

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



Pacific Gas & Electric Company
ELC (Corp ID 39)
Status of Advice Letter 4579G/6513E
As of March 29, 2022

Subject: Adjustments to Revenue Requirement and Rate Base to Comply with Internal Revenue Service Private Letter Ruling.

Division Assigned: Energy

Date Filed: 02-24-2022

Date to Calendar: 02-28-2022

Authorizing Documents: None

Disposition:	Accepted
Effective Date:	03-26-2022

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

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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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

February 24, 2022

Advice 4579-G/6513-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Adjustments to Revenue Requirement and Rate Base to Comply with Internal Revenue Service Private Letter Ruling.

Purpose

Pacific Gas and Electric Company (PG&E) submits this Tier 2 Advice Letter to adjust its revenue requirements and rate base to comply with rulings of the Internal Revenue Service (IRS) on the correct treatment of Cost of Removal/Negative Net Salvage under the tax normalization rules and the Average Rate Assumption Method (ARAM). This adjustment is made in accordance with (i) Ordering Paragraph (OP) 8 of the 2017 General Rate Case (GRC) Petition for Modification (PFM) Decision 19-08-023, (ii) OP 8 of the 2015 Gas Transmission and Storage Rate Case (GT&S) PFM Decision 19-08-021 and (iii) OP 12 of the 2020 GRC Decision 20-12-005.

Background

On December 22, 2017, the 2017 Tax Cuts and Jobs Act (2017 Tax Act) was signed into law, which significantly impacted the computation of taxes for purposes of cost-of-service ratemaking. The 2017 Tax Act became effective on January 1, 2018 and remains in effect. The 2017 Tax Act impacts the revenue requirements approved in PG&E's rate cases, including the 2017 GRC¹ (2017 through 2019), the 2015 GT&S² (2015 through 2018), and the 2020 GRC (2020 through 2022).³

The most material change from the 2017 Tax Act was the reduction in the federal corporate income tax rate from 35 percent to 21 percent. This reduction resulted in material amounts of "excess" deferred income taxes which the Tax Act requires to be

¹ Decision 17-05-013. PG&E later filed a PFM due to the 2017 Tax Act, which resulted in Decision 19-08-023.

² Decision 16-06-056. PG&E later filed a PFM due to the 2017 Tax Act, which resulted in Decision 19-08-021.

³ The 2019 GT&S (A.17-11-009) was filed before the PFM decisions. Since PG&E was not specifically ordered to update the 2019 GT&S rate case, PG&E decided to wait for IRS guidance.

provided to customers (14 percent difference between 35 percent and 21 percent) over the remaining book life of the underlying assets. The return of excess deferred income taxes (EDIT) must comply with IRS tax normalization rules of Internal Revenue Code Section 168(i)(9) and Treas. Reg. 1.167(l)-1(h)(1)(b) and Section 13001(d)(1) of the Tax Act.

When the 2017 Tax Act was enacted, Congress intended that the IRS tax normalization rules would apply to the tax law changes. The 2017 Tax Act Section 13001(d)(1), which required compliance with the tax normalization rules stated:

A normalization method of accounting shall not be treated as being used with respect to any public utility property for purposes of section 167 or 168 [of the Code] if the taxpayer, in computing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, **reduces the excess tax reserve [EDIT] more rapidly or to a greater extent than such reserve would be reduced under the average rate assumption method (ARAM).**⁴

After passage of the 2017 Tax Act, PG&E filed two PFMs – one of the 2017 GRC Decision 17-05-013⁵ and the other of the 2015 GT&S Decision 16-06-056⁶ – to incorporate the tax law changes into the applicable rate case revenue requirements.

The Commission's decisions on PG&E's PFMs rejected PG&E's proposed treatment of Cost of Removal (COR) for purposes of computing the return of EDIT "over the remaining book lives of the underlying assets" (the ARAM methodology), without violating the IRS tax normalization rules.⁷ PG&E's interpretation was that including COR in the ARAM calculation constitutes a tax normalization violation because the inclusion of COR accelerates the return of the EDIT more rapidly than allowed under the normalization rules. PG&E's approach excluded COR from the ARAM calculation, thereby returning the EDIT over the remaining book life in compliance with the tax normalization rules (referred to as the PG&E Method).

Ultimately, the Commission chose to accelerate the return of EDIT by including COR in the ARAM calculation, which resulted in an overall lower revenue requirement and related rate base adjustments (referred to as the CPUC Method).⁸ However, the Commission acknowledged that its method may potentially result in IRS tax normalization violation. The Commission included the following ordering paragraph in each decision:

If Pacific Gas and Electric Company (PG&E) **requests a private letter ruling from the Internal Revenue Service (IRS) and subsequently receives an IRS ruling (or if the IRS issues specific guidance on this matter in any other form)** stating

⁴ 2017 Tax Act Section 13001(d)(1) (emphasis added).

⁵ The 2017 GRC PFM resulted in Decision 19-08-023.

⁶ The 2015 GT&S PFM resulted in Decision 19-08-021.

⁷ Decision 19-08-021 Conclusion of Law 6 and Decision 19-08-023 Conclusion of Law 6.

⁸ Id.

normalization rules do not apply to Cost of Removal/Negative Net Salvage in the Average Rate Assumption Method calculation for the return of excess deferred taxes to ratepayers, PG&E shall comply with the IRS's interpretation of the applicable tax laws by filing a Tier 2 advice letter with this Commission to seek an appropriate adjustment to its revenue requirement and/or rate base.⁹

Moreover, it should be noted that OP 7 of Decision 19-08-021 and Decision 19-08-023 required that PG&E include the below question in its ruling request.

Any request by Pacific Gas and Electric Company for a private letter ruling concerning application or interpretation of the Tax Cuts and Jobs Act shall seek a response to the question, **"Is including Cost of Removal/Negative Net Salvage in the Average Rate Assumption Method calculation for the return of excess deferred taxes to ratepayers inconsistent with normalization requirements?"**¹⁰

The 2020 GRC Decision similarly held:

Within 45 days from the effective date of this Order, Pacific Gas and Electric Company (PG&E) shall file a Tier 2 advice letter to correct the return to ratepayers of the excess Accumulated Deferred Income Taxes that was created by the passage of the 2017 Tax Act **consistent with Decision 19-08-023, Ordering Paragraphs 6, 7, and 8 using the Average Rate Assumption Method.**

- a. PG&E shall show the revenue requirement reductions for 2020, 2021, and 2022 and include a proposed amortization period for the reductions.¹¹

PG&E used the CPUC Method to compute the return of excess deferred taxes in its 2020 GRC (Decision 20-12-005)¹², 2023 GRC Application (A.21-06-021), its 2017 GRC (PFM Decision 19-08-023)¹³, and its 2015 GT&S (PFM Decision 19-08-021).¹⁴

PG&E submitted a private letter ruling (PLR) request to the IRS on June 11, 2021 and received its draft ruling on December 21, 2021. The last date to request IRS review of the draft ruling was on January 10, 2022. PG&E did not request IRS review because

⁹ Decision 19-08-023, OP 8 and Decision 19-08-021, OP 8 (emphasis added).

¹⁰ Decision 19-08-021, OP 7 and Decision 19-08-023, OP 7 (emphasis added); See discussion below, the IRS ruled on this question in Conclusion 1 of PG&E's PLR (Attachment 1).

¹¹ Decision 20-12-005, OP 12.

¹² PG&E submitted Advice 4367-G/6062-E on January 19, 2021 to revise its 2020 GRC revenue requirements. This Advice was approved on February 18, 2021.

¹³ PG&E submitted Advice 4142-G/5636-E on September 13, 2019 to revise its 2017 GRC and 2015 GT&S revenue requirements for the PFM decisions which uses the CPUC Method with respect to COR. This Advice was approved on October 13, 2019.

¹⁴ *Id.*

PG&E agreed with the IRS' conclusions. The final ruling will be publicly available on March 18, 2022.

The IRS' PLR -113635-21 confirmed that the CPUC Method, which includes COR in the computation of ARAM, violates the normalization rules by returning EDIT more rapidly than permitted under ARAM.¹⁵ PLR-113635-21 also confirmed that the PG&E Method complies with the Normalization rules.¹⁶

In accordance with the Commission's directives, this advice letter seeks to implement the PLR. PG&E PLR-113635-21 contained three rulings (all excerpted below for completeness, with emphasis added) as follows:

1) **Including COR in the ARAM calculation for the return of EDIT attributable to depreciation to ratepayers is inconsistent with the normalization requirements.**

2) **The method proposed by Taxpayer [PG&E] is consistent with the Normalization Rules.**

3) As stated in Conclusion 1, the method proposed by Commission A [CPUC] is inconsistent with the Normalization Rules. However, Taxpayer's use of the method proposed by Commission A will not be a violation of the Normalization Rules, provided Commission A (i) approves the method proposed by Taxpayer (or otherwise required by the Service) and (ii) allows Taxpayer to recover any difference in rates charged to customers under Commission A's proposed method and the Taxpayer's method over a period that **does not extend beyond the first two years following the issuance of the Service's ruling.**¹⁷

Moreover, on October 15, 2021, the IRS issued PLR 202141001 to another taxpayer, which contained four rulings (all excerpted below for completeness, with emphasis added). In PLR 202141001, the IRS also concluded that the inclusion of COR in the ARAM calculation for returning excess deferred taxes constituted a normalization violation (Ruling 3) and that the method excluding COR complies with the tax normalization rules (Ruling 4).

1) Taxpayer's DTA for cumulative timing differences between (a) recognition of accrued gross COR with respect to public utility property as an increase in depreciation expense in its regulatory books of account and (b) the subsequent tax deduction of such costs upon disposition is not subject to the normalization

¹⁵ Attachment 1, Conclusion 1.

¹⁶ Attachment 1, Conclusion 2.

¹⁷ Attachment 1, Conclusions (emphasis added). The recovery period will be further discussed in the "Amortization of Revised Revenue Requirements in Rates" section.

rules of Code Section 168(i)(9) and the associated excess deferred tax amount is not subject to the normalization rules of TCJA Section 13001(d).¹⁸

2) Taxpayer's DTL for cumulative timing differences between (a) recognition of accrued gross salvage value with respect to public utility property as a reduction of depreciation expense in its regulatory books of account and (b) the subsequent taxation of such salvage amounts upon disposition is subject to the normalization rules of Code Section 168(i)(9) and the associated excess deferred tax amount is subject to the normalization rules of TCJA Section 13001(d) regardless of whether the gross salvage value timing differences are partially or fully offset by gross COR timing differences and whether the DTL related to gross salvage value differences is partially or fully offset by the DTA for gross COR differences.¹⁹

3) The computation of the reversal of the excess tax reserve for depreciation method and life differences for public utility property based on book depreciation **amounts inclusive of an accrual of gross COR** pursuant to the State Commission Method **is not consistent with the normalization rules** of TCJA Section 13001(d).

4) The computation of the reversal of the excess tax reserve for depreciation method and life differences for public utility property based on book depreciation amounts reflecting estimated gross salvage value but not an accrual of estimated gross COR pursuant to the Proposed Approach **complies with the normalization rules** of TCJA Section 13001(d).²⁰

Consistent with both of these PLRs, PG&E is filing this Tier 2 Advice Letter to make appropriate adjustments to its revenue requirements and rate base for its applicable rate cases where PG&E used the CPUC Method to compute the return of excess deferred taxes.

The incremental increase to the various rate cases' revenue requirements and impacts to rate base from reversing the CPUC Method and using the PG&E Method are shown in the next section.

Revised Revenue Requirements

PG&E has revised its computation of the effects of the 2017 Tax Act on the revenue requirements in the 2017 GRC, 2015 GT&S and 2020 GRC rate cases to reverse the

¹⁸ This Ruling in essence states that COR is a non-protected item and therefore not subject to the normalization rules. See Attachment 1 for further discussion of the issue of protected versus non-protected.

¹⁹ This Ruling provides that deferred taxes related to depreciation are subject to the IRS normalization requirements, regardless of how COR is incorporated.

²⁰ Attachment 2, Conclusions (emphasis added).

CPUC Method and use the PG&E Method, in accordance with specific guidance issued by the IRS in PLR-113635-21 and PLR 202141001.

The results of the revised computation are shown in the tables below, with the incremental revenue effect by year. Positive numbers indicate an increase to revenue requirements and negative numbers indicate a decrease to revenue requirements. Amounts in Tables 1 through 3 include Revenue Fees and Uncollectibles Factor (RF&U), however, these amounts do not include applicable interest.

Table 1
Pacific Gas and Electric Company
Reversing Revenue Requirement for Advice Letter 4142-G \ 5636-E
Pertaining to 2017 GRC and 2015 GT&S Rate Cases
Revised Revenue Requirements Increase/(Decrease)
 (\$ in '000s)

Gas Revenue Requirements				
	Year / Case	Distribution	Transmission	Total
1	2018 GT&S	\$ -	\$ 3,610	\$ 3,610
2	2018 GRC	\$ (88)	\$ -	\$ (88)
3	2019 GRC	\$ 228	\$ -	\$ 228
4	Total	\$ 140	\$ 3,610	\$ 3,750
Electric Revenue Requirements				
	Year / Case	Distribution	Generation	Total
5	2018 GRC	\$ 26,222	\$ (2,207)	\$ 24,015
6	2019 GRC	\$ 24,901	\$ (1,752)	\$ 23,149
7	Total	\$ 51,123	\$ (3,959)	\$ 47,164

Table 2
Pacific Gas and Electric Company
Reversing Revenue Requirement for Advice Letter 4367-G \ 6062-E
Pertaining to 2020 GRC
Revised Revenue Requirements Increase/(Decrease)
 (\$ in '000s)

Gas Revenue Requirements				
	Year / Case	Distribution	Transmission	Total
1	2020 GRC	\$ (2,836)	\$ -	\$ (2,836)
2	2021 GRC	\$ (2,507)	\$ -	\$ (2,507)
3	2022 GRC	\$ (2,221)	\$ -	\$ (2,221)
4	Total	\$ (7,563)	\$ -	\$ (7,563)
Electric Revenue Requirements				
	Year / Case	Distribution	Generation	Total
5	2020 GRC	\$ 24,975	\$ 2,818	\$ 27,793
6	2021 GRC	\$ 25,635	\$ 3,039	\$ 28,674
7	2022 GRC	\$ 26,913	\$ 3,201	\$ 30,114
8	Total	\$ 77,523	\$ 9,059	\$ 86,581

Table 3
Pacific Gas and Electric Company
Total Combined Amounts from Table 1 and Table 2
Revised Revenue Requirements Increase/(Decrease)
(\$ in '000s)

Gas Revenue Requirements				
	Year / Case	Distribution	Transmission	Total
1	2018 GT&S	\$ -	\$ 3,610	\$ 3,610
2	2018 GRC	\$ (88)	\$ -	\$ (88)
3	2019 GRC	\$ 228	\$ -	\$ 228
4	2020 GRC	\$ (2,836)	\$ -	\$ (2,836)
5	2021 GRC	\$ (2,507)	\$ -	\$ (2,507)
6	2022 GRC	\$ (2,221)	\$ -	\$ (2,221)
7	Total	\$ (7,424)	\$ 3,610	\$ (3,814)
Electric Revenue Requirements				
	Year / Case	Distribution	Generation	Total
8	2018 GRC	\$ 26,222	\$ (2,207)	\$ 24,015
9	2019 GRC	\$ 24,901	\$ (1,752)	\$ 23,149
10	2020 GRC	\$ 24,975	\$ 2,818	\$ 27,793
11	2021 GRC	\$ 25,635	\$ 3,039	\$ 28,674
12	2022 GRC	\$ 26,913	\$ 3,201	\$ 30,114
13	Total	\$ 128,646	\$ 5,099	\$ 133,745

As reflected in Advice Letter 4142-G/5636-E (approved October 17, 2019) and Advice Letter 4367-G/6062-E (approved February 18, 2021), PG&E's depreciation system must use the same book depreciation for both the ARAM and flow-back calculations. Therefore, when the Commission required PG&E to include COR book depreciation in the ARAM calculation it automatically increased the flow-back and rates. Now, as PG&E removes COR book depreciation from the ARAM calculation, the ancillary effect on flow-back depreciation is a rate reduction.

Amortization of Revised Revenue Requirements in Rates

As mentioned in PG&E's PLR-113635-21, the difference between the CPUC Method and PG&E Method **must be collected within 2 years** of the issuance of PG&E's PLR to avoid a normalization violation.²¹ Therefore, considering the timing and effects of other pending and anticipated rate changes, PG&E respectfully proposes the following approach for collecting the overall increase in incremental revenue requirements by the end of 2023 to comply with the ruling. Note that the revenue requirements as indicated per Table 1 through 3 above are net of interest accruals. For balances to be included in the balancing accounts as described below, interest will be calculated for those revenue requirements changes for the respective years.

Gas Rates: The net reduction of \$3.8 million plus interests will be amortized over 12-months starting on January 1, 2023. The amortization will be included in PG&E's Preliminary Annual Gas True-Up submittal (AGT) in October 2022 and in the Final AGT submitted in December 2022. The \$7.4 million decrease plus interests for the revenue requirement change attributable to the GRC will be recorded in the Distribution subaccount of Core Fixed Cost Account (CFCA) and the Distribution subaccount Noncore Customer Class Charge Account (NCA) based on the current percentages at the time shown on Gas Preliminary Statement Part C "cost allocations factors". The \$3.6 million increase plus interest for the revenue requirement change attributable to the 2015 GT&S will be recorded to the Adjustment Mechanism for Costs Determined in Other Proceedings (AMCDOP) and then allocated to the Core Cost subaccount of the CFCA (50 percent) and the Noncore subaccount of the NCA (50 percent).

Electric Rates: For the generation function, PG&E proposes to amortize the net revenue requirement increase of \$5.1 million plus interest in rates over a 12-month period beginning January 1, 2023. Once this advice letter is approved, PG&E will include the revenue requirements in the total revenue requirement for ratemaking presented in the 2023 Energy Resource Recovery Account (ERRA) Forecast Proceeding, which will be implemented through the 2023 Annual Electric True-up (AET). If implementation of the 2023 ERRA Forecast Proceeding is delayed beyond January 1, 2023, PG&E will calculate an annualized revenue requirement so that the revenue requirement is fully collected by the end of 2023 on a forecast basis consistent with the IRS rulings. The increase will be included with the authorized revenue requirement for utility-owned generation costs

²¹ Attachment 1, Conclusion 3.

transferred to the Portfolio Allocation Balancing Account (PABA) and Energy Resource Recovery Account (ERRA).

For the distribution function, PG&E proposes to amortize the revenue requirement of \$128.6 million plus interest in distribution rates during its next consolidated rate change once the advice letter has been approved, but no later than January 1, 2023. The increase in revenue requirements will be recorded in the Distribution Revenue Adjustment Mechanism (DRAM).

