

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE



July 11, 2019

Advice Letter 5549-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: Notification of Energy Resource Recovery Account (ERRA) Reaching the Trigger Amount in Compliance with Decision 02-10-062

Dear Mr. Jacobson:

Advice Letter 5549-E is effective as of June 27, 2019.

Sincerely,

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

Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division



Erik Jacobson
Director
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

Fax: 415-973-3582

May 28, 2019

Advice 5549-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Notification of Energy Resource Recovery Account (ERRA) Reaching the Trigger Amount in Compliance with Decision 02-10-062

Purpose

Pacific Gas and Electric Company (PG&E) hereby notifies the California Public Utilities Commission (Commission or CPUC) that its Energy Resource Recovery Account (ERRA) balance has surpassed the four percent Trigger Amount based on recorded balances as of April 30, 2019. However, as discussed below, PG&E is not seeking to adjust rates at this time.

Background

Under Decision (D.) 02-10-062, PG&E is required to file an expedited ERRA trigger application when its ERRA balancing account is 4 percent over- or under-collected. In the ERRA trigger application, PG&E can, on an expedited basis, request a change in rates to address the over-collection or under-collection. In D.08-08-011, the Commission authorized PG&E to notify the Commission through an advice letter when the ERRA balance exceeds its trigger amount, instead of in an expedited application, if PG&E does not seek a change in rates and the ERRA balance is expected to self-correct below the Trigger Amount within 120 days of filing. PG&E submits this Tier 2 advice letter in compliance with D.02-10-062 and D.08-08-011, without seeking a change in rates at this time.

Pursuant to D.04-01-050, PG&E is required to submit an advice letter by April 1 of each year to establish the current year's trigger amount. For 2019, PG&E submitted Advice 5506-E, proposing a 4 percent Trigger Amount of \$230 million and a 5 percent Threshold Amount of \$287 million for 2019. Advice 5506-E was suspended by Energy Division staff pending further review on April 24, 2019.

Status of ERRA Balance

Table 1 below shows the actual recorded balances in the ERRA account through the end of April 2019. As of April 30, 2019, the recorded ERRA balance was \$282.5 million overcollected, or 4.9 percent of PG&E's prior year recorded generation revenues.

Significantly, the recorded balances include approximately \$141 million that is associated with a June 2018 prior period accounting adjustment. In resolving PG&E's 2019 ERRA Forecast revenue requirement proposal (D.19-02-023), the Commission acknowledged a cost allocation error (i.e., a misallocation to ERRA of CAM-eligible contracts) that resulted in an over-collection of revenue from customers paying costs in ERRA and a corresponding under-collection from customers paying costs in the New System Generating Balancing Account (NSGBA) and Modified Transition Cost Balancing Account (MTCBA).¹

In Application (A.) 18-06-001 addressing PG&E's 2019 ERRA Forecast, PG&E proposed to address the 2018 prior period adjustment in rates after these entries have been reviewed and approved in the 2018 ERRA Compliance Review Application proceeding.² The Commission agreed with PG&E's proposal that it was reasonable to address the issue of the misallocated entries to ERRA in the 2018 ERRA Compliance Review and 2020 ERRA Forecast proceedings.³ PG&E will include a discussion of the rate proposal to address the over-collection, in accordance with the Commission's direction in D.19-02-023, as part of PG&E's 2020 ERRA Forecast Application that will be filed on June 3, 2019. Specifically, PG&E will state in the 2020 ERRA Forecast Application that its rate proposal implementation is subject to the issuance of a final decision in the 2018 ERRA Compliance Review Application (A.19-02-018) currently pending before the Commission. Because the Commission has already determined the process to address 2018 prior period adjustment, PG&E believes it is appropriate to exclude these amounts from the trigger calculation.

The ERRA account balance excluding the 2018 prior period adjustment is also shown in Table 1 and Figure 1. As the table and figure show, after excluding the 2018 prior period adjustments, the ERRA trigger has not been exceeded.

¹ D.19-02-023, p. 19.

² A.18-06-001, Exh. PG&E-6, pp. 8-10.

