

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

Order Instituting Rulemaking to Establish
Energization Timelines

Rulemaking 24-01-018

REPLY BRIEF OF THE CLEAN COALITION

/s/ BEN SCHWARTZ
Ben Schwartz
Policy Manager
Clean Coalition
1800 Garden Street
Santa Barbara, CA 93101
Phone: 626-232-7573
ben@clean-coalition.org

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I. INTRODUCTION

Pursuant to Rule 13.12 of the Rules of Practice and procedure of the California Public Utilities Commission (“the Commission”), the Administrative Law Judge’s (“ALJ”) Amended Scoping Memo and Ruling, issued October 18, 2024, and the ALJ’s Email Ruling Amending the Procedural Schedule, issued January 6, 2025, the Clean Coalition respectfully submits this reply brief. Clean Coalition appreciates the urgency of eliminating the energizations backlog and support proactive measures that will ensure that the same issue is not repeated in the future. We urge the Commission to reject PG&E’s Motion in its current form and support arguments made by Cal Advocates and The Utility Reform Network (“TURN”) on the need for internal labor and attempts by PG&E to relitigate issues without providing additional detail. Overall, the Motion is far too reliant on third-party contractor labor without consideration of the cost impact to the ratepayers and scapegoats funding as the only limiting factor in the energization process.

II. DESCRIPTION OF PARTY

The Clean Coalition is a nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development expertise. The Clean Coalition drives policy innovation to remove barriers to procurement and interconnection of DER — such as local renewables, demand response, and energy storage — and we establish market mechanisms that realize the full potential of integrating these solutions for optimized economic, environmental, and resilience benefits. The Clean Coalition also collaborates with utilities, municipalities, property owners, and other stakeholders to create near-term deployment opportunities that prove the unparalleled benefits of local renewables and other DER.

III. THE COMMISSION SHOULD SCRUTINIZE PG&E’S PROPOSAL TO ENSURE THAT A HIGH BURDEN OF PROOF IS MET

The current energizations backlog, almost 38,000 projects,¹ grew to massive proportions with PG&E's business-as-usual management. Little to no action was taken to resolve the issue until the problem had already spiraled out of control, with many applicants receiving years-long waiting times and no real recourse. In CLC-02, PG&E acknowledges that the only internal review of PG&E's energizations process (and related departments) since 2015 took place in November 2022.² Only conducting one internal review in a decade for a critical process represents a major failing in corporate culture and leadership.

The only review that has been conducted since the passage of Assembly Bill 50 and Senate Bill 410 is the ongoing review by Ernst & Young that began in July 2024.³ PG&E also acknowledges that normal staff turnover, such as transfers, retirements, or staff taking new jobs, has not been a major contributing factor to the backlog.⁴ In other words, PG&E waited to the height of the backlog to even start addressing the problem by conducting a basic process review. While a step in the right direction, the process changes alone are nowhere near effective enough to put PG&E on pace to address the backlog. Following the implementation of the changes from the Value Stream Map ("VSM"), the number of energizations in 2023 increased by 1,800, from 8,000 in 2022 to 9,800 in 2023.⁵ Yet, PG&E is proposing to address 19,000 applications in each of the next two years, requiring a 138% increase in application approvals compared to 2022. Even with VSM process improvements implemented, PG&E was not close to meeting the pace needed to address the backlog. Rather than starting to hire additional internal staff in 2022 in concert with the VSM process update or in 2023 when the need to get to a far greater number of applications each year became abundantly clear, PG&E took no further action, to the detriment of Californians, until it increased contract labor enough to increase completed jobs by 385% in October 2024.⁶

Now legislatively required to address the issue, PG&E is making its proposal for spending billions of dollars and relying on costly third-party contractors appear as the only solution given the urgency of the issue. Cal Advocates concurs, suggesting in Opening Briefs that PG&E is

¹ PG&E-01, at p. 11.

² CLC-02, answer to question 002 at p. 4.

³ *Ibid*, answer to question 001, at p. 2.

⁴ *Ibid*, answer to question 004, at p. 10.

⁵ <https://www.pge.com/en/newsroom/currents/customer-service/process-improvements--state-laws-boost-new-service-connections-i.html>

⁶ *Ibid*.

attempting to re-litigate issues, “Rather than provide a detailed proposal and analysis showing the actual incremental costs.”⁷ The Commission should not be persuaded that there is only one solution or be strong-armed into approving more funding without ensuring that PG&E’s proposal meets a high burden of proof that the funding is absolutely needed. Unfortunately, PG&E fails to do so. PG&E ignores the circumstances that led to the creation of the backlog in the first place— e.g., events within the organization—and attempts to justify the rate increase that will occur if the Motion is approved by the Commission and the higher rate of return. Approving the Motion sets a terrible precedent, rewarding PG&E with higher profits despite significant organizational shortcomings and reliance on contractor labor triple the cost of internal staff gives free license for the utilities to burden the ratepayers to get out of a self-dug hole.

The Commission should look to proposals by TURN to require PG&E to rely on a greater percentage of internal labor or to ensure that additional costs “fall outside the cost cap, be ineligible for interim rate recovery, and subjected to high levels of scrutiny when reviewed for reasonableness in the next General Rate Case.”⁸ PG&E’s proposal is so short-sighted that it does not consider the causes of the backlog or what PG&E’s workload is likely to look like in the future after the backlog is dealt with. The lack of detail, consideration of proactive steps beyond the next two years, and failure to address the underlying issues that led to the backlog are all clearly demonstrable reasons that PG&E has not met the burden of proof for the Commission to approve the Motion.

IV. PG&E’S PROPOSAL TO RELY SOLELY ON CONTRACTORS FOR LABOR IS NOT IN THE BEST INTEREST OF THE RATEPAYERS AND IS NOT FORWARD LOOKING.

Clean Coalition strongly aligns with Cal Advocates and The Utility Reform Network (“TURN”) in opposing PG&E’s use of third-party contractors to address the energizations backlog. PG&E’s Motion treats the massive backlog as nothing more than a small departure from the norm, after which a return to business-as-usual procedures is expected. Rather than the least cost solution, PG&E proposes a solution that will maximize the rate of return, at the expense of the ratepayers. Third-part contractors are more than triple the cost of PG&E’s internal staff and are far more likely to result in cost overages than utility staff. This is an unacceptable

⁷ Opening Brief of Cal Advocates, at p. 2.

⁸ Opening Brief of TURN, at p. iii-iv.

solution in the eyes of the Clean Coalition and should be to the Commission as well. PG&E's 385% increase in completed jobs by third party labor is still nowhere near enough to meet the goal of 19,000 applications per year over the next two years, meaning that an even greater increase will be required if the Motion is approved. PG&E fails to justify sole reliance on third party contractors and provides no real reason why internal labor should not be pursued to reduce the backlog.

V. CONCLUSION

The Clean Coalition appreciates the opportunity to submit this reply brief. We urge the Commission to reject the Motion in its current form and require a far greater reliance on internal labor and least cost solutions to minimize the impact on the ratepayers.

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Policy Manager

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