Attachments

Attachment Number	Title / Description	Purpose
Attachment 1	PLR-113635-21	PG&E's PLR on this specific issue
Attachment 2	PLR 202141001	Specific IRS guidance on this issue issued to another taxpayer
Attachment 3	Advice 4142-G / 5636-E for 2017 GRC and 2015 GT&S rate case proceedings	Demonstrates that PG&E lowered its revenue requirement to comply with the CPUC Method for the 2017 GRC and 2015 GT&S rate cases
Attachment 4	Advice 4367-G / 6062-E for 2020 GRC	Demonstrates that PG&E lowered its revenue requirement to comply with the CPUC method for the 2020 GRC

Protests

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than March 16, 2022, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be electronically sent to PG&E via E-mail at the address shown below on the same date it is electronically delivered to the Commission:

Sidney Bob Dietz II
Director, Regulatory Relations
c/o Megan Lawson
E-mail: PGETariffs@pge.com



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 M)

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) #: 4579-G/6513-E

Tier Designation: 2

Subject of AL: Adjustments to Revenue Requirement and Rate Base to Comply with Internal Revenue Service Private Letter Ruling.

Keywords (choose from CPUC listing): Taxes

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

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: 3/26/22

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 proposed¹: N/A

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

¹Discuss in AL if more space is needed.

Protests and correspondence regarding this AL are to be sent via email and are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission
Energy Division Tariff Unit Email:
EDTariffUnit@cpuc.ca.gov

Contact Name: Sidnev Bob Dietz II. c/o Megan Lawson
Title: Director, Regulatory Relations
Utility/Entity Name: Pacific Gas and Electric Company

Telephone (xxx) xxx-xxxx: (415)973-2093
Facsimile (xxx) xxx-xxxx: (415)973-3582
Email: PGETariffs@pge.com

Contact Name:
Title:
Utility/Entity Name:

Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

CPUC
Energy Division Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Clear Form

Advice 4579-G/6513-E
February 24, 2022

Attachment 1

PLR-113635-21



Department of the Treasury
Internal Revenue Service

Mailing Date:

12/21/2021

Last date to request IRS review:

01/10/2022

Last date to request delay:

02/18/2022

Last date to petition Tax Court:

02/18/2022

Date open to public inspection:

03/18/2022

Person to contact:

Chief, Disclosure Support Branch

Contact telephone number:

202-317-6840

Notice of Intention to Disclose

In accordance with Section 6110 of the Internal Revenue Code, we intend to make the enclosed copy of your ruling (with deletions) open to public inspection.

Section 6110 provides that copies of certain rulings, technical advice memoranda, and determination letters will be open to public inspection after deletions are made. These written determinations will be open to public inspection online in the Freedom of Information Act (FOIA) Reading Room at www.irs.gov/privacy-disclosure/foia-library.

We made the deletions indicated in accordance with Section 6110(c), which requires us to delete:

1. The names, addresses, and other identifying details of the person the ruling pertains to, and of any other person identified in the ruling [other than a person making a "third party communication" (see back of this notice)].
2. Information specifically authorized under criteria established by an Executive Order to be kept secret in the interest of national defense or foreign policy, and which is in fact properly classified under such Executive Order.
3. Information specifically exempted from disclosure by any statute (other than the Internal Revenue Code) which is applicable to the Internal Revenue Service.
4. Trade secrets and commercial or financial information obtained from a person that are privileged or confidential.
5. Information which would constitute a clearly unwarranted invasion of personal privacy.
6. Information contained in or related to examination, operating, or condition reports prepared by, or for use of, an agency that regulates or supervises financial institutions.
7. Geological and geophysical information and data (including maps) concerning wells.

These are the only grounds for deleting material. We made the indicated proposed deletions after considering any suggestions for deletions you may have made prior to issuance of the ruling.

If you agree with the proposed deletions

You do not need to take any further action. We will place the deleted copy in the online FOIA Reading Room on the "Date open to public inspection" shown on this notice.

If you disagree with the proposed deletions

Please return the copy and show, in brackets, any additional information you believe should be deleted. Include a statement supporting your position. Only material falling within the seven categories listed above may be deleted. Your statement should specify which of these seven categories is applicable with respect to each additional deletion you propose. Mail or fax your deleted copy and statement to:

Internal Revenue Service

Attention: Chief, CC:PA:LPD:DS
Ben Franklin Station
Post Office Box 7604
Washington, DC 20044
Fax: 855-592-8978

It must be faxed or postmarked no later than the "Last date to request IRS review" shown on this notice. We will give your submission careful consideration. If we determine we cannot make any or all of the additional deletions you suggest, we will so advise you not later than 20 days after we receive your submission. You will then have the right to file a petition in the United States Tax Court if you disagree with us. Your petition must be filed no later than the "Last date to petition Tax Court" shown on this notice, which is 60 days after the mailing date of this notice. If a petition is filed in the Tax Court, the disputed portion(s) of the ruling will not be placed in the Reading Room until after a court decision becomes final.

If no petition is filed in the Tax Court, the deleted copy of your ruling will be made open to public inspection on the date shown on this notice. If the transaction to which the ruling relates will not be completed by then, you may request a delay of public inspection.

Request for delay of public inspection

You may request a delay of public inspection of up to 90 days, or 15 days after the transaction is completed, whichever is later. The request for delay must be received by the IRS no later than the "Last date to request delay" shown on this notice, which is 60 days after the mailing date of this notice. Mail or fax your request for delay to:

Internal Revenue Service

Attention: Chief, CC:PA:LPD: DS
Ben Franklin Station
Post Office Box 7604
Washington, DC 20044
Fax: 855-592-8978

You may request a second delay of up to an additional 180 days (or 15 days after the completion of the transaction, whichever is earlier) if the transaction is not completed by the end of the original delay period and if good cause exists for additional delay. We must receive a request for a second delay at the above address at least 30 days before the original delay period ends.

Requests for additional disclosure

After the copy of your ruling, with deletions, is placed in our online FOIA Reading Room, any person may request us to make additional portions of the ruling open to public inspection. If we receive a request that involves disclosure of names, addresses, or taxpayer identifying numbers, we will deny the request and you will not be contacted. If that request involves disclosure of anything other than names, addresses, or taxpayer identifying numbers, we will contact you before taking action.

Third party communication

The enclosed copy of your ruling may contain the notation "Third Party Communication." This indicates that IRS received a communication (written or oral) regarding your ruling request from a person outside the IRS (other than you or your authorized representative). The date of the communication and the category of the person making the contact (such as "Congressional" or "Trade Association") will be indicated.

If you have any questions regarding this notice, please call us at 202-317-6840.

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Index Number: 168.24-01

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:PSI:B6
PLR-113635-21

Date:
December 21, 2021

Legend

Taxpayer	=
Corporation	=
Consolidated Group	=
Commission A	=
Commission B	=
State	=
Year 1	=
Year 2	=
Year 3	=
Year 4	=
Year 5	=
Month	=
Date 1	=
Date 2	=
<u>a</u>	=
<u>b</u>	=
Decisions	=

Dear :

A ruling has been requested on behalf of Taxpayer regarding the application of the depreciation normalization rules of § 168(i)(9) of the Internal Revenue Code of 1986, as amended ("Code"), Treas. Reg. § 1.167(l)-1, former § 167(l) of the Code, and section 13001(d) of the Tax Cuts and Jobs Act, Pub. L. 115-97, (the "TCJA") (collectively, the "Normalization Rules") to the calculation of the method used by Commission A in a recent rate proceeding to reflect federal income tax expense reductions for Taxpayer for excess deferred income taxes ("EDIT") created by the corporate tax rate reduction included in the TCJA.

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Taxpayer is a regulated public utility incorporated under the laws of State. Taxpayer is included in a consolidated U.S. Corporation Income Tax Return filed by an affiliated group of corporations of which Corporation is the common parent. Corporation is an investor-owned energy-based company incorporated under the laws of State and is the common parent of a consolidated group of corporations referred to as Consolidated Group. Consolidated Group files a federal consolidated tax return on a calendar year basis and use an accrual method of accounting.

Corporation is under the audit jurisdiction of the Large Business and International Division of the Internal Revenue Service (the "IRS" or the "Service").

Taxpayer generates electricity and provides electric transmission and distribution services throughout its service territory in State. Taxpayer also owns and operates a natural gas transmission, storage, and distribution system with a service territory which includes part of State.

Taxpayer's rates for electricity and natural gas utility services are subject to the jurisdiction of Commission A and Commission B. Both regulators set rates at levels that are intended to allow Taxpayer an opportunity to recover its costs of providing service, including a return on invested capital ("cost-of service, rate of return ratemaking").

Before setting rates, Commission A and Commission B conduct proceedings to determine the amounts that Taxpayer will be authorized to collect from its customers ("revenue requirements"). Taxpayer's base revenue requirements are established mainly in three different proceedings.

Taxpayer's electric transmission business is rate-regulated by Commission B through a transmission owner formula rate. Taxpayer's gas and electric distribution and electric generation businesses are rate-regulated by Commission A, typically in general rate case ("GRC") proceedings conducted every three years. Taxpayer's gas transmission and storage ("GT &S") businesses are also rate regulated in Commission A proceedings conducted every three or four years. In Year 1, Taxpayer expects that its GT &S rate proceedings will be merged into its GRC. This ruling request involves Commission A's recent decisions in Taxpayer's Petition for Modification of its Year 2 GRC and its Year 3 GT &S rate cases (each a "PFM" and collectively "PFMs") to reflect revenue requirement reductions resulting from the corporate income tax rate reduction and other changes provided in the TCJA.

Taxpayer filed its PFMs on Date 1. The PFMs were filed to reflect revenue requirement reductions related to the tax changes included in the TCJA. Specifically, the PFMs covered several TCJA changes, but relevant to this request is the normalization methodology used to return EDIT to customers.

Prior to Year 4, Taxpayer computed timing differences between (i) book depreciation, including salvage value and cost of removal ("COR") expense, and (ii) tax

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deductions for tax depreciation and incurred COR. Taxpayer's tax depreciation exceeds its book depreciation in the early years of an asset's life and its book depreciation exceeds its tax depreciation in the later years of an asset's life. In contrast, Taxpayer's book COR expense precedes its tax deduction for COR because it books COR over the life of the asset and only receives a tax deduction when the COR is incurred at the end of the asset's life. These annual timing differences resulted in a net accumulated deferred income tax ("ADIT") liability at Date 2, based on the 35 percent corporate tax rate, which was in effect prior to the TCJA.

As a result of the corporate tax rate reduction provided by the TCJA, Taxpayer no longer expects to pay deferred taxes attributable to depreciation to the government or obtain a tax benefit when it incurs COR at the 35 percent rate at which these deferred tax amounts were accumulated. Rather, Taxpayer expects to pay those future taxes and receive those future tax benefits at the reduced 21 percent rate.

Taxpayer proposed to Commission A the normalization of these excess deferred taxes attributable to depreciation and COR over the remaining life of the underlying property. The excess tax reserve attributable to depreciation is reduced by multiplying- (i) the ratio of the aggregate deferred taxes for the assets to the aggregate timing differences for the assets as of the beginning of the period in which the depreciation timing differences begin to reverse, by (ii) the amount of the depreciation (not including COR) timing differences which reverse during the year. This computation reduces all deferred taxes, including excess deferred taxes, over the life of the property. The excess deferred tax asset attributable to COR is reduced ratably over the remaining life of the asset leaving a deferred tax debit at the end of asset's life equal to the product of the new tax rate and the COR. At the end of the asset's life, that balance (deferred tax asset) is removed from the deferred tax account to account for the realization of the tax benefit from the deduction of the COR at the end of the asset's life.

Commission A rendered its final decisions on Taxpayer's PFMs in Month Year 5. In its final decision, Commission A generally included the following in its order: Taxpayer's estimated revenue requirement reductions shall quantify the amount of unprotected excess ADIT, which can be returned to ratepayers without following ARAM; and Taxpayer's estimated revenue requirement reductions shall quantify the use of ARAM where it is required such that the COR is included in book depreciation when calculating the amount of protected excess ADIT which can be returned to ratepayers.

The primary difference between Commission A's position and Taxpayer's position is with respect to the treatment of COR in the ARAM calculation. Commission B imposes certain accounting rules which are used by most large investor-owned electric and gas companies and are employed by Taxpayer. The applicable rules contain several definitions relevant to Taxpayer. Based on how these terms are defined, for purposes of regulatory (book) reporting, the net positive value or net cost of disposing of an asset at the end of its life is incorporated into the annual depreciation charge. Salvage value and COR are, therefore, components of establishing the

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applicable book depreciation rate. The combined rate (depreciation, salvage, and COR) is considered the Composite Rate that is approved by Commission A. Taxpayer did not account separately for COR and salvage value from depreciation prior to Year 4; thereafter Taxpayer tracked and continues to track its salvage and COR reserves separately from its accumulated depreciation reserve in its property-related deferred tax records.

In Taxpayer's case, due to the amount of COR it anticipates, in almost all instances its assets have negative net salvage values so that its composite book depreciation rates are higher than they would be were net salvage value not considered.

Taxpayer and Commission A agree that the DTL balance attributable to the accelerated tax depreciation deduction is protected by the Normalization Rules because it is attributable to the differences between tax and book depreciation. The DTA attributable to COR is not protected under the Normalization Rules because COR is not a tax depreciation deduction under § 168(k) of the Code, but rather a deduction under § 162. Nonetheless, Taxpayer normalizes the COR by providing customers with the tax benefit of COR over the life of the asset, which tax benefit Taxpayer will receive when it incurs COR at the end of the asset's life.

Commission A's position is that the COR component of book depreciation should be included in the annual timing difference used in the ARAM computation that Taxpayer uses to amortize EDIT, while Taxpayer contends that including the COR component of book depreciation in the annual timing difference used in the ARAM calculation accelerates the amortization of EDIT beyond that which is permissible under the Normalization Rules. There is no dispute between the parties on the determination of the EDIT or ADIT amounts for both depreciation and COR. The dispute is with respect to the amount of book depreciation [that is, whether COR is part of this amount] to which the average rate is applied under ARAM.

While the depreciation timing difference advocated by both Taxpayer and Commission A occurs over the remaining life of the asset, the inclusion of the additional depreciation advocated by Commission A, accelerates the period over which the original excess deferred tax liability is recovered (as illustrated in the example set forth in the ruling request, from a years to b years). The additional annual recovery under Commission A's position is attributable to the COR accrual treated as part of the depreciation-related deferred tax liability.

Commission A directed Taxpayer to comply with the IRS's interpretation of the applicable tax laws by filing with Commission A to seek an appropriate adjustment to its revenue requirement and/or rate base in the event that Taxpayer requests and receives a private letter ruling from the IRS or if the IRS issues specific guidance on this matter in any other form. See Decisions. Taxpayer is tracking the difference between its method and Commission A's method and expects Commission A will allow it to recover the

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acceleration of the protected deferred taxes over a period of up to two years, if the IRS concludes that Commission A's method is not a normalization method of accounting as required by the Normalization Rules. Commission A also ordered Taxpayer to request ruling number one, below, in the event Taxpayer requested a private letter ruling.

RULINGS REQUESTED

1. Is including COR/negative net salvage in the ARAM calculation for the return of EDIT attributable to depreciation to ratepayers inconsistent with normalization requirements? [This is the ruling request ordered by Commission A.]
2. Is the method proposed by Taxpayer consistent with the Normalization Rules?
3. If the Service rules that the method proposed by Commission A violates the Normalization Rules, Taxpayer's use of the method proposed by Commission A will not be a violation of the Normalization Rules, provided Commission A (i) approves the method proposed by Taxpayer (or otherwise required by the Service) and (ii) allows Taxpayer to recover any difference in the rates charged to customers under Commission A's proposed method and the Taxpayer's method over a period that does not extend beyond the first two calendar years following the issuance of the Service's ruling.

LAW AND ANALYSIS

Normalization Rules in the Code and Regulations

Section 168(f)(2) of the Code provides that the depreciation deduction determined under § 168 shall not apply to any public utility property (within the meaning of § 168(i)(10)) if the taxpayer does not use a normalization method of accounting.

In order to use a normalization method of accounting, § 168(i)(9)(A)(i) of the Code requires the taxpayer, in computing its tax expense for establishing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, to use a method of depreciation with respect to public utility property that is the same as, and a depreciation period for such property that is not shorter than, the method and period used to compute its depreciation expense for such purposes. Under § 168(i)(9)(A)(ii), if the amount allowable as a deduction under § 168 differs from the amount that would be allowable as a deduction under § 167 using the method, period, first and last year convention, and salvage value used to compute regulated tax expense under § 168(i)(9)(A)(i), the taxpayer must make adjustments to a reserve to reflect the deferral of taxes resulting from such difference.

Section 168(i)(9)(B)(i) of the Code provides that one way the requirements of § 168(i)(9)(A) will not be satisfied is if the taxpayer, for ratemaking purposes, uses a procedure or adjustment which is inconsistent with such requirements. Under

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§ 168(i)(9)(B)(ii), such inconsistent procedures and adjustments include the use of an estimate or projection of the taxpayer's tax expense, depreciation expense, or reserve for deferred taxes under § 168(i)(9)(A)(ii), unless such estimate or projection is also used, for ratemaking purposes, with respect to all three of these items and with respect to the rate base.

Former § 167(l) of the Code generally provided that public utilities were entitled to use accelerated methods for depreciation if they used a "normalization method of accounting." A normalization method of accounting was defined in former § 167(l)(3)(G) in a manner consistent with that found in § 168(i)(9)(A). Section 1.167(l)-1(a)(1) of the Regulations provides that the normalization requirements for public utility property pertain only to the deferral of federal income tax liability resulting from the use of an accelerated method of depreciation for computing the allowance for depreciation under § 167 and the use of straight-line depreciation for computing tax expense and depreciation expense for purposes of establishing cost of services and for reflecting operating results in regulated books of account. These regulations do not pertain to other book-tax timing differences with respect to state income taxes, F.I.C.A. taxes, construction costs, or any other taxes and items.

Uncodified Normalization Requirements in the TCJA

The TCJA, enacted on December 22, 2017, generally reduced the corporate tax rate under § 11 of the Code from 35 percent to 21 percent for taxable years beginning after December 31, 2017. Section 13001(a) of the TCJA.

Section 13001(d) of the TCJA includes accompanying but uncodified normalization requirements related to the reduction of the corporate tax rate.

Section 13001(d)(3)(A) of the TCJA defines the term "excess tax reserve"¹ to mean the excess of (i) the reserve for deferred taxes (as described in § 168(i)(9)(A)(ii) of the Code as of the day before the corporate rate reductions provided in the amendments made by this section take effect, over (ii) the amount which would be the balance in such reserve if the amount of such reserve were determined by assuming that the corporate rate reductions provided in this Act were in effect for all prior periods.

Section 13001(d)(3)(B) of the TCJA provides that the ARAM is the method under which the excess in the reserve for deferred taxes is reduced over the remaining lives of the property as used in its regulated books of account which gave rise to the reserve for deferred taxes. Under such method, during the time period in which the timing differences for the property reverse, the amount of the adjustment to the reserve for the deferred taxes is calculated by multiplying (i) the ratio of the aggregate deferred taxes for the property to the aggregate timing differences for the property as of the beginning

¹ While the TCJA refers to this excess amount as the excess tax reserve, the commonly used term and the term used throughout this ruling is EDIT.

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of the period in question, by (ii) the amount of the timing differences which reverse during such period.

