

Proceeding: A.24-09-014
Exhibit No.: FEA-0__

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

**APPLICATION OF PACIFIC GAS AND
ELECTRIC COMPANY TO REVISE ITS
ELECTRIC MARGINAL COSTS, REVENUE
ALLOCATION, AND RATE DESIGN. (U39E)**

APPLICATION 24-09-014

Rebuttal Testimony of

Robert R. Stephens

On behalf of

The Federal Executive Agencies

October 9, 2026



Project 11738

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APPLICATION 24-09-014

1 Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

4 Q ARE YOU THE SAME ROBERT R. STEPHENS WHO FILED DIRECT TESTIMONY
5 IN THIS PROCEEDING?

6 A Yes. I filed direct testimony on behalf of the Federal Executive Agencies (“FEA”) on
7 March 9, 2026. As I explained there, FEA has several installations in the Pacific Gas
8 and Electric Company’s (“PG&E”) service territory, and FEA’s major installations take
9 most of their service under Rates B-20 and B-19.

11 Q WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

12 A I respond to two proposals made by The Utility Reform Network (“TURN”) witness
13 Sylvie Ashford in Exhibit TURN-03. The first would change the way PG&E’s wildfire
14 mitigation costs are allocated to customer classes. TURN would roughly double the
15 pool of costs treated as wildfire costs. It would then allocate the entire pool on an equal
16 cents per kilowatt-hour (“kWh”) basis and move the costs from distribution rates to

Public Purpose Program (“PPP”) rates.¹ The second would take the cost of the Family Electric Rate Assistance (“FERA”) discount, which is now recovered from residential customers, and spread it to all other customer classes on the same equal cents per kWh basis.²

My silence on any other issue in this proceeding should not be taken as agreement with the positions of other parties on that issue.

Q PLEASE SUMMARIZE YOUR CONCLUSIONS.

A The California Public Utilities Commission (“Commission”) should reject both TURN proposals. My reasons are straightforward.

- Wildfire mitigation costs have nothing to do with how many kilowatt-hours a customer uses, as Ms. Ashford testifies. Also, TURN confirmed in discovery that it does not claim that the benefits of wildfire mitigation rise with a customer’s kWh usage. An allocator that is admitted to have no connection to either the cause of a cost or the benefit of the work is not a cost-based allocator.
- The Commission decided how these costs should be spread based on a settlement of the parties, including TURN, in the last PG&E Phase 2 case. The “special allocator” approved in Decision (“D.”) 21-11-016 blends two allocators. One is the distribution allocator, which recognizes the facilities where the work is done. The other is an equal percent of total revenue allocator, which spreads the cost across all customer classes. PG&E proposes to keep the special allocator and the Public Advocates Office (“Cal Advocates”) Prepared Testimony supports keeping it. The Commission has approved the same kind of blended approach for Southern California Edison Company (“SCE”) and declined to adopt equal cents per kWh for San Diego Gas & Electric Company (“SDG&E”).
- The allocation of wildfire costs that best reflects cost causation is a distribution allocator, since the costs are distribution costs. However, the special allocator adopted in the last PG&E case is a reasonable compromise approach that recognizes that some unmeasurable benefits flow to other classes.
- TURN’s proposal is a cost shift, not an affordability measure. Under TURN’s numbers, the Residential class’s share of wildfire costs falls and the B-19 and B-20 classes pick up more than \$300 million per year of cost otherwise attributed to other classes. Moving dollars from one class to another does not improve affordability; it merely changes who pays.

¹Ex. TURN-03, pp. 5-17.

²Ex. TURN-03, pp. 17-19.

- The three cost categories which TURN would add to the wildfire pool are distribution work. They are routine tree trimming that PG&E has done for years, base-rate distribution capital that happens to be listed in the Wildfire Mitigation Plan (“WMP”), and pole and equipment repairs. Labeling these maintenance costs as wildfire costs does not change what they are and this further exposes TURN’s plan to shift costs away from the Residential class.
- FERA is a discount for residential customers, paid for by other residential customers. The Legislature requires the Commission to spread the cost of the California Alternate Rates for Energy (“CARE”) program, a different program, across classes. It gave no such direction for FERA. There is no reason to send a residential program’s cost to industrial and federal customers among others.
- If the Commission changes anything about wildfire cost allocation, the change should be phased-in under the rate impact caps adopted in this case, and any replacement allocator should keep a distribution component.

