

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



February 27, 2020

Advice Letter 5601-E
And Advice Letter 5601-E-A

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

Subject: Staff Disposition of Pacific Gas and Electric's (PG&E's) Advice Letter 5601-E and PG&E's Supplemental Advice Letter 5601-E-A on Notice of Construction, pursuant to General Order 131-D, for the Construction of the Santa Teresa Substation in the City of San Jose.

Dear Mr. Jacobson:

Summary

The California Public Utilities Commission (CPUC) Energy Division has determined that Advice Letter (AL) 5601-E and AL 5601-E-A comply with General Order (G.O.) 131-D, Section III, B.1, subsection (f) of the construction of facilities that are exempt from a Permit to Construct. ALs 5601-E and 5601-E-A are approved with an effective date of February 27, 2020.

The California Public Advocates Office (CalPA) filed a protest on August 19, 2019 (Protest) requesting that PG&E file a supplement to AL 5601-E concerning potential cost-sharing arrangements between PG&E and Equinix, China Mobile and RiCloud (China Telecom) the project developers to evaluate the potential ratepayer impacts of the project or that the CPUC included this information in its disposition. On August 30, 2019 PG&E filed a reply to the Protest addressing cost-sharing concerns by providing additional information as requested. Based on PG&E's reply, Energy Division is approving PG&E AL 5601-E and AL 5601-E-A.

Background

PG&E submitted AL 5601-E on July 29, 2019 concerning its proposal to construct the Santa Teresa Substation and related facilities to be located at the PG&E Edenvale Service Center on Miyuki Drive in San Jose, California. The project was included in the City of San Jose's Equinix Data Center and Santa Teresa Substation Initial Study/Mitigated Negative Declaration and the Addendum dated January 22, 2019 (E18-021 Equinix Data Center (Data Center) and Santa Teresa Substation Project Minor Modification), which found no significant impacts from construction of PG&E's project.

California Public Advocates Office (CalPA) Protest

On July 31, 2019, the CalPA filed a Protest, requesting additional information from PG&E on any cost-sharing agreements between PG&E and Equinix, China Mobile and RiCloud (China Telecom) to evaluate the potential ratepayer impacts of the project. The CalPA recommended that PG&E submit a supplement to AL 5601-E.

Supplemental AL

PG&E did file supplemental Advice Letter 5601-E-A on Notice of Construction, pursuant to General Order 131-D, for the Construction of the Santa Teresa Substation in the City of San Jose. On August 30, 2019 PG&E submitted supplemental AL 5601-E-A to formally add the potential cost-sharing or the CPUC include this in its disposition in response to the Protest. PG&E submitted the Supplement to formally add the potential cost-sharing information. The protest period was not reopened on the supplemental AL.

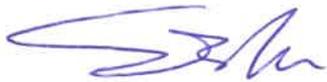
PG&E's Reply

In PG&E's reply, PG&E states the process of securing cost-sharing agreements with Equinix, China Mobile and RiCloud (China Telecom) and at this time these agreements are not finalized or approved by the U.S. Bankruptcy Court. When PG&E enters into cost-sharing agreements with Equinix, China Mobile and RiCloud (China Telecom) it plans to file the agreements with the CPUC as part of an Exceptional Case filing under the Distribution Line Extension provisions of Rule 15. According to PG&E, Equinix, China Mobile and RiCloud (China Telecom) are being asked to provide up-front funding to pay a portion of the costs for building the new substation to ensure that projections for large-load electrical use are needed. If the projections are correct, then revenues from the purchases of electricity will help pay for the substation facilities benefiting ratepayers over time. In that event, Equinix, China Mobile and RiClouds' (China Telecom) pre-payments would be refunded over a 10-year period up to the refundable amount sated in the agreements. If Equinix, China Mobile and RiClouds' (China Telecom) projections are inaccurate and substantially less electricity is needed, Equinix, China Mobile and RiClouds' (China Telecom) pre-payments would be partially refunded or would not be refunded (based on the net revenue and the cost of service factor), with PG&E retaining the balance of the funds to offset the costs of the new facilities. The cost-sharing agreements ensure that PG&E ratepayers receive proportionate funding for constructing the new substation if revenues are lower than expected. The Exceptional Case filing arrangement is more beneficial to PG&E ratepayers than a normal service arrangement, because under the standard provisions of the tariffs, PG&E would pay the entire up-front cost to upgrade distribution capacity and would then need to retroactively attempt to collect for any deficiency if the Data Center load did not materialize. The Rule 15 arrangement will reduce PG&E ratepayer risks by obtaining up-front cost participation from the Data Center.

Disposition

Energy Division has determined that PG&E's response providing detail information pertaining to cost-sharing agreements with Equinix, China Mobile and RiCloud (China Telecom) is satisfactory regarding the request for additional information identified in the CalPA Protest. Energy Division approves AL 5601-E and AL5601-E-A as it complies with General Order (G.O.) 131-D, Section III, B.1, subsection (f) of the construction of facilities that are exempt from a Permit to Construct.