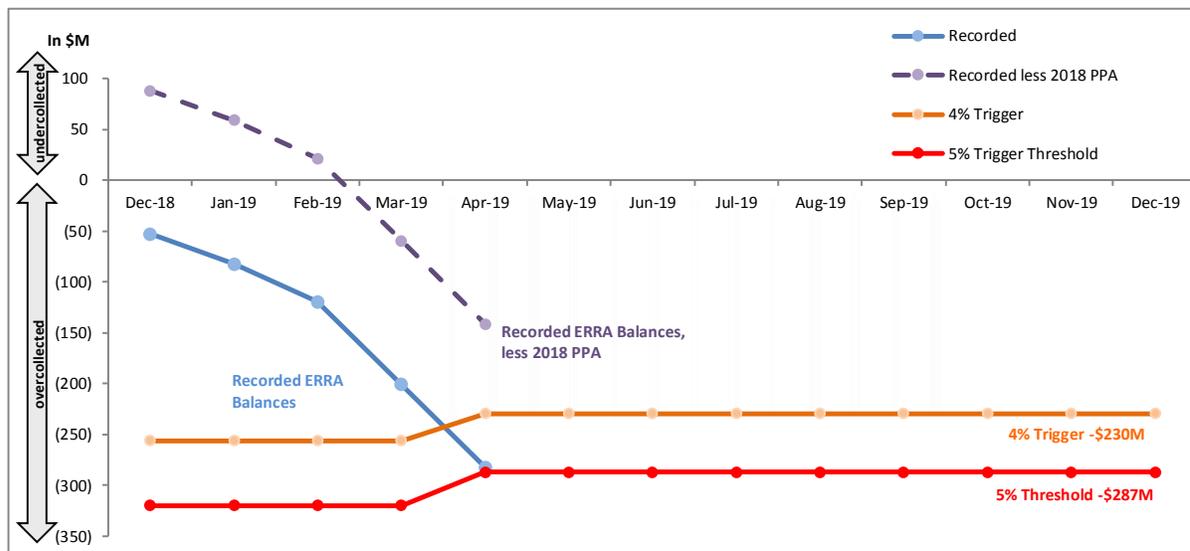
³ D.19-02-023, p. 31, COL 3.

Table 1
2019 Recorded ERRA Balance

<u>Line</u> <u>No.</u>		<u>Recorded</u> <u>(Over)/Under</u> <u>Collection</u> <u>(\$ million)</u>	<u>Threshold</u> <u>Amount</u> <u>(\$ million)</u>	<u>% of Prior</u> <u>Year's</u> <u>Generation</u> <u>Revenues,</u> <u>excluding</u> <u>DWR</u>	<u>Recorded</u> <u>(Over)/Under</u> <u>Collection,</u> <u>less 2018</u> <u>PPA</u> <u>(\$ million)</u>	<u>Threshold</u> <u>Amount</u> <u>(\$ million)</u>	<u>% of Prior</u> <u>Year's</u> <u>Generation</u> <u>Revenues,</u> <u>excluding</u> <u>DWR</u>
1	Jan-19	(82.2)	320.0	-1.3%	59.0	320.0	0.9%
2	Feb-19	(119.7)	320.0	-1.9%	21.6	320.0	0.3%
3	Mar-19	(200.8)	320.0	-3.1%	(59.6)	320.0	-0.9%
4	Apr-19	(282.5)	287.0	-4.9%	(141.2)	287.0	-2.5%
5	May-19						
6	Jun-19						
7	Jul-19						
8	Aug-19	Projections currently not available due to the substantial uncertainty that exists with respect to					
9	Sep-19	the forecasted collections.					
10	Oct-19						
11	Nov-19						
12	Dec-19						

Note: "2018 PPA" denotes June 2018 prior period adjustment of approximately \$141 million

Figure 1



Note: "2018 PPA" denotes June 2018 prior period adjustment of approximately \$141 million

Under D.02-10-062, PG&E is also expected to include projections of the ERRA account balance through the end of the year. PG&E, however, is not providing projections for May 2019 through December 2019 due to the substantial uncertainty that exists with respect to the forecasted collections at this time. Important contributors to the forecast remain under development or still require Commission approval, but are expected to be resolved in the near term:

- PG&E's Advice 5527-E and Advice 5527-E-A, which propose rates to implement the 2019 ERRA Forecast Decision (D.19-02-023) as of July 1, 2019, remain pending. PG&E has requested approval from the Energy Division by June 1, 2019. Because PG&E's 2019 rates are uncertain, PG&E is unable to provide an accurate forecast of year-end balancing account balances at this time.
- PG&E is currently finalizing the 2020 ERRA Forecast Application, which is due to be filed on June 3, 2019. To the extent the assumptions embedded in the application, including updated projections of 2019 year-end account balances, are still undergoing internal review or have not yet been finalized, they may affect the forecast of month-end account balances for the remainder of 2019.
- Energy Division approved PG&E's Advice 5440-E (establishing the Portfolio Allocation Balancing Account (PABA) and modifying associated generation-related balancing accounts) on May 3, 2019, with such modifications effective as of January 1, 2019. PG&E requires additional time to implement the PABA, record PABA entries, and make prior period adjustments to

generation-related balancing accounts, including ERRA. The prior period adjustments could have a significant impact on forecasted ERRA balances.