THE IMPORTANCE OF COST-BASED REVENUE ALLOCATION

Q IN YOUR DIRECT TESTIMONY YOU EXPLAINED WHY COST SHOULD BE THE PRIMARY BASIS FOR SETTING CLASS REVENUES. DOES THAT PRINCIPLE APPLY TO WILDFIRE COSTS?

A Yes. The principle does not change because the cost is large or because the reason for incurring it is unique. When rates are based on cost, each class pays what it costs the utility to serve that class and has an incentive to operate efficiently. When rates are based on something else, one group of customers pays costs that belong to another group. The Commission’s own Rate Design Principles say that rates should be based on marginal cost and on cost causation.³ Those principles were adopted in 2023, and nothing in them carves out wildfire costs.

I recognize that wildfire mitigation is different from a new substation in one respect. Part of the benefit of preventing a catastrophic fire is a public safety benefit that can reach beyond the customers served by the hardened circuit. The special allocator already accounts for that potentiality. It gives most of the weight to an

³D.23-04-040, Ordering Paragraph 1(b) and (c), p. 36.

1 allocator that spreads cost across all customers. What it does not do is pretend that
2 the work has no connection to the distribution system where it is performed. TURN's
3 proposal would remove that connection entirely.

4 **TURN'S WILDFIRE COST ALLOCATION PROPOSAL**

5 **Q HOW ARE WILDFIRE MITIGATION COSTS ALLOCATED TO CLASSES TODAY?**

6 A Under the settlement approved in D.21-11-016, a defined list of wildfire mitigation
7 revenue requirements is placed in a separate wildfire category. A "special allocator"
8 was agreed among the settling parties. The first \$500 million in that category is
9 allocated half on the distribution allocator and half on an equal percent of total revenue
10 ("EPT") basis. Everything above \$500 million is allocated 12.5% on distribution and
11 87.5% on EPT.⁴ The distribution allocator follows the distribution facilities each class
12 uses. EPT follows each class's share of PG&E's total revenue. Appropriately, neither
13 one follows kWh sales.

14 At today's category level of roughly \$2.4 billion, about 80% of the wildfire
15 category is already allocated on EPT and about 20% on distribution. PG&E proposes
16 to continue this method.⁵ Cal Advocates' Prepared Testimony recommends keeping it
17 in the interest of rate stability.⁶

18 **Q WHAT DOES TURN PROPOSE?**

19 A Two things. First, TURN would add three cost categories that are now allocated as
20 distribution costs to the wildfire category. They are Routine Vegetation Management
21 ("RVM"), WMP Distribution Base, and the WMP-related portion of the Overhead and
22 Underground Maintenance Balancing Account ("OUMBA"). On 2024 recorded

⁴D.21-11-016, pp. 87-88; Ex. TURN-3, p. 12, fn. 60.

⁵Ex. PG&E-3, Ch. 2, p. 2-14.

⁶Cal Advocates Ch. 5, p. 4-7, lines 2-5; p. 5-6, lines 16-21.

revenues, that takes the category from about \$2.4 billion to about \$4.0 billion.⁷ Second, TURN would replace the special allocator with an equal cents per kWh allocation of the whole \$4.0 billion and would recover the costs through PPP rates instead of distribution rates.⁸

Q WHAT DOES THAT DO TO THE CLASSES FEA'S INSTALLATIONS TAKE SERVICE UNDER?

A It moves a large amount of cost on to them. TURN's Table 5 shows the effect of the allocator change alone, applied to TURN's expanded \$4.0 billion category. The table below summarizes the results for the Residential class and for the B-19 and B-20 classes.

