

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



November 12, 2019

**Advice Letter 5659-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Advice Letter 5659-E is withdrawn as requested per your later dated October 30, 2019.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

October 14, 2019

**Advice 5659-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 and the five percent Threshold Amount based on recorded balances for the August 2019 business cycle accounting close. 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 may, 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.

On May 28, 2019, PG&E informed the Commission that the ERRA balance reached \$283 million over-collected, or 4.9 percent of PG&E's prior year generation revenues, for purposes of complying with D.02-10-062. However, PG&E was unable to provide

projections for May through December 2019 ERRA balances at the time Advice 5549-E was submitted due to pending regulatory actions and accounting uncertainty.<sup>1</sup>

PG&E also requested that, for determining whether the Trigger Amount has been exceeded for 2019 only, it exclude from the trigger calculation the \$141 million associated with a 2018 prior period adjustment.<sup>2</sup>

Finally, PG&E committed to providing supplemental information by no later than July 29, 2019, to include the actual ERRA account balances for the end of May 2019 and June 2019 accounting close, excluding the \$141 million associated with the 2018 prior period adjustment.

On July 29, PG&E submitted Advice 5602-E to inform the Commission that the ERRA balance was within range after the January through June 2019 recorded actuals from various accounts were transferred into the Portfolio Allocation Balancing Account (PABA) and that PG&E did not project the ERRA balance would exceed the Trigger Amount for the remainder of 2019.

### **Status of ERRA Balance**

Table 1 and Figure 1 show the actual monthly recorded balances in the ERRA account for the August 2019 business cycle accounting close. As of August 31, 2019, the recorded ERRA balance was \$364 million over-collected, or 6.3 percent of PG&E's prior year recorded generation revenues. The ERRA account balance shown excludes the 2018 prior period adjustment, as discussed above.

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<sup>1</sup> Pending actions in May 2019 included implementation of new rates associated with PG&E's 2019 ERRA Forecast Decision (D. 19-02-023) and of PG&E Advice 5440-E to establish the new Portfolio Allocation Balancing Account.

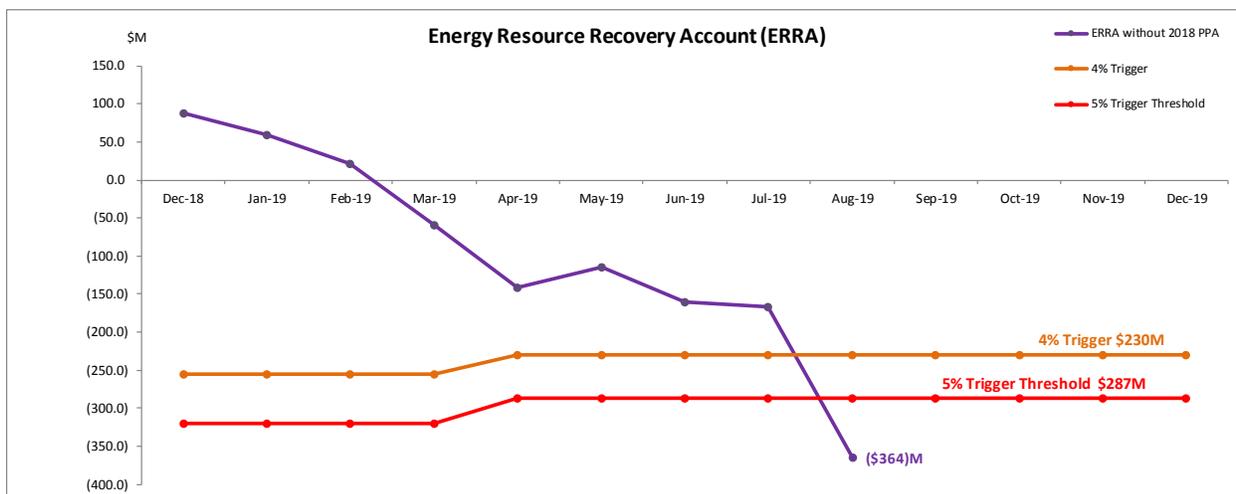
<sup>2</sup> The recorded ERRA balance include approximately \$141 million that is associated with a June 2018 prior period accounting adjustment. The Commission agreed with PG&E's proposal to address the prior period adjustment in the 2018 ERRA Compliance Review and 2020 ERRA Forecast proceedings. Because the Commission has already determined the process to address 2018 prior period adjustment, PG&E has excluded this amount from the trigger calculation.

**TABLE 1  
2019 RECORDED ERRA BALANCE  
(\$ Millions)**

Line No.	Business Cycle Close	Recorded/Forecast (Over)/Under Collection less 2018 Prior Period Adjustments	Threshold Amount	Percent of Prior Year Generation Revenues, excluding DWR
1	Jan 2019	59	320	0.9%
2	Feb 2019	22	320	0.3%
3	Mar 2019	(60)	320	(0.9%)
4	April 2019	(141)	287	(2.5%)
5	May 2019	(114)	287	(2.0%)
6	June 2019	(161)	287	(2.8%)
7	July 2019	(167)	287	(2.9%)
8	Aug 2019	(364)	287	(6.3%)

