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December 2, 2024

Ms. Debbie-Anne Reese, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, DC 20426

Re: Informational Filing

**Pacific Gas and Electric Company Transmission Owner Rate Year 2025
Annual Update Filing under the Formula Rate Approved in Docket No.
ER24-96-000**

Dear Ms. Reese:

On December 29, 2023, the Federal Energy Regulatory Commission (FERC or Commission) issued its *Order Rejecting in Part, and Accepting and Suspending in Part, Proposed Formula Rate Filing, and Establishing Hearing and Settlement Judge Procedures* in Docket No. ER24-96-000 regarding Pacific Gas and Electric Company's (PG&E) proposed twenty-first Transmission Owner (TO21) Formula Rate.¹ On January 12, 2024, PG&E filed a revised Formula Rate Model (Model) consistent with the TO21 Order. On March 6, 2024, the Office of Energy Market Regulation accepted the revised Model, for filing purposes, effective January 1, 2024.

¹ *Pac. Gas & Elec. Co.*, 185 FERC ¶ 61,243 (2023) (TO21 Order).

Pursuant to Section 4.7 of the Formula Rate Protocols (Protocols), PG&E respectfully submits for informational purposes its Annual Update for Rate Year 2025 (RY2025 or Rate Year 2025) as authorized under Docket No. ER24-96-000.²

This Annual Update results in a retail Base Transmission Revenue Requirement (TRR) of \$2,898 million and a wholesale Base TRR \$2,880 million, both of which will go into effect on January 1, 2025. This represents an increase of \$113 million and \$109 million, when compared to the current retail Base TRR and wholesale Base TRR, respectively.

Consistent with the Protocols, this informational filing does “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 (FPA)].”³ Instead, this is an informational filing implementing the Model for Rate Year 2025.

In addition, this Annual Update reflects adjustments and refunds consistent with the directives in:

- (1) the Commission’s order issued on August 22, 2024, approving a settlement in PG&E’s eighteenth Transmission Owner (TO18) rate case and resolving outstanding issues in PG&E’s nineteenth and twentieth Transmission Owner rates cases (TO19 and TO20) (TO18-TO20 Settlement);⁴ and
- (2) the Commission’s order issued in Docket No. ER19-13-000 regarding protests to PG&E’s Rate Year 2022 Annual Update filing.⁵

These adjustments and refunds are discussed in detail below. The remainder of this Transmittal Letter consists of the following sections:

- I. Overview of Annual Update Filing
- II. Corrections to the True-up TRR in previously filed Annual Updates
- III. Refund of Common, General and Intangible Plant Allocation Consistent with TO18-TO20 Settlement

² The Protocols and revised Model are contained in Attachments 1 and 2, respectively, in Appendix VIII of PG&E’s Transmission Owner (TO) Tariff.

³ Protocols § 4.7.3.

⁴ *Pac. Gas & Elec. Co.*, 188 FERC ¶ 61,135 (2024) (TO18 Settlement Order).

⁵ *Pac. Gas & Elec. Co.*, 189 FERC ¶ 61,021 (2024) (Rate Year 2022 Order).

IV. Refund of Capitalized Right of Way (ROW) Expansion

V. Transmission Balancing Accounts

VI. Documents submitted with this Filing

The Protocols provide that the last day for formal comments or protests is January 30, 2025, and the last day for PG&E to answer comments or protests is March 17, 2025.⁶ Therefore, PG&E requests that the Commission issue an order directing that comments/protests and PG&E's answer be submitted within the time period specified in the Protocols.

I. Overview of Annual Update Filing

A. Background for Rate Year 2025 Annual Update

On June 14, 2024, PG&E posted a draft of the Rate Year 2025 Annual Update on its website and provided electronic notices of the posting to the entities identified in Section 4.2 of the Protocols. On July 15, 2024, PG&E held a technical conference for interested parties. After the technical conference, PG&E was available for weekly office hours through November 1st. PG&E also responded to 488 information requests (including subparts) from interested parties regarding the draft Annual Update.

On November 1, 2024, PG&E provided to interested parties a revised draft Annual Update including Models, Workpapers, a summary of the revisions, and a log including a detailed list of all the changes made to the June draft Annual Update. On November 7, 2024, PG&E held a supplemental technical conference pursuant to Section 4.6 of the Protocols.

B. Annual Update Requirements

In this Annual Update, PG&E is providing a fully populated Formula Rate Model as well as additional materials discussed in more detail in Sections II-VI below. In addition, Sections 4.7.1 and 4.7.2 of the Protocols require PG&E to provide the following information:

1. Gross Load Forecast: The gross load forecast included in the Annual Update was approved on September 11, 2024, by PG&E's Executive Vice

⁶ Protocols § 4.1. The Protocols require PG&E to file an Answer by March 15, but since March 15, 2025 is a Saturday, the next business day to file an Answer is March 17, 2025.

