

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



Pacific Gas & Electric Company
ELC (Corp ID 39)
Status of Advice Letter 6474E
As of March 3, 2022

Subject: Request for Approval of New Investment Management Agreement for the Qualified Nuclear Decommissioning Trusts in Compliance with Ordering Paragraph 11 of D.13-01-039

Division Assigned: Energy

Date Filed: 01-20-2022

Date to Calendar: 01-24-2022

Authorizing Documents: D1301039

Disposition:	Accepted
Effective Date:	02-19-2022

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

Stuart Rubio

415-973-4587

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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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



Sidney Bob Dietz II
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

January 20, 2022

Advice 6474-E

(Pacific Gas and Electric Company U 39 E)

Public Utilities Commission of the State of California

Subject: Request for Approval of New Investment Management Agreement for the Qualified Nuclear Decommissioning Trusts in Compliance with Ordering Paragraph 11 of D.13-01-039

Purpose

Pacific Gas & Electric Company (PG&E) submits this Tier 2 advice letter (AL) seeking California Public Utilities Commission (CPUC or the Commission) approval of an Investment Management Agreement with Mellon Capital Management (Mellon) in compliance with Ordering Paragraph (OP) 11 of Decision (D.) 13-01-039.

Background

In D.87-05-062, the California Public Utilities Commission (CPUC or Commission) adopted externally managed nuclear decommissioning trusts as the investment vehicles for accruing funds for the ultimate decommissioning of the nuclear power plants owned by the California utilities, and the Commission approved PG&E's nuclear decommissioning trust master agreements (Trust Agreements) by Resolution E-3048. Pursuant to the terms of the Trust Agreements, the nuclear decommissioning trusts (Trusts) are authorized to appoint one or more investment managers to direct the investments of all or part of the Trusts' assets, subject to Commission approval of the Investment Management Agreement (IMA).

On January 24, 2013, the Commission issued D.13-01-039 in Phase 2 of the 2009 Nuclear Decommissioning Cost Triennial Proceeding (NDCTP). That decision directed each utility to submit an information-only Advice Letter (AL) to advise the Commission that it will undertake a search for a new investment fund manager. Additionally, the utilities were directed to submit a Tier 2 AL to seek approval of new IMAs along with certain specified information. The utilities were also directed to serve a copy of these ALs on each Commissioner and any member of the public who has made a written request to the utility for such notice.

On February 5, 2021, through AL 6081-E, PG&E notified the Commission of its intent to initiate manager searches. As a result of that search, PG&E retained its existing equity manager Rhumblin Advisers to continue to manage its passively managed US Equity portfolio, but has selected Mellon Capital Management (Mellon) to manage the Trusts' non-US equity portfolio and will transition from the incumbent manager upon Commission approval.

By this filing, PG&E is requesting Commission approval of the IMA with Mellon Capital Management (Mellon). The proposed IMA is substantially the same as agreements with other investment managers that have been previously approved by the Commission.

Request for Confidentiality

In support of this advice letter, PG&E submits Confidential Attachment 1: Investment Management Agreement with Mellon Capital Management.

This attachment contains market sensitive information on investment management fees that, if disclosed, could negatively impact PG&E's future contract negotiations, thereby PG&E is requesting confidential treatment as described in Declaration Supporting Confidential Designation dated 1/20/22. Attachment 1 will be provided to the Energy Division with this Advice Letter. All other parties on the service list will be served the Advice Letter only.

Investment Management Agreement Information

In accordance with OP 11 of D.13-01-39, PG&E provides the following information regarding PG&E's proposed IMA with Mellon Capital Management:

Description of the Selection Process

In February of 2021, PG&E issued an RFP to its existing Trusts' fund managers and other qualified investment firms that currently do not manage any of PG&E's Trusts' funds. The criteria for identifying potential replacement equity managers were: 1) experience managing NDT or other taxable equity assets and 2) a reputation as a leading manager of passively managed equity assets. The request for proposal required bidders to discuss their organization's experience with nuclear decommissioning trust funds, investment philosophy and strategies, track record, and proposed fees.

Mellon's Experience with Taxable Trust Funds and the Total Assets Mellon Manages

Mellon manages \$614 billion and of that total, manages \$10.4 billion across 85 accounts for NDT clients. The firm has managed NDT assets for approximately three decades. The firm is one of the largest NDT managers that provides tax sensitive portfolios exclusively managed for NDTs.

Mellon's Five Year Track Record Against Benchmarks

The appropriate benchmark is the MSCI ACWI ex-US index, which tracks the performance of large and mid cap equities across 22 of 23 Developed Markets (excluding U.S.) and 27 Emerging Market countries. The MSCI ACWI ex-US Index returned 8.93% per year on a pre-tax annualized basis over the last five years gross of fees. Mellon has returned 9.28% per year on a pre-tax annualized basis over the last five years gross of fees.

The Type of Investments to be Managed and the Investment Strategy

Mellon will manage – via a tax-aware strategy – the non-US equity mandate Trust assets PG&E proposes to transfer from the incumbent manager. The account will be benchmarked to the MSCI ACWI ex-US index.

The Amount of Funds to be Allocated to Mellon and the Source of Funds to be Transferred

Through the IMA, PG&E proposes to transfer its non-US equity portfolio, currently valued at \$740M, from the portfolio's current investment manager to Mellon.

Investment Management Fees to be Charged by Mellon

The fees to be charged by Mellon are identified in the IMA, attached as Confidential Attachment 1.

