

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE



January 31, 2019

Advice Letter 5465-E

Erik Jacobson
Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

SUBJECT: March 1, 2019 Residential Electric Rate Changes per Decision 15-07-001

Dear Mr. Jacobson:

Advice Letter 5465-E is effective as of January 4, 2019.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph
Director, Energy Division

January 4, 2019

Advice 5465-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: March 1, 2019 Residential Electric Rate Changes per Decision 15-07-001

Purpose

This advice letter requests approval of changes to Pacific Gas and Electric Company's (PG&E's) residential rates in compliance with Decision (D.) 15-07-001 (Decision), *Decision on Residential Rate Reform for Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company and Transition to Time-of-Use Rates*.

Background

On July 3, 2015, the California Public Utilities Commission (CPUC or Commission) issued D.15-07-001, its Phase 1 Residential Rate Reform Decision.¹ That decision adopted a number of residential rate reforms including a multi-year transition plan, or glidepath, for their implementation.² The table below shows the approved glidepath for tier consolidation of PG&E's rates approved in D.15-07-001:³

¹ In Rulemaking 12-06-013.

² On September 1, 2015, in compliance with Ordering Paragraph (OP) 5 of D.15-07-001, PG&E submitted Advice 4697-E providing information on estimated glidepaths for non-CARE and CARE rates extending to 2019, along with estimated bill impacts and energy burdens. Advice 4697-E was approved by Energy Division on November 12, 2015.

³ D.15-07-001, p. 278.

Approved Glidepath for Tier Consolidation (PG&E)

| | Current | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------|---------|-----------------|---|-----------------------|-----------------------|-----------------|
| Number of Tiers | 4 tiers | 4 tiers | 3 tiers | 2 tiers | 2 tiers | 2 tiers |
| Usage covered | | | Baseline 101 – 200% BQ Over 200% BQ | Baseline > 100% BQ | Baseline > 100% BQ | Same as 2018 |
| Tier Differential | | 1:1.18:1.5:1.91 | 1:1.23:1.81 | 1:1.361 | 1:1.313 | 1:1.25 |
| SUE Surcharge ⁵⁸¹ | N/A | N/A | N/A | 1:1.89 | 1:2.033 | 1:2.19 |

Since the issuance of D.15-07-001, PG&E has implemented four rate reform steps as directed by the decision:

- (1) **2015:** PG&E implemented the first step in reforming residential rates in Advice 4689-E, for rates effective September 1, 2015.
- (2) **2016:** PG&E implemented the second rate reform step in Advice 4810-E-A, effective June 1, 2016. This step reduced the number of tiers from four to three.
- (3) **2017:** PG&E implemented the third step in Advice 4974-E, Advice 5011-E, and Advice 5011-E-A, effective March 1, 2017. This step redefined the tiers so that Tier 2 applies to usage between 100 and 400 percent of a customer's baseline amount, and created a new High Usage Surcharge (HUS) tier applicable to usage above 400 percent of baseline.⁴
- (4) **2018:** Finally, PG&E implemented the fourth step in Advice 5203-E and Advice 5231-E, effective March 1, 2018. This step further narrowed the differential between the Tier 2 rate and the Tier 1 rate, while increasing the differential between the HUS rate and the Tier 1 rate.

March 1, 2019 Rates

This advice letter sets forth the fifth step of residential rate reform, further narrowing the differential between the Tier 2 and Tier 1 rates from 1.313-to-1 to 1.25-to-1, while further widening the differential between the HUS and Tier 1 rates from 2.033-to-1 to 2.19-to-1. D.15-07-001 also included a cap on the Tier 1 rate. Specifically this cap limits the percentage increase in the Tier 1 rate, relative to its value 12 months previous, to no more than the percentage change in the residential average rate (over that same 12-month period) plus 5 percent. PG&E plans to implement the fifth step of rate reform effective March 1, 2019, so the relevant comparison for purposes of calculating the Tier 1 rate cap is to rates effective March 1, 2018.

⁴ D.15-07-001 refers to this as the Super-User Electric (SUE) Surcharge tier; however, PG&E requested to modify the name of the surcharge to "High Usage" in Advice 4722-E-B. That advice letter was approved by disposition effective August 24, 2016.

