

CPUC Docket: A.24-09-014

Exhibit Number: CLEU-01

Witness: Adam Hatefi

**LIMITED REBUTTAL TESTIMONY OF ADAM HATEFI
ADDRESSING PACIFIC GAS AND ELECTRIC COMPANY'S
2023 GENERAL RATE CASE PHASE II APPLICATION**

WILDFIRE COST ALLOCATION

Submitted on Behalf of

THE CALIFORNIA COALITION OF LARGE ENERGY USERS

October 9, 2026

1 **1. INTRODUCTION AND SUMMARY**

2 **Q1. Who does CLEU represent, and what does this testimony recommend?**

3 A1. My name is Adam Hatefi, and I am testifying on behalf of the California
4 Coalition of Large Energy Users (CLEU). My curriculum vitae is attached to this
5 testimony. CLEU represents large commercial and institutional ratepayers, including
6 CommonSpirit Health, Kaiser Permanente, Genentech, Microsoft, and the University of
7 California.

8 This testimony responds to and opposes the proposal of The Utility Reform
9 Network (TURN) in Exhibit TURN-03 to allocate Pacific Gas and Electric Company's
10 (PG&E) wildfire costs among customer classes on an equal cents per kilowatt-hour
11 (kWh) basis.

12 The costs at issue are in the "wildfire category", PG&E's functional revenue
13 category "Distribution – Wildfire, Catastrophic Events Memorandum Account (CEMA),
14 and Hazardous Substance Mechanism (HSM),"¹ which the Commission called "a catch-
15 all category of wildfire mitigation costs"² and which totaled about \$2.4 billion in 2024.³

16 CLEU recommends that the California Public Utilities Commission
17 (Commission) instead allocate the revenue in the wildfire category, and any related costs
18 that the Commission finds appropriate, by the equal percent of total revenue (EPT)⁴
19 method, which the Commission adopted for San Diego Gas & Electric Company's
20 (SDG&E) non-securitized wildfire-related costs in D.25-09-006.⁵ In this application,
21 PG&E describes EPT in an abbreviated manner as: "percent of total revenue share with
22 generation imputed for DA/CCA customers."⁶ This means that each class is assigned a
23 percentage of costs equal to its percentage of PG&E's current total revenues including
24 imputed generation revenue for direct access and community choice aggregation
25

¹ PG&E-3, at 2-5, Table 2-2, Line 1, and TURN-03, at 5.

² D.21-11-016, at 89, quoted in TURN-03, at 6.

³ TURN-03, at 6, Table 1.

⁴ Parties in different rate cases have used the abbreviation EPT and EPTR interchangeably.

⁵ D.25-09-006, Decision Adopting Settlement Agreements to Update Marginal Costs, Cost Allocation and Electric Rate Design for San Diego Gas & Electric Company, A.23-01-008 (September 18, 2025), at 49–51.

⁶ PG&E-3, at 2-5, Table 2-2, Line 7, and TURN-03, at 15.

1 customers.⁷ Using EPT would more precisely reflect cost causation and is more likely to
2 prevent cost shifting. If the Commission wishes to address potential implications for
3 residential affordability, it already has tools designed for that express purpose.⁸

4 **Q2. How are wildfire costs allocated today, and what do PG&E and TURN propose?**

5 A2. The Commission allocates the wildfire category today with an adopted special
6 allocator, approved in D.21-11-016, as part of the revenue allocation settlement.⁹ Of the
7 first \$500 million: PG&E allocates half of the costs using each class's share of
8 distribution revenues and half using the EPT method. Above \$500 million, PG&E
9 allocates 12.5 percent by distribution-only revenues and 87.5 percent by the EPT
10 method.¹⁰ In that Decision, the Commission approved the current methodology, including
11 its EPT component, for allocating wildfire costs, finding it just and reasonable. The
12 Commission also approved the use of EPT for the non-CARE public purpose program
13 costs. In addition to using it for a portion of the PG&E wildfire cost allocator in D.21-
14 11-016, the Commission utilized the EPT allocation method when it adopted SDG&E's
15 wildfire-related costs.¹¹ In this Application, PG&E proposes to retain the adopted special
16 allocator for wildfire category costs.¹²

17 In its testimony, TURN proposes to expand the wildfire category to include
18 routine vegetation management, which TURN, quoting PG&E, describes as "annual
19 patrols of vegetation in proximity to PG&E's overhead Electric Distribution lines."

