

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE



September 16, 2020

Advice 5825-E; 5825-E-A; 5825-E-B

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: PG&E's Final Financial and Tax Information for the Sale of Narrows
Hydroelectric Project to the Yuba County Water Agency**

Dear Mr. Jacobson:

Advice Letter 5825-E; 5825-E-A; 5825-E-B is effective as of May 14, 2020.

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 14, 2020

Advice 5825-E

(Pacific Gas and Electric Company – U 39 E)

Public Utilities Commission of the State of California

Subject: PG&E's Final Financial and Tax Information for the Sale of Narrows Hydroelectric Project to the Yuba County Water Agency

Purpose

Pacific Gas and Electric Company (PG&E) submits this advice letter in compliance with Ordering Paragraph (OP) 3 of Decision (D.) 19-10-010, which requires PG&E to true-up the final financial and tax information within 45-days of the closing of the sale of the Narrows Hydroelectric Project (Narrows Project) to the Yuba County Water Agency (YCWA). The sale of the Narrows Project to YCWA was completed on March 31, 2020.

Background

On April 18, 2019, PG&E filed Application (A.) 19-04-011 requesting that the California Public Utilities Commission (Commission or CPUC) authorize the sale by PG&E of the Narrows Project to YCWA as set forth in the Purchase and Sale Agreement (PSA), dated September 21, 2018. This PSA was included as Attachment A to A.19-04-011.

On October 10, 2019, the Commission adopted D.19-10-010, which authorized the sale of the Narrows Project to YCWA, approved PG&E's proposed approach to ratemaking, and ordered PG&E to submit a Tier 1 advice letter within 45-days following closing to true-up the final financial and tax information related to the transaction.

Final Gain/Loss on Sale Allocation and Tax Information

In compliance with D.19.10-010, the below Table 1 represents the final financial information for the Narrows Project sale to YCWA. The final tax information is included as Attachment 1 to this advice letter.

Table 1
Allocation of Gain/Loss on Sale
Cost Update through March 31, 2020
(shown in \$)

	Gain(Loss) on Sale	Final Gain(Loss) on Sale
<u>Net Book Value</u>	[as of December 31, 2018]	[as of March 31, 2020]
Net Plant: Land	189,863	191,061
Net Plant: Non-Land	3,906,245	3,082,087
Net Plant	4,096,108	3,273,148
Construction Work in Progress (CWIP)	823,190	844,422
Net Book Value	4,919,298	4,117,570
Net Sales Proceeds	457,500	271,425
Total Pre-tax Gain (Loss)	(4,461,798)	(3,846,145)
<u>Allocation of Loss Per Gain/Loss on Sale Decision:</u>		
Depreciable Assets (Net Plant Non-Land and CWIP)		
	(4,279,446)	(3,659,532)
100% to Ratepayers		
Non-Depreciable Assets (Land)		
67% to Ratepayers	(122,176)	(125,031)
33% to Shareholders	(60,176)	(61,582)

Protests

*****Due to the COVID-19 pandemic and the shelter at home orders, PG&E is currently unable to receive protests or comments to this advice letter via U.S. mail or fax. Please submit protests or comments to this advice letter to EDTariffUnit@cpuc.ca.gov and PGETariffs@pge.com*****

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than June 3, 2020, 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

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 letter become effective upon date of submittal, which is May 14, 2020.

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.19-04-011. 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: Mark Pocta, California Public Advocates
Stacey Hunter, California Public Advocates
Service List A.19-04-011



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) #: 5825-E

Tier Designation: 1

Subject of AL: PG&E's Final Financial and Tax Information for the Sale of Narrows Hydroelectric Project to the Yuba County Water Agency

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.19-10-010

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: 5/14/20

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:

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:

ATTACHMENT 1
SECTION 851 NARROWS HYDROELECTRIC SALE
TO YUBA COUNTY WATER AGENCY
FINAL TAX INFORMATION

Pacific Gas and Electric Company
Facility Sales - Narrows Hydroelectric Project
(DOLLARS)