PG&E currently forecasts that its March 1, 2019 Tier 1 rate will be below the Tier 1 rate cap, and, as a result, all glidepath ratios for 2019 can be achieved. The rate capping worksheet in Attachment 1 summarizes the associated forecasted revenue and average rate changes. The residential average rate on March 1, 2018 was 22.030 cents per kilowatt-hour (kWh). For March 1, 2019, PG&E currently estimates that its residential average rate will be 21.330 cents per kWh, a decrease of 3.2 percent. Thus the cap on the amount by which PG&E's Tier 1 rate may increase is negative 3.2 percent plus 5.0 percent, or 1.8 percent. But, as the worksheet shows, PG&E's current estimate of the March 1, 2019 Tier 1 rate is 20.779 cents per kWh, which represents a 1.8 percent decrease compared to its 21.169 cent level on March 1, 2018 – well below the 1.8 percent increase cap. The forecasted rates in Attachment 1 also reflect the approved 2019 glidepath CARE discount of 35.5 percent.⁵

It is important to note that there is still uncertainty regarding the anticipated rate levels that will be in effect on March 1, 2019. PG&E anticipates that the Federal Energy Regulatory Commission will accept changes to transmission rates in February 2019 for March 1, 2019 implementation. In addition, a decision in PG&E's 2019 Energy Resource Recovery Account (ERRA) Forecasting proceeding (A.18-06-001) has been delayed, which PG&E expects will delay ERRA-related rate changes as well as the 2019 Annual Electric True-up (AET) from January 1, 2019 until March 1, 2019.⁶ Finally, assuming the ERRA decision is issued in time to implement rates on March 1, 2019, then PG&E will include in the March 1, 2019 rate change the initial change in rates resulting from Phase II of PG&E's 2017 GRC Phase II proceeding, including the residential class revenue allocation changes adopted by that decision.⁷ As a result, while the rates presented in this advice letter are PG&E's best estimates, they are illustrative, and the final rates will likely differ. Once all the revenue requirements and rates are approved and known, PG&E will file a final consolidated Tier 1 advice letter in mid-February 2019 that will include residential rate reform changes, all approved revenue requirement changes, and all resulting (residential and non-residential) final rates to be effective March 1, 2019.

Protests

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than January 24, 2019, which is 20 days after the date of this submittal. Protests must be submitted to:

⁵ See PG&E Advice 4697-E, submitted September 1, 2015, which was approved by Energy Division on November 12, 2015.

⁶ Illustrative rates for the 2019 AET were submitted in Advice Letter 5376-E dated September 4, 2018.

⁷ Illustrative rates for GRC Phase II were submitted in Advice Letter 5429-E and approved by Energy Division Director letter dated December 17, 2018.

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-3582
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

PG&E requests that this Tier 1 advice submittal become effective upon date of submittal, which is January 4, 2019.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for R.12-06-013. Address changes to the General Order 96-B

service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

/S/

Erik Jacobson
Director, Regulatory Relations

Attachments

cc: Service List R.12-06-013



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39 E)

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Annie Ho

Phone #: (415) 973-8794

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: AMHP@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
 PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 5465-E

Tier Designation: 1

Subject of AL: March 1, 2019 Residential Electric Rate Changes per Decision 15-07-001

Keywords (choose from CPUC listing): Compliance, Rates

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.15-07-001

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date: 1/4/19

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

¹Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Erik Jacobson, c/o Megan Lawson
Title: Director, Regulatory Relations
Utility Name: Pacific Gas and Electric Company
Address: 77 Beale Street, Mail Code B13U
City: San Francisco, CA 94177
State: California Zip: 94177
Telephone (xxx) xxx-xxxx: (415)973-2093
Facsimile (xxx) xxx-xxxx: (415)973-3582
Email: PGETariffs@pge.com

Name:
Title:
Utility Name:
Address:
City:
State: District of Columbia Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Pacific Gas and Electric Company
Advice Letter 5465-E
Attachment 1

| System Average Rate | Units | Mar 1 2018 | Forecast Mar 1 2019 | % Change from Prior Year |
|--|--------------|-------------------|--------------------------------|---|
| Total Bundled Revenue (\$Millions) | \$Millions | 9,743 | 7,567 | -22.3% |
| Total Bundled Rate | Cents/kWh | 20.305 | 19.711 | -2.9% |
| Residential Class | Units | Mar 1 2018 | Forecast Mar 1 2019 | % Change from Prior Year |
| Residential Class Average Bundled (Excl. CCC) | | | | |
| Residential Revenue (\$Millions) | \$Millions | 4,043 | 3,217 | -20.4% |
| Residential Class Average Rate | Cents/kWh | 22.030 | 21.330 | -3.2% |

