

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



Pacific Gas & Electric Company
ELC (Corp ID 39)
Status of Advice Letter 5987E
As of December 4, 2020

Subject: Rebalanced Residential Tiered Rates Effective January 1, 2021

Division Assigned: Energy

Date Filed: 10-29-2020

Date to Calendar: 11-02-2020

Authorizing Documents: D2005013

Disposition:	Accepted
Effective Date:	01-01-2021

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

Annie Ho
(415) 973-8794
AMHP@pge.com

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to
edtariffunit@cpuc.ca.gov

October 29, 2020

Advice 5987-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Rebalanced Residential Tiered Rates Effective January 1, 2021

Purpose

The purpose of this advice letter is to rebalance PG&E's tiered, non-time-of-use rates (Electric Schedules E-1, EM, ES, ESR and ET) to adjust rate levels in order to collect the Commission-authorized revenue requirement, effective January 1, 2021, while continuing to maintain a 1.25-to-1 ratio between the High Usage Surcharge (HUS) rate¹ and the Tier 2 rate implemented by Decision (D.)20-05-013. These changes to tiered rate levels also affect the tier differentials on PG&E's tiered time-of-use (TOU) rates (Schedules E-6, EM-TOU, and E-TOU-C).²

Background

On May 7, 2020, in response to the Coronavirus 19 (COVID-19) stay-at-home order issued by Governor Gavin Newsom in Executive Order N-33-20, the California Public Utilities Commission ("Commission") issued D.20-05-013.³ This decision addressed concerns that residential sales might increase due to the stay-at-home order, which could then push sales into the HUS tier and result in high bills for many customers.

¹ The other two California investor-owned utilities (IOUs), Southern California Edison and San Diego Gas & Electric, call their respective highest-tier rates the High Usage Charge, or HUC. In this advice letter, HUS and HUC are interchangeable, both referring to usage in excess of 400 percent of a customer's baseline amount.

² Schedules E-6 and EM-TOU show specific Tier 1 and 2 rate values for each TOU period, with identical cent per kWh tier differentials in every TOU period. In contrast, Schedule E-TOU-C shows just a single (Tier 2) rate for each TOU period, and the implicit Tier 1 rate can be obtained by applying the baseline credit (a negative value) to that rate. PG&E has one other tiered TOU rate, Option A of Schedule E-TOU (referred to herein as "Schedule E-TOU-A"). However, rate rebalancing is not needed for this rate because, since October 1, 2020, Schedule E-TOU-A customers have been transitioning to Schedule E-TOU-C and Schedule E-TOU-A will no longer exist on January 1, 2021 when rate rebalancing goes into effect (see Advice Letter 5903-E).

³ In A.19-09-014, "Application of San Diego Gas & Electric Company for Authority to Eliminate the Seasonal Differential in its Residential Rates Per Decision 19-04-018."

Specifically, D.20-05-013 required PG&E to reduce its HUS rate from being 75.2 percent higher than the Tier 2 rate to being just 25 percent higher, without rebalancing Tier 1 and Tier 2 rates.⁴ This HUS reduction was to be temporary, remaining in effect until October 31, 2020 or the termination of Executive Order N-33-20 (or a similar order to stay at home related to COVID-19), whichever is later.⁵

In compliance with D.20-05-013, PG&E submitted Advice Letter 5831-E on May 21, 2020 to reduce its HUS rate to be just 25 percent higher than the Tier 2 rate, effective June 1, 2020. However, because this temporary reduction to the HUS rate was not accompanied by any offsetting increases to the Tier 1 and Tier 2 rates, the resulting rates that went into effect on June 1, 2020 under-collected the Commission-authorized revenue requirement on a forecast basis – and continue to do so today.⁶

On August 31, 2020, Administrative Law Judge (ALJ) Patrick Doherty held a telephonic Status Conference with parties regarding the temporary HUC reduction. At that Status Conference, ALJ Doherty addressed the issue of rate rebalancing, which PG&E had raised in its August 24, 2020 Pre-Status Conference statement, noting that D.20-05-013 was silent on the issue and directing PG&E to confer with Energy Division staff about how to proceed.

