

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



**Pacific Gas & Electric Company**  
**ELC (Corp ID 39)**  
**Status of Advice Letter 6083E**  
**As of April 27, 2021**

Subject: PG&E's Final Financial and Tax Information for the Sale of Kern Canyon Hydroelectric Project to Kern and Tule Hydro LLC

Division Assigned: Energy

Date Filed: 02-10-2021

Date to Calendar: 02-12-2021

Authorizing Documents: D2009027

<b>Disposition:</b>	<b>Accepted</b>
<b>Effective Date:</b>	<b>02-09-2021</b>

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)

AL Certificate Contact Information:

Annie Ho

415-973-8794

[PGETariffs@pge.com](mailto:PGETariffs@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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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](mailto:edtariffunit@cpuc.ca.gov)**



**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

February 9, 2021

**Advice 6083-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 Kern Canyon Hydroelectric Project to Kern and Tule Hydro LLC**

**Purpose**

Pacific Gas and Electric Company (PG&E) submits this advice letter in compliance with Ordering Paragraph (OP) 3 of Decision (D.) 20-09-027, which requires PG&E to true-up the final financial and tax information within 45-days of the closing of the sale of the Kern Canyon Hydroelectric Project (Kern Project) to Kern and Tule Hydro LLC (Kern LLC). The sale of the Kern Project to Kern LLC was completed on December 29, 2020.

**Background**

On February 12, 2020, PG&E filed Application (A.) 20-02-005 requesting that the California Public Utilities Commission (Commission or CPUC) authorize the sale by PG&E of the Kern Project to Kern LLC as set forth in the Purchase and Sale Agreement (PSA), dated January 17, 2020. The PSA was included as Attachment A to A.20-02-005.

On September 24, 2020, the Commission adopted D.20-09-027, which authorized the sale of the Kern Project to Kern LLC, approved PG&E's proposed ratemaking, and ordered PG&E to submit a Tier 1 advice letter within 45 days following closing of the sale 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.20.09-027, the below Table 1 represents the final financial information for the Kern Project sale to Kern LLC. The final tax information is included as Attachment 1 to this advice letter.

**Table 1**  
**Allocation of Loss on Sale**  
**Cost Update through December 29, 2020**  
**(shown in \$)**

	<b>Loss on Sale</b>	<b>Final Loss on Sale</b>
<b>Net Book Value</b>	[as of December 31, 2019]	[as of December 29, 2020]
Net Plant: Land	37,426	37,426
Net Plant: Non-Land	8,072,146	7,586,893
Net Plant	8,109,572	7,624,319
Construction Work in Progress (CWIP)	520	37,291
Net Book Value	8,110,092	7,661,609
<b>Net Sales Proceeds</b>	1,806,000	1,773,090
<b>Total Pre-Tax Loss</b>	(6,304,092)	(5,888,519)
<b><u>Allocation of Loss Per Sale Decision:</u></b>		
<b>Depreciable Assets (Net Plant Non-Land and CWIP)</b>		
	(6,271,082)	(5,888,519)
100% to Ratepayers		
<b>Non-Depreciable Assets (Land)</b>		
67% to Ratepayers	(27,279)	(19,657)
33% to Shareholders	(13,436)	(9,682)
Taxing Jurisdiction Allocation	(5,221)	(3,762)

### **Attachments**

Attachment 1: Facility Sales – Kern Hydro Facility

### **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 March 1, 2021, 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, 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:

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 February 9, 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 the parties on the service list for A.20-02-005. Address changes to the General Order 96-B service list should be directed to PG&E at email address [PGETariffs@pge.com](mailto: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](mailto:Process_Office@cpuc.ca.gov). Send all electronic approvals to [PGETariffs@pge.com](mailto: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.20-02-005



# 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) #: 6083-E

Tier Designation: 1

Subject of AL: PG&E's Final Financial and Tax Information for the Sale of Kern Canyon Hydroelectric Project to Kern and Tule Hydro LLC

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.20-09-027

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: 2/9/21

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 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:

Advice 6083-E  
February 9, 2021

## **Attachment 1**

**Facility Sales – Kern Hydro Facility**

**Pacific Gas and Electric**  
**Facility Sales - Kern Hydro Facility**  
(DOLLARS)

**1 SALES PROCEEDS**

Sales Price	3,036,000
Net Escrow Costs	(2,355)
Cash to PG&E	<u>3,033,645</u>
Less: Broker Fees	(15,000)
Less: Improvement Costs related to the sale (actual)	(24,255)
Less: Improve. Costs related to the sale (forecasted)	<u>(1,221,300)</u>
Net Sale Proceeds	<u><u>1,773,090</u></u>

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

	Historical Cost	Proportional %	Valuation
Non-Depreciable Property (Land)	37,426	0.24%	
Depreciable Property	15,269,700	99.51%	
CWIP	37,291	0.24%	
	<u><u>15,344,416</u></u>	<u><u>100.00%</u></u>	