Sincerely,

 FOR

Edward Randolph
Director, Energy Division
Deputy Executive Director for Energy and Climate Policy/Director, Energy Division
California Public Utilities Commission

cc: Erik Jacobson, Pacific Gas and Electric Company
Yvonne Yang, Pacific Gas and Electric Company
Gregg Erickson, CA Department of Fish and Wildlife
Rosalynn Hughey, City of San Jose
Chloe Lukins, CA Public Utilities Commission
Danielle Dooley, CA Public Utilities Commission



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

August 30, 2019

Advice 5601-E-A
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Supplemental: Submits Notice of Construction, Pursuant to General Order 131-D, for the Construction Santa Teresa Substation, City of San Jose

At the request of the Public Advocates Office (“PAO”), Pacific Gas and Electric Company (“PG&E” or “the Company”) hereby provides supplemental information to Advice Letter 5601-E by submitting additional information in accordance with GO 95, Section 7.5.1. The project description in Advice Letter 5601-E, which provided notice of construction pursuant to General Order (G.O.) 131-D, is being supplemented with the potential cost-sharing information described below.

Purpose

This advice letter provides supplemental information to Advice Letter 5601-E.

Background

PG&E submitted Advice Letter 5601-E with the California Public Utilities Commission (“CPUC” or “Commission”) on July 29, 2019, concerning its proposal to construct the Santa Teresa Substation and related facilities to be located at the PG&E Edenvale Service Center on Miyuki Drive in San Jose, CA. The project was included in the City of San Jose’s Equinix Data Center (SV-12, SV-13, SV-14) and Santa Teresa Substation Initial Study/Mitigated Negative Declaration and the Addendum dated January 22, 2019 (ER18-021 Equinix Data Centers and Santa Teresa Substation Project Minor Modification), which found no significant impacts from construction of PG&E’s project. As indicated in the advice letter, the project is exempt from permitting requirements under the Commission’s General Order 131-D (“GO 131-D”), Section III. B.1, subsection (f).

PAO filed a timely protest on August 29, 2019, requesting that PG&E file a supplement to the advice letter concerning potential cost-sharing or that the CPUC include this

information in its disposition. PG&E now submits this Supplement to formally add the potential cost-sharing information.

Supplemental Information

PG&E is in the process of securing cost-sharing agreements with the data center developers; these agreements are not yet finalized or approved by the U.S. Bankruptcy Court. When PG&E enters into such cost-sharing agreements with the developers, it plans to file the agreements with the CPUC as part of an Exceptional Case filing under the Distribution Line Extension provisions of Rule 15. The data center developers are being asked to provide up-front funding to pay a portion of the costs for building the new substation to ensure that their projections for large-load electrical use are actually realized. If their projections are accurate, then revenues from their purchases of electricity will help pay for the substation facilities and benefit ratepayers over time. In that event, the data center developers' pre-payments would be refunded over a 10-year period up to the refundable amount stated in the agreements. If the data center developers' projections turn out to be inaccurate (e.g., substantially less electricity is needed), then the data center developers' pre-payments would not be refunded or would only be partly refunded (based on the net revenue and the cost of service factor), with PG&E retaining the balance of the funds to offset the costs of the new facilities. The agreements ensure that PG&E ratepayers receive proportionate funding for constructing the new substation facilities if revenues are lower than expected. The Exceptional Case filing arrangement is more beneficial to PG&E ratepayers than a normal service arrangement because, under the standard provisions of the tariffs, PG&E would pay the entire up-front cost to upgrade distribution capacity and would then need to retroactively attempt to collect for any deficiency if data-center loads did not materialize. The Rule 15 arrangement will reduce PG&E ratepayer risks by obtaining up-front cost-participation from the three data centers.

Protests

PG&E asks that the Commission, pursuant to GO 96-B, Section 7.5.1, maintain the original protest and comment period designated in Advice 5601-E.

Effective Date

PG&E requests that this Tier 2 advice letter become effective as soon as possible.

Notice

A copy of this advice letter is being sent electronically and via U.S. Mail to parties shown on the attached list, including the parties listed in G.O. 131-D, Section XI, Paragraphs B.1 and B.2, as well as to all persons who have filed a protest or response. These parties are identified in the "Notice Distribution List" included in Attachment I. All

electronic approvals should be sent to e-mail PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at <http://www.pge.com/tariffs/>.

_____/S/
Erik Jacobson
Director, Regulatory Relations

cc: Parties Listed in G.O. 131-D, Paragraphs B.1 and B.2

Attachments



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: 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) #: 5601-E-A

Tier Designation: 2

Subject of AL: Supplemental: Additional information to Advice Letter 5601-E concerning potential cost-sharing for the Santa Teresa Substation Project, proposed to be constructed pursuant to General Order 131-D

Keywords (choose from CPUC listing): Compliance, Power Lines, G.O. 131-D

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: N/A

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: N/A

Confidential treatment requested? Yes No

If yes, specification of confidential information: N/A

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: N/A

Resolution required? Yes No

Requested effective date: 8/28/19

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
State: California Zip: 94177
Telephone (xxx) xxx-xxxx: (415) 973-1877
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:

Notice Distribution List

Santa Teresa Substation (City of San Jose, PM 74007020)
Advice 5601-E-A

Energy Commission

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Ms. Courtney Smith, Deputy Director
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Courtney.Smith@energy.ca.gov

California Department of Fish and Wildlife

Mr. Gregg Erickson, Regional Manager
California Department of Fish and Wildlife, Bay Delta Region (3)
2825 Cordelia Road, Suite 100
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Gregg.erickson@wildlife.ca.gov

City of San Jose

Ms. Rosalynn Hughey
Director of Planning, Building and Code Enforcement
200 E. Santa Clara Street
Tower, 3rd Floor
San Jose, CA 95113

Public Advocates Office

Chloe Lukins, chloe.lukins@cpuc.ca.gov
Danielle Dooley, danielle.dooley@cpuc.ca.gov
Joseph A. Abhulimen, joseph.abhulimen@cpuc.ca.gov

PG&E Gas and Electric Advice Submittal List

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