Section 13001(d)(1) provides that a normalization method of accounting shall not be treated as being used with respect to any public utility property for purposes of §§ 167 or 168 if the taxpayer, in computing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, reduces the excess tax reserve [EDIT] more rapidly or to a greater extent than such reserve would be reduced under the ARAM.

We note that Rev. Proc. 88-12, 1988-1 C.B. 637, provided similar rules after the Tax Reform Act of 1986 reduced the tax rate from 46 percent to 34 percent. Specifically, Rev. Proc. 88-12 stated that

[f]or taxable years beginning on or after July 1, 1987, section 601 of the Tax Reform Act of 1986 (Act), 1986-3 (Vol. 1) C.B. 166, reduces from 46 percent to 34 percent the maximum federal income tax applicable to corporations. Section 203(e) of the Act provides rules for reducing the excess tax reserve resulting both from that reduction and from the smaller reduction in rates for tax years starting before and ending after (straddling) July 1, 1987. Section 203(e) of the Act provides that a normalization method of accounting shall not be treated as being used with respect to any public utility property, for purposes of section 167 or 168 of the Internal Revenue Code, f [sic] the taxpayer, in computing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, reduces its excess tax reserve more rapidly or to a greater extent than such reserve would be reduced under the average rate assumption method.

Thus, because of the reduction in rates, for property subject to depreciation in a taxable year beginning on or before December 31, 2017, and not yet fully depreciated in the first taxable year beginning after December 31, 2017, a portion of the ADIT reserve will reflect this reduction. The portion of the ADIT reserve that reflects the difference in tax rates due to accelerated depreciation is referred to as EDIT. The EDIT represents the amount by which the ADIT reserve exceeds the amount it would have contained had the reduction in rates been in effect for every year the property was subject to depreciation. That is, the EDIT is the amount of accelerated depreciation-related taxes that have been collected from ratepayers but have not yet been paid by the utility and become excess due to the reduction in rates.

The Normalization Rules were enacted in response to Congressional concerns over the growing number of public utility commissions that were mandating investor-owned regulated utilities to not retain these tax benefits from accelerated depreciation, but, instead, to immediately flow-through all of these tax incentives to ratepayers in the form of lower income tax expense in regulated cost of service rates. Congress' response was to enact legislation that would preclude regulated investor-owned utilities

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from utilizing accelerated depreciation methods for tax purposes if the related tax benefits were immediately flowed-through to ratepayers in rates or were flowed-through to ratepayers faster than permitted under the Normalization Rules.

The underlying concept and purpose of the Normalization Rules is to prevent the flow-through of these accelerated depreciation-related tax benefits to ratepayers in regulated rates any faster than permitted by the Normalization Rules. Thus, the flow-through of these tax benefits to ratepayers faster than permitted by the Normalization Rules would result in a normalization violation that would preclude the taxpayer from using any of the accelerated tax depreciation methods on public utility property and, instead, require the taxpayer to use the same depreciation method and period as those used to compute depreciation expense in its cost of service for ratemaking purposes. Conversely, a taxpayer that flows through these tax benefits to ratepayers slower than permitted by the Normalization Rules, or that never flows through any of the tax benefits from accelerated depreciation to ratepayers, would not be in violation of those rules.

The Normalization Rules are intended to provide an allocation of the benefit from accelerated depreciation between a regulated public utility [Taxpayer] and its customers. This is accomplished by limiting the time and the manner in which Taxpayer is permitted to provide that benefit to its customers. In the typical case of tax depreciation deductions that are more accelerated than book depreciation expense, the Normalization Rules allow Taxpayer to postpone sharing the accelerated tax benefit in its cost of service over the period of time Taxpayer includes the depreciation expense of the asset in its cost of service.

Thus, the Normalization Rules provide the tax benefit of accelerated tax depreciation to Taxpayer as an interest free loan from the government, which is paid back to the government once the timing difference begins to reverse. Consistent with this characterization of the tax benefit of accelerated tax depreciation as an interest free loan, Taxpayer treats the amount as a reduction in rate base each year for the amount of the "loan" which remains outstanding. Thus, as long as the annual tax depreciation expense exceeds the annual book depreciation, Taxpayer's customers pay an amount of tax expense that Taxpayer does not need to pay to the government in the current year but will pay in future years. Once the annual book depreciation expense begins to exceed the annual tax depreciation deduction the customers receive the tax benefit of the depreciation expense even though Taxpayer does not receive a current depreciation tax deduction. During the life of an asset, as long as accumulated tax depreciation exceeds accumulated book depreciation Taxpayer has an interest free loan from the government, which is represented by ADIT. Taxpayer treats this ADIT as a reduction in rate base, which reduces Taxpayer's allowed return on rate base and provides a benefit to customers, which is permissible under the Normalization Rules.

When the corporate tax rate is reduced as occurred with the TCJA, and part of the loan provided to the utility by the government through accelerated depreciation is forgiven, the general Normalization Rules of the Code no longer protect the EDIT.

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However, both in 1986 and 2017, Congress provided the additional Normalization Rules to quantify and protect the EDIT.

The difference between the reversal of EDIT and the regular deferred taxes is that the reduction of the regular deferred taxes offsets tax payable to the federal government while the reduction of EDIT is taken into account as a benefit in the computation of tax expense included in the cost of service for the year. In other words, the recapture of the prior excess tax benefit goes to customers instead of the federal government, but it does so over the same period of time and at the same rate as the regular deferred taxes recovered, and as all ADIT would be recovered in the absence of a corporate tax rate reduction. This provides the utility with the same benefit it anticipated at the time the asset was purchased and returns the excess of the benefit over the actual taxes paid to the government to the customers over the book life of the assets as part of the normal ratemaking process.

When COR is normalized, which the Normalization Rules do not require, it results in a DTA, which is reversed when the COR is incurred at the end of the asset's life. The DTA attributable to COR represents an amount advanced by Taxpayer, which will not be recovered until the tax benefit from the COR is realized.

As described, section 13001(d)(1) provides that a normalization method of accounting shall not be treated as being used if the taxpayer, in computing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, reduces the EDIT more rapidly or to a greater extent than such reserve would be reduced under the ARAM. ARAM is defined, in part, under section 13001(d)(3)(B) as the method under which the excess in the reserve for deferred taxes is reduced over the remaining lives of the property. Commission A's method results in the recovery of EDIT over a shorter period than the remaining life of the property. Simply stated, the annual timing difference reversal provided in Commission A's method is overstated by the COR which is not included in the aggregate timing differences for the property at the beginning of the year. Rather than only establishing a new deferred tax asset for a new COR accrued for books, the new COR also is used to accelerate the recovery of the EDIT. This violates the Normalization Rules in section 13001 of the TCJA. In contrast, Taxpayer's proposed method is consistent with the Normalization Rules.

While COR is taken into account as an element of book composite depreciation, COR does not produce a timing difference that represents the type of timing difference that is protected by the normalization rules. The COR portion in book composite depreciation represents a timing difference that will reverse when the tax benefit is realized at the time the COR is incurred. ARAM controls the return of tax expense collected from customers for which Taxpayer already has received an accelerated tax benefit, which tax benefit will not be repaid to the government as a result of the corporate rate reduction. While Taxpayer included the tax benefit of COR in cost of service, Taxpayer receives no tax benefit from the government for COR until the asset

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is removed from service. Any accumulated excess deferred tax asset attributable to COR represents deferred tax benefits Taxpayer has provided to customers at the 35 percent corporate tax rate, which now are expected to produce only a 21 percent current tax benefit for Taxpayer when realized as a result of the corporate tax rate reduction. While the method by which Taxpayer is permitted to recover this excess deferred tax benefit that it already has provided to customers is not governed by the Normalization Rules, those Normalization Rules do not contemplate COR timing differences accelerating the return of EDIT to customers, which is protected under the Normalization Rules.

Section 4.01(6) of Rev. Proc. 2020-39, 2020-36 I.R.B. 546, provided transition rules due to the reality that many utilities had already been required to adjust rates due to the TCJA. According to this provision in Rev. Proc. 2020-39, “[u]tilities may correct any method of reversing ETR [EDIT] that is not in accord with this revenue procedure at the next available opportunity. The methods adopted prior to the publication of this revenue procedure that are not in accord with this revenue procedure are not considered to be a violation of the normalization rules if so corrected. This corrective action will require the utility to consult with its regulator and obtain its regulator’s consent. Utilities are not in conflict with section 13001(d) of the TCJA if the utilities follow such a path to correct potential normalization violations prospectively. These rules extend to companies that may not have started the amortization of ETRs [EDIT] or may be re-deferring the amortization as they evaluate their records.”

Additionally, § 168(f)(2) itself provides that the depreciation deduction determined under § 168 shall not apply to any public utility property (within the meaning of § 168(i)(10)) if the taxpayer does not use a normalization method of accounting. However, in the legislative history to the enactment of the normalization requirements of the Investment Tax Credit (ITC), Congress has stated that it hopes that sanctions will not have to be imposed and that disallowance of the tax benefit (there, the ITC) should be imposed only after a regulatory body has required or insisted upon such treatment by a utility. See Senate Report No. 92-437, 92nd Cong., 1st Sess. 40-41 (1971), 1972-2 C.B. 559, 581.

Commission A has not required or insisted upon treatment by Taxpayer that it knows is noncompliant with the Normalization Rules. Further, Commission A has directed Taxpayer to comply with the IRS’s interpretation of the applicable tax laws by filing with Commission A to seek an appropriate adjustment to its revenue requirement and/or rate base in the event that Taxpayer requests and receives a private letter ruling from the IRS or the IRS issues specific guidance on this matter in any other form. Taxpayer also intended at all times to comply with the Normalization Rules. Taxpayer has initiated the measures necessary to conform to the Normalization Rules. Taxpayer is tracking the difference between its method and Commission A’s method and expects Commission A will allow it to recover the acceleration of the protected deferred taxes over a period of up to two years, if the IRS concludes that Commission A’s method is not a normalization method of accounting as required by the Normalization Rules.

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Taxpayer's failure to comply with the Normalization Rules was inadvertent. Because the Commission, as well as Taxpayer, at all times sought to comply, and because corrective actions will be taken at the earliest available opportunity, it is not appropriate to conclude Taxpayer's use of the method proposed by Commission A constituted a normalization violation and apply the sanction of denial of accelerated depreciation to Taxpayer.

CONCLUSION

Based on the foregoing, we conclude as follows:

1. Including COR in the ARAM calculation for the return of EDIT attributable to depreciation to ratepayers is inconsistent with normalization requirements.
2. The method proposed by Taxpayer is consistent with the Normalization Rules.
3. As stated in Conclusion 1, the method proposed by Commission A is inconsistent with the Normalization Rules. However, Taxpayer's use of the method proposed by Commission A will not be a violation of the Normalization Rules, provided Commission A (i) approves the method proposed by Taxpayer (or otherwise required by the Service) and (ii) allows Taxpayer to recover any difference in the rates charged to customers under Commission A's proposed method and the Taxpayer's method over a period that does not extend beyond the first two calendar years following the issuance of the Service's ruling.

Except as specifically set forth above, no opinion is expressed or implied concerning the federal income tax consequences of the above described facts under any other provision of the Code or regulations.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

This ruling is based upon information and representations submitted by Taxpayer and accompanied by penalty of perjury statements executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

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In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representatives.

Sincerely,

/s/

Patrick S. Kirwan
Chief, Branch 6
Office of the Associate Chief Counsel
(Passthroughs & Special Industries)

Enclosure:

Copy for § 6110 purposes

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cc:

cc:

cc:

Advice 4579-G/6513-E
February 24, 2022

Attachment 2

PLR 202141001

Department of the Treasury
Internal Revenue Service
Private Letter Ruling

PLR 202141001 - Section 168 - Accelerated Cost Recovery System

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **202141001**

Release Date: 10/15/2021

Index Number: 168.00-00

[redacted data]

[redacted data]

[redacted data]

[redacted data]

[redacted data]

[redacted data]

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

[redacted data], ID No. [redacted data]

[redacted data]

Telephone Number:

[redacted data]

Refer Reply To:

CC:PSI:B06

PLR-101169-21

Date:

July 15, 2021

LEGEND:

Taxpayer = [redacted data]

[redacted data]

Parent = [redacted data]

State A = [redacted data]

Commission A = [redacted data]

Commission B = [redacted data]

Year A = [redacted data]

Year B = [redacted data]

Month A = [redacted data]

Period A = [redacted data]

Dear [redacted data]:

This letter responds to a request for a private letter ruling dated January 13, 2021, and submitted on behalf of Taxpayer regarding § 168(i)(9) of the Internal Revenue Code and § 1.167(l)-1 of the Income Tax Regulations (together, the "Normalization Rules"), and Section 13001(d) of Pub. L. 115-97 (131 Stat 2054) ("TCJA") and Rev. Proc. 2020-39 , 2020-36 IRB 546 , regarding the scope of the deferred tax normalization requirements

and computations required to comply with the average rate assumption method ("ARAM"). The relevant facts as represented in your submission are set forth below.

FACTS

Taxpayer is an investor-owned regulated utility incorporated under the laws of State A. Taxpayer is an accrual basis taxpayer and reports on a calendar year basis.

Taxpayer is wholly owned by Parent. Parent is a State A corporation. Taxpayer is included in a consolidated federal income tax return of which Parent is the common parent.

Taxpayer is principally engaged in the business of supplying electricity in State A. Taxpayer is subject to regulation as to rates and conditions of service by Commission A as well as Commission B. Both of these regulators establish Taxpayer's rates based on its costs, including a provision for a return on the capital employed by Taxpayer in its regulated businesses. Commission A and Commission B treat accumulated deferred federal income tax liabilities ("ADFIT") and excess deferred federal income tax liabilities ("EDFIT") as a reduction to rate base in setting the allowed return for the utilities that they regulate. Taxpayer has claimed accelerated depreciation on its public utility property to the full extent those deductions have been available. Taxpayer has normalized the federal income taxes deferred as a result of it claiming these deductions in accordance with the Normalization Rules.

Commission B has adopted the Uniform Systems of Accounts "USOAs" and all electric utilities under the jurisdiction of Commission A, including Taxpayer, follow the USOAs. The USOAs contain several definitions relevant to Taxpayer's request. Specifically, the USOAs define cost of removal "COR" as:

... the cost of demolishing, dismantling, tearing down or otherwise removing electric plant, including the cost of transportation and handling incidental thereto.

"salvage value" as:

... the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale.

"net salvage value" as:

... the salvage of property retired less the cost of removal.

"service value" as:

... the difference between original cost and net salvage value of electric plant.

"service life" as:

... the time between the date electric plant is includible in electric plant in service, or electric plant leased to others, and the date of its retirement.

and "depreciation" as:

... the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of electric plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance.

Therefore, for the purposes of regulatory reporting, the net positive value or net cost of disposing of an asset at the end of its life is incorporated into the annual depreciation charge. COR is, therefore, a component of establishing the applicable depreciation rate. Taxpayer breaks out the COR and salvage rates separately from depreciation. The net rate is considered the Life Rate that is approved by Commission A. The COR and salvage reserves are tracked separately from accumulated depreciation in Taxpayer's continuing property records.

In order to fund its future COR, Taxpayer estimates the future COR and then spreads the estimated cost ratably over the life of the asset through adding the COR to the annual depreciation charge used by commission A to calculate the allowable rate for Taxpayer to charge its customers. If the COR is greater than the salvage value of the public utility property, then the Taxpayer's property will in effect have a negative salvage value — which will create a negative depreciation rate (i.e. a depreciation rate that is greater than the value of asset). Alternately, if the net salvage value is positive it too will be reflected in Taxpayer's depreciation rate. The depreciation rate will then be utilized by Commission A in computing the allowable rates for Taxpayer to charge its customers. In most cases the COR is negative, and therefore a component of establishing the annual depreciation charge. The COR reserve is reflected as an addition to Taxpayer's accumulated depreciation account. When the COR is actually incurred, the amount expended is debited to that same account, thereby reducing the balance.

For tax purposes, COR is deductible only when actually incurred. Taxpayer, therefore, reports its customer collections that fund the COR reserve as taxable income over the operating life of an asset, claiming an offsetting tax deduction only at the end of the life of that asset when the asset is removed. Since COR is normalized in setting rates, customers are provided a tax benefit commensurate with their funding of COR. In other words, they are provided a COR tax benefit as they fund the COR reserve — prior to the time Taxpayer

actually claims that benefit on its tax return.

The tax effect of COR funding as described creates a deferred tax asset ("DTA"). This represents the future benefit to be derived from the eventual COR tax deduction. The COR-related DTA is included in Taxpayer's overall plant-related ADFIT account that reduces Taxpayer's ADFIT balance.

Prior to the Tax Cut and Jobs Act ("TCJA"), Taxpayer incorporated the COR into the annual depreciation charge without identifying the separate components of the depreciation and COR reserve charges. However, Taxpayer did maintain records that identified the separate components of non-COR and COR related depreciation that was reflected in the Taxpayers book depreciation balances. Consequently, Taxpayer distinguishes between COR book/tax differences and depreciation method/life differences even though they are both derived from Taxpayer's book depreciation rates and expense. Taxpayer's system can, therefore, track the reversals of these differences separately.

Prior to the enactment of the TCJA, Taxpayer paid income tax at a 35 percent rate on the recovery of the COR portion of book depreciation (and provided its customers a tax benefit at that tax rate). However, as a result of the tax rate reduction enacted as part of the TCJA, Taxpayer will only receive a 21 percent benefit when the COR deduction is claimed or when any over-accrual is refunded and will pay only a 21 percent tax on the recovery of any COR under-accrual. In other words, in the case of COR, the tax rate reduction enacted as part of the TCJA has produced both a deferred tax shortfall as well as an excess tax reserve. Because Taxpayer will not recover the 14 percent "excess" tax it paid on its recovery of the COR component of book depreciation from the government when it claims its COR deduction, it will recover it from its customers. Conversely, because Taxpayer will not pay the 14 percent "excess" deferred tax it accrued on its obligation to refund over-accrued COR, it must restore the amount to its customers (that is, it also has COR-related excess deferred taxes).

In anticipation of complying with the TCJA excess deferred tax Normalization Rules and the subsequent return of the TCJA Section 13001(d) excess tax reserve ("ETR") to customers, Taxpayer used its historical plant-related records in its regulatory books of account to separately compute both (1) its DTA related to COR and the associated excess tax deficit to be recovered from customers and (2) its DTL related to method/life differences and the associated ETR to be returned to customers, which included gross salvage value.

Taxpayer's Recent Commission A Proceeding

In Year A, Taxpayer filed an application with Commission A to set its rates for Period A. Upon the enactment of the TCJA in 2017, Taxpayer updated its filing with Commission A to reflect the impact of the lowered corporate tax rate. Among the impacts considered by Commission A was the proper computation of the ETR. Specifically, when computing the ARAM (as per TCJA Section 13001(d)(3)(B)), should the COR be included or not. Ultimately, Commission A and Taxpayer did not reach an agreement on the inclusion of COR into the ETR and the resulting disagreements relating to the COR-related EDFIT. In summary, Commission A's

proposed method of computing the return of ADFIT to customers under ARAM included the accrual for COR, resulting in a larger amount of book depreciation in all years (and an earlier return of ETR to customers) than under the computational method proposed by Taxpayer. Commission A, In Month A of Year B, stated that it intended that Taxpayer comply with the Normalization rules at all times, and permitted Taxpayer to request a private letter ruling from the Internal Revenue Service.