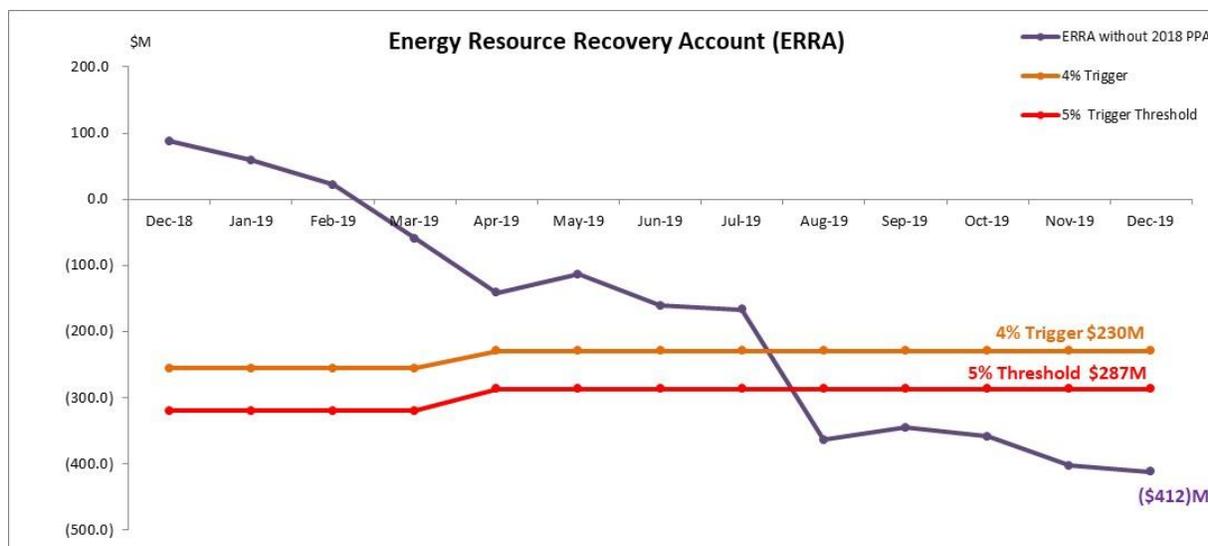
The ERRA over-collection is being driven in large part by two regulatory actions: (1) approximately \$150 million due to the delay in implementing PG&E’s 2019 ERRA rates, and (2) approximately \$180 million due to applying system billing determinants for calculating the PCIA rates. The over-collection has increased from the level projected in Advice 5602-E due primarily to lower than forecasted CAISO charges to serve load.

**FIGURE 1  
2019 ERRA ACTUALS**



PG&E projects the ERRA account balance through the end of the year will not self-correct to an amount within the 4 percent Trigger Amount range. By December 2019, the ERRA balance is projected to be \$412 million over-collected, which equates to 7.2 percent and greater than the Threshold Amount, as shown in Figure 2.

**FIGURE 2  
2019 YEAR-END FORECAST ERRA BALANCE**



### **No Rate Change Request At This Time**

Although PG&E's ERRA balance exceeded the Trigger Amount as of the end of August 2019, PG&E is not requesting a change in rates at this time for two reasons. First, new ERRA rates are anticipated to take effect in a few months, on January 1, 2020. These new rates will include the forecasted 2019 ERRA over-collection year-end balance, thereby reducing the 2020 ERRA rates. Given the proximity to the start of the new year, it makes sense to proceed with the rate-making process and timing outlined in ALJ Wildgrube's scoping memo issued in PG&E's 2020 ERRA Forecast revenue requirement proceeding, A.19-06-001.<sup>3</sup>

Second, while ERRA is over-collected for PG&E's bundled customers by \$364 million at the end of August, the PABA is under-collected for bundled customers by approximately

<sup>3</sup> In the past, the Commission has allowed PG&E's ERRA balance to exceed the Threshold Amount, usually when PG&E notified the Commission the trigger amount had been reached during the second half of the year. For example, on August 29, 2014, PG&E filed a Trigger Application (A.14-08-023) pursuant to D.02-10-062, informing the Commission that the forecasted year-end balance would be under-collected by \$516 million (or 8.2 percent compared to the 5 percent Threshold Amount). In D.14-12-053, the Commission approved PG&E's 2015 ERRA Forecast revenue requirement request and granted PG&E's 2014 Trigger Application request. PG&E seeks similar treatment here.

\$279 million for the same period.<sup>4</sup> On a net basis, the over-collection is \$85 million, which is less than the Trigger Amount of \$230 million.

On November 7, 2019, PG&E will submit an update in A.19-06-001 that will include updated 2019 year-end balances for the balancing accounts, including ERRA and PABA, with recorded actuals through September 2019. The illustrative rate proposal for 2020 will include the over-collected ERRA year-end balance and, the partially offsetting for bundled customers, under-collected PABA year-end balance. For these reasons, PG&E is not requesting any change in rates at this time nor is PG&E intending to file a separate expedited application.

### **Request for Relief**

PG&E respectfully requests that the Commission (1) acknowledge the over-collection and that this notification advice letter satisfies the D.08-08-011 requirements to inform the Commission when PG&E's ERRA reaches the 4 percent Trigger Amount; and (2) acknowledge that A.19-06-001 (PG&E's 2020 ERRA Forecast revenue requirement proceeding) is the appropriate regulatory venue for addressing the over-collected balance.

### **Protests**

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than November 4, 2019, which is 21 days after the date of this submittal.<sup>5</sup> Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> 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:

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<sup>4</sup> The August 2019 PABA balance is \$606 million under-collected. Approximately 46 percent, or \$279 million, is attributable to PG&E bundled load.

<sup>5</sup> PG&E requests extending the protest deadline by one additional day because 20 days is Sunday, November 3, 2019.

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**

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, November 13, 2019, which is the following business day 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.19-06-001. 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.19-06-001



# 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) #: 5659-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: 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: 11/13/19

No. of tariff sheets: 0

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:

Service affected and changes proposed<sup>1</sup>: N/A

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

<sup>1</sup>Discuss 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](mailto: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](mailto: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 Submittal 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	
	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		