Given the number of accounting, rate, and other changes that are expected to occur in the next 60-75 days, any forecast of ERRA balances produced at this time would necessarily be outdated soon after, if not immediately upon, submission. Such a forecast therefore is not reliable for purposes of evaluating a response to this trigger notice. Accordingly, and as discussed further below, PG&E proposes to update this advice letter no later than July 29, 2019.⁴

No Trigger Rate Change At This Time

Although PG&E's ERRA balance exceeded the Trigger Amount as of the end of April 2019, PG&E is not requesting a change in rates at this time. As noted above, PG&E will include a discussion of the rate proposal to address the over-collection related to the 2018 prior period adjustment, in accordance with the Commission's direction in D.19-02-023, as part of PG&E's 2020 ERRA Forecast Application that will be filed on June 3, 2019. Excluding the 2018 prior period adjustment from the ERRA account balance, PG&E has not exceeded the 4 percent Trigger Amount. Accordingly, PG&E is not requesting any change in rates at this time.

Request for Relief

Given the proposed treatment of the 2018 prior period adjustment in the 2020 ERRA Forecast proceeding and the substantial uncertainty associated with forecasting ERRA account balances for the rest of 2019 at this time, PG&E proposes the following approach:

1. For purposes of determining whether the Trigger Amount has been exceeded for 2019 only, PG&E shall exclude from the trigger calculation the \$141 million associated with the 2018 prior period adjustment.⁵
2. PG&E will supplement this advice letter no later than July 29, 2019, to include the actual ERRA account balances for the end of May 2019

⁴ Due to the uncertainties described above, PG&E does not expect to be able to provide forecasted ERRA account balances until July 29, 2019.

⁵ PG&E requested similar treatment of certain costs in 2012. In D.12-12-033, PG&E was ordered to defer the collection of its 2013 GHG costs until the GHG revenue return methodology was finalized. In D.12-12-008, the Commission modified the ERRA trigger mechanism to exclude the deferred GHG costs and associated franchise fees and uncollectibles from PG&E's ERRA "trigger calculation" until such costs were included in rates.

and June 2019 accounting close, excluding the \$141 million associated with the 2018 prior period adjustment.⁶

PG&E respectfully requests that the Commission (1) acknowledge the over-collection and that this notification advice letter satisfies the requirements to inform the Commission when PG&E's ERRA reaches the 4 percent Trigger Amount; (2) approve PG&E's proposed treatment of the 2018 prior period accounting adjustment for purposes of compliance with D.02-10-062; and (3) grant PG&E's request to take other actions discussed in this advice letter by July 29, 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 June 17, 2019, which is 20 days after the date of this submittal. Protests must be submitted to:

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

⁶ If the month-end account balances, excluding the 2018 prior period adjustment, remain below the Trigger Amount, then PG&E will provide the month-end data in the supplement and request that this Advice Letter be withdrawn or suspended. If the account balances, excluding the 2018 prior period adjustment, show that the over-collection exceeds the Trigger Amount, then PG&E will file an application or take other action, as required by D.08-08-011, including providing forecasted balances for the remainder of 2019.

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

Pursuant to General Order (GO) 96-B, Rule 5.2, this advice letter is submitted with a Tier 2 designation. PG&E requests that this Tier 2 advice submittal become effective on regular notice, June 27, 2019, which is 30 calendar days after the date of submittal.

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 A.18-06-001. 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

cc: Service List A.18-06-001



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 U39E)

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Yvonne Yang

Phone #: (415)973-2094

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: Yvonne.Yang@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) #: 5549-E

Tier Designation: 2

Subject of AL: Notification of Energy Resource Recovery Account (ERRA) Reaching the Trigger Amount in Compliance with Decision 02-10-062

Keywords (choose from CPUC listing): Compliance

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.02-10-062

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: 6/27/19

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:

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