TABLE 1 Change in Wildfire Cost Allocation Under TURN's Equal Cents per kWh Proposal (2024 Revenues, \$/Millions)			
<u>Class</u>	<u>Present Allocator</u>	<u>TURN Proposal</u>	<u>Change</u>
Residential	\$1,617	\$1,424	(\$193)
B-19	\$656	\$725	\$69
B-20 Transmission	\$165	\$314	\$149
B-20 Primary	\$248	\$329	\$81
B-20 Secondary	\$80	\$97	\$18
Source: Ex. TURN-03, Table 5, p. 13. Totals may not add due to rounding.			

The B-19 and B-20 classes together would be increased by about \$317 million per year of wildfire costs, and the Residential class would be reduced by about \$193 million. The B-20 Transmission ("B-20T") class's share nearly doubles, from about

⁷Ex. TURN-3, Tables 1 and 3, pp. 6 and 10.

⁸Ex. TURN-3, pp. 12-17.

1 4.0% to about 7.8%. That class takes service from the transmission system. The
2 distribution hardening, tree trimming, and equipment repairs that make up the wildfire
3 category are performed on the distribution facilities not the facilities that serve B-20T
4 customers.

5 TURN's Table 8 shows the combined effect of all of TURN's proposals,
6 including its marginal cost changes, before any caps are applied. On that table, B-20
7 Transmission revenues rise 34.4%, B-20 Primary revenues rise 17.4%, and B-20
8 Secondary revenues rise 8.2%, while Residential revenues fall 4.6%.⁹ The B-19 class,
9 which PG&E's proposal would reduce by 9.1%, would instead increase by 1.1% under
10 TURN's proposal.

11 **WHY EQUAL CENTS PER KWH IS THE**
12 **WRONG ALLOCATOR FOR WILDFIRE COSTS**

13 **Q IS THERE ANY CONNECTION BETWEEN A CUSTOMER'S KWH USAGE AND**
14 **PG&E'S WILDFIRE MITIGATION COSTS?**

15 **A** No, and TURN does not claim there is. Ms. Ashford states that wildfire costs "are not
16 attributable to specific usage or demand patterns by individual customers or classes."¹⁰
17 In discovery, TURN was asked whether it contends that the benefit a customer receives
18 from wildfire mitigation increases with the customer's kWh consumption. TURN
19 answered that it "does not contend that the benefits a customer receives from wildfire
20 mitigation activities scale in proportion to kWh consumption."¹¹ TURN also confirmed
21 that it performed no cost causation analysis and no analysis of how the benefits of
22 wildfire mitigation are distributed among classes.¹²

⁹Ex. TURN-3, Table 8, p. 21.

¹⁰Ex. TURN-3, p. 11, lines 11-12.

¹¹TURN Response to EPUC Data Request EPUC-TURN-02, Q2-1(b).

¹²TURN Response to EPUC Data Request EPUC-TURN-02, Q2-1(a) and Q2-5(a).

1 So, TURN agrees that kWh usage does not cause these costs, and TURN
2 agrees that kWh usage does not measure who benefits from the work. That leaves no
3 cost-based or benefit-based reason to use kWh as the allocator. The only thing an
4 equal cents per kWh allocation does is assign more of the cost to customers who use
5 more energy, whoever they are and however they are served.

6 **Q CAN YOU ILLUSTRATE THE PROBLEM?**

7 A Yes. Consider a federal installation taking service under Rate B-20 at transmission
8 voltage, i.e., in the B-20T class. It is connected directly to PG&E's high-voltage system.
9 No distribution pole, no distribution conductor, and no distribution tree trimming stands
10 between PG&E's transmission system and that customer's meter. TURN's own
11 workpapers show that if the wildfire category were allocated on the standard distribution
12 allocator, the B-20T class would be assigned 0.08% of it. Under TURN's kWh allocator,
13 that same class would be assigned 7.8%, roughly one hundred times as much.¹³
14 Nothing about the wildfire mitigation work itself changed. The only thing that would be
15 changed is TURN's assignment of the associated costs for recovery.

16 Now consider a residential customer on an overhead distribution circuit in a
17 High Fire-Threat District ("HFTD"). The hardening, the covered conductor, the
18 vegetation clearance, and the safety shutoff protocols in the WMP are all applied to the
19 circuit that serves that customer. That customer is the direct beneficiary of the work.
20 Under TURN's proposal, the Residential class's share of the cost goes down. An
21 allocator that moves cost away from the customers on the hardened circuits and toward
22 the customers who are not on them is not measuring cost or benefit.