President of Engineering, Planning & Strategy and is PG&E's most current, internally approved gross load forecast.

2. Discussion of Accounting Changes: For this Annual Update, PG&E identified four accounting changes. First, PG&E reclassified Rent Expense from FERC Account 923 (Outside Services Employed) to Account 931 (Rents) in 2023. Transmission customer rates are not affected by the reclassification because FERC Accounts 923 and 931 are both allocated to transmission customers using labor factor allocators and thus the allocated amount remains the same after the reclassification.

Second, in 2024 PG&E recognized the San Francisco General Office (SFGO) gain on sale refund to customers. The SFGO sale occurred in 2021. Thus, the transmission allocated portion of the gain on sale would have been included in the Rate Year 2023 Annual Update under TO20. However, because the TO20 Model did not include the FERC account where the allocated portion of this transaction was recorded, PG&E included the gain on sale in the Rate Year 2024 filing under the TO21 rate case. For additional detail, please see the explanation in Docket No. ER24-96-000, Exhibit PGE-004, page 13, line 22.

Third, consistent with Rate Year 2022 Order, PG&E has reclassified Right of Way (ROW) Expansion Program costs from capital to expense. Specifically, PG&E removed the capitalized costs from plant in service, accumulated depreciation, and construction work in progress (CWIP) and instead recorded these costs in expense accounts excluding the Allowance for Funds Used During Construction. Any accrued depreciation expense was also reversed. The impact of this change is discussed in Section IV below.

Fourth, while not an accounting change, for transparency purposes, PG&E notes that it had previously reflected the prepayment for all liability insurance, except for excess liability insurance, in the miscellaneous category (Schedule 13-WorkCap, lines 200-212, column 8) and allocated to this amount based on the labor factor. Beginning in Prior Year 2024, PG&E will include these prepayments, except for those related to directors and officers and worker's compensation, in the liability insurance category (Schedule 13-WorkCap, lines 200-212, column 7) and allocate the amount based on the blended factor. PG&E has also previously included nuclear-related property and liability insurance and excise tax in the working capital

rate base calculation. PG&E will directly assign and remove such prepayments from the rate base calculation beginning in Prior Year 2024.

3. Description of Cost Allocation Method between PG&E and its Affiliates and Magnitude of Costs: PG&E's methodology to allocate and directly assign costs between PG&E and its affiliates is described in Attachment K. There have been no changes to this allocation methodology from the Prior Year. Allocated costs from Pacific Gas and Electric Corporation to PG&E are \$52.6 million and recorded in FERC Account 923. The recorded adjusted amount in FERC Account 923 shown on Schedule 19-AandG of the Model is approximately \$13.1 million.

II. True-Up TRR Corrections

Pursuant to Section 4.7.6 of the Protocols, this Annual Update includes the following corrections to previously filed Annual Updates:

1. Underwriting Fees and Cost of Long-Term Debt: On May 23, 2024, FERC issued an order affirming on rehearing its earlier denial of PG&E's request for a waiver to exclude certain securitized long-term debt cost inputs as well as underwriting fees from its TO20 Formula Rate.⁷ This Annual Update includes the underwriting fees that previously had been excluded.⁸ As a result, the cost of debt increased by 0.00764%.
2. Accumulated Deferred Income Taxes (ADIT) Rate Base Related to Unfunded Reserves: PG&E identified that the deferred tax impact from unfunded reserves for injuries and damages and severance (unfunded reserves ADIT) was erroneously included in determining the ADIT for Prior Years 2021 and 2022 on Schedule 14-ADIT, Line 209, Column 4. As a result of removing the unfunded reserves ADIT, the weighted ADIT for the True-up TRR decreased by \$11.1 million and \$26.3 million for Prior Years 2021 and 2022, respectively.
3. Functional Plant Related Rate Base Adjustments: PG&E identified certain adjustments reducing both Plant and Accumulated Depreciation monthly amounts that were not made for the months from January through

⁷ *Pacific Gas and Electric Company*, 187 FERC ¶ 61,090 (2024) (Waiver Rehearing Decision).

⁸ Updated for Prior Year 2021, Schedule 5-CostofCap-2, Line 106 and Schedule 5-CostofCap-3, Line 105 and 109.

November 2022 for Prior Year 2022, Schedules 7-PlantinService and 10-AccDep. These adjustments result in a net decrease of \$37.7 million in rate base.

