

## **NOTIFICATION OF PACIFIC GAS AND ELECTRIC COMPANY'S GAS COST ALLOCATION PROCEEDING REQUESTING TO CHANGE GAS RATES (A.17-09-006)**

### **Summary**

On September 14, 2017, Pacific Gas and Electric Company (PG&E) filed its 2018 Gas Cost Allocation Proceeding (GCAP) Application with the California Public Utilities Commission (CPUC) requesting approval to change rates for gas customers.

The Application proposes changes to residential rates that will address fluctuations in customer bills and spikes in winter bill amounts. In support of this goal, the application also seeks to address the following:

- Update the gas sales forecast more frequently
- Adopt a more stable method of assigning costs to customer classes
- Ensure energy efficiency costs paid by each customer class align with the energy efficiency benefits the customer class receives
- Update cost studies to more accurately reflect the cost to serve various customer classes

Exact amounts are subject to change and CPUC regulatory approval. PG&E will provide the CPUC with updated amounts later in the year to ensure the most current information is used to set customer rates.

### **Background**

As a whole, PG&E gas customers are using less gas as the state of California focuses on increased energy efficiency and reducing greenhouse gas emissions. However, PG&E must continue to invest in the safety and reliability of the gas system. As a result, updates are needed to the current method for determining how much each customer class pays. This Application requests approval of a more stable method of spreading cost responsibility among customer classes for the future.

### **How will PG&E's Application affect me?**

This application will not change the overall amount PG&E is authorized to collect from its gas customers. However, due to the reassignment of costs to customer classes and adjustment of rates to reflect lower gas usage in total, most customer classes could see an increase as early as October 2018. Longer term, based on the proposals in this application, most customer classes could see rate decreases in the second year under normal weather and existing gas costs. The exact timing of the rate impact is uncertain and will depend on the regulatory schedule set for this proceeding.

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A summary of the rate impact for PG&E's gas customers is provided below.

	Current Rates (\$ per therm)	Proposed Rates (\$ per therm)	Percentage Change
<b>Core bundled customers who receive gas supplies from PG&amp;E</b>			
<b>Residential<sup>1</sup></b>	1.59	1.64	3.2%
<b>Small Commercial<sup>1</sup></b>	1.13	1.21	6.8%
<b>Large Commercial</b>	0.88	0.84	-4.1%
<b>Natural Gas Vehicle (Customer Compression)</b>	0.73	0.85	16.6%
<b>Natural Gas Vehicle (PG&amp;E Compression)</b>	2.20	2.47	12.6%
<b>Core customers who purchase gas from a third party (see below for description)</b>			
<b>Residential<sup>1</sup></b>	1.17	1.20	2.4%
<b>Small Commercial<sup>1</sup></b>	0.72	0.78	8.3%
<b>Large Commercial</b>	0.50	0.45	-9.3%
<b>Natural Gas Vehicle (Customer Compression)</b>	0.35	0.46	30.5%
<b>Natural Gas Vehicle (PG&amp;E Compression)</b>	1.82	2.08	14.5%
<b>Noncore customers who purchase gas from a third party (see below for description)</b>			
<b>Industrial Distribution</b>	0.30	0.33	11.0%
<b>Industrial Transmission</b>	0.15	0.15	-0.4%
<b>Industrial Backbone</b>	0.05	0.05	6.1%
<b>Natural Gas Vehicle (Customer Compression) Transmission</b>	0.14	0.13	-0.4%
<b>Electric Generation Distribution/Transmission</b>	0.10	0.10	1.4%
<b>Electric Generation Backbone</b>	0.01	0.01	14.5%
<b>Wholesale Transport Service</b>			
<b>Alpine Natural Gas</b>	0.10	0.10	0.3%
<b>Coalinga</b>	0.10	0.10	0.3%
<b>Island Energy</b>	0.11	0.11	0.3%
<b>Palo Alto</b>	0.10	0.10	0.3%
<b>West Coast Gas: Castle</b>	0.28	0.29	2.1%
<b>West Coast Gas: Mather Distribution</b>	0.34	0.29	-14.9%
<b>West Coast Gas: Mather Transmission</b>	0.10	0.10	0.3%

<sup>1</sup> CARE customers receive a 20 percent discount on transportation and procurement and are exempt from PG&E's Public Purpose Program Surcharge and CSI Solar Water Heater rate components.

Based on rates currently in effect, the bill for a typical residential non CARE customer averaging 33 therms per month of gas usage would increase from \$52.59 to \$54.26, or 3.2 percent. Actual impacts will vary depending on energy usage across the months.

## How will PG&E's Application affect customers who buy gas from a third party?

Certain residential customers only receive gas distribution services from PG&E and purchase their gas from a third party. PG&E does not purchase gas for these customers. The impact of PG&E's Application on the transportation component of the bill is an average increase of \$0.92, or 2.4 percent. Transportation components of the customer bill stay the same regardless of whether the customer obtains gas service from PG&E or from a third party.

## How do I find out more about PG&E's proposals?

If you have questions about PG&E's filing, please contact PG&E at **1-800-743-5000**. For TTY, call **1-800-652-4712**. If you would like a copy of PG&E's filing and exhibits, please write to PG&E at the address below:

Pacific Gas and Electric Company  
2018 GCAP Application (A.17-09-006)  
P.O. Box 7442  
San Francisco, CA 94120

A copy of PG&E's filing and exhibits is also available for review at the CPUC's Central Files Office by appointment only. For more information, contact [aljcentralfilesid@cpuc.ca.gov](mailto:aljcentralfilesid@cpuc.ca.gov) or **1-415-703-2045**. PG&E's Application (without exhibits) is available on the CPUC's website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

## CPUC process

This Application will be assigned to an Administrative Law Judge (Judge) who will determine how to receive evidence and other related documents necessary for the CPUC to establish a record upon which to base its decision. Evidentiary hearings may be held where parties will present their testimony and may be subject to cross-examination by other parties. These evidentiary hearings are open to the public, but only those who are formal parties in the case can participate.

After considering all proposals and evidence presented during the hearings, the assigned Judge will issue a proposed decision which may adopt PG&E's proposal, modify it or deny it. Any of the five CPUC Commissioners may sponsor an alternate decision. The proposed decision, and any alternate decisions, will be discussed and voted upon at a scheduled CPUC Voting Meeting.

The Office of Ratepayer Advocates (ORA) may review this Application. ORA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. ORA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. For more information about ORA, please call **1-415-703-1584**, email [ora@cpuc.ca.gov](mailto:ora@cpuc.ca.gov) or visit ORA's website at [www.ora.ca.gov](http://www.ora.ca.gov).

## Stay informed

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC's free subscription service. Sign up at: <http://subscribecpuc.cpuc.ca.gov/>. If you would like to learn how you can participate in the proceeding, have informal comments about the Application, or have questions about the CPUC processes, you may access the CPUC's Public Advisor Office (PAO) webpage at <http://consumers.cpuc.ca.gov/pao/>.

You may also contact the PAO as follows:

**Email:** [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov)

**Mail:** CPUC  
Public Advisor's Office  
505 Van Ness Avenue  
San Francisco, CA 94102

**Call:** 1-866-849-8390 (toll-free) or 1-415-703-2074

**TTY:** 1-866-836-7825 (toll-free) or 1-415-703-5282

If you are writing or emailing the PAO, please include the application number (2018 GCAP Application; A.17-09-006). All comments will be circulated to the Commissioners, the assigned Judge and appropriate CPUC staff, and will become public record.