20 TURN also proposes to add Wildfire Mitigation Plan (WMP) distribution work, and

⁷ The settling parties in SDG&E's 2024 General Rate Case Phase 2 described the EPT methodology, which they called the Equal Percent of Total Revenues (EPTR) Methodology, as one that "allocates revenue in proportion to each class's share of total revenue, with generation revenue for CCA customers imputed." Joint Motion for Adoption of Partial Settlement Agreement Resolving Various Issues in the 2024 General Rate Case Phase 2, A.23-01-008 (May 28, 2024), at 28. The settlement provides that wildfire-related revenue requirements "will be allocated to all customer classes using the distribution rate design and allocations based on the present total revenues (not proposed revenues)" in effect at the time of implementation and reassessed once a year, and that "[p]resent total revenues will include imputed generation revenue for Direct Access and Community Choice Aggregation ('DA/CCA') customers." *Id.*, Attachment A, Section 3.8.1, at 16–17. The Commission adopted that term in D.25-09-006, at 52.

⁸ D.23-04-040, Attachment A, Principle i and at 3. Public Utilities Code sections 739 (baseline rates), 739.1 (CARE), and 739.12 (FERA). D.21-11-016, Section 6.1 (caps and floors), at 77. TURN-03, at 3, 5, 17–18, 22, and 25 (discussing these tools in this proceeding).

⁹ D.21-11-016, at 87–88. See also PG&E-3, at 2-5, Table 2-2, Line 1, and TURN-03, at 6.

¹⁰ TURN-03, at 12, fn. 60.

¹¹ D.25-09-006, at 51, and Joint Motion for Adoption of Partial Settlement Agreement, A.23-01-008 (May 28, 2024), Attachment A, Section 3.8.1.

¹² PG&E-3, at 2-5, Table 2-2, Line 1, and at 2-13.

WMP-related overhead and underground maintenance costs to the wildfire category.¹³ TURN proposes to recover the expanded wildfire category through the non-bypassable public purpose program (PPP) component of bills rather than through distribution rates, and to allocate it on an equal cents per kWh basis.¹⁴ TURN states that it does not propose to add WMP transmission work because transmission rates are outside the scope of this proceeding.¹⁵ So the only costs at issue now are distribution-related wildfire costs. CLEU does not take a position on whether the Commission should approve TURN's proposed additions to the wildfire category.

Q3. What effect would TURN's proposal have on medium and large commercial customers such as CLEU's members?

A3. If the Commission adopted TURN's proposal, the large commercial and industrial classes would pay approximately \$316.6 million more in wildfire costs. Most of the costs would be shifted from residential customers because an equal cents per kWh allocation assigns these costs by volume of energy consumed. The biggest flaw with TURN's proposal is that it assigns costs, without regard to whether or how each class is served by PG&E's distribution system. It would be unjustified for large commercial and industrial classes on Schedules B-19 and B-20 to pay approximately \$316.6 million more in total, absorbing the residential reduction and most of the other class's reductions.

Within the B-20 commercial class:

- customers served at transmission voltage (schedule B-20T), would pay \$314.4 million instead of the \$165.2 million they pay today--nearly doubling their contribution to these costs;
- customers served at primary voltage, on Schedule B-20P, would pay \$328.7 million instead of \$247.6 million;¹⁶
- Meanwhile, residential customers would pay about \$192.9 million less under TURN's method than under the adopted special allocator, with their allocation falling from about \$1,617 million to about \$1,424 million.

¹³ TURN-03, at 7 (quoting PG&E's response to TURN DR 2, Q4), and at 7–10.

¹⁴ TURN-03, at 7–14 (the added categories at 7–10, the allocator at 11–13, and PPP recovery at 14).

¹⁵ TURN-03, at 7, fn. 28.

¹⁶ TURN-03, at 13, Table 5.

- The small and medium commercial and agricultural classes would also pay less than they would under the special allocator currently in effect.

CLEU's members are large commercial customers and therefore would be directly and significantly affected if TURN's proposal were adopted. Our members include nonprofit and public institutions such as CommonSpirit (Dignity Health), Kaiser, and the University of California. CommonSpirit in particular operates hospitals in some of the most rural and underserved parts of California, where they are often the only healthcare provider. Higher electricity costs, which would clearly result from TURN's proposal, will compete with spending on patient care, undergraduate and graduate education, research, and other services. Our members would have to pass these costs on to their patients and to students by raising tuition, or by reducing the services they provide proportionately.

2. GOVERNING LAW AND POLICY

Q4. What standards govern the allocation of wildfire costs among customer classes?