4. Revenue credits: For Prior Year 2022, PG&E identified that \$125,704 related to Network Transmission should be reflected as a credit to customers on Schedule 20-RevenueCredits, Line 607, Col 5 and 6.
5. Costs recorded to Generator Step-Up Transformers asset class: PG&E removed from rate base the costs recorded to asset class ETP35302 that were incorrectly included in TO rate base. The plant related reductions were reflected for Prior Year 2019 to 2022, Schedules 7-PlantinService, 10-AccDep and 11-Depreciation, Low Voltage, Asset Class ETP35302.
6. ROW Expansion Program: Consistent with the Rate Year 2022 Order, PG&E removed the ROW Expansion Program capitalized costs and recovering these costs as expense. This adjustment is described in more detail in Section IV below. The capital-related reductions are reflected in TO20 2019 to 2022 True-Up Models, Schedules 7-PlantinService, 10-AccDep and 11-Depreciation in multiple electric transmission asset classes for both high and low voltage functional plant and Schedule 14-ADIT. The expenses are reflected on Schedule 18-OandM, line 125, Account 571.
7. Direct Assigned Common, General, and Intangible Plant Reclassification from Network Transmission to Electric Distribution for Planning Order 5779319: PG&E removed from rate base costs from Planning Order 5779319 (ElecOps - CCSF WDT Load Controls CAP) that were identified as electric distribution costs. The capital-related reductions are reflected on TO20 2020 to 2022 True-Up Models, Schedule 7-PlantinService, Line 400 and 401; Schedule 10-AccDep, line 400 and 401 and Schedule 11-Depreciation, Line 200.
8. Gates Trench Failure: PG&E removed the recorded capital additions for the Gates Trench Failure Replacement project. The capital-related reductions are reflected in TO20 2021 and 2022 True-Up Models, Schedules 7-PlantinService, 10-AccDep and 11-Depreciation, high voltage, Asset Class ETP35301.

PG&E calculated the incremental True-Up TRR using the TO20 models where the TO20 2019 True-Up to TO20 2022 True-Up were the models most recently filed at FERC. In Attachments D-G to this Annual Update filing, PG&E is providing the respective TO20 Models with corrections described above for 2019 to 2022. In Attachment H, PG&E

provides a summary of the incremental True-Up TRR with interest through December 2022. The incremental True-Up TRR and interest are included in TO20 Prior Year 2023 True-up Model (Attachment C), Tab 4-ATA, Line 201, Column 5 and 8. The ATA on TO20 2023 True-up Model, Tab 4-ATA, Line 400 is carried to TO21 RY2025 Model (Attachment A and B), Tab 4-ATA, Line 403. Table 1 below provides a summary of the incremental TRR impact of the above adjustments for the period 2019-2022.

Table 1: Summary Table for 2019 to 2022 Incremental TRR Impact With Interest Through December 2022

Prior Year True Up	Incremental Increase (Decrease) of True-up TRR with Interest Through December 2022 in \$ million	
	Principal	Interest
2019	19.8	2.7
2020	34.7	3.2
2021	19.0	1.0
2022	7.5	0.2
Total⁹	81.0	7.1

III. Refund of CGI Plant Allocation Consistent With TO18-TO20 Settlement

On August 22, 2024, FERC approved the TO18-TO20 Settlement which provided for a refund of \$405 million to the transmission customers related to Common, General and Intangible Plant (CGI) allocation. This refund is a result of using the labor factor to allocate CGI Plant for the TO20 rate case period (2019 – 2023) instead of the direct assignment methodology that PG&E had previously used. The Annual Update reflects \$517.8 million total refund, including principal and interest calculated through December 2025, using the Formula Rate true-up mechanism consistent with the TO18-TO20 Settlement. The refund amount is included in TO21 RY2025 Model, Schedule 4-ATA, Line 403.

⁹ The total is shown on TO20 Formula Rate Model for 2023 true up calculation (*see* Schedule 4-ATA, Line 201, Column 5 and 8).

IV. Refund of Previously Capitalized ROW Expansion Program and Recovery as O&M

The Rate Year 2022 Order directed PG&E to reclassify capitalized costs associated with ROW Expansion Program and recover these costs as utility O&M expenses and to effectuate refunds through its Formula Rate true-up adjustment.¹⁰ The Rate Year 2025 Annual Update reflects a refund of \$48.6 million including return on rate base, net plant and accumulated deferred taxes, income taxes and depreciation associated with capitalizing the ROW costs for operative plant as of December 2023 in the TO19 and TO20 rate cases. Interest is calculated based on FERC interest rate with compounding quarterly for TO19 and monthly for TO20.

