



December 1, 2023

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: Informational Filing

**Pacific Gas and Electric Company Wholesale Distribution Tariff,
FERC Electric Tariff Volume No. 4, Annual Update for Rate Year 2024
under the Formula Rate in Docket No. ER20-2878-000, et al.**

Dear Ms. Bose:

Pacific Gas and Electric Company (“PG&E”) submits to the Federal Energy Regulatory Commission (“FERC” or “Commission”) for informational purposes, its Annual Update for Rate Year 2024 (“RY2024”) revising its Wholesale Distribution Revenue Requirement (“DRR”), Distribution Rates, Cost of Ownership rates, and Customer Service Charges, as those terms are defined in PG&E’s Wholesale Distribution Tariff (“WDT”), FERC Electric Tariff Volume No. 4, effective January 1, 2024. PG&E submits this filing pursuant to Section 4.6 of the Wholesale Distribution Formula Rate (“Formula Rate”) Protocols using the Formula Rate Model¹ as revised pursuant to the Second Offer of Partial Settlement and Stipulation (“Second Partial Settlement”) filed in Docket No. ER20-2878-013² for PG&E’s third WDT rate case (“WDT3”), Docket No. ER20-2878-000, et al.³

¹ The Protocols are included in Appendix I, Wholesale Distribution Formula Rate, Attachment 1 of PG&E’s WDT (“Protocols”). The Model, a spreadsheet containing individual worksheets (“Schedules”), is included in Appendix I, Wholesale Distribution Formula Rate, Attachment 2 of PG&E’s WDT (“Model”). Together, the Protocols and the Model comprise the Formula Rate.

² The Second Partial Settlement, which included revisions to the Protocols and Model, was filed March 31, 2022 and approved by the Commission on June 2, 2022. See *Pac. Gas & Elec. Co.*, 179 FERC ¶ 61,167 (2022).

³ Docket No. ER20-2878-000 contains the WDT3 filing. PG&E submitted a total of eight (8) filings to amend and align the terms of WDT3 with the service agreements (“SA”) of its six (6) wholesale load distribution customers – City and County of San Francisco (“CCSF”), Port of Oakland (“Port”), Power and Water Resources Pooling Authority (“PWRPA”), Shelter Cove Resort Improvement District No. 1 (“Shelter Cove”), Western Area Power Administration (“WAPA”), and the Westside Power Authority (“Westside”) – in sub-Docket Nos. ER20-2878-001 through -008.

This Annual Update filing revises the Wholesale DRR, from which each of PG&E's wholesale load distribution customer's ("Customer") allocated revenue requirement is calculated, from the currently effective amount of \$6,838 million to \$6,894 million. The total DRR allocated to Customers is being revised from \$59.7 million to \$50.7 million including the allocated wholesale primary credit.⁴ This is a decrease of the allocated Wholesale DRR of \$9 million.

Consistent with the WDT Protocols, this filing shall not modify the Formula Rate or subject the Formula Rate to modification and shall not constitute a rate change filing under Section 205 of the Federal Power Act.⁵ This filing is an informational filing. PG&E requests that the Commission issue a notice of this filing and establish a comment date.

I. BACKGROUND

On September 15, 2020, PG&E filed proposed revisions to certain non-rate terms and conditions and revisions to rate terms including moving to a Formula Rate in WDT3 and those revisions became effective on April 15, 2021.

On April 6, 2021, in Docket No. ER20-2878-010, PG&E submitted an Offer of Partial Settlement ("First Partial Settlement") resolving certain Model and Protocol issues that was approved by the Commission on July 15, 2021.⁶ On December 1, 2021, PG&E filed its first Annual Update for Rate Year 2022 using the Formula Rate as revised pursuant to the First Partial Settlement. On March 31, 2022, in Docket No. ER20-2878-013, PG&E submitted to FERC another Offer of Partial Settlement ("Second Partial Settlement") resolving all rate related issues in the WDT3 proceeding, as well as some non-rate related issues. The Second Partial Settlement was approved by the Commission on June 2, 2022.⁷

Pursuant to the terms of the Second Partial Settlement, the RY2024 Annual Update uses the Formula Rate as revised by the Second Partial Settlement.

On October 3, 2022, PG&E submitted a Petition for Declaratory Order ("Petition") requesting approval to establish a revenue sharing mechanism for secondary products and services in its WDT in Docket No. EL23-2-000. The Commission granted the Petition on December 15, 2022.⁸ On January 26, 2023, in Docket No. ER23-942-000, P&GE added Schedule 26-NP&S to the Model and revised Schedules 20, 1, and 2 in the Model to reflect the addition of the NP&S

⁴ Sum of Lines 103, 103a and 110 on Schedule 4-WholesaleRates of WDT3 Model.

⁵ Protocols § 4.6.2.