Subsequently, on October 2, 2020, ALJ Doherty issued an e-mail Ruling directing the IOUs to maintain the HUC rate at its temporary level 25 percent higher than the Tier 2 rate “until receipt of a letter from the Commission’s Executive Director instructing it to return the high usage charge ratio to the ratio utilized on May 31, 2020.”

In accordance with the ALJ’s direction at the August 31, 2020 Status Conference, PG&E did confer with Energy Division staff about the rate rebalancing issue. On

⁴ The other two California IOUs also were each required to reduce their HUC rates to levels just 25 percent higher than their Tier 2 rates.

⁵ D.20-05-013, Ordering Paragraph 5.

⁶ Tiered rates are designed to collect the revenue requirement on a forecast basis. In other words, based on the Commission-adopted forecasts of sales by tier, rates are calculated which (a) collect the authorized revenue requirement and also (b) maintain rate ratios between tiers that match the glidepath rate ratios adopted in D.15-07-001. As D.20-05-013 notes, however, due to the stay-at-home order sales by tier may diverge significantly from their forecasted levels. That decision thus directed the IOUs to file and serve Tier 1 advice letters shortly after the temporary reduction to the HUS rate is no longer in effect with information that “will allow the Commission to determine if any revenue shortfall occurred due to the short-term adjustment to the HUC, and provide the Commission with data that might be used to determine how to address any significant undercollection that occurs.” (D.20-05-013, p. 17.) In this advice letter, PG&E is not seeking to recover any under-collected revenue that has occurred since the temporary HUS rate reduction went into effect on June 1, 2020, but rather merely to reset rates so that, on a going forward basis, rates are designed to collect the authorized revenue requirement when applied to the adopted tiered sales forecast.

October 8, 2020, Energy Division sent the three IOUs an e-mail with instructions on how to proceed, which stated,⁷

“Since the re-adjustment of the HUC to its original levels has taken longer than expected, and keeping the rates as is potentially creates a revenue shortfall, Energy Division is directing the electric utilities to rebalance the current temporary HUC as well as the Tier 1 and 2 price ratios to ensure revenue neutrality. The IOUs shall timely file a Tier 2 AL to Energy Division with an effective date of January 1, 2021.

Accordingly, PG&E is submitting this Tier 2 advice letter to rebalance its tiered rates effective January 1, 2021.

Rebalanced Residential Tiered Rates

It is not possible to design rebalanced Schedule E-1 final rate levels to become effective on January 1, 2021, because the Commission-adopted revenue requirement and tiered sales forecasts are not yet known. However, the table below presents illustrative rates to show how rate rebalancing would affect PG&E's current Schedule E-1 rates, at the Commission-approved revenue requirement and forecasted sales by tier in effect as of October 1, 2020.

(A) Rates and Rate Ratios by Tier	(B) With Temporary HUC (Not Revenue-Neutral) (Eff. 10/1/20)	(C) With Temporary HUC (Revenue-Neutral)
<p><i>Rates</i></p> <p>Tier 1</p> <p>Tier 2</p> <p>HUS</p> <p><i>Rate Ratios</i></p> <p>Tier 2 : Composite Tier 1</p> <p>HUS : Composite Tier 1</p> <p>HUS : Tier2</p>	<p>\$0.24430</p> <p>\$0.30743</p> <p>\$0.38428</p> <p>1.250</p> <p>1.563</p> <p>1.250</p>	<p>\$0.25082</p> <p>\$0.31564</p> <p>\$0.39455</p> <p>1.250</p> <p>1.563</p> <p>1.250</p>

⁷ E-mail from Masoud Foudeh of Energy Division to various IOU personnel, October 8, 2020. The e-mail also stated that, “Any revenue shortfall resulting from implementing the HUC adjustment should be addressed in a separate Tier 2 AL after the temporary HUC adjustment is revised by ruling or Executive Director letter instructing the IOUs to restore the HUC value to its original levels.” As noted in footnote 6, PG&E is not seeking in this advice letter to recover any such revenue shortfall.