RULINGS REQUESTED

- 1) Whether, under the circumstances described above, Taxpayer's DTA for cumulative timing differences between (a) recognition of accrued gross COR with respect to public utility property as an increase in depreciation expense in its regulatory books of account and (b) the subsequent tax deduction of such costs upon disposition is subject to the normalization rules of Code Section 168(i)(9) and whether the associated excess deferred tax amount is subject to the normalization rules of TCJA Section 13001(d) ?
- 2) Whether, under the circumstances described above, Taxpayer's DTL for the cumulative timing differences between (a) recognition of accrued gross salvage value with respect to public utility property as a reduction of depreciation expense in its regulatory books of account and (b) the subsequent taxation of such salvage amounts upon disposition is subject to the normalization rules of Code Section 168(i)(9) and whether the associated excess deferred tax amount is subject to the normalization rules of TCJA Section 13001(d) regardless of whether the gross salvage value timing differences are partially or fully offset by gross COR timing differences and whether the DTL related to gross salvage value differences is partially or fully offset by the DTA for gross COR differences?
- 3) Whether, under the circumstances described above, the computation of the reversal of the excess tax reserve for depreciation method and life differences for public utility property based on book depreciation amounts inclusive of an accrual of gross COR pursuant to the State Commission Method is consistent with the normalization requirements?
- 4) Whether, under the circumstances described above, computation of the reversal of the excess tax reserve for depreciation method and life differences for public utility property based on book depreciation amounts reflecting estimated gross salvage value but not an accrual of estimated gross COR pursuant to the Proposed Approach complies with or violates the normalization rules of TCJA Section 13001(d) ?

LAW AND ANALYSIS

Section 168(f)(2) of the Internal Revenue Code , provides that the depreciation deduction determined under § 168 shall not apply to any public utility property (within the meaning of § 168(i)(10)) if the taxpayer does not use a normalization method of accounting.

In order to use a normalization method of accounting, § 168(i)(9)(A)(i) requires the taxpayer, in computing its tax expense for establishing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, to use a method of depreciation with respect to public utility property that is the same as, and a depreciation period for such property, that is not shorter than, the method and period used to compute its depreciation expense for such purposes. Under § 168(i)(9)(A)(ii), if the amount allowable as a deduction under § 168 differs from the amount that would be allowable as a deduction under § 167 using the method, period, first and last year convention, and salvage value used to compute regulated tax expense under § 168(i)(9)(A)(i), the taxpayer must make adjustments to a reserve to reflect the deferral of taxes resulting from such difference.

Former § 167(l) generally provided that public utilities were entitled to use accelerated methods for depreciation if they used a "normalization method of accounting." A normalization method of accounting was defined in former § 167(l)(3)(G) in a manner consistent with that found in § 168(i)(9)(A). Treas. Reg. § 1.167(l)-1(a)(1) provides that the normalization requirements for public utility property pertains only to the deferral of federal income tax liability resulting from the use of an accelerated method of depreciation for computing the allowance for depreciation under § 167 and the use of straight-line depreciation for computing tax expense and depreciation expense for purposes of establishing cost of services and for reflecting operating results in regulated books of account. These regulations do not pertain to other book-tax timing differences with respect to state income taxes, F.I.C.A. taxes, construction costs, or any other taxes and items.

Section 13001(a) of the TCJA reduced the corporate tax rate from 35 percent to 21 percent for taxable years beginning after December 31, 2017. TCJA Section 13001(d)(1) provides that a normalization method of accounting shall not be treated as being used with respect to any public utility property for purposes of § 167 or § 168 if the taxpayer, in computing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, reduces the ETR more rapidly or to a greater extent than such reserve would be reduced under the average rate assumption method (ARAM).

TCJA Section 13001(d)(3)(A) provides that "excess tax reserve" means the excess of reserve for deferred taxes (as described in § 168(i)(9)(A)(ii) as of the day before the corporate rate reductions provided in the amendments made by TCJA Section 13001(a) take effect, over the amount which would be the balance in such reserve, if the amount of such reserve were determined by assuming that the corporate tax rate reductions provided in the TCJA were in effect for all prior periods.

TCJA Section 13001(d)(3)(B) defines ARAM as the method under which the excess in the reserve for deferred taxes is reduced over the remaining lives of the property as used in its regulated books of account which gave rise to the reserve for deferred taxes. Under such a method, during the time period in which the timing differences for the property reverse, the amount of the adjustment to the reserve for the deferred taxes is calculated by multiplying — the ratio of the aggregate deferred taxes for the property to the aggregate timing differences for the property as of the beginning of the period in question, by the amount of the timing differences which reverse during such period.

Rev. Proc. 2020-39 , Section 4.01 provides that under Section 13001(d)(1) of the TCJA, taxpayers must use ARAM to calculate the reversal of their ETR, if the taxpayer's regulatory books are based upon the vintage account data necessary to use ARAM. However, if the taxpayer's regulatory books are not based upon the vintage account data that is necessary for the ARAM, use of the ARAM is not required. Rev. Proc. 2020-39 , Section 4.02 provides that the determination of whether a taxpayer's regulatory books contain sufficient vintage account data necessary to use the ARAM is determined based on all the facts and circumstances. Rev. Proc. 2020-39 , Section 5 states that the TCJA ETR normalization requirements are part of the overall pre-existing deferred tax Normalization Rules and that the revenue procedure is intended to be consistent with those rules.

For the COR-related amounts at issue in this request, the amounts are not protected by the Normalization Rules. Generally, § 168(i)(9)(A) does not refer to COR. Moreover, there is no acceleration of taxes for COR, but rather, a deferral. While COR may be a component of the calculation of the amount treated as book depreciation, it is a deduction under § 162 and has nothing to do with actual accelerated tax depreciation. While method and life differences closely related to depreciation are created and reversed solely through depreciation, such is not the case with COR. While the COR timing differences may often originate as a component of book depreciation, it reverses through the incurred COR expenditure.

Taxpayer's request 2 addresses the question of whether COR-related DTA (determined above to not be subject to the Normalization Rules) impacts the application of those rules to salvage value. While COR is not protected under the Normalization Rules, salvage value is specifically included — see § 168(i)(9)(A)(ii) — as a protected part of the normalized ETR. Neither the Internal Revenue Code nor the regulations require or direct that salvage value must be affected by or is necessarily related to the computation of COR, for purposes of the application of the Normalization Rules.

Because of their similarity, we address requests 3 and 4 together. The ETR created by the TCJA is the excess of the reserve for deferred taxes under § 168(i)(9)(A)(ii) , as of the date before the corporate rate reductions under TCJA take effect, over the amount the reserve balance would be if the rate reductions had been in effect for all prior periods. The ETR is reduced over the remaining lives of the property which gave rise to such reserve for deferred taxes based on the reversal of the underlying depreciation method and life differences subject to the normalization rules of Code Section 168(i)(9)(A)(ii) . Thus, because COR is not subject to normalization, as concluded above, including the COR-related amounts in the excess taxes used to compute the ETR does not satisfy the requirements of TCJA Section 13001(d) . Conversely, leaving the COR out of the ETR computation does satisfy the requirements of TCJA Section 13001(d) .

Based on the forgoing we conclude that:

- 1) Taxpayer's DTA for cumulative timing differences between (a) recognition of accrued gross COR with respect to public utility property as an increase in depreciation expense in its regulatory books of account and (b) the subsequent tax deduction of such costs upon disposition is not subject to the normalization rules of Code Section 168(i)(9) and the associated excess deferred tax amount is not subject to the

normalization rules of TCJA Section 13001(d) .

2) Taxpayer's DTL for cumulative timing differences between (a) recognition of accrued gross salvage value with respect to public utility property as a reduction of depreciation expense in its regulatory books of account and (b) the subsequent taxation of such salvage amounts upon disposition is subject to the normalization rules of Code Section 168(i)(9) and the associated excess deferred tax amount is subject to the normalization rules of TCJA Section 13001(d) regardless of whether the gross salvage value timing differences are partially or fully offset by gross COR timing differences and whether the DTL related to gross salvage value differences is partially or fully offset by the DTA for gross COR differences.

3) The computation of the reversal of the excess tax reserve for depreciation method and life differences for public utility property based on book depreciation amounts inclusive of an accrual of gross COR pursuant to the State Commission Method is not consistent with the normalization rules of TCJA Section 13001(d) .

4) The computation of the reversal of the excess tax reserve for depreciation method and life differences for public utility property based on book depreciation amounts reflecting estimated gross salvage value but not an accrual of estimated gross COR pursuant to the Proposed Approach complies with the normalization rules of TCJA Section 13001(d) .

Except as specifically set forth above, no opinion is expressed or implied concerning the federal income tax consequences of the above described facts under any other provision of the Code or regulations.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

This ruling is based upon information and representations submitted by Taxpayer and accompanied by penalty of perjury statements executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representatives.

Sincerely,

Patrick S. Kirwan
Chief, Branch 6
Office of Associate Chief Counsel
(Passthroughs & Special Industries)

cc:

Advice 4579-G/6513-E
February 24, 2022

Attachment 3

**Advice 4142-G / 5636-E for
2017 GRC and 2015 GT&S rate case proceedings**

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE



October 17, 2019

Advice Letter 4142-G/5636-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: Effects of 2017 Tax Act

Dear Mr. Jacobson:

Advice Letter 4142-G/5636-E is effective as of October 13, 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



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

September 13, 2019

Advice 4142-G/5636-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Effects of 2017 Tax Act

Purpose

Pacific Gas and Electric Company (PG&E) submits its proposed gas and electric revenue requirement reductions and rate amortization periods to reflect the effects of the Tax Cut and Jobs Act of 2017 (2017 Tax Act) pursuant to Ordering Paragraph 5 in both Decision (D.) 19-08-021 and D.19-08-023.

Background

The 2017 Tax Act was signed into law on December 22, 2017. On March 31, 2018, PG&E filed Petitions for Modification of D.16-06-056 in PG&E's 2015 Gas Transmission and Storage (GT&S) rate case and D.17-05-013 in PG&E's 2017 General Rate Case (GRC) to revise the adopted revenue requirements to reflect the effects of the 2017 Tax Act. On August 15, 2019, the Commission issued D.19-08-021 and D.19-08-023 in the GT&S and GRC cases, respectively. These Decisions granted PG&E's Petitions for Modification while requiring changes in the computation of certain deferred tax elements (Ordering Paragraph 3 in each decision).

The Decisions required that PG&E work collaboratively with the Commission's Energy Division regarding the revised computations and the timing of the amortization of the revised revenue requirements in rates (Ordering Paragraph 4 in each decision). PG&E met with Energy Division on August 16 and September 5, 2019.

Finally, the Decisions also required that PG&E submit a Tier 2 advice letter within 30 days showing the results of its compliance with Ordering Paragraphs 3 and 4 (Ordering Paragraph 5 in each decision).

Revised Revenue Requirements

PG&E has revised the computation of the effects of the 2017 Tax Act on the revenue requirements adopted in the 2015 GT&S and 2017 GRC cases in conformance with the instruction in Ordering Paragraphs 3 of D.19-08-021 and D.19-08-023. The results of the revised computation are shown in the table below. As required in Ordering Paragraphs 4, PG&E consulted with the Commission's Energy Division about the tax reduction calculations.

Pacific Gas and Electric Company
Revised Revenue Requirement Increase/(Decrease)
(\$ in '000s)

Gas Revenue Requirements

	Attrition Yr / Case	Distribution	Transmission	Total
1	2018 GT&S		(\$61,138)	(\$61,138)
2	2018 GRC	\$21,434		\$21,434
3	2019 GRC	\$11,148		\$11,148
4	Total	\$32,582	(\$61,138)	(\$28,555)

Electric Revenue Requirements

	Attrition Yr / Case	Distribution	Generation	Total
5	2018 GRC	(\$214,693)	(\$88,948)	(\$303,642)
6	2019 GRC	(\$216,088)	(\$86,249)	(\$302,338)
7	Total	(\$430,781)	(\$175,198)	(\$605,979)

PG&E has attached the tables that have changed from its original Petitions for Modification as a result of D.19-08-021 and D.19-08-023 as Attachment 1 to this submittal. Attachment 2 are the results of the RO models incorporating the changes required by the Decisions.

Amortization of Revised Revenue Requirements in Rates

As required in Ordering Paragraphs 4 of D.19-08-021 and D.19-08-023, PG&E also consulted with the Commission's Energy Division regarding the timing of the amortization of the revised revenue requirements in PG&E's rates. As a result of that process and considering the timing and effects of other pending and anticipated rate changes, PG&E proposes the following approach for amortizing the effects of the 2017 Tax Act in rates:

Gas Rates: The net reduction of \$28.6 million will be amortized in rates over 12 months beginning January 1, 2020. The amortization will be included in PG&E's Annual Gas True-up submittal (AGT) in November 2019 and in the supplemental AGT submitted in December 2019. The \$32.5 million increase attributed to the GRC will be recorded in the

Distribution subaccount of the Core Fixed Cost Account (CFCA) (96.5 percent) and the Distribution subaccount Noncore Customer Class Charge Account (NCA) (3.5 percent). The \$61.1 million reduction attributed to GT&S will be recorded to the Adjustment Mechanism For Costs Determined In Other Proceedings (AMCDOP) and then allocated to the Core Cost subaccount of the CFCA (50 percent) and Noncore subaccount of the NCA (50 percent).

Electric Rates: For the generation function, the net reduction of \$175.2 million will be amortized in rates over 12 months beginning January 1, 2020. PG&E will include this reduction in the November Update of its 2020 Energy Resource Recovery Account (ERRA) Forecast Proceeding, which will be implemented through the Annual Electric True-up (AET). The reduction will be netted against the authorized revenue requirement for utility-owned generation costs transferred to the Portfolio Allocation Balancing Account (PABA).

For the distribution function, PG&E will phase in the reductions over two rate changes in 2020 in order to smooth the expected increases arising from the January 1, 2020 AET and other changes in 2020 from pending proceedings. PG&E will implement the reduction of \$214.7 million for the 2018 attrition year in its AET and amortized over a 12-month period. The amortization in rates of the reduction of \$216.1 million for the 2019 attrition year will be implemented later in the year along with other anticipated rate increases, such as Phase 1 of the 2020 GRC. This phased-in approach is intended to smooth rate changes for customers. The reductions for the distribution function will be recorded in the Distribution Revenue Adjustment Mechanism (DRAM).

Protests

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than October 3, 2019, 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 2 advice submittal become effective on regular notice, October 13, 2019 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 on the service list for A.15-09-001 and A.13-12-012. 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 Lists for A.15-09-001 and A.13-12-012

Michael Conklin, 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/G/M)

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) #: 4142-G/5636-E

Tier Designation: 2

Subject of AL: Effects of 2017 Tax Act

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.16-06-056 & D.17-05-013

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: 10/13/19

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 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

Tables

Tables from GRC

GRC – 2018

TABLE 9 - 2018
2018 SUMMARY OF REVENUE REQUIREMENT CHANGES IN 2018 DUE TO THE TAX ACT –
REFLECTING DECISION 19-08-023

TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)

Line No.	Reference	Description of Change in Revenue Requirement	Change in Revenue Requirement Original	Change in Revenue Requirement Decision 19-08-023
1	Table 2 – No Change	Decrease in Revenue Requirement due to Lower Taxes on Equity Return on Rate base	\$(486,041)	\$(486,041)
2	Table 5	Increase in Revenue Requirement due to Lower Taxes on Flow-Through Tax Deductions	\$280,595	\$303,848
3	Table 6 – No Change	Increase in Revenue Requirement due to Lower Taxes on Tax Credits	\$2,887	\$2,887
4	Table 7C	Decrease in Revenue Requirement due to Amortization of Excess Deferred Taxes (ARAM)	\$(81,591)	\$(120,452)
5	Table 8	Increase in Revenue Requirement due to Increase in Rate base	\$19,910	\$20,649
6		Franchise and Uncollectibles and Misc. Difference	(<u>\$2,934</u>)	(<u>\$3,099</u>)
7	Total Revenue Requirement Changes due to the Tax Act		<u>\$(267,174)</u>	<u>\$(282,208)</u>

TABLE 3 - 2018
2018 REVENUE REQUIREMENTS RELATED TO FLOW-THROUGH UNDER OLD TAX RATE

TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)

Line No.	Revenue Requirement Calculation (Old Tax Rate)	Federal and State	Federal Only	State Only	Total
1	Tax Deduction	\$1,058,558	\$(201,995)	\$(496,582)	
2	Income Tax Rate	43.84%	35.00%	8.84%	
3	Reduction in Income Taxes	\$464,072	\$(70,698)	\$(43,898)	
4	Income Tax Gross-Up	1.780627	1.780627	1.780627	
5	Revenue Requirement Reduction From Flow-Through Tax Deduction	<u>\$826,339</u>	<u>\$(125,887)</u>	<u>\$(78,166)</u>	<u>\$622,286</u>

**TABLE 4 - 2018
2018 REVENUE REQUIREMENTS RELATED TO FLOW-THROUGH UNDER NEW TAX RATE –
REFLECTING DECISION 19-08-023**

**TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)**

Line No.	Revenue Requirement Calculation (New Tax Rate)	Federal and State	Federal Only	State Only	Total
1	Tax Deduction	\$1,058,558	\$(231,239)	\$(496,582)	
2	Income Tax Rate	29.84%	21.00%	8.84%	
3	Reduction in Income Taxes	\$315,874	\$(48,560)	\$(43,898)	
4	Income Tax Gross-Up	1.425313	1.425313	1.425313	
5	Revenue Requirement Reduction From Flow-Through Tax Deduction	<u>\$450,219</u>	<u>\$(69,213)</u>	<u>\$(62,568)</u>	<u>\$318,438</u>

**TABLE 5 - 2018
2018 REVENUE REQUIREMENT CHANGE TO FLOW-THROUGH UNDER NEW TAX RATE –
REFLECTING DECISION 19-08-023**

**TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)**

Line No.	Revenue Requirement Calculation	Federal and State	Federal Only	State Only	Total
1	Revenue Requirement Reduction From Flow-Through Tax Deduction using Old Tax Rate	\$826,339	\$(125,887)	\$(78,166)	\$662,286
2	Revenue Requirement Reduction From Flow-Through Tax Deduction using New Tax Rate	<u>\$450,219</u>	<u>\$(69,213)</u>	<u>\$(62,568)</u>	<u>\$318,438</u>
3	Change in Revenue Requirements – Increase	<u>\$376,120</u>	<u>\$(56,674)</u>	<u>\$(15,598)</u>	<u>\$303,848</u>

**TABLE 7A - 2018
2018 REVENUE REQUIREMENTS RELATED TO ARAM – PROTECTED DEFERRED TAXES
REFLECTING DECISION 19-08-023**

**TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)**

Line No.	Revenue Requirement Calculation	New Tax Rate
1	Federal Protected ADFIT Adjustment	\$(110,555)
2	Income Tax Gross-Up	1.425314
3	Revenue Requirement Impact of Protected ADFIT	<u>\$(157,576)</u>