¹³Ex. TURN-03 Workpapers (Ashford), Tables 1-5.xlsx, tab "Part E and F - Modified," 1/1/2024
Estimated Allocation by Class.

1 **Q TURN SAYS THE BENEFITS OF WILDFIRE MITIGATION ARE SHARED BY**
2 **EVERYONE IN CALIFORNIA. DOES THAT JUSTIFY A KWH ALLOCATION?**

3 A No. If the benefit is a public safety benefit shared by all people, then the benefit follows
4 people, not kWh consumed. Roughly 88% of PG&E's electric accounts are
5 Residential.¹⁴ A kWh allocator does the opposite of following people. It concentrates
6 cost on a small number of large customers. TURN's shared-benefit argument, taken
7 at face value, argues against TURN's own allocator.

8 The special allocator already reflects the shared-benefit view. It puts about 80%
9 of the current wildfire category on EPT, which spreads cost across all classes in
10 proportion to their total revenue responsibility. The question TURN raises is not
11 whether wildfire costs should be shared. They already are. The question is whether
12 the remaining distribution component should be removed and whether kWh should
13 replace EPT as the sharing method. Neither change has a cost basis.

14 **Q TURN DESCRIBES THE SPECIAL ALLOCATOR AS "ENTIRELY ARBITRARY."**
15 **IS IT?**

16 A No. The special allocator came out of a settlement in PG&E's last Phase II case
17 between parties who held two different positions. One group, including
18 transmission-level customers, took the position that wildfire mitigation costs incurred
19 on the distribution system should be allocated as distribution costs. The other group
20 favored equal cents per kWh, including TURN. The blended allocator was the
21 compromise, and PG&E's motion for approval of the settlement described it as a

¹⁴PG&E response to TURN DR 7, Q2, Attachment 02 (customer counts by class, 2024), reproduced in Ex. TURN-02.

1 significant concession by both sides.¹⁵ The Commission approved it as reasonable and
2 in the public interest.¹⁶

3 Each part of the formula has a reason behind it. The distribution component
4 reflects where the work is done. The EPT component reflects the shared safety benefit.
5 The two-tier structure puts more of the weight on the shared-benefit component as the
6 category grows, so that at \$2.4 billion the split is already about 80/20 and at TURN's
7 \$4.0 billion, which I do not recommend, it would be about 83/17. A method that has a
8 stated reason for each of its parts, and that automatically shifts weight toward the
9 shared-benefit view as costs grow, is not arbitrary. It is the kind of balanced judgment
10 that revenue allocation requires.

11 **Q HAS THE COMMISSION CONSIDERED EQUAL CENTS PER KWH AS A GENERAL**
12 **METHOD FOR ALLOCATING COSTS LIKE THESE?**

13 **A** Yes, and it chose not to use it. Wildfire mitigation costs are non-marginal distribution
14 costs. In D.18-08-013, the Commission explained that it had considered allocating
15 non-marginal costs to classes in proportion to energy usage, which it noted is the same
16 thing as an equal cents per kWh rate. The Commission chose the equal percent of
17 marginal cost ("EPMC") method instead, citing its simplicity, transparency, and
18 fairness. It explained that EPMC is fair because it assigns non-marginal costs to each
19 class in proportion to that class's marginal cost responsibility.¹⁷ TURN would take about
20 \$4 billion of non-marginal distribution cost out of the EPMC framework and allocate it
21 by the very method the Commission considered and did not adopt.

¹⁵PG&E Motion for Adoption of Revenue Allocation Supplemental Settlement Agreement, A.19-11-019, April 8, 2021, p. 4.

¹⁶D.21-11-016, pp. 92-94; FOF 37, p. 161.

¹⁷D.18-08-013, pp. 13-15.

Q HOW HAVE THE OTHER LARGE CALIFORNIA UTILITIES' WILDFIRE COSTS BEEN ALLOCATED?