A4. Public Utilities Code section 451 requires that all utility charges be "just and reasonable" and makes every "unjust or unreasonable charge" unlawful.¹⁷ Section 453(c) prohibits unreasonable differences between classes of service. Section 453(c) provides that no public utility shall "establish or maintain any unreasonable difference as to rates, charges, service, facilities, or in any other respect ... as between classes of service."¹⁸ If treating classes of ratepayers differently, statute requires that the Commission must affirmatively find that the differences between classes that result from the allocation it adopts are reasonable and just.

The Commission's rate design principles, adopted in D.23-04-040, provide Principle ii: "[r]ates should be based on marginal cost;" and Principle iii: "[r]ates should be based on cost causation."¹⁹ Principle viii that "[r]ates should avoid cross-subsidies that do not transparently and appropriately support explicit state policy goals."²⁰

As the Commission has previously laid out, cost causation "affirms that a customer, or a customer class, that causes a cost to be incurred by receiving service

¹⁷ Public Utilities Code section 451.

¹⁸ Public Utilities Code section 453(c).

¹⁹ D.23-04-040, Attachment A, Principles ii, iii, and viii.

²⁰ D.23-04-040, Attachment A, Principles ii, iii, and viii.

1 should pay for the cost of service.”²¹ Applied here, a class’s share of wildfire costs
2 should reflect the facilities PG&E must build, maintain, and protect to serve that class. A
3 departure from cost causation is a cross-subsidy under Principle viii and must be avoided
4 unless the Commission has explicitly stated that doing so is part of explicit policy goals.

5 In D.21-11-016, the Commission found that all customers benefit from mitigating
6 the wildfire risk posed by PG&E’s distribution network and that the work is normatively
7 distinct from ordinary distribution investment.²² Yet, the Commission’s finding only
8 means that every class should contribute, it does not excuse deliberate and obvious cost
9 shifting between classes. The Commission would need to cite an express policy purpose
10 for the justification of the cost shift between customer classes. Furthermore, the
11 Commission did not adopt an equal cents per kWh allocation when issuing that decision.

12 **3. TURN’S EQUAL CENTS PER KWH ALLOCATION IS INCONSISTENT WITH**
13 **COST CAUSATION AND IS NOT JUSTIFIED**

14 **Q5. Why is allocating wildfire mitigation costs on a kWh sales basis inconsistent with the**
15 **cost causation principle the Commission adopted in D.23-04-040?**

16 A5. Under TURN’s proposal, PG&E would charge the same amount for the same
17 kWh at every voltage level, so each customer would pay for wildfire mitigation in
18 proportion to its energy use rather than in proportion to its use of the distribution system
19 on which the mitigation work is performed. Allocating costs based on kWh sales would
20 be inconsistent with cost causation because using a single volumetric calculation for this
21 charge across the classes does not reflect the conditions, or risks that drive wildfire
22 mitigation costs, nor does it reflect the real differences in each class’s use of the relevant
23 facilities. The volume of energy a customer buys is not necessarily correlated with which
24 distribution facilities PG&E must build, inspect, maintain, and keep clear of vegetation to
25 serve that customer class. Location and vegetation exposure add dimensions of risk that
26 are not captured using a purely sales-based volumetric method. In fact, the customers
27 who buy the highest volumes of electricity are generally those who rely least upon
28 distribution grid facilities, so if there is a correlation, it is inverse correlation.

²¹ D.23-04-040, Attachment A (explanation of Principle iii).

²² D.21-11-016, at 93–94, quoted in TURN-03, at 12.

1 The Commission’s cost causation principle requires determining which customers
2 are responsible for the costs PG&E incurs. The relevant question, then, is what drives
3 wildfire mitigation costs. The Commission described the benefits created by the existing
4 “wildfire category” of costs as flowing from “PG&E’s efforts to mitigate the wildfire risk
5 posed by its distribution network.”²³ TURN’s method would give no weight to real
6 differences in equipment usage. The most obvious failing of TURN’s method is that it
7 allocates *higher* costs (compared to today) to B-20T customers, who literally do not rely
8 upon PG&E’s lower-voltage distribution grid.

9 PG&E clearly recognizes distinctions between transmission and distribution
10 customers in its rate design by excluding secondary distribution cost components when it
11 prices primary-voltage service.²⁴ Thus, there is clear precedent for distinguishing
12 between classes’ assigned costs based on real differences in how those customers use the
13 distribution grid.