TABLE 7B - 2018
2018 REVENUE REQUIREMENTS RELATED TO ARAM – UNPROTECTED DEFERRED TAXES
REFLECTING DECISION 19-08-023

TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)

Line No.	Revenue Requirement Calculation	New Tax Rate
1	Federal Unprotected ADFIT Adjustment	\$26,046
2	Income Tax Gross-Up	<u>1,425,314</u>
3	Revenue Requirement Impact of Unprotected ADFIT	<u>\$37,123</u>

TABLE 7C - 2018
2018 REVENUE REQUIREMENTS RELATED TO ARAM – TOTAL AMORTIZATION OF EXCESS
DEFERRED INCOME TAXES
REFLECTING DECISION 19-08-023

TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)

Line No.	Revenue Requirement Calculation	New Tax Rate
1	Protected Amortization of Deferred Income Taxes	\$(157,576)
2	Unprotected Amortization of Deferred Income Taxes	<u>\$37,123</u>
3	Total Amortization of Deferred Income Taxes	<u>\$120,452</u>

TABLE 8 - 2018
2018 REVENUE REQUIREMENT RELATED TO CHANGES IN 2018 RATE BASE –
REFLECTING DECISION 19-08-023

TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)

Line No.	Revenue Requirement Calculation	Debt Return on Rate Base	Equity Return on Rate Base	Total
1	Deferred Income Taxes	\$229,405		
2	Working Cash	<u>\$(22,551)</u>		
3	Total Rate Base Changes	\$206,854	\$206,854	\$206,854
4	Rate of Return	<u>2.30%</u>	5.39%	<u>7.69%</u>
5	Return on Rate Base	\$4,758	\$11,149	<u>\$15,907</u>
6	Income Tax Gross-Up	<u>1,000</u>	<u>1,425,313</u>	–
7	Revenue Requirement	<u>\$4,758</u>	\$15,891	<u>\$20,649</u>
8	Income Tax Rate		<u>29.84%</u>	–
9	Revenue Requirement Attributable to Income Taxes		<u>\$4,742</u>	<u>\$4,742</u>

GRC – 2019

TABLE 9 - 2019
2019 SUMMARY OF REVENUE REQUIREMENT CHANGES IN 2019 DUE TO THE TAX ACT –
REFLECTING D.19-08-023

TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)

Line No.	Reference	Description of Change in Revenue Requirement	Change in Revenue Requirement Original	Change in Revenue Requirement Decision 19-08-023
1	Table 2 – No Change	Decrease in Revenue Requirement due to Lower Taxes on Equity Return on Rate base	\$(504,221)	\$(504,221)
2	Table 5	Increase in Revenue Requirement due to Lower Taxes on Flow-Through Tax Deductions	\$273,216	\$296,874
3	Table 6 – No Change	Increase in Revenue Requirement due to Lower Taxes on Tax Credits	\$2,887	\$2,887
4	Table 7C	Decrease in Revenue Requirement due to Amortization of Excess Deferred Taxes (ARAM)	\$(106,937)	\$(127,421)
5	Table 8	Increase in Revenue Requirement due to Increase in Rate base	\$42,398	\$43,957
6		Franchise and Uncollectibles and Misc. Difference	<u>(\$3,324)</u>	<u>(\$3,260)</u>
7		Total Revenue Requirement Changes due to the Tax Act	<u>\$(295,981)</u>	<u>\$(291,184)</u>

TABLE 3 - 2019
2019 REVENUE REQUIREMENTS RELATED TO FLOW-THROUGH UNDER OLD TAX RATE

TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)

Line No.	Revenue Requirement Calculation (Old Tax Rate)	Federal and State	Federal Only	State Only	Total
1	Tax Deduction	\$1,039,911	\$(222,894)	\$(531,723)	
2	Income Tax Rate	43.84%	35.00%	8.84%	
3	Reduction in Income Taxes	\$455,897	\$(78,013)	\$(47,004)	
4	Income Tax Gross-Up	1.780627	1.780627	1.780627	
5	Revenue Requirement Reduction From Flow-Through Tax Deduction	<u>\$811,782</u>	<u>\$(138,912)</u>	<u>\$(83,697)</u>	<u>\$589,173</u>

**TABLE 4 - 2019
2019 REVENUE REQUIREMENTS RELATED TO FLOW-THROUGH UNDER NEW TAX RATE –
REFLECTING DECISION 19-08-023**

**TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)**

Line No.	Revenue Requirement Calculation (New Tax Rate)	Federal and State	Federal Only	State Only	Total
1	Tax Deduction	\$1,039,911	\$(277,275)	\$(531,723)	
2	Income Tax Rate	29.84%	21.00%	8.84%	
3	Reduction in Income Taxes	\$310,309	\$(58,228)	\$(47,004)	
4	Income Tax Gross-Up	<u>1,425,313</u>	<u>1,425,313</u>	<u>1,425,313</u>	
5	Revenue Requirement Reduction From Flow-Through Tax Deduction	<u>\$442,288</u>	<u>\$(82,993)</u>	<u>\$(66,996)</u>	<u>\$292,299</u>

**TABLE 5 - 2019
2019 REVENUE REQUIREMENT CHANGE TO FLOW-THROUGH UNDER NEW TAX RATE –
REFLECTING DECISION 19-08-023**

**TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)**

Line No.	Revenue Requirement Calculation	Federal and State	Federal Only	State Only	Total
1	Revenue Requirement Reduction From Flow-Through Tax Deduction using Old Tax Rate	\$811,782	\$(138,912)	\$(83,697)	\$589,173
2	Revenue Requirement Reduction From Flow-Through Tax Deduction using New Tax Rate	<u>\$442,288</u>	<u>\$(82,993)</u>	<u>\$(66,996)</u>	<u>\$292,299</u>
3	Change in Revenue Requirements – Increase	<u>\$369,494</u>	<u>\$(55,919)</u>	<u>\$(16,701)</u>	<u>\$296,874</u>

**TABLE 7A - 2019
2019 REVENUE REQUIREMENTS RELATED TO ARAM – PROTECTED DEFERRED TAXES
REFLECTING DECISION 19-08-023**

**TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)**

Line No.	Revenue Requirement Calculation	New Tax Rate
1	Federal Protected ADFIT Adjustment	\$(115,444)
2	Income Tax Gross-Up	<u>1,425,314</u>
3	Revenue Requirement Impact of Protected ADFIT	<u>\$(164,544)</u>

TABLE 7B - 2019
2019 REVENUE REQUIREMENTS RELATED TO ARAM – UNPROTECTED DEFERRED TAXES
REFLECTING DECISION 19-08-023

TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)

Line No.	Revenue Requirement Calculation	New Tax Rate
1	Federal Unprotected ADFIT Adjustment	\$26,046
2	Income Tax Gross-Up	<u>1,425,314</u>
3	Revenue Requirement Impact of Unprotected ADFIT	<u>\$37,123</u>

TABLE 7C - 2019
2019 REVENUE REQUIREMENTS RELATED TO ARAM – TOTAL AMORTIZATION OF EXCESS
DEFERRED INCOME TAXES
REFLECTING DECISION 19-08-023

TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)

Line No.	Revenue Requirement Calculation	New Tax Rate
1	Protected Amortization of Deferred Income Taxes	\$(164,544)
2	Unprotected Amortization of Deferred Income Taxes	<u>\$37,123</u>
3	Total Amortization of Deferred Income Taxes	<u>\$(127,421)</u>

TABLE 8 - 2019
2019 REVENUE REQUIREMENT RELATED TO CHANGES IN 2019 RATE BASE –
REFLECTING DECISION 19-08-023

TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)

Line No.	Revenue Requirement Calculation	Debt Return on Rate Base	Equity Return on Rate Base	Total
1	Deferred Income Taxes	\$462,893		
2	Working Cash	<u>\$(22,551)</u>		
3	Total Rate Base Changes	\$440,342	\$440,342	\$440,342
4	Rate of Return	2.30%	5.39%	7.69%
5	Return on Rate Base	\$10,128	\$23,734	\$33,862
6	Income Tax Gross-Up	<u>1,0000</u>	<u>1,425,313</u>	–
7	Revenue Requirement	<u>\$10,128</u>	\$33,829	<u>\$43,957</u>
8	Income Tax Rate		<u>29.84%</u>	–
9	Revenue Requirement Attributable to Income Taxes		<u>\$10,095</u>	<u>\$10,095</u>

Tables from GT&S

GT&S – 2018

TABLE 8 - 2018
2018 SUMMARY OF REVENUE REQUIREMENT CHANGES IN 2018 DUE TO THE TAX ACT –
REFLECTING DECISION 19-08-021

TOTAL GENERAL RATE CASE
(THOUSANDS OF DOLLARS)

Line No.	Reference	Description of Change in Revenue Requirement	Change in Revenue Requirement Original	Change in Revenue Requirement Decision 19-08-021
1	Table 1 – No Change	Decrease in Revenue Requirement due to Lower Taxes on Equity Return on Rate base	\$(81,239)	\$(81,239)
2	Table 4 – No Change	Increase in Revenue Requirement due to Lower Taxes on Flow-Through Tax Deductions	\$18,502	\$18,502
3	Table 5 – No Change	Increase in Revenue Requirement due to Lower Taxes on Tax Credits	\$0	\$0
4	Table 6C	Decrease in Revenue Requirement due to Amortization of Excess Deferred Taxes (ARAM)	\$(4,666)	\$(7,142)
5	Table 7	Increase in Revenue Requirement due to Increase in Rate base	\$1,184	\$1,313
6	D.16-12-010, Appx. G	Increase in Revenue Requirement due to Lower Taxes on Equity Return or Rate base Effects on Shareholder Funded Safety Investments	\$8,640	\$7,611
7		Franchise and Uncollectibles and Misc. Difference	_(\$138)	_(\$183)
8	Total Revenue Requirement Changes due to the Tax Act		<u>\$(57,717)</u>	<u>\$(61,138)</u>

TABLE 6A
2018 REVENUE REQUIREMENTS RELATED TO ARAM – PROTECTED DEFERRED TAXES
REFLECTING DECISION 19-08-021
(THOUSANDS OF DOLLARS)

Line No.	Revenue Requirement Calculation	New Tax Rate
1	Federal Protected ADFIT Adjustment	\$(7,350)
2	Income Tax Gross-Up	<u>1,425,313</u>
3	Revenue Requirement Impact of Protected ADFIT	<u>\$(10,476)</u>

TABLE 6B
2018 REVENUE REQUIREMENTS RELATED TO ARAM – UNPROTECTED DEFERRED TAXES
REFLECTING DECISION 19-08-021
(THOUSANDS OF DOLLARS)

Line No.	Revenue Requirement Calculation	New Tax Rate
1	Federal ARAM Adjustment	\$2,339
2	Income Tax Gross-Up	<u>1.425313</u>
3	Revenue Requirement Impact of ARAM	<u>\$3,334</u>

TABLE 6C
2018 REVENUE REQUIREMENTS RELATED TO ARAM – TOTAL AMORTIZATION OF EXCESS
DEFERRED INCOME TAXES
REFLECTING DECISION 19-08-021
(THOUSANDS OF DOLLARS)

Line No.	Revenue Requirement Calculation	New Tax Rate
1	Protected Amortization of Deferred Income Taxes	\$(10,476)
2	Unprotected Amortization of Deferred Income Taxes	<u>\$3,334</u>
3	Total Amortization of Deferred Income Taxes	<u>\$(7,142)</u>

TABLE 7
2018 REVENUE REQUIREMENT RELATED TO CHANGES IN 2018 RATE BASE –
REFLECTING DECISION 19-08-021
(THOUSANDS OF DOLLARS)

Line No.	Revenue Requirement Calculation	Debt Return on Rate Base	Equity Return on Rate Base	Total
1	Deferred Income Taxes	\$13,157		
2	Working Cash	<u>\$0</u>		
3	Total Rate Base Changes	\$13,157	\$13,157	\$13,157
4	Rate of Return	<u>2.30%</u>	<u>5.39%</u>	<u>7.69%</u>
5	Return on Rate Base	\$303	\$709	<u>\$1,012</u>
6	Income Tax Gross-Up	<u>1.0000</u>	<u>1.425313</u>	
7	Revenue Requirement	<u>\$303</u>	\$1,011	<u>\$1,313</u>
8	Income Tax Rate		<u>29.84%</u>	
9	Revenue Requirement Attributable to Income Taxes		<u>\$302</u>	<u>\$302</u>

Attachment 2

Results of the RO models

Results of the RO models for GRC

Note 1: Decision 17-05-013 amounts include updates reflecting 2017 and 2018 Uncollectible factor and the 2018 Cost of Capital as approved by Decision 17-07-005.

A
 Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - As Filed
 Results of Operations at Proposed Rates
Electric And Gas Departments
 (Thousands of Dollars)

B
 Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - Decision
 Results of Operations at Proposed Rates
Electric And Gas Departments
 (Thousands of Dollars)

B-A
 Pacific Gas and Electric Company
2017 PG&E GRC (Difference)
 Results of Operations at Proposed Rates
Electric And Gas Departments
 (Thousands of Dollars)

Line No.	Description	Test Year 2017 (A)	Attrition Year 2018		Attrition Year 2019		Test Year 2017 (A)	Attrition Year 2018		Attrition Year 2019		Test Year 2017 (A)	Attrition Year 2018		Attrition Year 2019		Line No.
			Increase (B)	Total (C)	Increase (D)	Total (E)		Increase (B)	Total (C)	Increase (D)	Total (E)		Increase (B)	Total (C)	Increase (D)	Total (E)	
REVENUE:																	
1	Revenue Collected in Rates	8,004,291	65,952	8,070,242	330,072	8,400,314	8,004,291	50,918	8,055,209	349,897	8,405,106	-	(15,034)	(15,034)	19,826	4,792	1
2	Plus Other Operating Revenue	152,099	-	152,099	-	152,099	152,099	-	152,099	-	152,099	-	-	-	-	-	2
3	Total Operating Revenue	8,156,390	65,952	8,222,342	330,072	8,552,413	8,156,390	50,918	8,207,308	349,897	8,557,205	-	(15,034)	(15,034)	19,826	4,792	3
OPERATING EXPENSES:																	
4	Energy Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
5	Production / Procurement	647,426	49,684	697,111	35,549	732,659	647,426	49,684	697,111	35,549	732,659	-	-	-	-	-	5
6	Storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
7	Transmission	7,116	497	7,613	347	7,960	7,116	497	7,613	347	7,960	-	-	-	-	-	7
8	Distribution	1,139,910	7,377	1,147,287	16,695	1,163,982	1,139,910	7,377	1,147,287	16,695	1,163,982	-	-	-	-	-	8
9	Customer Accounts	292,872	856	293,728	3,678	297,406	292,872	856	293,728	3,678	297,406	-	-	-	-	-	9
10	Uncollectibles	27,231	480	27,711	1,112	28,823	27,231	428	27,659	1,178	28,837	-	(52)	(52)	67	15	10
11	Customer Services	41,321	(733)	40,588	(28)	40,560	41,321	(733)	40,588	(28)	40,560	-	-	-	-	-	11
12	Administrative and General	912,183	20,539	932,721	20,535	953,256	912,183	20,539	932,721	20,535	953,256	-	-	-	-	-	12
13	Franchise & SFGR Tax Requirement	66,203	657	66,860	2,689	69,550	66,203	544	66,748	2,851	69,599	-	(113)	(113)	162	49	13
14	Amortization	176	-	176	-	176	176	-	176	-	176	-	-	-	-	-	14
15	Wage Change Impacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15
16	Other Price Change Impacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
17	Other Adjustments	(29,915)	-	(29,915)	-	(29,915)	(29,915)	-	(29,915)	-	(29,915)	-	-	-	-	-	17
18	Subtotal Expenses:	3,104,523	79,357	3,183,880	80,577	3,264,457	3,104,523	79,193	3,183,716	80,805	3,264,521	-	(165)	(165)	229	64	18
TAXES:																	
19	Superfund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
20	Property	277,715	13,289	291,004	12,983	303,986	277,715	13,289	291,004	12,983	303,986	-	-	-	-	-	20
21	Payroll	102,518	2,460	104,978	2,519	107,498	102,518	2,460	104,978	2,519	107,498	-	-	-	-	-	21
22	Business	1,058	-	1,058	-	1,058	1,058	-	1,058	-	1,058	-	-	-	-	-	22
23	Other	2,516	-	2,516	-	2,516	2,516	-	2,516	-	2,516	-	-	-	-	-	23
24	State Corporation Franchise	82,099	(524)	81,576	12,765	94,341	82,099	(1,853)	80,246	14,481	94,727	-	(1,329)	(1,329)	1,716	386	24
25	Federal Income	225,472	(155,631)	69,841	14,552	84,393	225,472	(169,740)	55,732	31,802	87,533	-	(14,109)	(14,109)	17,250	3,141	25
26	Total Taxes	691,378	(140,405)	550,972	42,820	593,792	691,378	(155,844)	535,534	61,785	597,319	-	(15,439)	(15,439)	18,965	3,527	26
27	Depreciation	2,394,911	122,721	2,517,631	116,360	2,633,991	2,394,911	122,721	2,517,631	116,360	2,633,991	-	-	-	-	-	27
28	Fossil/Hydro Decommissioning	3,094	-	3,094	-	3,094	3,094	-	3,094	-	3,094	-	-	-	-	-	28
29	Nuclear Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29
30	Total Operating Expenses	6,193,906	61,673	6,255,579	239,756	6,495,334	6,193,906	46,069	6,239,975	258,950	6,498,925	-	(15,603)	(15,603)	19,194	3,591	30
31	Net for Return	1,962,484	4,279	1,966,763	90,316	2,057,079	1,962,484	4,848	1,967,332	90,947	2,058,280	-	569	569	632	1,201	31
32	Rate Base	24,348,436	1,229,946	25,578,382	1,174,532	26,752,914	24,348,436	1,237,351	25,585,786	1,182,746	26,768,532	-	7,405	7,405	8,214	15,619	32

Note 1: Decision 17-05-013 amounts include updates reflecting 2017 and 2018 Uncollectible factor and the 2018 Cost of Capital as approved by Decision 17-07-005.

A Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - As Filed
 Income Taxes at Proposed Rates
Electric And Gas Departments
 (Thousands of Dollars)

B Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - Decision
 Income Taxes at Proposed Rates
Electric And Gas Departments
 (Thousands of Dollars)

B-A Pacific Gas and Electric Company
2017 PG&E GRC (Difference)
 Income Taxes at Proposed Rates
Electric And Gas Departments
 (Thousands of Dollars)

Line No.	Description	Test Year	Attrition Year 2018		Attrition Year 2019		Test Year	Attrition Year 2018		Attrition Year 2019		Test Year	Attrition Year 2018		Attrition Year 2019		Line No.
		2017	Increase	Total	Increase	Total	2017	Increase	Total	Increase	Total	2017	Increase	Total	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	
1	Revenues	8,156,390	65,952	8,222,342	330,072	8,552,413	8,156,390	50,918	8,207,308	349,897	8,557,205	-	(15,034)	(15,034)	19,826	4,792	1
2	O&M Expenses	3,104,523	79,357	3,183,880	80,577	3,264,457	3,104,523	79,193	3,183,716	80,805	3,264,521	-	(165)	(165)	229	64	2
3	Nuclear Decommissioning Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
4	Superfund Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
5	Taxes Other Than Income	383,807	15,749	399,556	15,502	415,058	383,807	15,749	399,556	15,502	415,058	-	-	-	-	-	5
6	Subtotal	4,668,060	(29,155)	4,638,905	233,993	4,872,898	4,668,060	(44,024)	4,624,036	253,590	4,877,626	-	(14,869)	(14,869)	19,597	4,728	6
DEDUCTIONS FROM TAXABLE INCOME:																	
7	Interest Charge Adjustment	630,624	(42,322)	588,303	27,014	615,317	630,624	(42,151)	588,473	27,203	615,676	-	170	170	189	359	7
8	Fiscal/Calendar Property Tax Adjustment	7,159	-	7,159	-	7,159	7,159	-	7,159	-	7,159	-	-	-	-	-	8
9	Operating Expense Adjustments	43,455	-	43,455	-	43,455	43,455	-	43,455	-	43,455	-	-	-	-	-	9
10	Repair Deduction	884,334	(64,011)	820,324	(18,647)	801,677	884,334	(64,011)	820,324	(18,647)	801,677	-	-	-	-	-	10
11	Removal Cost Adjustment	169,250	-	169,250	-	169,250	169,250	-	169,250	-	169,250	-	-	-	-	-	11
12	Vacation Pay Adjustment	(2,944)	-	(2,944)	-	(2,944)	(2,944)	-	(2,944)	-	(2,944)	-	-	-	-	-	12
13	Capitalized Software Adjustment	114,924	-	114,924	-	114,924	114,924	-	114,924	-	114,924	-	-	-	-	-	13
14	Subtotal Deductions	1,846,803	(106,332)	1,740,471	8,368	1,748,839	1,846,803	(106,162)	1,740,641	8,556	1,749,198	-	170	170	189	359	14
CCFT TAXES:																	
15	CCFT Capitalized Interest Adjustment	6,631	-	6,631	-	6,631	6,631	-	6,631	-	6,631	-	-	-	-	-	15
16	CCFT Tax Depreciation - Declining Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
17	CCFT Tax Depreciation - Fixed Assets	1,738,663	83,100	1,821,762	81,220	1,902,982	1,738,663	83,100	1,821,762	81,220	1,902,982	-	-	-	-	-	17
18	CCFT Tax Depreciation - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18
19	Capitalized Overhead - Cost For Gas Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
20	Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20
21	Subtotal Deductions	3,592,097	(23,232)	3,568,864	89,587	3,658,452	3,592,097	(23,062)	3,569,035	89,776	3,658,811	-	170	170	189	359	21
22	Taxable Income for CCFT	1,075,963	(5,922)	1,070,041	144,405	1,214,446	1,075,963	(20,962)	1,055,002	163,814	1,218,815	-	(15,039)	(15,039)	19,408	4,369	22
23	CCFT	95,115	(524)	94,592	12,765	107,357	95,115	(1,853)	93,262	14,481	107,743	-	(1,329)	(1,329)	1,716	386	23
24	State Tax Credit	(3,987)	-	(3,987)	-	(3,987)	(3,987)	-	(3,987)	-	(3,987)	-	-	-	-	-	24
25	Current CCFT	91,128	(524)	90,605	12,765	103,370	91,128	(1,853)	89,275	14,481	103,757	-	(1,329)	(1,329)	1,716	386	25
26	Deferred Taxes - Reg Asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26
27	Deferred Taxes - Interest	586	-	586	-	586	586	-	586	-	586	-	-	-	-	-	27
28	Deferred Taxes - Vacation	(260)	-	(260)	-	(260)	(260)	-	(260)	-	(260)	-	-	-	-	-	28
29	Deferred Taxes - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29
30	Deferred Taxes - Fixed Assets	(9,355)	-	(9,355)	-	(9,355)	(9,355)	-	(9,355)	-	(9,355)	-	-	-	-	-	30
31	Total CCFT	82,099	(524)	81,576	12,765	94,341	82,099	(1,853)	80,246	14,481	94,727	-	(1,329)	(1,329)	1,716	386	31
FEDERAL TAXES:																	
32	CCFT - Prior Year Adjustment	101,317	(10,189)	91,128	(524)	90,605	101,317	(10,189)	91,128	(1,853)	89,275	-	-	-	(1,329)	(1,329)	32
33	FIT Capitalized Interest Adjustment	(773)	-	(773)	-	(773)	(773)	-	(773)	-	(773)	-	-	-	-	-	33
34	FIT Tax Depreciation - Declining Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34
35	FIT Tax Depreciation - SLRL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35
36	FIT Tax Depreciation - Fixed Assets	1,839,825	(718,758)	1,121,068	50,768	1,171,835	1,839,825	(718,758)	1,121,068	50,768	1,171,835	-	-	-	-	-	36
37	FIT Tax Depreciation - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37
38	Capitalized Overhead - Cost For Gas Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38
39	Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39
40	FIT Preferred Dividend Adjustment	2,712	-	2,712	-	2,712	2,712	-	2,712	-	2,712	-	-	-	-	-	40
41	Subtotal Deductions	3,789,885	(835,278)	2,954,606	58,612	3,013,218	3,789,885	(835,108)	2,954,777	57,471	3,012,248	-	170	170	(1,141)	(970)	41
42	Taxable Income for FIT	878,175	806,124	1,684,299	175,381	1,859,680	878,175	791,084	1,669,260	196,119	1,865,378	-	(15,039)	(15,039)	20,738	5,698	42
43	Federal Income Tax	307,361	169,286	353,703	36,830	390,533	307,361	166,128	350,545	41,185	391,729	-	(3,158)	(3,158)	4,355	1,197	43
44	Federal Tax Credit	(4,138)	-	(4,138)	-	(4,138)	(4,138)	-	(4,138)	-	(4,138)	-	-	-	-	-	44
45	Tax Effect of MTD & Prod Tax Credits	(11,599)	11,599	-	-	-	(11,599)	11,599	-	-	-	-	-	-	-	-	45
46	Deferred Taxes - Interest	(270)	108	(162)	-	(162)	(270)	108	(162)	-	(162)	-	-	-	-	-	46
47	Deferred Taxes - Vacation	(1,030)	412	(618)	-	(618)	(1,030)	412	(618)	-	(618)	-	-	-	-	-	47
48	ARAM	-	(57,244)	(57,244)	(17,783)	(75,027)	-	(84,509)	(84,509)	(4,888)	(89,397)	-	(27,265)	(27,265)	12,895	(14,370)	48
49	Deferred Taxes - Fixed Assets	(64,852)	(156,847)	(221,700)	(4,495)	(226,195)	(64,852)	(140,533)	(205,385)	(4,495)	(209,881)	-	16,314	16,314	(0)	16,314	49
50	Total Federal Income Tax	225,472	(32,686)	69,841	14,552	84,393	225,472	(46,795)	55,732	31,802	87,533	-	(14,109)	(14,109)	17,250	3,141	50

Note 1: Decision 17-05-013 amounts include updates reflecting 2017 and 2018 Uncollectible factor and the 2018 Cost of Capital as approved by Decision 17-07-005.

A

Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - As Filed
Electric And Gas Departments
Rate Base - Attrition
(Thousands of Dollars)

B

Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - Decision
Electric And Gas Departments
Rate Base - Attrition
(Thousands of Dollars)

B-A

Pacific Gas and Electric Company
2017 PG&E GRC (Difference)
Electric And Gas Departments
Rate Base - Attrition
(Thousands of Dollars)

Line No.	2017			2018			2019			Line No.
	End Of Year	WAVG Year	WAVG Increase	End Of Year	WAVG Year	WAVG Increase	End Of Year	WAVG Year	WAVG Increase	
	(A)	(B)	(E)	(C)	(D)	(E)	(F)	(G)	(H)	
PLANT IN SERVICE										
1	56,138,232	56,138,232	2,993,565	59,131,798	59,131,798	2,993,565	61,907,296	61,907,296	2,775,498	1
2	2,993,565	1,331,729	(96,877)	2,775,498	1,234,852	(96,877)	2,712,400	1,206,786	(28,066)	2
3	59,131,798	57,469,961	2,896,688	61,907,296	60,366,649	2,896,688	64,619,696	63,114,082	2,747,433	3
WORKING CAPITAL										
4	-	-	-	-	-	-	-	-	-	4
5	225,722	225,722	-	225,722	225,722	-	225,722	225,722	-	5
6	510,175	510,175	-	510,175	510,175	-	510,175	510,175	-	6
7	735,898	735,898	-	735,898	735,898	-	735,898	735,898	-	7
TRA ADJUSTMENTS										
8	25,423	25,265	158	25,423	25,423	158	25,423	25,423	-	8
9	39,518	38,918	(6,069)	26,180	32,849	(6,069)	26,180	26,180	(6,669)	9
10	467,959	464,182	3,777	467,959	467,959	3,777	467,959	467,959	-	10
11	532,900	528,366	(2,134)	519,562	526,231	(2,134)	519,562	519,562	(6,669)	11
12	96,421	96,421	-	96,421	96,421	-	96,421	96,421	-	12
DEFERRED TAXES										
13	(14,906)	(15,478)	572	(14,906)	(14,906)	572	(14,906)	(14,906)	-	13
14	5,503,826	5,465,670	(120,874)	5,185,766	5,344,796	(120,874)	4,860,319	5,023,042	(321,754)	14
15	-	-	-	-	-	-	-	-	-	15
16	235,166	240,214	(5,048)	235,166	235,166	(5,048)	235,166	235,166	-	16
17	-	-	-	-	-	-	-	-	-	17
18	5,724,087	5,690,406	(125,350)	5,406,026	5,565,057	(125,350)	5,080,580	5,243,303	(321,754)	18
DEPRECIATION RESERVE										
19	27,708,139	27,708,139	1,757,728	29,465,867	29,465,867	1,757,728	31,311,972	31,311,972	1,846,105	19
20	2,398,005	1,199,002	61,360	2,520,726	1,260,363	61,360	2,637,085	1,318,543	58,180	20
21	(640,277)	(308,180)	(29,130)	(674,621)	(337,311)	(29,130)	(707,219)	(353,610)	(16,299)	21
22	29,465,867	28,598,961	1,789,958	31,311,972	30,388,919	1,789,958	33,241,838	32,276,905	1,887,985	22
23	25,114,221	24,348,436	1,229,946	26,348,337	25,578,382	1,229,946	27,456,318	26,752,914	1,174,532	23

Note 1: Decision 17-05-013 amounts include updates reflecting 2017 and 2018 Uncollectible factor and the 2018 Cost of Capital as approved by Decision 17-07-005.

A

Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 (Note 1)
 Results of Operations at Proposed Rates
Electric Distribution
 (Thousands of Dollars)

B

Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - Decision
 Results of Operations at Proposed Rates
Electric Distribution
 (Thousands of Dollars)

B-A

Pacific Gas and Electric Company
2017 PG&E GRC (Difference)
 Results of Operations at Proposed Rates
Electric Distribution
 (Thousands of Dollars)

Line No.	Description	Test Year 2017 (A)	Attrition Year 2018		Attrition Year 2019		Test Year 2017 (A)	Attrition Year 2018		Attrition Year 2019		Test Year 2017 (A)	Attrition Year 2018		Attrition Year 2019		Line No.
			Increase (B)	Total (C)	Increase (D)	Total (E)		Increase (B)	Total (C)	Increase (D)	Total (E)		Increase (B)	Total (C)	Increase (D)	Total (E)	
REVENUE:																	
1	Revenue Collected in Rates	4,152,187	530	4,152,717	182,608	4,335,325	4,152,187	(28,426)	4,123,762	193,077	4,316,839	-	(28,955)	(28,955)	10,470	(18,486)	1
2	Plus Other Operating Revenue	117,983	-	117,983	-	117,983	117,983	-	117,983	-	117,983	-	-	-	-	-	2
3	Total Operating Revenue	4,270,171	530	4,270,700	182,608	4,453,308	4,270,171	(28,426)	4,241,745	193,077	4,434,822	-	(28,955)	(28,955)	10,470	(18,486)	3
OPERATING EXPENSES:																	
4	Energy Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
5	Production / Procurement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5
6	Storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
7	Transmission	1,066	58	1,124	46	1,170	1,066	58	1,124	46	1,170	-	-	-	-	-	7
8	Distribution	710,221	43,693	753,914	35,079	788,993	710,221	43,693	753,914	35,079	788,993	-	-	-	-	-	8
9	Customer Accounts	173,659	10,639	184,298	8,612	192,910	173,659	10,639	184,298	8,612	192,910	-	-	-	-	-	9
10	Uncollectibles	14,434	147	14,582	623	15,205	14,434	49	14,483	659	15,142	-	(99)	(99)	36	(63)	10
11	Customer Services	19,048	1,167	20,215	942	21,158	19,048	1,167	20,215	942	21,158	-	-	-	-	-	11
12	Administrative and General	381,817	8,518	390,334	8,513	398,847	381,817	8,518	390,334	8,513	398,847	-	-	-	-	-	12
13	Franchise & SFGR Tax Requirement	33,355	3	33,358	1,426	34,784	33,355	(223)	33,132	1,508	34,640	-	(226)	(226)	82	(144)	13
14	Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14
15	Wage Change Impacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15
16	Other Price Change Impacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
17	Other Adjustments	(6,420)	-	(6,420)	-	(6,420)	(6,420)	-	(6,420)	-	(6,420)	-	-	-	-	-	17
18	Subtotal Expenses:	1,327,179	64,226	1,391,405	55,242	1,446,647	1,327,179	63,901	1,391,080	55,359	1,446,439	-	(325)	(325)	118	(208)	18
TAXES:																	
19	Superfund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
20	Property	167,698	7,743	175,441	7,553	182,994	167,698	7,743	175,441	7,553	182,994	-	-	-	-	-	20
21	Payroll	39,116	939	40,055	961	41,016	39,116	939	40,055	961	41,016	-	-	-	-	-	21
22	Business	453	-	453	-	453	453	-	453	-	453	-	-	-	-	-	22
23	Other	1,076	-	1,076	-	1,076	1,076	-	1,076	-	1,076	-	-	-	-	-	23
24	State Corporation Franchise	72,154	(4,554)	67,600	6,907	74,507	72,154	(7,110)	65,044	7,779	72,823	-	(2,555)	(2,555)	872	(1,684)	24
25	Federal Income	181,899	(127,632)	54,268	9,925	64,193	181,899	(154,635)	27,264	17,759	45,023	-	(27,003)	(27,003)	7,834	(19,169)	25
26	Total Taxes	462,396	(123,504)	338,892	25,346	364,238	462,396	(153,063)	309,333	34,052	343,385	-	(29,559)	(29,559)	8,706	(20,853)	26
27	Depreciation	1,364,495	67,957	1,432,452	64,132	1,496,584	1,364,495	67,957	1,432,452	64,132	1,496,584	-	-	-	-	-	27
28	Fossil/Hydro Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28
29	Nuclear Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29
30	Total Operating Expenses	3,154,071	8,678	3,162,749	144,720	3,307,469	3,154,071	(21,206)	3,132,865	153,543	3,286,408	-	(29,884)	(29,884)	8,823	(21,061)	30
31	Net for Return	1,116,100	(8,148)	1,107,952	37,888	1,145,839	1,116,100	(7,219)	1,108,880	39,534	1,148,414	-	929	929	1,646	2,575	31
32	Rate Base	13,847,392	561,864	14,409,257	492,728	14,901,984	13,847,392	573,939	14,421,331	514,135	14,935,466	-	12,074	12,074	21,407	33,482	32

Note 1: Decision 17-05-013 amounts include updates reflecting 2017 and 2018 Uncollectible factor and the 2018 Cost of Capital as approved by Decision 17-07-005.

A
Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - As Filed
Income Taxes at Proposed Rates
Electric Distribution
(Thousands of Dollars)

B
Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - Decision
Income Taxes at Proposed Rates
Electric Distribution
(Thousands of Dollars)

B-A
Pacific Gas and Electric Company
2017 PG&E GRC (Difference)
Income Taxes at Proposed Rates
Electric Distribution
(Thousands of Dollars)