| Non-CARE | Units | Mar 1 2018 | Forecast Mar 1 2019 | % Change from Prior Year |
|--------------------------|--------------|-------------------|--------------------------------|---|
| Schedule E-1 | | | | |
| Monthly Service Fee | \$/Month | 0.00 | 0.00 | N/A |
| Baseline Energy | Cents/kWh | 21.169 | 20.779 | -1.8% |
| 101% to 130% of Baseline | Cents/kWh | 27.993 | 26.176 | -6.5% |
| 131% to 200% of Baseline | Cents/kWh | 27.993 | 26.176 | -6.5% |
| 201% to 400% of Baseline | Cents/kWh | 27.993 | 26.176 | -6.5% |
| Above 400% of Baseline | Cents/kWh | 43.343 | 45.861 | 5.8% |
| Minimum Bill | \$ Per Month | 10.00 | 10.00 | 0.0% |
| RAR Plus 5.0% | | | | 1.8% |
| CARE | Units | Mar 1 2018 | Forecast Mar 1 2019 | % Change from Prior Year |
| Schedule EL-1 | | | | |
| Monthly Service Fee | \$/Month | 0.00 | 0.00 | N/A |
| Baseline Energy | Cents/kWh | 13.453 | 13.325 | -1.0% |
| 101% to 130% of Baseline | Cents/kWh | 17.767 | 16.745 | -5.8% |
| 131% to 200% of Baseline | Cents/kWh | 17.767 | 16.745 | -5.8% |
| 201% to 400% of Baseline | Cents/kWh | 17.767 | 16.745 | -5.8% |
| Above 400% of Baseline | Cents/kWh | 27.510 | 29.338 | 6.6% |
| Minimum Bill | \$ Per Month | 5.00 | 5.00 | 0.0% |
| Total Effective Discount | | 36.0% | 35.5% | -1.4% |
| RAR Plus 5.0% | | | | 1.8% |

Notes:

1) Mar 1 2018 Average Rates are per Advice Letter 5231-E.

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

| | | |
|--|-------------------------------------|---|
| AT&T | Downey & Brand | Pioneer Community Energy |
| Albion Power Company | East Bay Community Energy | Praxair |
| Alcantar & Kahl LLP | Ellison Schneider & Harris LLP | Regulatory & Cogeneration Service, Inc. |
| | Energy Management Service | SCD Energy Solutions |
| Alta Power Group, LLC | Evaluation + Strategy for Social | |
| Anderson & Poole | Innovation | SCE |
| | GenOn Energy, Inc. | SDG&E and SoCalGas |
| Atlas ReFuel | Goodin, MacBride, Squeri, Schlotz & | |
| BART | Ritchie | SPURR |
| | Green Charge Networks | San Francisco Water Power and Sewer |
| Barkovich & Yap, Inc. | Green Power Institute | Seattle City Light |
| Braun Blaising Smith Wynne | Hanna & Morton | Sempra Utilities |
| P.C. CalCom Solar | ICF | Southern California Edison Company |
| California Cotton Ginners & Growers Assn | International Power Technology | Southern California Gas Company |
| California Energy Commission | Intestate Gas Services, Inc. | Spark Energy |
| California Public Utilities Commission | Kelly Group | Sun Light & Power |
| California State Association of Counties | Ken Bohn Consulting | Sunshine Design |
| Calpine | Keyes & Fox LLP | Tecogen, Inc. |
| Casner, Steve | Leviton Manufacturing Co., Inc. | TerraVerde Renewable Partners |
| Cenergy Power | Linde | Tiger Natural Gas, Inc. |
| Center for Biological Diversity | Los Angeles County Integrated Waste | |
| City of Palo Alto | Management Task Force | TransCanada |
| | Los Angeles Dept of Water & Power | Troutman Sanders LLP |
| City of San Jose | MRW & Associates | Utility Cost Management |
| Clean Power Research | Manatt Phelps Phillips | Utility Power Solutions |
| Coast Economic Consulting | Marin Energy Authority | Utility Specialists |
| Commercial Energy | McKenzie & Associates | |
| County of Tehama - Department of Public | | Verizon |
| Works | Modesto Irrigation District | Water and Energy Consulting |
| Crossborder Energy | Morgan Stanley | Wellhead Electric Company |
| Crown Road Energy, LLC | NLine Energy, Inc. | Western Manufactured Housing |
| Davis Wright Tremaine LLP | NRG Solar | Communities Association (WMA) |
| Day Carter Murphy | | Yep Energy |
| | Office of Ratepayer Advocates | |
| Dept of General Services | OnGrid Solar | |
| Don Pickett & Associates, Inc. | Pacific Gas and Electric Company | |
| Douglass & Liddell | | |