14 Fundamentally, service costs differ for the same kWh of energy delivered. A
15 class that pays a smaller share of wildfire costs than its share of sales is not underpaying
16 if its service uses less of the distribution equipment that the mitigation work protects. A
17 transmission-level customer does not rely upon PG&E’s distribution system, whereas a
18 primary-voltage customer uses PG&E’s substations and only its primary lines.²⁵ The
19 secondary distribution equipment is where most of the wildfire work at issue is
20 performed and the total miles of distribution lines are greater, therefore, it is reasonable to
21 assign costs related to the secondary distribution system to customers connecting at
22 secondary voltage. Each step down in voltage adds equipment that PG&E must build,
23 inspect, maintain, and keep clear of vegetation. Because of the increased need for
24 wildfire mitigation, the same kWh costs more to deliver at primary voltage than at
25 transmission voltage, and more at secondary voltage than primary voltage.

²³ D.21-11-016, at 93–94, quoted in TURN-03, at 12.

²⁴ PG&E-3, at 7-6, fn. 12.

²⁵ Electric Schedule B-20, Sheet 14 (service voltage definitions).

Q6. Do TURN’s analyses establish that there is a cost imbalance which justifies shifting wildfire costs to commercial customers?

A6. No. TURN does not offer a compelling justification for shifting costs onto commercial customers. Their proposal therefore represents a cross-subsidy, and it does not meet the Commission’s tests for justifying a cost shift. The factors the Commission should consider as to whether a cost shift is justified are (1) whether the allocation follows cost causation,²⁶ (2) whether any departure from it transparently and appropriately supports an explicit state policy goal,²⁷ and (3) whether the resulting differences between classes are reasonable.²⁸ TURN advances three arguments in favor of this cost shift:

- a comparison of each class’s share of wildfire costs with its share of kWh sales;²⁹
- the shared benefit of wildfire mitigation which TURN describes in general terms without quantification as protection of lives, property, and air quality for all Californians;³⁰
- residential affordability which TURN measures by the growth in residential rates since 2020, the number of residential customers behind on their bills, and the \$192.9 million reduction in the residential class’s share of wildfire costs in its Table 5.³¹

None of these arguments supports shifting wildfire costs from residential customers onto the large commercial and industrial classes. To establish the link with cost causation, TURN states that “[r]esidential customers were allocated between 40 and 45% of costs in this category over 2022-2024, when they were responsible for closer to

²⁶ Pub. Utils. Code Section 453(c), as implemented by the Commission in D.23-04-040, Attachment A, Principle iii (“Rates should be based on cost causation”) and at 1 (a customer class “that causes a cost to be incurred by receiving service should pay for the cost of service”).

²⁷ Pub. Utils. Code Section 453(a), as implemented by the Commission in D.23-04-040, Attachment A, Principle viii (“Rates should avoid cross-subsidies that do not transparently and appropriately support explicit state policy goals”) and at 3 (“Cross-subsidies are intentional deviations from cost-based ratemaking principles to achieve specific state policy goals”).

²⁸ Pub. Utils. Code Sections 451 and 453(c), and Sections 454(a) and 1705 (the required findings), as implemented by the Commission in D.23-04-040, Attachment A, Principle x (transitions to new rate structures should “minimize or appropriately consider the bill impacts associated with such transitions”).

²⁹ TURN-03, at 12–13.

³⁰ TURN-03, at 11-12.

³¹ TURN-03, at 13, Table 5.

1 35% of total sales,” and TURN concludes from that comparison that “allocating costs by
2 equal cents per kWh rectifies this imbalance.”³² TURN then offers a contrast: customers
3 on B-20T “were allocated a much smaller portion of wildfire costs by the special
4 allocator,” about 4 percent, “while representing approximately 7.8% of total kWh
5 sales.”³³

6 The imbalance TURN identifies exists only if sales are the right yardstick, and the
7 remedy TURN proposes is to adopt sales as the yardstick. The logic that justifies
8 charging customers at an equal cents per kWh based on the premise that they are not
9 already paying an equal volumetric amount is circular and unpersuasive. Fundamentally,
10 service costs differ for the same kWh of energy delivered. A class that pays a smaller
11 share of wildfire costs than its share of sales is not underpaying if its service uses less of
12 the distribution equipment that the mitigation work protects. This tautology is
13 insufficient to meet the standard of rate design Principle iii that states “a customer, or a
14 customer class, that causes a cost to be incurred by receiving service should pay for the
15 cost of service.”³⁴

16 TURN has not succeeded in establishing that these customers are underpaying the
17 costs that are actually attributable to them. Charging transmission and primary
18 distribution connected customers the same cents per kWh as secondary-voltage customers
19 assigns them a share that does not reflect the different equipment PG&E uses to serve
20 them. Thus, measured against the adopted class revenue allocations, which reflect each
21 class’s cost of service, the shift that would result from the adoption of TURN’s proposal
22 is a cross-subsidy of the residential and smaller commercial classes by the large
23 commercial and industrial classes.