Explanation of Why the Decommissioning Trust Fund Committee is Making the Change

As a result of the investment manager RFP process undertaken by PG&E in February of 2021, Mellon offered a more cost competitive management proposal than the incumbent non-US equity manager. Additionally, the Nuclear Decommissioning Trust Fund Committee is confident in Mellon's ability to efficiently manage taxes.

This filing will not increase any current rate or charge, cause the withdrawal of service or conflict with any rate schedule or rule.

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 **February 9, 2022**, 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:

Sidney Bob Dietz II
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 2** advice submittal become effective on regular notice, **February 19, 2022**, which is 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 in service list **A.18-07-013, A.18-12-008 and A.21-12-007**. 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/

Sidney Bob Dietz II
Director, Regulatory Relations

Attachments: Confidential Attachment 1: Investment Management Agreement with Mellon Capital Management.

cc: Service List A.18-07-013, A.18-12-008 and A.21-12-007



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 (U 39 E)

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Stuart Rubio

Phone #: (415) 973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: SHR8@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) #: 6474-E

Tier Designation: 2

Subject of AL: Request for Approval of New Investment Management Agreement for the Qualified Nuclear Decommissioning Trusts in Compliance with Ordering Paragraph 11 of D.13-01-039

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.13-01-039

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: See Confidential Declaration and Matrix
 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: Ashley Mawhorter, A6MU@pge.com, 415-223-3103.

Resolution required? Yes No

Requested effective date: 2/19/22

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: 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: Sidney Bob Dietz II, 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:

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

**DECLARATION SUPPORTING CONFIDENTIAL DESIGNATION
ON BEHALF OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)**

1. I, Ashley Mawhorter, am Director of Investments and Benefit Finance for Pacific Gas and Electric Company (“PG&E”), a California corporation. Mari Becker, the Vice President and Treasurer of PG&E, delegated authority to me to sign this declaration. My business office is located at:

Pacific Gas and Electric Company
77 Beale Street
San Francisco, CA 94105

2. PG&E will produce the information identified in Paragraph 3 of this Declaration to the California Public Utilities Commission (“CPUC”) or departments within or contractors retained by the CPUC in response to a CPUC audit, data request, proceeding, or other CPUC request.
Name or Docket No. of CPUC Proceeding (if applicable): 2009 Nuclear Decommissioning Cost Triennial Proceeding (NDCTP)
3. Title and description of document(s): Confidential Attachment 1: Qualified Investment Management Agreement (Mellon Investments Corporation)
4. These documents contain confidential information that, based on my information and belief, has not been publicly disclosed. These documents have been marked as confidential, and the basis for confidential treatment and where the confidential information is located on the documents are identified on the following chart:

Check	Basis for Confidential Treatment	Where Confidential Information is Located on the Documents
<input type="checkbox"/>	Customer-specific data, which may include demand, loads, names, addresses, and billing data. (Protected under PUC § 8380; Civ. Code §§ 1798 <i>et seq.</i> ; Govt. Code § 6254; Public Util. Code § 8380; Decisions (D.) 14-05-016, 04-08-055, 06-12-029)	

Personal information that identifies or describes an individual (including employees), which may include home address or phone number; SSN, driver's license, or passport numbers; education; financial matters; medical or employment history (not including PG&E job titles); and statements attributed to the individual.

(Protected under Civ. Code §§ 1798 *et seq.*; Govt. Code § 6254; 42 U.S.C. § 1320d-6; and General Order (G.O.) 77-M)

Physical facility, cyber-security sensitive, or critical infrastructure data, including without limitation critical energy infrastructure information (CEII) as defined by the regulations of the Federal Energy Regulatory Commission at 18 C.F.R. § 388.113 and/or General Order 66-D (“The subject information: (1) is not customarily in the public domain by providing a declaration in compliance with Section 3.2(c) stating that the subject information is not related to the location of a physical structure that is visible with the naked eye or is available publicly online or in print; **and** (2) the subject information either: could allow a bad actor to attack, compromise or incapacitate physically or electronically a facility providing critical utility service; or discusses vulnerabilities of a facility providing critical utility service”).

(Protected under Govt. Code § 6254(k), (ab); 6 U.S.C. § 131; 6 CFR § 29.2)

Proprietary and trade secret information or other intellectual property and protected market sensitive/competitive data.

(Protected under Civ. Code §§3426 *et seq.*; Govt. Code §§ 6254, *et seq.*, e.g., 6254(e), 6254(k), 6254.15; Govt. Code § 6276.44; Evid. Code §1060; D.11-01-036)

Confidential
Attachment 1:
Qualified Investment
Management
Agreement in its
entirety

Corporate financial records.

(Protected under Govt. Code §§ 6254(k), 6254.15)

Third-Party information subject to non-disclosure or confidentiality agreements or obligations.

(Protected under Govt. Code § 6254(k); see, e.g., CPUC D.11-01-036)

Other categories where disclosure would be against the public interest (Govt. Code § 6255(a))

5. The importance of maintaining the confidentiality of this information outweighs any public interest in disclosure of this information. This information should be exempt from the public disclosure requirements under the Public Records Act and should be withheld from disclosure.
6. I declare under penalty of perjury that the foregoing is true, correct, and complete to the best of my knowledge.
7. Executed on this 20 day of January, 2022 at San Francisco, California.



Ashley Mawhorter
Director, Investments and Benefit Finance
Pacific Gas and Electric Company

Advice 6474-E
January 20, 2022

Attachment 1

**Investment Management Agreement with Mellon Capital
Management**

(Confidential)

**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
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
International Power Technology

Intertie

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

OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

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