive ratemaking was intended to apply to every situation where action by the Commission results in retroactive application.” (*Id.* at p. 29 citing *Southern California Edison Co. v. Public Utilities Commission* (1978) 20 Cal.3d 813, 817.) To this end, D.25-06-049 includes a conclusion of law that the “[a]pplication of these changes to the 2025 Final RA MPB does not violate the prohibition against retroactive ratemaking.” (*Id.* at p. 34, COL 9.)

CalCCA then filed a rehearing application for D.25-06-049, arguing that the Commission engaged in retroactive ratemaking by applying the revised RA MPB “midstream,” i.e., after the 2025 ERRA forecast occurred but before the 2025 ERRA true-up. (See *CalCCA Application for Rehearing of D.25-06-049*, R.25-02-005 (July 28, 2025).) CalCCA’s arguments in its challenge to D.25-06-049 appear to have been made on behalf of the SD CCAs.³

The SD CCAs’ rehearing application for the Decision at issue raises the identical claim of retroactive ratemaking that has already been raised and rejected in CalCCA’s challenge to D.25-06-049. The SD CCAs’ rehearing application alleges that D.25-06-049 is unlawful because it engages in retroactive ratemaking in violation of section 728, and that the Decision at issue perpetuates this alleged legal violation by carrying out D.25-06-049’s directive to apply the revised RA MPB to the final 2025 ERRA balances. (Rehg. App., at pp. 11-12, 14-20.)

The Commission has already explained, however, that the relevant case-law does not support the notion that account adjustments made during an ERRA proceeding

² All subsequent section references are to the Public Utilities Code, unless otherwise specified.

³ CalCCA’s rehearing application for D.25-06-049 states that it represents 24 Community Choice Aggregators including San Diego Community Power and the Clean Energy Alliance. (D.25-06-049 Reh. App., *supra*, at p. 1, fn. 4.)

constitute general ratemaking. (*Order Denying Rehearing of D.25-06-049* (2025) [D.25-10-061], at pp. 4-7.) Because no general ratemaking is present, the California Supreme Court has held that there is no retroactive ratemaking. (*Id.* at pp. 5-6; *Southern California Edison, supra*, 20 Cal.3d at pp. 816-817.) The SD CCAs do not present any reason to deviate from this prior finding and analysis. In sum, there was no retroactive ratemaking in D.25-06-049 and thus no retroactive ratemaking in the decision at issue.

The Commission made the determination to apply the revised RA MPB to the final 2025 ERRRA balances in D.25-06-049. The Decision was merely implementing this prior decision. The SD CCAs are using the rehearing application of the Decision to collaterally attack a determination made in D.25-06-049, which is not permitted. (See §§ 1731, 1756.)

Finally, CalCCA's direct attack of D.25-06-049 is pending and will be considered by the Court of Appeal. (*Order Granting Petition for Review, CalCCA v. Public Utilities Commission*, S297373 (September 23, 2026).). If a Court determines that the application of the revised RA MPB to the 2025 ERRRA true-up is unlawful, the Commission may modify the Decision and parties also have the option to file a petition to modify the Decision. (§ 1708; Rule of Practice and Procedure, Rule 16.4.⁴)

In sum, the determination that the revised RA MPB should apply to the 2025 ERRRA true-up was made in D.25-06-049. We decline the SD CCAs' attempt to use a rehearing application of the Decision to collaterally attack the determination made in D.25-06-049.

B. The SD CCAs fail to show legal error in the Decision.

In addition to alleging that the Decision errs because it follows the directive to apply the revised RA MPB, the SD CCAs argue that the Decision reaches conclusions that are not supported by the findings, and likewise argue that the Decision's use of the

⁴ Unless otherwise noted, all references to a Rule are to the Commission's Rules of Practice and Procedure.

revised RA MPB is arbitrary or an abuse of discretion. (Rehg. App., at pp. 22 and 25.) Both claims fail for the reasons explained below.

1. The SD CCAs fail to show that the Decision’s use of the revised RA MPB to establish the 2025 Power Charge Indifference Adjustment revenue requirement is not adequately supported by findings.

The SD CCAs contend that the Decision is not supported by the findings because findings related to the use of the revised RA MPB are “overly broad” and prevent ratepayers or a reviewing court from ascertaining the Commission’s reasoning. (*Id.* at p. 24.) The SD CCAs suggest that, in order to be considered sufficient, the Commission should have adopted specific findings or conclusions detailing the exact rate impact the revised RA MPB would have on unbundled customers, or otherwise explain why applying the revised RA MPB is justified. (*Id.* at pp. 24-25.)