24 **Q8 Do TURN’s arguments about shared-benefits or residential-affordability justify its**
25 **equal cents per kilowatt-hour allocation proposal?**

26 A8. No. TURN’s assertion that all customers benefit from wildfire mitigation only
27 supports their proposed collection in PPP and is immaterial to the question of an

³² TURN-03, at 12–13.

³³ TURN-03, at 13.

³⁴ D.23-04-040, Attachment A, explanation of Principle iii.

1 allocation methodology. Their analysis on residential affordability is incomplete and
2 insufficient to present a compelling public policy case for their proposed cross subsidy.

3 Public Utilities Code Section 453(c) permits differences “as to rates, charges,
4 service, facilities, or in any other respect” between classes only when they are reasonable,
5 and the Commission’s rate design Principle viii permits cross-subsidies only when they
6 transparently and appropriately support an explicit state policy goal.³⁵ For a shift of this
7 size to be justified, the Commission would need to articulate findings which must identify
8 the policy goal served and explain why TURN’s proposal is fundamental to meeting that
9 goal, while also proving that the resulting class burdens are reasonable. The public policy
10 question at hand is not whether wildfire mitigation is funded or not. Whether PG&E’s
11 wildfire mitigation work is funded does not depend on which customers pay for it, so that
12 is a revenue requirement question, not an allocation question. The question here is
13 whether there is sufficient public policy justification to allow for the cross-subsidy TURN
14 is proposing. TURN offers two public policy arguments in support of their proposal: (1)
15 shared benefit and (2) residential affordability, and as explained below neither is
16 compelling.

17 TURN’s shared-benefit argument is that “[w]ildfire mitigation benefits all people
18 in California by reducing the risk of catastrophic wildfires, which can cause grave
19 damage to lives and property, and do not discriminate by customer class.”³⁶ TURN adds
20 that this work “can also provide shared environmental benefits by preventing wildfires
21 from emitting greenhouse gas emissions and hazardous air pollution,”³⁷ and on that basis
22 it recommends allocating the category “on an equal cents per kWh basis because the
23 benefits of wildfire mitigation are shared by all customers.”³⁸

24 CLEU agrees with TURN that wildfire mitigation protects all Californians and is
25 critical for health and safety. The Commission made the same finding in D.21-11-016.³⁹
26 The Commission’s rate design principles do not support the implication that customers
27 benefiting tangentially from maintenance on facilities serving other customers should

³⁵ D.23-04-040, Attachment A, Principle viii.

³⁶ TURN-03, at 11–12.

³⁷ TURN-03, at 12.

³⁸ TURN-03, at 1.

³⁹ D.21-11-016, at 93–94, quoted in TURN-03, at 12.

1 somehow be responsible for the cost of that service.⁴⁰ However, even if the Commission
2 is persuaded that benefits should play a role in deciding *who* must pay, such a finding
3 would not be correlated to the question of the appropriate proportion of each class's
4 contribution, and whether those allocations should still reflect broader cost causation
5 patterns. The former is a matter of where the costs are recovered – through distribution
6 rates or PPP – and the latter is how they are allocated. The Commission should answer
7 them separately.

8 TURN's affordability argument is that PG&E's rate increases have "created an
9 affordability crisis for Californians" and that residential customers bear
10 "disproportionately high and unjustifiable costs."⁴¹ While CLEU agrees that the
11 affordability crisis is real, the Commission already has many other tools designed
12 specifically to support for residential affordability and to level the playing field for
13 residential customers. These tools include the California Alternate Rates for Energy
14 (CARE) and Family Electric Rate Assistance (FERA) discounts, baseline allowances, and
15 caps on the amount of "movement" allowed between rate classes in any given GRC.⁴²
16 Shifting costs away from directional cost causation for wildfire costs is not an instrument
17 that should be employed for this purpose and not a precedent that the commission should
18 establish.

19 CLEU shares TURN's concerns over affordability. The residential customers
20 TURN seeks to protect are the same Californians who many of CLEU's members serve
21 as patients and students. CLEU's members also wish to keep those customers' bills
22 affordable. Yet, TURN does not evaluate the burden that its \$192.9 million shift would
23 place on commercial customers, who must then either transfer cost increases to their
24 customers or provide fewer services.⁴³ TURN measures affordability only at the
25 residential meter. Moving a cost from a household's electric bill to the hospital that treats
26 that household or the university that educates its children is still a cost for that household.