To attain revenue neutrality, the Tier 1 and 2 rates would have to be increased to offset the temporary reduction in the HUS rate that occurred on June 1, 2020. However, since the glidepath rate ratios must also be maintained, the temporary HUS rate must also be increased. As shown in the table, for these illustrative rates, the Tier 1 rate increases by about 0.7 cents per kWh, the Tier 2 rate increases by about 0.8 cents per kWh, and the HUS rate increases by about 1.0 cents per kWh – or 2.67 percent increases in each tier. Since rate rebalancing affects the cent per kWh rate differentials, it also affects the rate differentials on PG&E's tiered TOU rates. Based on these illustrative rates, the Tier 1 and Tier 2 rates on Schedules E-6 and EM-TOU would be designed to have a cent per kWh differential of \$0.07259 in every TOU period, and the baseline credit on Schedule E-TOU-C would be set at a value of negative \$0.07259 per kWh.⁸

After this advice letter is approved, PG&E will present final rebalanced rates and tariff sheets in December 2020, closer to the January 1, 2021 effective date, once the Commission-adopted revenue requirement and tiered sales forecast are known.⁹ These final Schedule E-1 rates will differ somewhat from the illustrative rates shown in this table (as will the final tier differentials and baseline credit differ from the illustrative values presented in the previous paragraph).

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 November 18, 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

⁸ The tier differentials (on Schedules E-6 and EM-TOU) and the baseline credit (on Schedule E-TOU-C) are calculated from the E-1 tier differentials as a sales-weighted average of (a) the differential between the Tier 1 and Tier 2 rates and (b) the differential between the Tier 1 and HUS rates, where the weight on (a) is the share of above-baseline sales in Tier 2 and the weight on (b) is the share of above-baseline sales in the HUS tier.

⁹ PG&E anticipates the rates will be part of a consolidated advice letter implementing all rates changes, for residential as well as non-residential customers, that are scheduled to go into effect January 1, 2021.

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

Pursuant to General Order (GO) 96-B, Rule 5.2, and Energy Division's October 8, 2020 e-mail to the IOUs, 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 28, 2020, which is 30 calendar days after the date of submittal.

The rates presented in this advice letter are illustrative only. In December 2020, PG&E will submit updated final rebalanced tiered rates for Electric Schedules E-1, E-6, EM-TOU, and E-TOU-C, consistent with the Commission-approved revenue requirement and sales forecast effective January 1, 2021.

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 parties on the service list for A.19-09-014. 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 A.19-09-014
Masoud Foudeh, Energy Division



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) #: 5987-E

Tier Designation: 2

Subject of AL: Rebalanced Residential Tiered Rates Effective January 1, 2021

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.20-05-013

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: 11/28/20

No. of tariff sheets: NA

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:

Clear Form

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

AT&T
Albion Power Company

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
California Cotton Ginners & Growers Assn
California Energy Commission

California Hub for Energy Efficiency
Financing

California Alternative Energy and
Advanced Transportation Financing
Authority
California Public Utilities Commission
Calpine

Cameron-Daniel, P.C.
Casner, Steve
Cenergy Power
Center for Biological Diversity

Chevron Pipeline and Power
City of Palo Alto

City of San Jose
Clean Power Research
Coast Economic Consulting
Commercial Energy
Crossborder Energy
Crown Road Energy, LLC
Davis Wright Tremaine LLP
Day Carter Murphy

Dept of General Services
Don Pickett & Associates, Inc.
Douglass & Liddell

Downey & Brand
East Bay Community Energy
Ellison Schneider & Harris LLP
Energy Management Service
Engineers and Scientists of California

GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz &
Ritchie
Green Power Institute
Hanna & Morton
ICF
IGS Energy
International Power Technology
Intestate Gas Services, Inc.
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated
Waste Management Task Force
MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McKenzie & Associates

Modesto Irrigation District
NLine Energy, Inc.
NRG Solar

Office of Ratepayer Advocates
OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Redwood Coast Energy Authority
Regulatory & Cogeneration Service, Inc.
SCD Energy Solutions
San Diego Gas & Electric Company

SPURR
San Francisco Water Power and Sewer
Semptra Utilities

Sierra Telephone Company, Inc.
Southern California Edison Company
Southern California Gas Company
Spark Energy
Sun Light & Power
Sunshine Design
Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.

TransCanada
Utility Cost Management
Utility Power Solutions
Water and Energy Consulting Wellhead
Electric Company
Western Manufactured Housing
Communities Association (WMA)
Yep Energy