PG&E calculated the expense amount incurred and allocated to network transmission in the TO19 and TO20 rate cases associated with the ROW Expansion Program as \$192.7 million which includes expenditure incurred for projects not yet operative as of December 2023. The total net recovery is reflected in two places. The net recovery for TO20 rate case period is included in the Annual True Up Adjustment in TO20 – 2023 True Up model (Attachment C) which is then carried to TO21 RY 2025 Model, Tab 4-ATA, Line 403 (Attachment A and B). The net recovery for the plant included in TO19 rate case are calculated separately in Attachment J and included in the TO21 RY 2025 Model, Tab 4-ATA, Line 403.

Starting with this Annual Update filing, PG&E has excluded and will continue to exclude on a going forward basis, ROW Expansion Program costs from its capital forecast and will recover such costs as utility O&M expenses under the TO21 Formula Rate method consistent with the Rate Year 2022 Order. Consistent with the Uniform System of Accounts, PG&E will continue to capitalize costs in connection with the first clearing and grading of land and rights of way in line with FERC Plant Instructions No. 7A (Land and Land Rights), No. 8a (Structures and Improvements), and No. 9A (equipment).

At the time of this Annual Update submission, PG&E additional time is required to perform a more detailed review of certain historical ROW Expansion Program costs which may result in future cost adjustments. PG&E will include additional refund and cost recovery adjustments as necessary with interest in the next annual update (i.e., the Rate Year 2026 Annual Update).

Table 2 below provides a summary of the ROW Expansion Program capital costs that have been removed from network transmission rate base and Table 3 provides a summary

¹⁰ Rate Year 2022 Order at P 36-38.

of the network transmission depreciation expense and allocated O&M expense including costs incurred but not operative as of December 2023.

Table 2: ROW Plant Related Network Transmission Rate Base Removed

Year End Recorded Balance in \$million	2019	2020	2021	2022	2023
Plant	62.9	100.2	132.0	162.6	175.1
Accumulated Depreciation	1.1	3.3	6.4	10.5	15.0
Net Plant	61.8	96.9	125.6	152.1	160.1

Table 3: Network Transmission Depreciation Expense Refund and Allocated O&M Expense Recovery for ROW Program

In \$million	Prior to 2019	2019	2020	2021	2022	2023	Total
Depreciation Expense	0.1	0.7	2.2	3.1	4.0	4.6	14.7
O&M Expense	27.5	32.6	43.6	34.2	31.1	23.7	192.7

V. Transmission Balancing Accounts Adjustments

On October 2, 2024, PG&E submitted its Annual Transmission Balancing Account (TBA) Revisions filing to FERC in Docket No. ER25-15-000, including adjustments to Transmission Revenue Balancing Account Adjustment (TRBAA), Reliability Services Balancing Account (RSBA) and End-Use Customer Refund Balancing Account (ECRBA). The TBA filing includes updates to: (1) the TRBAA rate for end-use retail customers and the TRBAA to be used by the California Independent System Operator Corporation (CAISO) in calculating its Transmission Access Charges (TAC); (2) the Reliability Services (RS) rates; and (3) the End-Use Customer Refund Balancing Account Adjustment (ECRBAA) rates.

On November 25, 2024, FERC issued an order approving the TBA adjustments, which are reflected on Schedule 26 of Attachments A and B to take effect on January 1, 2025.

VI. Documents Submitted with this Filing

This filing consists of the following documents:

- 1) This Annual Update transmittal letter;
- 2) Attachment A: TO21 Rate Year 2025 Model (PDF)
- 3) Attachment B: TO21 Rate Year 2025 Model (Excel)
- 4) Attachment C: TO20 2023 True Up (Excel)
- 5) Attachment D: TO20 2022 True Up (Excel)
- 6) Attachment E: TO20 2021 True Up (Excel)
- 7) Attachment F: TO20 2020 True Up (Excel)
- 8) Attachment G: TO20 2019 True Up (Excel)
- 9) Attachment H: Incremental True Up Adjustments in TO20 2023 True Up (Excel)
- 10) Attachment I: TO20 Refund from TO18 Settlement (Excel).
- 11) Attachment J: TO19 ROW Revenue Requirement Calculation (Excel)
- 12) Attachment K: Affiliates Allocation Factors (PDF)

VII. Posting and Service

Copies of this filing have been served on the Notification List. 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 the Rate Year 2025 Annual Update and establish the following comment dates: (1) formal comments or

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protests by January 30, 2025; and (2) PG&E answer to comments or protests by March 17, 2025.

Respectfully submitted,

/s/ Charles R. Middlekauff

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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 and the additional parties listed below:

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Dated at Oakland, California, this 2nd day of December, 2024.

/s/ Ollen Erich Hunt

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