⁴⁰ See *supra* fns 28-30.

⁴¹ TURN-03, at 3 (citing Cal Advocates Testimony, Chapter 5, at 5-9) and at 12.

⁴² D.23-04-040, Attachment A, Principle i and at 3. Public Utilities Code sections 739 (baseline rates), 739.1 (CARE), and 739.12 (FERA). D.21-11-016, Section 6.1 (caps and floors), at 77. TURN-03, at 3, 5, 17-18, 22, and 25 (discussing these tools in this proceeding).

⁴³ TURN-03, at 13, Table 5.

1 The lack of a compelling public policy justification, applied together with the
2 aforementioned cost causation principle discussed earlier in this testimony, indicate that
3 the cost shift is unjustified and unfairly applied to larger commercial customers, as there
4 is no expressly stated policy purpose for the cost shift.

5 **Q9. Does recovering wildfire mitigation costs through the public purpose program**
6 **require them to be allocated on an equal cents per kWh basis across customer**
7 **classes?**

8 A9. No. While CLEU does not favor collection through PPP, collecting a cost through
9 the PPP component makes the cost non-bypassable but does not dictate how the
10 Commission allocates its cost recovery across classes. Public Utilities Code section 381
11 requires a non-bypassable component for specified program costs but does not select one
12 allocator for them.⁴⁴ The Commission already allocates other PPP costs by varying
13 methods.

14 For example, PG&E allocates the “PPPs – Other Non-CARE Surcharge Revenue”
15 category by the EPT method and the CARE surcharge on an equal cents per kWh basis.⁴⁵
16 Wildfire costs also differ from other public purpose program costs in that they have clear
17 cost causation elements, because PG&E incurs them in proportion to the distribution
18 facilities it builds and maintains to serve each class.

19 If the Commission decides to move the wildfire category to the PPP component, it
20 would have to separately decide how those costs are divided among classes. Public
21 Utilities Code Sections 451 and 453(c), and the Commission’s rate design principles
22 would govern such a decision.

23 **4. CLEU’S RECOMMENDATION: EQUAL PERCENT OF TOTAL REVENUE**

24 **Q9. Why should the Commission allocate wildfire costs by each class’s proportion of the**
25 **total revenue requirement rather than by electricity sales?**

26 A9. The Commission should allocate wildfire costs by each class its percentage of the
27 total revenue base. Cost causation calls for an allocation under which every class
28 contributes towards wildfire costs in proportion to its cost of service. A class’s share of
29 the total revenue serves as an effective proxy for cost causation because it reflects facility

⁴⁴ Public Utilities Code section 381(a).

⁴⁵ PG&E-3, at 2-5, Table 2-2, Lines 4 and 7. TURN-03, at 15 (PPPs – Other) and at 17–18 (CARE surcharge).

1 costs. As discussed earlier in this testimony, PG&E already utilizes the EPT method to
2 allocate a portion of its current wildfire category, and the Commission approved the use
3 of this method in SDG&E's last rate case.⁴⁶

4 A fair and equitable allocation for wildfire mitigation costs could require every
5 class to contribute but must reflect the cost differences of serving each customer class at
6 its voltage level, which the EPT method does. Customers on primary-voltage and
7 transmission-voltage schedules still contribute to wildfire protections that benefit all
8 customers,⁴⁷ At the same time, the EPT method is a fairer alternative to changing to an
9 equal cents per kWh allocation, as TURN proposes. Under EPT, each class's percentage
10 of the total revenue base is the best reflection of those cost differences.

11 In PG&E's marginal cost study, PG&E assigns the marginal cost of each
12 distribution voltage level to only the classes whose service uses that level. PG&E assigns
13 no primary or secondary distribution marginal cost to class B-20T. Similarly, PG&E
14 assigns primary but not secondary distribution marginal cost to the B-20P. Customers
15 served at secondary voltage pay for transmission, primary distribution, and secondary
16 distribution facilities. Class revenue allocations start from those marginal-cost, so each
17 class's percentage of the total revenue requirement preserves those differences.⁴⁸ Under
18 the EPT method, applying the percentage of total revenue that each class is responsible
19 for to wildfire costs would carry those differences into the wildfire allocation.

20 In practice, PG&E should use each class's present total revenues, including
21 imputed generation revenue for direct access and community choice aggregation
22 customers, as the revenue base, as defined by the settlement adopted in D.25-09-006.⁴⁹
23 Those individual class present total revenues reflect the Commission's own adopted
24 determination of each class's revenue responsibility, including its policy adjustments.
25 They therefore provide an established, fair starting point for dividing wildfire costs. The
26 adopted class revenue allocations begin with marginal-cost revenues that multiply unit
27 costs by class usage, demand, or customer counts, and they are scaled to the revenue

⁴⁶ See supra fn 8.