**3 GROSS GAIN/(LOSS) ON SALE**

	Historical Cost	Net Book Value	Sales Proceeds	Pre-Tax Gain/(Loss)	Book NBV	
Non-Depreciable Property (Land)	37,426	37,426	4,325	(33,101)		
Depreciable Property	15,269,700	7,586,893	1,764,456	(5,822,436)	7,586,893	
CWIP	37,291	37,291	4,309	(32,981)		
	<u><u>15,344,416</u></u>	<u><u>7,661,609</u></u>	<u><u>1,773,090</u></u>	<u><u>(5,888,519)</u></u>	<u><u>7,586,893</u></u>	Depreciable Net Book Value

**4 TAX GAIN/(LOSS) ON SALE**

	Historical Cost	Net Tax Value	Sales Proceeds	Pre-Tax Gain/(Loss)	Depreciable Net Tax Value	
Non-Depreciable Property (Land)	37,426	37,426	4,325	(33,101)		
Depreciable Property	15,269,700	2,149,153	1,764,456	(384,696)	2,149,153	
CWIP	37,291	37,291	4,309	(32,981)		
	<u><u>15,344,416</u></u>	<u><u>2,223,869</u></u>	<u><u>1,773,090</u></u>	<u><u>(450,779)</u></u>	<u><u>2,149,153</u></u>	Depreciable Net Tax Value
					5,437,740	Depr Net Book Value less Depr Net Tax
					1,521,697	Deferred Tax Liability / (Asset)

**5 GAIN/(LOSS) ALLOCATION**

	Operating System	Other Depreciable Assets	Land (Pre-Tax Allocation)	Sharing Allocation	Taxes 27.984%	After Tax Gain / (Loss)
Ratepayers - 100% of Loss (Pre-Tax and After-Tax)	0%	100%	59%	(5,875,075)	1,644,081 *	(4,230,994)
Ratepayers Pass-thru - 100% of Loss (Pre-Tax and After-Tax)				5,875,075	(1,644,081) *	4,230,994
Shareholder	100%	0%	41%	(13,444)	3,762	(9,682)
Total Gain/(Loss) Allocation	<u><u>100%</u></u>	<u><u>100%</u></u>	<u><u>100%</u></u>	<u><u>(13,444)</u></u>	<u><u>3,762</u></u>	<u><u>(9,682)</u></u>

\* No tax impact as the ratepayer contribution / distribution will net the tax impact to zero.

	Net	Sales	Before Tax		
	Tax Value	Proceeds	Gain/ (Loss)		
<b>6 TAXES ON PROPERTY</b>					
Non-Depreciable Property (Land)	37,426	4,325	(33,101)		
Depreciable Property	2,149,153	1,764,456	(384,696)		
CWIP	37,291	4,309	(32,981)		
Totals	<u>2,223,869</u>	<u>1,773,090</u>	<u>(450,779)</u>		
			<b>Land</b>		<b>Depreciable Property and CWIP</b>
Taxable Gain / (Loss)			(33,101) a		(5,855,418) a
Ratepayer Contribution / (Distribution)			19,657 b		5,855,418 b
Net Taxable Gain / (Loss)			(13,444) c=a-b		- c=a-b
Tax Rate			27.984% d		27.984% d
Net Federal and State Income Tax			(3,762) e=c*d		- e=c*d
After Tax Gain / (Loss)			<u>(29,339) f=a-e</u>		<u>(5,855,418) f=a-e</u>
After-Tax Ratepayers Allocation		67%	(19,657) g=f*67%	100%	(5,855,418) g=f*100%
After-Tax Shareholder Allocation		33%	(9,682) h=f*33%	0%	- h=f*0%
Taxing Jurisdiction Allocation (Shareholder)			(3,762) i=e		- i=e
Total Gain / (Loss) Allocation			<u>(33,101) j=g+h+i</u>		<u>(5,855,418) j=g+h+i</u>

**7 RATE BASE CHANGES**

	Beginning	Changes	Ending
Gross Plant	15,307,126	(15,307,126)	-
Depreciation Reserve (Book Accumulated Depreciation)	(7,682,807)	15,307,126	7,624,319
Property Sale Proceeds credited to Depreciation Reserve		(1,768,781)	(1,768,781)
Net Plant	<u>7,624,319</u>	<u>(1,768,781)</u>	<u>5,855,538</u>
Deferred Taxes	(1,521,697)	1,521,697	-
Total Rate Base of Assets Sold	<u>6,102,622</u>	<u>(247,084)</u>	<u>5,855,538</u>

**8 REGULATORY ASSET CALCULATION**

Ending Rate Base after Asset Sale	5,855,538
CWIP Reduction (less assigned sales proceeds)	32,981
Tax Impact on Asset Sale	(3,762)
After Tax Gain / (Loss) allocated to Shareholders	(9,682)
Regulatory Asset to Collect in Rates	<u>5,875,075</u>

**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

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  
Sempra 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