A None of them uses equal cents per kWh. For SCE, the Commission approved a special allocator with the same two-tier structure as PG&E's in D.22-08-001, and in D.26-04-033 it approved a continuation at 21.5% distribution and 78.5% system average percentage change.¹⁸ The Commission described the distribution share as recognizing that part of the cost is causally related to owning, operating, and maintaining the distribution system. For SDG&E, Cal Advocates proposed equal cents per kWh and TURN agreed, but the Commission approved an equal percent of total revenues method instead, in part to moderate the impacts of equal cents per kWh.¹⁹ That decision was issued in September 2025. If TURN's proposal were adopted, PG&E would be the only large California utility allocating wildfire costs with no cost causation component at all.

Q TURN PRESENTS ITS PROPOSAL AS AN AFFORDABILITY MEASURE. IS IT ONE?

A No. Reallocating a fixed pool of costs among classes does not make electricity more affordable. It makes it cheaper for one class and more expensive for another. The Commission said as much in its Response to Executive Order N-5-24: "savings for one group translate directly into costs for another."²⁰ The same report sets the goal of the lowest possible rates for all customers of each utility and notes that electrifying the transportation, building, and industrial sectors becomes harder with every increase in electricity rates.²¹ Raising rates for industrial and federal customers by 17% to 34%

¹⁸D.22-08-001, pp. 14-15; D.26-04-033, p. 10.

¹⁹D.25-09-006, pp. 50-51.

²⁰CPUC Response to Executive Order N-5-24 (February 18, 2025), p. 15.

²¹CPUC Response to Executive Order N-5-24, pp. 4 and 6.

works against that goal. Notably, Cal Advocates acknowledged this is in its direct testimony stating that the special allocator should be retained as the current allocation method should be locked in as such cost will minimize average rate impacts for all customer classes, which is desirable given the aforementioned affordability crisis.²²

Affordability is a real concern for every class, and the Commission has tools for it. Those tools are gradualism and rate impact caps applied to all classes, not a change in allocation method that simply picks a different group of customers to pay.

Q DOES RECOVERING WILDFIRE COSTS THROUGH A PER-KWH PPP RATE SEND AN EFFICIENT PRICE SIGNAL?

A No. As I explained in my direct testimony, customers make efficient decisions only when the price they see reflects the cost they cause. Wildfire mitigation is a fixed cost. A customer who reduces usage by 10% does not reduce PG&E's tree trimming or pole hardening by one dollar. Putting that cost into a volumetric charge tells customers that using less energy saves wildfire costs, which is not true. It also stacks another fixed cost onto the energy component of the rate, which, as I noted in my direct testimony, is precisely the rate design problem the Commission's principles are meant to avoid.

EXPANDING THE WILDFIRE CATEGORY

Q WHAT ARE THE THREE COST CATEGORIES TURN WOULD ADD TO THE WILDFIRE POOL?

A RVM (or routine vegetation management), WMP Distribution Base, and the WMP-related part of the OUMBA. Together they add roughly \$1.6 billion to the category on 2024 recorded revenues.²³ All three are recovered in distribution rates

²²Cal Advocates Ch.5, p. 5-6, lines 19-21.

²³Ex. TURN-3, Table 3, p. 10.

1 today and were left out of the wildfire category when the Commission approved the
2 settlement in D.21-11-016.

3 **Q IS ROUTINE VEGETATION MANAGEMENT A WILDFIRE PROGRAM?**

4 A No. RVM is the annual patrol of PG&E's overhead distribution lines and the trimming
5 needed to keep the clearances required by CPUC General Order 95 and the Public
6 Resources Code §4292 and §4293. PG&E's tariff description of the program says it
7 exists to ensure safe and reliable operation of distribution facilities and to prevent
8 vegetation outages, and it does not mention wildfire.²⁴ PG&E has had a balancing
9 account for this work since its 1999 rate case, nearly two decades before the WMP
10 statute was enacted, and the expense has been part of the distribution revenue
11 requirement the whole time.²⁵ The work is done system-wide, in areas with no elevated
12 fire risk as well as in HFTDs. TURN confirmed that it did not analyze how much of the
13 work is performed outside HFTDs.²⁶

14 When the settling parties built the wildfire category in the last case, they put the
15 incremental Enhanced Vegetation Management program into the category. That
16 program was limited to Tier 2 and Tier 3 HFTD areas. They left routine trimming out
17 as it is a distribution cost. That was a deliberate line, and the decision records it.²⁷ A
18 tree trimmed next to a distribution line in a coastal city is not a wildfire cost just because
19 the same activity, performed in the foothills, is also listed in a Wildfire Mitigation Plan.