⁴⁷ D.21-11-016, at 93–94, quoted in TURN-03, at 12.

⁴⁸ D.21-11-016, at 75–76, and at 7.

⁴⁹ D.25-09-006, at 52, and Joint Motion for Adoption of Partial Settlement Agreement, A.23-01-008 (May 28, 2024), Attachment A, Section 3.8.1, at 16–17.

1 requirement by equal percent of marginal cost.⁵⁰ The percentage of the wildfire category
2 that each class would be responsible for would then be its revenue base divided by the
3 total revenue base of all classes.

4 **6. CONCLUSION**

5 **Q10. Why should the Commission adopt the EPT method instead of PG&E's and** 6 **TURN's wildfire cost allocation proposals?**

7 A10. The Commission should adopt the EPT method for PG&E's existing wildfire
8 category and any costs it adds to that category. Under the EPT method, all classes share
9 the cost of wildfire protection in proportion to their adopted revenue allocations, which
10 reflect real differences in the cost incurred by PG&E on behalf of that customer class for
11 wildfire mitigation. Unlike TURN's proposal, EPT will represent the cost of service
12 differences between customer classes and voltage level, while ensuring every class funds
13 its fair share for wildfire protection.

14 TURN's sales comparison does not establish an under-contribution by the
15 commercial classes, and its shared benefit and affordability arguments do not establish
16 why volumetric sales should displace the Commission's adopted revenue proportions.
17 Adopting equal cents per kWh is inconsistent with sections 451 and 453(c) or the
18 Commission's rate design principles without findings tying the resulting cross-subsidy to
19 an explicit state policy goal, which is absent from TURN's proposal. In contrast, the EPT
20 method is consistent with cost causation and supports a just and reasonable result. The
21 Commission should therefore allocate wildfire costs based on the equal percent of total
22 revenue method, which it also has approved in other utility rate cases, and which also
23 forms the basis of part of the present wildfire allocator.

24 **Q12. Does this conclude your rebuttal testimony?**

25 A12. Yes, it does.

⁵⁰ D.21-11-016, at 75–76, and at 7.

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Sandra Day O'Connor College of Law, ASU

Juris Doctor (2023)

- Certificate in Law, Science and Innovation (Tech Law)
- Certificate in Law and Sustainability (Environmental Law)

University of California, Davis

Bachelor of Arts (2020)

- Major in Political Science
- Major in Science and Technology Studies

Publications

Adam Hatefi, *Wholesale Water Markets: Applying Federal Electricity Market Design to Western Water Allocation Through a Multi-State Balancing Authority Overseeing Basin-Scale Markets*, Environmental Law Reporter (Accepted for Publication | 2026)

- Transplants electricity market design and experience into water markets.

Adam Hatefi, *Proof of Origin: A Blockchain Framework for Automated Copyright Enforcement in the Generative AI Era*, 67 IDEA: The Law Review of the Franklin Pierce Center for Intellectual Property (Accepted for Publication | 2026)

- Explores the possibility of utilizing blockchain tags and smart contracts to compensate rights holders for AI use of copyrighted material.

Adam Hatefi, *Jurisdiction by Access: Commercial Choke Points and the Architecture of Universal Accountability in a Post-Charter Order*, Gonzaga International Law Journal (Accepted for Publication | 2026)

- Discusses the enforcement of normative international law through consent by access to international chokepoints.

Adam Hatefi, *A Federal Housing Architecture: Fiscal Redesign and Capital Infrastructure*, Real Estate Law Journal (Accepted for Publication | 2026)

- Proposes an original four-component federal affordable housing architecture (FAHDF) and introduces the Net Property Taxable Value (NPTV) tax metric as a novel affordability-anchored fiscal instrument.

Adam Hatefi, *A Utility-Based Approach to Healthcare: Balancing Market Efficiency with Public Service Obligations*, 29:3 Quinnipiac Health Law Journal 293-380 (June 2026)

- Proposes a paradigm shift in healthcare by applying public utility principles, traditionally used in the electricity and water sectors, to health insurance.

Professional Experience

California Advocates – Sacramento, CA

Legislative and Regulatory Advocate (May 2026 – Present)

- Continued to represent the California Coalition of Large Energy Users (CLEU) at the CPUC on large load interconnection, integrated resource planning, and the PG&E general rate case.
- Organized a working group on virtual power plants, wrote, and championed Senate Bill 913 (Becker) to allow virtual power plants to participate in resource adequacy to passage on behalf of Ecobee Smart Thermostats and Generac Power Systems.
- Supported lobbying efforts on behalf of the California Judges Association.