1 SALES PROCEEDS

Sales Price	507,500.00
Net Escrow Costs	(63,502.99)
Cash to PG&E	443,997.01
Less: Transaction Costs	(5,000.00)
Less: Sales Tax PG&E owes to State Board	(720.23)
Less: Improvement Costs related to the sale	(166,851.85)
Net Sale Proceeds	<u>271,424.93</u>

2 ALLOCATION OF SALES PROCEEDS BASED ON THE HISTORICAL COST OF PROPERTY

	Historical Cost	Proportional %
Non-Depreciable Property (Land)	190,445	1.64%
Depreciable Property	10,586,007	91.09%
CWIP	844,422	7.27%
	<u>11,620,873</u>	<u>100.00%</u>

3 GROSS GAIN/(LOSS) ON SALE

	Historical Cost	Net Book Value	Sales Proceeds	Pre-Tax Gain/(Loss)
Non-Depreciable Property (Land)	190,445	191,061	4,448	(186,613)
Depreciable Property	10,586,007	3,082,087	247,254	(2,834,833)
CWIP	844,422	844,422	19,723	(824,699)
	<u>11,620,873</u>	<u>4,117,570</u>	<u>271,425</u>	<u>(3,846,145)</u>

4 TAX GAIN/(LOSS) ON SALE

	Historical Cost	Net Tax Value	Sales Proceeds	Pre-Tax Gain/(Loss)
Non-Depreciable Property (Land)	190,445	273,949	4,448	(269,500)
Depreciable Property	10,586,007	2,527,418	247,254	(2,280,164)
CWIP	844,422	844,422	19,723	(824,699)
	<u>11,620,873</u>	<u>3,645,788</u>	<u>271,425</u>	<u>(3,374,363)</u>

4 GAIN/(LOSS) ALLOCATION

	Operating System	Other Depreciable Assets	Land (Non-Depreciable)	Pre-Tax Allocation	Taxes 1-27.984%	After Tax Loss
Ratepayers	0%	100%	67%	(3,784,562.43)	72.016%	(2,725,490)
Shareholder	100%	0%	33%	(61,582.26)	72.016%	(44,349)
Total Gain/(Loss) Allocation	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>(3,846,144.69)</u>		<u>(2,769,840)</u>

	Net	Sales	Before Tax	
	Tax Value	Proceeds	Gain/ (Loss)	
5 TAXES ON PROPERTY				
Non-Depreciable Property (Land)	273,949	4,448	(269,500)	
Depreciable Property	2,527,418	247,254	(2,280,164)	
CWIP	844,422	19,723	(824,699)	
Totals	<u>3,645,788</u>	<u>271,425</u>	<u>(3,374,363)</u>	
			Land	Depreciable Property and CWIP
Taxable Gain/(Loss)			(269,500)	(3,104,863)
Distribution to Ratepayer (Tax Deduction to PG&E)			160,043	3,104,863
Net Taxable Gain/(Loss)			(109,458)	-
Tax Rate			27.984%	27.984%
Net Federal and State Income Tax			(30,631)	-
Net After Tax Gain/(Loss)			<u>(238,870)</u>	<u>(3,104,863)</u>
Ratepayers Allocation		67%	(160,043)	100% (3,104,863)
Shareholder Allocation		33%	(78,827)	0% -
Taxing Jurisdiction Allocation			(30,631)	-
Total Gain/(Loss) Allocation			<u>(269,500)</u>	<u>(3,104,863)</u>

6 RATE BASE CHANGES

Beginning NBV	3,273,148
Reduction to Gross Plant	(10,776,451)
Reduction to Depreciation Reserve (depreciation reserve is reduced by the historical cost of depreciable property)	10,776,451
Property Sale Proceeds credited to Depreciation Reserve (Sales proceeds benefit to customers)	(251,702)
Total Rate Base reduction	<u>(3,021,446)</u>

7 REGULATORY ASSET CALCULATION

Rate Base Reduction	3,021,446
CWIP Reduction (less assigned sales proceeds)	824,699
Gain / (Loss) allocated to Shareholders	(61,582)
Regulatory Asset to Collect in Rates	<u>3,784,562</u>

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