²⁴PG&E Advice Letter 5951-E, September 16, 2020, fn. 5.

²⁵D.02-02-043, A.00-07-043, p. 22, quoting D.00-02-046, p. 148.

²⁶TURN Response to EPUC Data Request EPUC-TURN-02, Q2-6(c).

²⁷D.21-11-016, p. 87, fn. 224.

Q WHAT ABOUT WMP DISTRIBUTION BASE AND THE OUMBA?

A WMP Distribution Base is base-rate distribution spending that PG&E tags as related to the WMP for reporting purposes. Most of it is capital: pole replacement, covered conductor, and undergrounding. A hardened pole or a covered conductor is distribution plant. It carries load to distribution customers every day, it is recorded in the distribution plant accounts, and it is depreciated like other distribution assets. TURN reports \$1.1 billion of this spending in 2024 but only a \$239 million revenue requirement,²⁸ which is what one would expect for capital that enters rate base and is recovered over decades. That also means the amount TURN would move into the wildfire pool would grow every year as more distribution plant enters rate base, with no further review of what belongs there.

The OUMBA was created in PG&E's 2023 GRC to track overhead and underground preventive maintenance and equipment repairs, because the Commission was not persuaded that PG&E could perform the work at the pace it proposed.²⁹ That is a cost-tracking decision, not a wildfire allocation decision. Replacing a cracked crossarm, for example, is General Order 95 maintenance no matter which inspection found it. TURN attributes about two-thirds of the OUMBA to wildfire work without showing how it arrived at that figure, and it confirmed that it did not verify either that estimate or the WMP Distribution Base figure.³⁰

Q WHAT IS THE PRACTICAL PROBLEM WITH TURN'S EXPANSION?

A There is no stopping point. The current category is a list of specific accounts and revenue requirements, which gives it a boundary. TURN's test is whether an activity "relates to" the WMP. My understanding is that state law requires that WMP must

²⁸Ex. TURN-3, p. 9 and Table 4.

²⁹D.23-11-069, p. 353.

³⁰TURN Response to EPUC Data Request EPUC-TURN-02, Q2-8(c)(iii) and (d)(iii).

1 describe a utility's vegetation management plans and its strategies for reducing ignition
2 risk from its lines and equipment, so a large share of ordinary distribution work will
3 always appear in it. If appearing in the WMP is enough to move a cost out of distribution
4 rates, then over time much of the distribution function could migrate into a
5 kWh-allocated PPP charge, with PG&E deciding each year which base-rate dollars
6 qualify. The Commission should not open that door.

7 **THE FERA PROPOSAL**

8 **Q WHAT IS FERA AND HOW IS ITS COST RECOVERED TODAY?**

9 A FERA is an 18% bill discount for residential households with incomes modestly above
10 the CARE limit. The discount is funded by other residential customers. D.21-11-016
11 approved the settlement term that FERA revenues are allocated only to the Residential
12 class, and PG&E proposes to continue that treatment in this case.³¹

13 **Q WHAT DOES TURN PROPOSE?**

14 A TURN would spread the cost of the FERA discount to all customer classes other than
15 CARE and FERA customers, on an equal cents per kWh basis through PPP rates.³²

16 **Q WHY IS THIS WRONG?**

17 A It is wrong for a simple reason. FERA is a Residential program. Every dollar of the
18 discount goes to a residential customer. Keeping the cost within the Residential class
19 keeps a Residential program's cost with the class that receives it. TURN's only
20 argument for change is that the program is growing.³³ A larger Residential discount is
21 still a Residential discount.

³¹D.21-11-016, p. 91, Section 6.6.5; Ex. PG&E-3, Ch. 2, Attachment B, p. 2-AtchB-3.