⁶ *Pac. Gas & Elec. Co.*, 176 FERC ¶ 61,012 (2021).

⁷ *Pac. Gas & Elec. Co.*, 179 FERC ¶ 61,167 (2022).

⁸ *Pac. Gas & Elec. Co.*, 181 FERC ¶ 61,203 (2022).

revenue sharing mechanism. These revisions were accepted and made effective March 28, 2023⁹ and are included in the Model for the RY2024 Annual Update.

II. WDT FORMULA RATE

A. Overview

PG&E's Model provides a DRR for RY2024, which represents the distribution costs that PG&E incurred in the previous calendar year ("Prior Year" or "PY"), in this instance calendar year 2022 ("PY2022"). The DRR is then used as the basis for allocation among Customers ("Allocated DRR") to recover their respective shares of the DRR through distribution service rates. The calculation of the Allocated DRR for primary load service is found on Line 103 of Schedule 4-WholesaleRates of the Model and the calculation of the Allocated DRR for secondary load service is found on Line 110 of Schedule 4-WholesaleRates. These calculations are made pursuant to Section 12 of the Protocols.

Pursuant to Section 5 of the Protocols, the Model also provides for an Annual True-up Adjustment ("ATA") that compares PG&E's costs in the Prior Year that were allocated to each Customer with wholesale distribution revenues collected from each Customer in the Prior Year. A summary of the Customer-specific ATAs in the RY2024 Annual Update can be found in Schedule 3-ATA, Lines 400 - 405.

The Cost of Ownership ("CoO") rates are calculated in Schedule 21-CoO using the RY2024 Total Distribution Revenue Requirement found in Schedule 1-DRR, pursuant to Section 15 of the Protocols.

The Customer Service Charges are calculated in Schedule 23-CustServCharge using a revised average annual hourly billing rate and as applicable, revised monthly hours for each Customer, pursuant to Section 13 of the Protocols.

B. Annual Update Process

Consistent with Section 4.1 of the WDT Protocols, on July 1, 2023, PG&E provided to the WDT3 parties and Commission Trial Staff ("Interested Parties") a draft Annual Update for Rate Year 2024. PG&E also hosted a technical conference on August 1, 2023 and responded to Information Requests and follow-up questions afterwards.

On November 1, 2023, PG&E provided to the parties an updated version of the draft Annual Update Model which incorporated changes to address errors identified by the parties and PG&E. PG&E also provided subsequent updated versions after November 1.

⁹ See Delegated Letter Order dated March 21, 2023, eLibrary Accession No. 20230321-3065.

C. DRR

PG&E’s total wholesale DRR used to calculate Distribution Service Rates for RY2024 is \$6,894 million, an increase of \$56 million or 8.2% over the current DRR of \$6,838 million. This total DRR is the sum of the primary DRR, \$4,163 million, and secondary DRR, \$2,731 million. For RY2024, the allocated DRR for primary service to be recovered from wholesale customers through Distribution Rates is \$43.8 million and the allocated DRR for secondary service to be recovered from wholesale customers through Distribution Rates is \$7.9 million for a total allocation of \$51.7 million.

D. Annual True-up Adjustments

The total Annual True-up Adjustments for primary and secondary can be found on Schedule 3-ATA, Lines 401 and 404, respectively, and are credits of \$6.1 million for primary and \$6.7 million for secondary.

E. Distribution Service Rates

The RY2024 wholesale distribution rates for PG&E’s Customers for can be found in Schedule 4-WholesaleRates of the Model and are compared to RY2023 rates below:

Customer & Service Agreement Number	RY2023 Primary Rates (\$/kW)	RY2024 Primary Rates (\$/kW)
CCSF SA 275	\$13.500	\$8.303
PWRPA SA 56	\$25.505	\$12.803
Shelter Cove SA 382	\$23.267	\$15.353
WAPA SA 17	\$16.051	\$11.032
Westside SA 15	\$25.905	\$21.987

Customer & Service Agreement Number	RY2023 Secondary Rates (\$/kW)	RY2024 Secondary Rates (\$/kW)
CCSF SA 275	\$26.134	\$9.919
WAPA SA 17	\$30.003	\$12.202

F. Cost of Ownership Rates

The Cost of Ownership rates for RY2024 can be found on Schedule 21-CoO and are compared to RY2023 rates below:

Monthly CoO Rate	RY2023	RY2024
Customer Financed	0.89%	0.80%

G. Customer Service Charges

The monthly Customer Service Charges for RY2024 can be found on Schedule 23-CustServCharge and are compared to RY2023 rates below:

<u>Customer</u>	<u>RY2023 Hrs</u>	<u>RY2023 Charge (Hrs x \$165.61 Rate)</u>	<u>RY2024 Hrs</u>	<u>RY2024 Charge (Hrs x \$130.33 Rate)</u>
CCSF	40	\$6,624.40	40	\$5,213.08
Port	3.5	\$579.64	3.5	\$456.14
PWRPA	3.5	\$579.64	3.5	\$456.14
Shelter Cove	3.5	\$579.64	3.5	\$456.14
WAPA	45	\$7,452.45	45	\$5,864.72
Westside	3.5	\$579.64	3.5	\$456.14

III. INCREASE IN WHOLESALE DRR

The increase of \$56 million in the Wholesale DRR for RY2024 (based on Prior Year 2022) in comparison to RY2023 Wholesale DRR (which is based on a Prior Year 2021) is mainly attributable to a \$160 million increase in return of capital, \$89 million increase in depreciation, \$32 million increase in income taxes and \$94 million in various components. The increase was offset by a \$319 million decrease to Operations and Maintenance (“O&M”) expense largely related to costs in FERC Account 593, Maintenance of Overhead Lines.

The details of the calculations of all components of the DRR are included in the Model and supporting Workpapers.

IV. CORRECTIONS TO PRIOR ANNUAL UPDATE FILING

Corrections were identified for the Prior Year 2021 in the RY2023 Annual Update filing. Details of the corrections are provided below. Please refer to Attachment C for the updated RY2023 which shows the calculation of the cumulative amount of the difference, including interest.

- a. Provision of Unfunded Reserves for Franchise Fees – PG&E determined that the outstanding liabilities of franchise fees met the definition of unfunded reserves yet was omitted in the RY2023 Annual Update. The total company franchise fees liabilities were allocated to electric distribution based on the ratio of electric distribution energy revenue to total company energy revenue. The rate base reduction on total distribution basis for RY2023 is \$37 million based on 13-month average. The difference, by customer, of ATA including interest resulting from this correction as of December 31, 2021 is included in Schedule 3-ATA of the RY2024 Annual Update.
- b. Reclassification of Functional Electric Distribution Plant to Transmission Plant – PG&E determined that approximately \$193 million gross electric transmission functional plant as of December 2021 was incorrectly classified as electric distribution functional plant.

This correction impacts Schedule 7-PlantInService, Schedule 10-AccDep, and Schedule 11-Depreciation. The difference, by customer, of ATA including interest resulting from this correction as of December 31, 2021 is included in Schedule 3-ATA of the RY2024 Annual Update.

V. FERC FORM NO. 1 REFERENCES

PG&E updated several FERC Form 1 references and the heading for Schedule 5-CostofCap-4, Section 2, Column 9 from “=Col 3 X Col 5” to “Col 4 x Col 7” in the Model for RY2024. The reference corrections do not change any calculations in the underlying Model.

VI. DOCUMENTS SUBMITTED WITH THIS FILING

This filing consists of the following documents:

1. This transmittal letter;
2. Certificate of Service;
3. Attachment A: The populated WDT Model in Excel format, showing the calculation of the RY2024 DRR, Distribution Rates, Cost of Ownership Rates, and Customer Service Charges;
4. Attachment B: The populated WDT Model in PDF format, showing the calculation of the RY2024 DRR, Distribution Rates, Cost of Ownership Rates, and Customer Service Charges; and
5. Attachment C: Workpaper in Excel format, showing the adjustment resulting from corrections of the RY2023 Annual Update for true up of PY2021.
 - a. Attachment C-01 – Updated RY2023 Model
 - b. Attachment C-02 – Updated RY2023 Workpaper 1-BaseDRR_Tax
 - c. Attachment C-03 – Updated RY2023 Workpaper 7-PlantInService
 - d. Attachment C-04 – Updated RY2023 Workpaper 10-AccDep
 - e. Attachment C-05 – Updated RY2023 Workpaper 11-Depreciation
 - f. Attachment C-06 – Updated RY2023 Workpaper 14-ADIT
 - g. Attachment C-07 – Updated RY2023 Workpaper 16-UnfundedReserves

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VII. SERVICE AND POSTING

Copies of this filing have been served on all parties designated on the official service list in this proceeding and electronic copies of this filing will be posted and available at www.pge.com.

VIII. CORRESPONDENCE

PG&E requests that all correspondence, pleadings, and other communications concerning this filing be served upon the following:

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IX. CONCLUSION

PG&E respectfully requests that the Commission issue a notice of filing for this RY2024 Annual Update informational filing and establish a comment date.

Respectfully submitted,

/s/ Alexandra J. Ward

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Attachments and Enclosures

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused a copy of the foregoing document to be served upon all the parties designated on the official service list in this proceeding pursuant to 18 C.F.R. § 385.2010 of the Commission's Rules of Practice and Procedure.

Dated at San Francisco, California, this 1st day of December, 2023.

/s/ Ollen Erich Hunt

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