Line No.	Description	Test Year	Attrition Year 2018		Attrition Year 2019		Test Year	Attrition Year 2018		Attrition Year 2019		Test Year	Attrition Year 2018		Attrition Year 2019		Line No.
		2017	Increase	Total	Increase	Total		2017	Increase	Total	Increase		Total	2017	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	
1	Revenues	4,270,171	530	4,270,700	182,608	4,453,308	4,270,171	(28,426)	4,241,745	193,077	4,434,822	-	(28,955)	(28,955)	10,470	(18,486)	1
2	O&M Expenses	1,327,179	64,226	1,391,405	55,242	1,446,647	1,327,179	63,901	1,391,080	55,359	1,446,439	-	(325)	(325)	118	(208)	2
3	Nuclear Decommissioning Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
4	Superfund Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
5	Taxes Other Than Income	208,343	8,682	217,025	8,514	225,539	208,343	8,682	217,025	8,514	225,539	-	-	-	-	-	5
6	Subtotal	2,734,648	(72,377)	2,662,271	118,852	2,781,123	2,734,648	(101,008)	2,633,640	129,204	2,762,844	-	(28,630)	(28,630)	10,352	(18,278)	6
DEDUCTIONS FROM TAXABLE INCOME:																	
7	Interest Charge Adjustment	358,647	(27,235)	331,413	11,333	342,746	358,647	(26,957)	331,691	11,825	343,516	-	278	278	492	770	7
8	Fiscal/Calendar Property Tax Adjustment	3,401	-	3,401	-	3,401	3,401	-	3,401	-	3,401	-	-	-	-	-	8
9	Operating Expense Adjustments	52,797	-	52,797	-	52,797	52,797	-	52,797	-	52,797	-	-	-	-	-	9
10	Repair Deduction	425,076	(33,594)	391,482	(9,602)	381,879	425,076	(33,594)	391,482	(9,602)	381,879	-	-	-	-	-	10
11	Removal Cost Adjustment	126,751	-	126,751	-	126,751	126,751	-	126,751	-	126,751	-	-	-	-	-	11
12	Vacation Pay Adjustment	(1,259)	-	(1,259)	-	(1,259)	(1,259)	-	(1,259)	-	(1,259)	-	-	-	-	-	12
13	Capitalized Software Adjustment	49,019	-	49,019	-	49,019	49,019	-	49,019	-	49,019	-	-	-	-	-	13
14	Subtotal Deductions	1,014,432	(60,829)	953,603	1,730	955,334	1,014,432	(60,551)	953,881	2,223	956,104	-	278	278	492	770	14
CCFT TAXES:																	
15	CCFT Capitalized Interest Adjustment	1,772	-	1,772	-	1,772	1,772	-	1,772	-	1,772	-	-	-	-	-	15
16	CCFT Tax Depreciation - Declining Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
17	CCFT Tax Depreciation - Fixed Assets	865,653	39,968	905,621	38,988	944,609	865,653	39,968	905,621	38,988	944,609	-	-	-	-	-	17
18	CCFT Tax Depreciation - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18
19	Capitalized Overhead - Cost For Gas Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
20	Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20
21	Subtotal Deductions	1,881,857	(20,860)	1,860,997	40,718	1,901,715	1,881,857	(20,583)	1,861,274	41,211	1,902,485	-	278	278	492	770	21
22	Taxable Income for CCFT	852,791	(51,517)	801,274	78,133	879,408	852,791	(80,425)	772,366	87,993	860,359	-	(28,908)	(28,908)	9,860	(19,048)	22
23	CCFT	75,387	(4,554)	70,833	6,907	77,740	75,387	(7,110)	68,277	7,779	76,056	-	(2,555)	(2,555)	872	(1,684)	23
24	State Tax Credit	(867)	-	(867)	-	(867)	(867)	-	(867)	-	(867)	-	-	-	-	-	24
25	Current CCFT	74,519	(4,554)	69,965	6,907	76,872	74,519	(7,110)	67,410	7,779	75,188	-	(2,555)	(2,555)	872	(1,684)	25
26	Deferred Taxes - Reg Asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26
27	Deferred Taxes - Interest	157	-	157	-	157	157	-	157	-	157	-	-	-	-	-	27
28	Deferred Taxes - Vacation	(111)	-	(111)	-	(111)	(111)	-	(111)	-	(111)	-	-	-	-	-	28
29	Deferred Taxes - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29
30	Deferred Taxes - Fixed Assets	(2,411)	-	(2,411)	-	(2,411)	(2,411)	-	(2,411)	-	(2,411)	-	-	-	-	-	30
31	Total CCFT	72,154	(4,554)	67,600	6,907	74,507	72,154	(7,110)	65,044	7,779	72,823	-	(2,555)	(2,555)	872	(1,684)	31
FEDERAL TAXES:																	
32	CCFT - Prior Year Adjustment	73,383	1,136	74,519	(4,554)	69,965	73,383	1,136	74,519	(7,110)	67,410	-	-	-	(2,555)	(2,555)	32
33	FIT Capitalized Interest Adjustment	935	-	935	-	935	935	-	935	-	935	-	-	-	-	-	33
34	FIT Tax Depreciation - Declining Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34
35	FIT Tax Depreciation - SLRL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35
36	FIT Tax Depreciation - Fixed Assets	926,399	(385,718)	540,681	23,277	563,958	926,399	(385,718)	540,681	23,277	563,958	-	-	-	-	-	36
37	FIT Tax Depreciation - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37
38	Capitalized Overhead - Cost For Gas Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38
39	Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39
40	FIT Preferred Dividend Adjustment	301	-	301	-	301	301	-	301	-	301	-	-	-	-	-	40
41	Subtotal Deductions	2,015,450	(445,410)	1,570,040	20,453	1,590,493	2,015,450	(445,132)	1,570,318	18,390	1,588,708	-	278	278	(2,063)	(1,785)	41
42	Taxable Income for FIT	719,198	373,033	1,092,231	98,399	1,190,629	719,198	344,125	1,063,323	110,814	1,174,136	-	(28,908)	(28,908)	12,415	(16,493)	42
43	Federal Income Tax	251,719	78,337	229,368	20,664	250,032	251,719	72,266	223,298	23,271	246,569	-	(6,071)	(6,071)	2,607	(3,464)	43
44	Federal Tax Credit	(900)	-	(900)	-	(900)	(900)	-	(900)	-	(900)	-	-	-	-	-	44
45	Tax Effect of MTD & Prod Tax Credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45
46	Deferred Taxes - Interest	327	(131)	196	-	196	327	(131)	196	-	196	-	-	-	-	-	46
47	Deferred Taxes - Vacation	(441)	176	(264)	-	(264)	(441)	176	(264)	-	(264)	-	-	-	-	-	47
48	ARAM	-	(22,228)	(22,228)	(8,123)	(30,351)	-	(52,669)	(52,669)	(2,896)	(55,565)	-	(30,441)	(30,441)	5,227	(25,214)	48
49	Deferred Taxes - Fixed Assets	(68,806)	(83,098)	(151,905)	(2,616)	(154,521)	(68,806)	(73,590)	(142,396)	(2,616)	(145,012)	-	9,508	9,508	(0)	9,508	49
50	Total Federal Income Tax	181,899	(26,944)	54,268	9,925	64,193	181,899	(53,947)	27,264	17,759	45,023	-	(27,003)	(27,003)	7,834	(19,169)	50

Note 1: Decision 17-05-013 amounts include updates reflecting 2017 and 2018 Uncollectible factor and the 2018 Cost of Capital as approved by Decision 17-07-005.

A

Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - As Filed
Electric Distribution
 Rate Base - Attrition
 (Thousands of Dollars)

B

Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - Decision
Electric Distribution
 Rate Base - Attrition
 (Thousands of Dollars)

B-A

Pacific Gas and Electric Company
2017 PG&E GRC (Difference)
Electric Distribution
 Rate Base - Attrition
 (Thousands of Dollars)

Line No.	2017			2018			2019			Line No.
	End Of Year	WAVG Year	WAVG Increase	End Of Year	WAVG Year	WAVG Increase	End Of Year	WAVG Year	WAVG Increase	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		
PLANT IN SERVICE										
1	29,526,820	29,526,820	31,085,224	31,085,224	1,558,403	32,520,465	32,520,465	1,435,241	1,435,241	1
2	1,558,403	682,014	1,435,241	628,114	(53,900)	1,400,037	612,707	(15,407)	(15,407)	2
3	31,085,224	30,208,834	32,520,465	31,713,337	1,504,503	33,920,503	33,133,172	1,419,835	1,419,835	3
WORKING CAPITAL										
4	-	-	-	-	-	-	-	-	-	4
5	75,586	75,586	75,586	75,586	-	75,586	75,586	-	-	5
6	194,712	194,712	194,712	194,712	-	194,712	194,712	-	-	6
7	270,298	270,298	270,298	270,298	-	270,298	270,298	-	-	7
TRA ADJUSTMENTS										
8	(2,405)	(2,647)	(2,405)	(2,405)	242	(2,405)	(2,405)	-	-	8
9	16,909	16,652	11,203	14,056	(2,597)	11,203	11,203	(2,853)	(2,853)	9
10	372,600	368,418	372,600	372,600	4,182	372,600	372,600	-	-	10
11	387,104	382,424	381,398	384,251	1,828	381,398	381,398	(2,853)	(2,853)	11
12	70,007	70,007	70,007	70,007	-	70,007	70,007	-	-	12
DEFERRED TAXES										
13	-	-	-	-	-	-	-	-	-	13
14	3,370,940	3,392,999	3,174,692	3,272,816	(120,182)	2,974,498	3,074,595	(198,221)	(198,221)	14
15	-	-	-	-	-	-	-	-	-	15
16	30,229	31,125	30,229	30,229	(896)	30,229	30,229	-	-	16
17	-	-	-	-	-	-	-	-	-	17
18	3,401,169	3,424,123	3,204,921	3,303,045	(121,078)	3,004,727	3,104,824	(198,221)	(198,221)	18
DEPRECIATION RESERVE										
19	12,990,817	12,990,817	14,036,630	14,036,630	1,045,813	15,134,528	15,134,528	1,097,898	1,097,898	19
20	1,364,495	682,248	1,432,452	716,226	33,978	1,496,584	748,292	32,066	32,066	20
21	(318,682)	(153,030)	(334,554)	(167,277)	(14,247)	(349,532)	(174,766)	(7,489)	(7,489)	21
22	14,036,630	13,520,034	15,134,528	14,585,579	1,065,545	16,281,579	15,708,053	1,122,475	1,122,475	22
23	14,234,821	13,847,392	14,762,706	14,409,257	561,864	15,215,886	14,901,984	492,728	492,728	23

Note 1: Decision 17-05-013 amounts include updates reflecting 2017 and 2018 Uncollectible factor and the 2018 Cost of Capital as approved by Decision 17-07-005.

A

Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - As Filed
 Results of Operations at Proposed Rates
Gas Distribution
 (Thousands of Dollars)

B

Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - Decision
 Results of Operations at Proposed Rates
Gas Distribution
 (Thousands of Dollars)

B-A

Pacific Gas and Electric Company
2017 PG&E GRC (Difference)
 Results of Operations at Proposed Rates
Gas Distribution
 (Thousands of Dollars)

Line No.	Description	Test Year 2017 (A)	Attrition Year 2018		Attrition Year 2019		Line No.
			Increase (B)	Total (C)	Increase (D)	Total (E)	
REVENUE:							
1	Revenue Collected in Rates	1,739,149	102,223	1,841,372	78,936	1,920,308	1
2	Plus Other Operating Revenue	28,091	-	28,091	-	28,091	2
3	Total Operating Revenue	1,767,240	102,223	1,869,463	78,936	1,948,399	3
OPERATING EXPENSES:							
4	Energy Costs	-	-	-	-	-	4
5	Production / Procurement	3,286	(280)	3,006	(141)	2,864	5
6	Storage	-	-	-	-	-	6
7	Transmission	-	-	-	-	-	7
8	Distribution	429,689	(36,316)	393,373	(18,384)	374,989	8
9	Customer Accounts	116,810	(9,970)	106,840	(5,065)	101,775	9
10	Uncollectibles	5,634	386	6,020	254	6,274	10
11	Customer Services	22,273	(1,900)	20,373	(971)	19,402	11
12	Administrative and General	258,547	5,844	264,391	5,844	270,235	12
13	Franchise & SFGR Tax Requirement	16,297	942	17,239	728	17,967	13
14	Amortization	-	-	-	-	-	14
15	Wage Change Impacts	-	-	-	-	-	15
16	Other Price Change Impacts	-	-	-	-	-	16
17	Other Adjustments	(3,495)	-	(3,495)	-	(3,495)	17
18	Subtotal Expenses:	849,041	(41,294)	807,747	(17,735)	790,012	18
TAXES:							
19	Superfund	-	-	-	-	-	19
20	Property	53,820	3,991	57,811	3,905	61,716	20
21	Payroll	30,790	739	31,529	757	32,285	21
22	Business	297	-	297	-	297	22
23	Other	707	-	707	-	707	23
24	State Corporation Franchise	(14,436)	11,978	(2,458)	5,023	2,566	24
25	Federal Income	(50,224)	60,556	10,332	5,548	15,880	25
26	Total Taxes	20,953	77,264	98,217	15,233	113,451	26
27	Depreciation	480,014	38,521	518,535	36,761	555,296	27
28	Fossil/Hydro Decommissioning	-	-	-	-	-	28
29	Nuclear Decommissioning	-	-	-	-	-	29
30	Total Operating Expenses	1,350,009	74,490	1,424,499	34,259	1,458,758	30
31	Net for Return	417,231	27,733	444,964	44,677	489,641	31
32	Rate Base	5,176,567	610,066	5,786,633	580,981	6,367,613	32

Note 1: Decision 17-05-013 amounts include updates reflecting 2017 and 2018 Uncollectible factor and the 2018 Cost of Capital as approved by Decision 17-07-005.

A
Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - As Filed
Income Taxes at Proposed Rates
Gas Distribution
(Thousands of Dollars)

B
Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - Decision
Income Taxes at Proposed Rates
Gas Distribution
(Thousands of Dollars)

B-A
Pacific Gas and Electric Company
2017 PG&E GRC (Difference)
Income Taxes at Proposed Rates
Gas Distribution
(Thousands of Dollars)

Line No.	Description	Test Year	Attrition Year 2018		Attrition Year 2019		Test Year	Attrition Year 2018		Attrition Year 2019		Line No.
		2017	Increase	Total	Increase	Total	2017	Increase	Total	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	
1	Revenues	1,767,240	102,223	1,869,463	78,936	1,948,399	1,767,240	105,671	1,872,911	83,883	1,956,794	1
2	O&M Expenses	849,041	(41,294)	807,747	(17,735)	790,012	849,041	(41,252)	807,790	(17,674)	790,116	2
3	Nuclear Decommissioning Expense	-	-	-	-	-	-	-	-	-	-	3
4	Superfund Tax	-	-	-	-	-	-	-	-	-	-	4
5	Taxes Other Than Income	85,613	4,729	90,343	4,662	95,005	85,613	4,729	90,343	4,662	95,005	5
6	Subtotal	832,585	138,788	971,373	92,009	1,063,382	832,585	142,193	974,778	96,895	1,071,673	6
DEDUCTIONS FROM TAXABLE INCOME:												
7	Interest Charge Adjustment	134,073	(981)	133,093	13,363	146,455	134,073	(1,002)	133,071	13,277	146,348	7
8	Fiscal/Calendar Property Tax Adjustment	2,645	-	2,645	-	2,645	2,645	-	2,645	-	2,645	8
9	Operating Expense Adjustments	(22,142)	-	(22,142)	-	(22,142)	(22,142)	-	(22,142)	-	(22,142)	9
10	Repair Deduction	392,114	(26,001)	366,113	(7,803)	358,310	392,114	(26,001)	366,113	(7,803)	358,310	10
11	Removal Cost Adjustment	24,588	-	24,588	-	24,588	24,588	-	24,588	-	24,588	11
12	Vacation Pay Adjustment	(826)	-	(826)	-	(826)	(826)	-	(826)	-	(826)	12
13	Capitalized Software Adjustment	33,701	-	33,701	-	33,701	33,701	-	33,701	-	33,701	13
14	Subtotal Deductions	564,153	(26,982)	537,171	5,560	542,730	564,153	(27,003)	537,149	5,474	542,623	14
CCFT TAXES:												
15	CCFT Capitalized Interest Adjustment	(525)	-	(525)	-	(525)	(525)	-	(525)	-	(525)	15
16	CCFT Tax Depreciation - Declining Balance	-	-	-	-	-	-	-	-	-	-	16
17	CCFT Tax Depreciation - Fixed Assets	408,252	30,270	438,522	29,625	468,147	408,252	30,270	438,522	29,625	468,147	17
18	CCFT Tax Depreciation - Other	-	-	-	-	-	-	-	-	-	-	18
19	Capitalized Overhead - Cost For Gas Inventory	-	-	-	-	-	-	-	-	-	-	19
20	Other Adjustment	-	-	-	-	-	-	-	-	-	-	20
21	Subtotal Deductions	971,880	3,288	975,168	35,185	1,010,352	971,880	3,267	975,147	35,098	1,010,245	21
22	Taxable Income for CCFT	(139,295)	135,500	(3,794)	56,824	53,030	(139,295)	138,926	(369)	61,796	61,428	22
23	CCFT	(12,314)	11,978	(335)	5,023	4,688	(12,314)	12,281	(33)	5,463	5,430	23
24	State Tax Credit	(569)	-	(569)	-	(569)	(569)	-	(569)	-	(569)	24
25	Current CCFT	(12,883)	11,978	(905)	5,023	4,118	(12,883)	12,281	(602)	5,463	4,861	25
26	Deferred Taxes - Reg Asset	-	-	-	-	-	-	-	-	-	-	26
27	Deferred Taxes - Interest	(46)	-	(46)	-	(46)	(46)	-	(46)	-	(46)	27
28	Deferred Taxes - Vacation	(73)	-	(73)	-	(73)	(73)	-	(73)	-	(73)	28
29	Deferred Taxes - Other	-	-	-	-	-	-	-	-	-	-	29
30	Deferred Taxes - Fixed Assets	(1,433)	-	(1,433)	-	(1,433)	(1,433)	-	(1,433)	-	(1,433)	30
31	Total CCFT	(14,436)	11,978	(2,458)	5,023	2,566	(14,436)	12,281	(2,155)	5,463	3,308	31
FEDERAL TAXES:												
32	CCFT - Prior Year Adjustment	1,562	(14,445)	(12,883)	11,978	(905)	1,562	(14,445)	(12,883)	12,281	(602)	32
33	FIT Capitalized Interest Adjustment	(543)	-	(543)	-	(543)	(543)	-	(543)	-	(543)	33
34	FIT Tax Depreciation - Declining Balance	-	-	-	-	-	-	-	-	-	-	34
35	FIT Tax Depreciation - SLRL	-	-	-	-	-	-	-	-	-	-	35
36	FIT Tax Depreciation - Fixed Assets	508,135	(212,436)	295,700	19,976	315,676	508,135	(212,436)	295,700	19,976	315,676	36
37	FIT Tax Depreciation - Other	-	-	-	-	-	-	-	-	-	-	37
38	Capitalized Overhead - Cost For Gas Inventory	-	-	-	-	-	-	-	-	-	-	38
39	Other Adjustment	-	-	-	-	-	-	-	-	-	-	39
40	FIT Preferred Dividend Adjustment	39	-	39	-	39	39	-	39	-	39	40
41	Subtotal Deductions	1,073,346	(253,862)	819,484	37,514	856,998	1,073,346	(253,883)	819,463	37,731	857,194	41
42	Taxable Income for FIT	(240,761)	392,650	151,889	54,495	206,384	(240,761)	396,076	155,315	59,164	214,479	42
43	Federal Income Tax	(84,266)	82,457	31,897	11,444	43,341	(84,266)	83,176	32,616	12,424	45,041	43
44	Federal Tax Credit	(591)	-	(591)	-	(591)	(591)	-	(591)	-	(591)	44
45	Tax Effect of MTD & Prod Tax Credits	-	-	-	-	-	-	-	-	-	-	45
46	Deferred Taxes - Interest	(190)	76	(114)	-	(114)	(190)	76	(114)	-	(114)	46
47	Deferred Taxes - Vacation	(289)	116	(174)	-	(174)	(289)	116	(174)	-	(174)	47
48	ARAM	-	(8,400)	(8,400)	(4,546)	(12,945)	-	(10,839)	(10,839)	(792)	(11,631)	48
49	Deferred Taxes - Fixed Assets	35,112	(47,399)	(12,286)	(1,350)	(13,637)	35,112	(42,506)	(7,394)	(1,350)	(8,744)	49
50	Total Federal Income Tax	(50,224)	26,850	10,332	5,548	15,880	(50,224)	30,022	13,505	10,282	23,787	50

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A

Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - As Filed
Gas Distribution
Rate Base - Attrition
(Thousands of Dollars)

B

Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - Decision
Gas Distribution
Rate Base - Attrition
(Thousands of Dollars)

B-A

Pacific Gas and Electric Company
2017 PG&E GRC (Difference)
Gas Distribution
Rate Base - Attrition
(Thousands of Dollars)