³²Ex. TURN-3, pp. 17-19.

³³Ex. TURN-3, p. 19, lines 15-17.

1 Non-residential customers already carry most of the cost of California's
2 low-income discounts. The Commission's Response to Executive Order N-5-24
3 reports that CARE and FERA shift about \$1.75 billion to non-participating customers
4 across the three large utilities. Nearly three quarters of that amount is paid by
5 non-residential customers.³⁴ TURN's proposal would add to that burden with no
6 showing that non-residential customers cause the cost or benefit from the program.

7 **Q TURN ARGUES THAT FERA SHOULD BE TREATED THE SAME WAY AS CARE.**
8 **IS THAT A FAIR COMPARISON?**

9 A No. The two programs are treated differently, in my opinion, because the Legislature
10 wrote them differently. For CARE, Public Utilities Code Section 327(a)(7) directs that
11 the cost be recovered on an equal cents per kWh basis from all classes that were
12 subject to the CARE surcharge on January 1, 2008. Section 739.1(a) adds that the
13 cost shall not be borne by any single class. Section 739.12, which codified FERA in
14 2018, sets the eligibility rules, the 18% discount, marketing authority, and reporting
15 requirements. It says nothing about who pays. When the Legislature amended the
16 FERA statute again in 2024, it still said nothing about cost recovery.³⁵ The Commission
17 has allocated FERA costs to the Residential class, most recently in D.21-11-016.
18 Where the Legislature wanted a low-income discount spread across classes, it said so.
19 It did not say so for FERA.

³⁴CPUC Response to Executive Order N-5-24, p. 16.

³⁵PU Code Sections 327(a)(7), 739.1(a), and 739.12; SB 1130 (Stats. 2024, Ch. 457).

1 **Q IF THE COMMISSION WERE TO SPREAD FERA COSTS BEYOND THE**
2 **RESIDENTIAL CLASS, WOULD EQUAL CENTS PER KWH BE THE RIGHT WAY**
3 **TO DO IT?**

4 **A No. A federal installation's kWh usage has no relationship to a residential household's**
5 **need for a bill discount. As with the wildfire proposal, a kWh allocator would simply**
6 **load the cost onto the largest energy users.**

7 **GRADUALISM AND CAPS**

8 **Q WHAT DO YOU RECOMMEND IF THE COMMISSION DECIDES TO CHANGE THE**
9 **WILDFIRE ALLOCATION?**

10 **A Two things. First, any change should be applied within the rate impact caps adopted**
11 **in this case, so that no class sees an increase above the cap because of the change.**
12 **The Commission has used caps and floors for exactly this purpose, and the last PG&E**
13 **settlement paired the special allocator with a 1.5% cap.³⁶ TURN's Table 8 shows**
14 **uncapped increases of 17% to 34% for the B-20 classes, which are untenable and**
15 **unreasonable and the kind of impacts which caps exist to prevent. TURN did not**
16 **analyze bill impacts or rate stability for any non-residential class.³⁷**

17 Second, any replacement allocator should keep a distribution component, as
18 the Commission has done for SCE. Wildfire mitigation is performed on the distribution
19 system, and an allocator that ignores that fact is not cost based.

³⁶D.18-08-013, p. 20; D.21-11-016, pp. 85 and 93.

³⁷TURN Response to EPUC Data Request EPUC-TURN-02, Q2-10(a), (b), and (c).

CONCLUSION

Q PLEASE SUMMARIZE YOUR RECOMMENDATIONS.

A The Commission should retain the wildfire category and the special allocator approved in D.21-11-016, as PG&E proposes and Cal Advocates' direct testimony supports. It should reject TURN's proposal to expand the category and allocate it on an equal cents per kWh basis. It should also retain residential-only recovery of FERA costs. TURN has acknowledged that kWh usage neither causes wildfire costs nor measures their benefits, and it performed no cost or benefit analysis to support its allocator. What remains is a proposal to move hundreds of millions of dollars per year from residential customers to the B-19 and B-20 classes, including the federal installations FEA represents. That is a fair cost shift, not a cost allocation, and it should not be adopted.

Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A Yes, it does.