These contentions lack merit. D.25-06-049 specifically instructs that the revised RA MPB must be applied during the 2025 ERRRA balance true-up. (D.25-06-049, *supra*, at p. 34, COL 10 and OPs 1 and 2.) This directive remains in effect despite any legal challenges, and the Decision follows this directive. What the SD CCAs seem to assert is that the Decision must explain or justify why it is complying with a prior Commission decision. There is no such legal requirement and the SD CCAs do not point to any authority for this contention. The Commission does not need to explain or justify compliance with its prior orders, and likewise, does not need to re-justify why the revised RA MPB is reasonable or should be applied in the proceeding at issue. This has already been determined in D.25-06-049.

Further, in contrast to the SD CCAs’ assertions, the Decision does explain the impact of the revised RA MPB. The Decision explains that, due in large part to the application of the revised RA MPB, there was a large increase in the Portfolio Allocation Balancing Account (PABA) account balance for 2025. (Decision, at p. 19.) To this end, the Decision adopts two findings of fact explaining that the 2025 year-end balance forecasts changed due to the changes in the RA MPB. (*Id.* at p. 32, FOF 3 and 4.) The

SD CCAs cite no authority for the notion that the Commission is required to include the precise economic impact of applying the RA MPB on unbundled customers.

2. The SD CCAs fail to show that the Decision's use of the revised RA MPB methodology is arbitrary or an abuse of discretion.

The SD CCAs contend that the Decision is arbitrary or an abuse of discretion because the Decision applies the revised RA MPB. (Rehg. App., at p. 25.) Again, the revised RA MPB, and D.25-06-049's directive to apply that revised RA MPB in the proceeding at issue remain in effect. It can in no way be said to be arbitrary or an abuse of discretion for the Commission to comply with its own directives. In fact, courts have held the opposite: the Commission can be found to have failed to proceed in the manner required by law when it violates its own rules. (See *Southern California Edison Co. v. Public Utilities Com.* (2006) 140 Cal.App.4th 1085, 1106.) For these reasons, the SD CCAs have failed to show that the Decision is arbitrary or an abuse of discretion.

III. A FORMATTING ERROR IN THE TITLE OF THE DECISION SHOULD BE CORRECTED.

While we deny the rehearing application filed by the SD CCAs, the Commission takes this opportunity to correct a non-substantive formatting error in the Decision. The Commission's official copy of the Decision contains an error message where the title of the Decision would normally appear. As such, the Commission corrects pages 1 and 2 of the Decision to delete the error message and replace it with the following title:

DECISION APPROVING SAN DIEGO GAS & ELECTRIC
COMPANY'S 2026 ELECTRIC PROCUREMENT REVENUE
REQUIREMENT FORECASTS, 2026 ELECTRIC SALES
FORECAST, AND GREENHOUSE GAS RELATED FORECASTS.

IV. CONCLUSION

For the reasons explained herein, the SD CCAs fail to show legal error in the Decision and otherwise fails to justify rehearing. As such, the request for rehearing of the Decision is denied, as is the request for oral argument. (See Rule 16.3(a) [the

Commission has the discretion to determine the appropriateness of oral argument in any particular matter].)

THEREFORE, IT IS ORDERED that:

1. The application for rehearing of Decision 25-12-008 is denied.
2. Decision 25-12-008 is modified as follows:
 - i. Page 1 is modified to replace the error message with:

DECISION APPROVING SAN DIEGO GAS & ELECTRIC
COMPANY'S 2026 ELECTRIC PROCUREMENT
REVENUE REQUIREMENT FORECASTS, 2026
ELECTRIC SALES FORECAST, AND GREENHOUSE
GAS RELATED FORECASTS.

- ii. Page 2 is modified to replace the error message with:

DECISION APPROVING SAN DIEGO GAS & ELECTRIC
COMPANY'S 2026 ELECTRIC PROCUREMENT
REVENUE REQUIREMENT FORECASTS, 2026
ELECTRIC SALES FORECAST, AND GREENHOUSE
GAS RELATED FORECASTS.

3. This proceeding is closed.

This order is effective today.

Dated October 8, 2026, at Sacramento, California.

JOHN REYNOLDS
President
DARCIE L. HOUCK
KAREN DOUGLAS
MATTHEW BAKER
CHRISTINE HARADA
Commissioners