Gridwell Consulting – Sacramento, CA

Senior Policy Associate (Jan 2024 – May 2026)

- Co-founded CLEU with Microsoft, Kaiser Permanente, University of California, Genentech, and CommonSpirit Health, representing large ratepayers at the CPUC and the legislature.
- Intervened in rate cases and ratemaking proceedings at the California Public Utilities Commission.
- Lobbied on CLEU's behalf in the 2025 legislative session on energy market regionalization (SB 540 / AB 825).
- Supported the passage of AB 2368 (grid reliability, sponsored by EDF and Clean Energy Buyers Association) for Microsoft.
- Championed adoption of an empirical grid reliability standard at the CPUC, representing CLEU, CEBA and Microsoft.
- Representing Generac and Ecobee, led a cross-industry coalition of multiple trade associations, environmental groups, and companies in budget advocacy to secure hundreds of millions in funding for CEC distributed energy programs.
- Secured the inclusion of smart thermostats in CEC's Demand Side Grid Support program.
- Representing CALSTART, advocated on Transportation Electrification in utility commissions in CA, WA, NY and NJ.

Hua Nani Partners – Sacramento, CA***Policy Consultant*** (Dec 2022 – Jan 2024)

- Successfully negotiated the inclusion of geothermal energy in California’s AB 1373 (Garcia, 2023) Central Procurement framework on behalf of Fervo Energy, leading to over 1GW of geothermal procurement.
- Represented Microsoft Corporation in their legislative advocacy for grid reliability and energy market regionalization.
- Planned and executed the California Climate Dialogues on behalf of Energy Foundation, bringing together legislators and NGOs such as EDF, NRDC, Sierra Club, CEJA, and create environmental policy.

Stateside Associates – Remote, Washington, DC***Legislative Analyst*** (Dec 2021 – May 2022)

- Owned the California portfolio: tracked/analyzed bills; quality-controlled analyst output for accuracy and completeness.

Corey, Luzaich, de Ghetaldi & Riddle LLP – Remote, Chico, CA***Law Clerk*** (Jun 2021 – Nov 2021)

- While in law school, developed case narratives, filed claims, and tracked proceedings for Camp Fire victims in the PG&E bankruptcy case.

Dewey Square Group – Sacramento, CA***Public Affairs Professional Intern*** (Dec 2020 – Jun 2021)

- As a full-time intern, built and owned public affairs strategies (wildfire policy, water, housing, DERs), placed op-eds, and executed grassroots/grassroots campaigns end-to-end.

UC Student Association – Sacramento, CA***California Campaign Chair*** (Aug 2019 – Aug 2020)

- With 18 direct reports, oversaw the 2020 Proposition 13 school bond campaign across the UCs and all 10 UC counties, creating a comprehensive campaign strategy (field work, online and social media outreach, voter persuasion).
- Ran the UC voter registration campaign, increasing student voter registration from 30% to 70% on UC Campuses.

Associated Students, UC Davis – Davis, CA***External Affairs Vice President*** (Oct 2018 – Mar 2020)

- Sponsored AB 1086 (Bauer-Kahan, 2019) and championed SB 296 (Allen, 2019); initiated the student-housing CEQA reform that became AB 1277 (Rubio, 2021), continuing to advise ASUCD on it after the role.
- Built a 10-year business plan for a >\$20M annual budget, projecting +\$210k YoY revenue; supervised senior staff.

Conference and Symposium Presentations**Gonzaga University Law School, International Law Symposium*****Jurisdiction by Access: Commercial Choke Points*** (Oct 2026)**Sandra Day O'Connor College of Law, ASU, Governance of Emerging Technologies and Science Conference*****Artificial Intelligence in Lobbying and Public Affairs*** (May 2023)**Leadership****Citizen Advocates Network*****Chief Strategy Officer*** (2025-Present)

- Crafting the academic-and-whitepaper writing agenda of the organization.

HARVEST California***Board of Directors*** (2026-Present)

- Providing expertise to stand up the agrivoltaics industry in California and the United States.

Owran Institute of Arts and Culture***Board of Directors*** (2020-Present)

- Building a platform of Iranian-American art in California.

Iranian-American Cultural and Educational Center***Advisory Board*** (2025-Present)

- Providing civic and strategic support for the premier Iranian-American community organization in Sacramento.