Line No.	2017								2018								2019								Line No.	
	End Of Year		WAVG Year		WAVG Increase	End Of Year		WAVG Year		WAVG Increase	End Of Year		WAVG Year		WAVG Increase	End Of Year		WAVG Year		WAVG Increase						
	(A)	(B)	(C)	(D)		(E)	(F)	(G)	(H)		(A)	(B)	(C)	(D)		(E)	(F)	(G)	(H)		(A)	(B)	(C)	(D)		(E)
	PLANT IN SERVICE																									
1	11,174,699	11,174,699	12,138,645	12,138,645	963,946	13,038,670	13,038,670	900,026	11,174,699	11,174,699	12,138,645	12,138,645	963,946	13,038,670	13,038,670	900,026	-	-	-	-	-	-	-	-	-	1
2	963,946	458,401	900,026	428,004	(30,397)	880,843	418,882	(9,122)	963,946	458,401	900,026	428,004	(30,397)	880,843	418,882	(9,122)	-	-	-	-	-	-	-	-	-	2
3	12,138,645	11,633,100	13,038,670	12,566,648	933,549	13,919,514	13,457,552	890,904	12,138,645	11,633,100	13,038,670	12,566,648	933,549	13,919,514	13,457,552	890,904	-	-	-	-	-	-	-	-	-	3
	WORKING CAPITAL																									
4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
5	19,803	19,803	19,803	19,803	-	19,803	19,803	-	19,803	19,803	19,803	19,803	-	19,803	19,803	-	-	-	-	-	-	-	-	-	-	5
6	123,123	123,123	123,123	123,123	-	123,123	123,123	-	123,123	123,123	123,123	123,123	-	123,123	123,123	-	-	-	-	-	-	-	-	-	-	6
7	142,926	142,926	142,926	142,926	-	142,926	142,926	-	142,926	142,926	142,926	142,926	-	142,926	142,926	-	-	-	-	-	-	-	-	-	-	7
	TRA ADJUSTMENTS																									
8	(560)	(442)	(560)	(560)	(118)	(560)	(560)	-	(560)	(442)	(3,375)	(1,968)	(1,526)	(6,209)	(4,792)	(2,824)	-	-	(2,815)	(1,407)	(1,407)	(5,648)	(4,232)	(2,824)	8	
9	11,093	10,925	7,350	9,222	(1,703)	7,350	7,350	(1,871)	11,093	10,925	9,222	10,157	(767)	7,350	8,286	(1,871)	-	-	1,871	936	936	-	936	0	9	
10	94,959	95,369	94,959	94,959	(410)	94,959	94,959	-	94,959	95,369	93,490	94,225	(1,144)	91,828	92,659	(1,565)	-	-	(1,469)	(734)	(734)	(3,131)	(2,300)	(1,565)	10	
11	105,492	105,851	101,749	103,620	(2,231)	101,749	101,749	(1,871)	105,492	105,851	99,337	102,414	(3,437)	92,970	96,153	(6,261)	-	-	(2,412)	(1,206)	(1,206)	(8,779)	(5,596)	(4,390)	11	
12	26,414	26,414	26,414	26,414	-	26,414	26,414	-	26,414	26,414	26,414	26,414	-	26,414	26,414	-	-	-	-	-	-	-	-	-	-	12
	DEFERRED TAXES																									
13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13
14	973,214	948,631	943,819	958,517	9,886	912,561	928,190	(30,327)	973,214	948,631	943,252	958,233	9,602	911,262	927,257	(30,976)	-	-	(567)	(284)	(284)	(1,299)	(933)	(649)	14	
15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15
16	15,510	15,881	15,510	15,510	(371)	15,510	15,510	-	15,510	15,881	15,510	15,510	(371)	15,510	15,510	-	-	-	-	-	-	-	-	-	-	16
17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17
18	988,724	964,512	959,329	974,027	9,515	928,071	943,700	(30,327)	988,724	964,512	958,762	973,743	9,231	926,772	942,767	(30,976)	-	-	(567)	(284)	(284)	(1,299)	(933)	(649)	18	
	DEPRECIATION RESERVE																									
19	5,560,207	5,560,207	5,862,724	5,862,724	302,518	6,189,519	6,189,519	326,794	5,560,207	5,560,207	5,862,724	5,862,724	302,518	6,189,519	6,189,519	326,794	-	-	-	-	-	-	-	-	-	19
20	480,014	240,007	518,535	259,267	19,260	555,296	277,648	18,381	480,014	240,007	518,535	259,267	19,260	555,296	277,648	18,381	-	-	-	-	-	-	-	-	-	20
21	(177,496)	(85,829)	(191,740)	(95,870)	(10,041)	(205,333)	(102,667)	(6,797)	(177,496)	(85,829)	(191,740)	(95,870)	(10,041)	(205,333)	(102,667)	(6,797)	-	-	-	-	-	-	-	-	-	21
22	5,862,724	5,714,384	6,189,519	6,026,121	311,737	6,539,481	6,364,500	338,378	5,862,724	5,714,384	6,189,519	6,026,121	311,737	6,539,481	6,364,500	338,378	-	-	-	-	-	-	-	-	-	22
23	5,509,200	5,176,567	6,108,083	5,786,633	610,066	6,670,223	6,367,613	580,981	5,509,200	5,176,567	6,106,239	5,785,710	609,143	6,662,743	6,362,951	577,240	-	-	(1,845)	(922)	(922)	(7,480)	(4,663)	(3,740)	23	

Note 1: Decision 17-05-013 amounts include updates reflecting 2017 and 2018 Uncollectible factor and the 2018 Cost of Capital as approved by Decision 17-07-005.

A
 Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - As Filed
 Results of Operations at Proposed Rates
Electric Generation
 (Thousands of Dollars)

B
 Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - Decision
 Results of Operations at Proposed Rates
Electric Generation
 (Thousands of Dollars)

B-A
 Pacific Gas and Electric Company
2017 PG&E GRC (Difference)
 Results of Operations at Proposed Rates
Electric Generation
 (Thousands of Dollars)

Line No.	Description	Test Year 2017 (A)	Attrition Year 2018		Attrition Year 2019		Line No.
			Increase	Total	Increase	Total	
			(B)	(C)	(D)	(E)	
REVENUE:							
1	Revenue Collected in Rates	2,112,954	(36,802)	2,076,153	68,528	2,144,681	1
2	Plus Other Operating Revenue	6,025	-	6,025	-	6,025	2
3	Total Operating Revenue	2,118,979	(36,802)	2,082,178	68,528	2,150,706	3
OPERATING EXPENSES:							
4	Energy Costs	-	-	-	-	-	4
5	Production / Procurement	644,140	49,965	694,105	35,690	729,795	5
6	Storage	-	-	-	-	-	6
7	Transmission	6,050	438	6,489	301	6,790	7
8	Distribution	-	-	-	-	-	8
9	Customer Accounts	2,403	187	2,590	131	2,721	9
10	Uncollectibles	7,163	(53)	7,109	234	7,343	10
11	Customer Services	-	-	-	-	-	11
12	Administrative and General	271,819	6,177	277,996	6,179	284,175	12
13	Franchise & SFGR Tax Requirement	16,552	(288)	16,264	535	16,799	13
14	Amortization	176	-	176	-	176	14
15	Wage Change Impacts	-	-	-	-	-	15
16	Other Price Change Impacts	-	-	-	-	-	16
17	Other Adjustments	(20,000)	-	(20,000)	-	(20,000)	17
18	Subtotal Expenses:	928,302	56,426	984,728	43,070	1,027,799	18
TAXES:							
19	Superfund	-	-	-	-	-	19
20	Property	56,197	1,555	57,752	1,524	59,276	20
21	Payroll	32,612	783	33,395	801	34,197	21
22	Business	308	-	308	-	308	22
23	Other	733	-	733	-	733	23
24	State Corporation Franchise	24,381	(7,948)	16,434	835	17,269	24
25	Federal Income	93,796	(88,555)	5,241	(921)	4,320	25
26	Total Taxes	208,028	(94,165)	113,863	2,240	116,103	26
27	Depreciation	550,402	16,243	566,645	15,466	582,112	27
28	Fossil/Hydro Decommissioning	3,094	-	3,094	-	3,094	28
29	Nuclear Decommissioning	-	-	-	-	-	29
30	Total Operating Expenses	1,689,827	(21,496)	1,668,331	60,777	1,729,108	30
31	Net for Return	429,153	(15,306)	413,847	7,752	421,598	31
32	Rate Base	5,324,477	58,016	5,382,492	100,824	5,483,316	32

Note 1: Decision 17-05-013 amounts include updates reflecting 2017 and 2018 Uncollectible factor and the 2018 Cost of Capital as approved by Decision 17-07-005.

A
Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - As Filed
Income Taxes at Proposed Rates
Electric Generation
(Thousands of Dollars)

B
Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - Decision
Income Taxes at Proposed Rates
Electric Generation
(Thousands of Dollars)

B-A
Pacific Gas and Electric Company
2017 PG&E GRC (Difference)
Income Taxes at Proposed Rates
Electric Generation
(Thousands of Dollars)

Line No.	Description	Test Year	Attrition Year 2018		Attrition Year 2019		Test Year	Attrition Year 2018		Attrition Year 2019		Test Year	Attrition Year 2018		Attrition Year 2019		Line No.
		2017	Increase	Total	Increase	Total		2017	Increase	Total	Increase		Total	2017	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	
1	Revenues	2,118,979	(36,802)	2,082,178	68,528	2,150,706	2,118,979	(26,327)	2,092,652	72,937	2,165,589	-	10,474	10,474	4,409	14,883	1
2	O&M Expenses	928,302	56,426	984,728	43,070	1,027,799	928,302	56,544	984,846	43,120	1,027,966	-	118	118	49	167	2
3	Nuclear Decommissioning Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
4	Superfund Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
5	Taxes Other Than Income	89,850	2,338	92,188	2,326	94,514	89,850	2,338	92,188	2,326	94,514	-	-	-	-	-	5
6	Subtotal	1,100,827	(95,566)	1,005,261	23,132	1,028,393	1,100,827	(85,209)	1,015,618	27,491	1,043,109	-	10,357	10,357	4,359	14,716	6
DEDUCTIONS FROM TAXABLE INCOME:																	
7	Interest Charge Adjustment	137,904	(14,107)	123,797	2,319	126,116	137,904	(14,193)	123,711	2,102	125,813	-	(86)	(86)	(217)	(304)	7
8	Fiscal/Calendar Property Tax Adjustment	1,113	-	1,113	-	1,113	1,113	-	1,113	-	1,113	-	-	-	-	-	8
9	Operating Expense Adjustments	12,800	-	12,800	-	12,800	12,800	-	12,800	-	12,800	-	-	-	-	-	9
10	Repair Deduction	67,144	(4,415)	62,729	(1,241)	61,488	67,144	(4,415)	62,729	(1,241)	61,488	-	-	-	-	-	10
11	Removal Cost Adjustment	17,911	-	17,911	-	17,911	17,911	-	17,911	-	17,911	-	-	-	-	-	11
12	Vacation Pay Adjustment	(858)	-	(858)	-	(858)	(858)	-	(858)	-	(858)	-	-	-	-	-	12
13	Capitalized Software Adjustment	32,205	-	32,205	-	32,205	32,205	-	32,205	-	32,205	-	-	-	-	-	13
14	Subtotal Deductions	268,219	(18,522)	249,697	1,078	250,775	268,219	(18,608)	249,611	860	250,471	-	(86)	(86)	(217)	(304)	14
CCFT TAXES:																	
15	CCFT Capitalized Interest Adjustment	5,384	-	5,384	-	5,384	5,384	-	5,384	-	5,384	-	-	-	-	-	15
16	CCFT Tax Depreciation - Declining Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
17	CCFT Tax Depreciation - Fixed Assets	464,757	12,862	477,619	12,607	490,226	464,757	12,862	477,619	12,607	490,226	-	-	-	-	-	17
18	CCFT Tax Depreciation - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18
19	Capitalized Overhead - Cost For Gas Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
20	Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20
21	Subtotal Deductions	738,360	(5,660)	732,700	13,685	746,384	738,360	(5,746)	732,614	13,467	746,081	-	(86)	(86)	(217)	(304)	21
22	Taxable Income for CCFT	362,467	(89,905)	272,561	9,448	282,009	362,467	(79,463)	283,004	14,024	297,028	-	10,443	10,443	4,577	15,019	22
23	CCFT	32,042	(7,948)	24,094	835	24,930	32,042	(7,024)	25,018	1,240	26,257	-	923	923	405	1,328	23
24	State Tax Credit	(2,550)	-	(2,550)	-	(2,550)	(2,550)	-	(2,550)	-	(2,550)	-	-	-	-	-	24
25	Current CCFT	29,492	(7,948)	21,544	835	22,380	29,492	(7,024)	22,468	1,240	23,707	-	923	923	405	1,328	25
26	Deferred Taxes - Reg Asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26
27	Deferred Taxes - Interest	476	-	476	-	476	476	-	476	-	476	-	-	-	-	-	27
28	Deferred Taxes - Vacation	(76)	-	(76)	-	(76)	(76)	-	(76)	-	(76)	-	-	-	-	-	28
29	Deferred Taxes - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29
30	Deferred Taxes - Fixed Assets	(5,511)	-	(5,511)	-	(5,511)	(5,511)	-	(5,511)	-	(5,511)	-	-	-	-	-	30
31	Total CCFT	24,381	(7,948)	16,434	835	17,269	24,381	(7,024)	17,357	1,240	18,597	-	923	923	405	1,328	31
FEDERAL TAXES:																	
32	CCFT - Prior Year Adjustment	26,372	3,120	29,492	(7,948)	21,544	26,372	3,120	29,492	(7,024)	22,468	-	-	-	923	923	32
33	FIT Capitalized Interest Adjustment	(1,166)	-	(1,166)	-	(1,166)	(1,166)	-	(1,166)	-	(1,166)	-	-	-	-	-	33
34	FIT Tax Depreciation - Declining Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34
35	FIT Tax Depreciation - SLRL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35
36	FIT Tax Depreciation - Fixed Assets	405,291	(120,604)	284,687	7,514	292,201	405,291	(120,604)	284,687	7,514	292,201	-	-	-	-	-	36
37	FIT Tax Depreciation - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37
38	Capitalized Overhead - Cost For Gas Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38
39	Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39
40	FIT Preferred Dividend Adjustment	2,372	-	2,372	-	2,372	2,372	-	2,372	-	2,372	-	-	-	-	-	40
41	Subtotal Deductions	701,089	(136,006)	565,082	644	565,727	701,089	(136,093)	564,996	1,350	566,346	-	(86)	(86)	706	620	41
42	Taxable Income for FIT	399,738	40,441	440,179	22,488	462,667	399,738	50,884	450,622	26,141	476,763	-	10,443	10,443	3,653	14,096	42
43	Federal Income Tax	139,908	8,493	92,438	4,722	97,160	139,908	10,686	94,631	5,490	100,120	-	2,193	2,193	767	2,960	43
44	Federal Tax Credit	(2,647)	-	(2,647)	-	(2,647)	(2,647)	-	(2,647)	-	(2,647)	-	-	-	-	-	44
45	Tax Effect of MTD & Prod Tax Credits	(11,599)	11,599	-	-	-	(11,599)	11,599	-	-	-	-	-	-	-	-	45
46	Deferred Taxes - Interest	(408)	163	(245)	-	(245)	(408)	163	(245)	-	(245)	-	-	-	-	-	46
47	Deferred Taxes - Vacation	(300)	120	(180)	-	(180)	(300)	120	(180)	-	(180)	-	-	-	-	-	47
48	ARAM	-	(26,616)	(26,616)	(5,114)	(31,731)	-	(21,001)	(21,001)	(1,200)	(22,201)	-	5,615	5,615	3,914	9,529	48
49	Deferred Taxes - Fixed Assets	(31,159)	(26,350)	(57,509)	(529)	(58,038)	(31,159)	(24,437)	(55,595)	(529)	(56,124)	-	1,914	1,914	(0)	1,914	49
50	Total Federal Income Tax	93,796	(32,592)	5,241	(921)	4,320	93,796	(22,870)	14,963	3,761	18,723	-	9,722	9,722	4,682	14,403	50

Note 1: Decision 17-05-013 amounts include updates reflecting 2017 and 2018 Uncollectible factor and the 2018 Cost of Capital as approved by Decision 17-07-005.

A

Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - As Filed
Electric Generation
Rate Base - Attrition
(Thousands of Dollars)

B

Pacific Gas and Electric Company
2017 PG&E GRC Decision 17-05-013 with Tax Act (Note 1) - Decision
Electric Generation
Rate Base - Attrition
(Thousands of Dollars)

B-A

Pacific Gas and Electric Company
2017 PG&E GRC (Difference)
Electric Generation
Rate Base - Attrition
(Thousands of Dollars)

Line No.	2017			2018			2019			Line No.
	End Of Year	WAVG Year	WAVG Increase	End Of Year	WAVG Year	WAVG Increase	End Of Year	WAVG Year	WAVG Increase	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		
PLANT IN SERVICE										
1	15,436,713	15,436,713	15,907,929	15,907,929	471,217	16,348,161	16,348,161	440,231		1
2	471,217	191,315	440,231	178,734	(12,580)	431,519	175,197	(3,537)		2
3	15,907,929	15,628,027	16,348,161	16,086,664	458,637	16,779,680	16,523,358	436,694		3
WORKING CAPITAL										
4	-	-	-	-	-	-	-	-		4
5	130,334	130,334	130,334	130,334	-	130,334	130,334	-		5
6	192,340	192,340	192,340	192,340	-	192,340	192,340	-		6
7	322,673	322,673	322,673	322,673	-	322,673	322,673	-		7
TRA ADJUSTMENTS										
8	28,388	28,354	28,388	28,388	34	28,388	28,388	-		8
9	11,516	11,341	7,627	9,571	(1,770)	7,627	7,627	(1,944)		9
10	400	395	400	400	4	400	400	-		10
11	40,304	40,091	36,415	38,360	(1,731)	36,415	36,415	(1,944)		11
CUSTOMER ADVANCES										
12	-	-	-	-	-	-	-	-		12
DEFERRED TAXES										
13	(14,906)	(15,478)	(14,906)	(14,906)	572	(14,906)	(14,906)	-		13
14	1,159,672	1,124,041	1,067,254	1,113,463	(10,578)	973,260	1,020,257	(93,206)		14
15	-	-	-	-	-	-	-	-		15
16	189,428	193,208	189,428	189,428	(3,781)	189,428	189,428	-		16
17	-	-	-	-	-	-	-	-		17
18	1,334,194	1,301,771	1,241,776	1,287,985	(13,786)	1,147,782	1,194,779	(93,206)		18
DEPRECIATION RESERVE										
19	9,157,116	9,157,116	9,566,513	9,566,513	409,398	9,987,926	9,987,926	421,412		19
20	553,496	276,748	569,740	284,870	8,122	585,206	292,603	7,733		20
21	(144,099)	(69,321)	(148,328)	(74,164)	(4,843)	(152,354)	(76,177)	(2,013)		21
22	9,566,513	9,364,543	9,987,926	9,777,220	412,676	10,420,778	10,204,352	427,132		22
23	5,370,199	5,324,477	5,477,548	5,382,492	58,016	5,570,209	5,483,316	100,824		23

Results of the RO models for GT&S

APPENDIX 1: TABLE 1

Pacific Gas and Electric Company

2015 Gas Transmission and Storage Rate Case (2015 GT&S)

Results of Operations Summary at Proposed Rates - Attrition Year 2018

Total Gas Transmission Base Revenue Requirement Request - incl. PSEP Recorded

(Thousands of Dollars)

Line No.	Description	D.16-12-010 (Note 1) revised for The Tax Act (As Filed) (A)	D.16-12-010 (Note 1) revised for The Tax Act (Decision) (B)	Difference (C)=(B)-(A)	Line No.
REVENUE:					
1	Base Revenue Requirements	1,212,966	1,209,545	(3,421)	1
2	Plus Other Operating Revenue	2,871	2,871	0	2
3	Total Operating Revenue	<u>1,215,838</u>	<u>1,212,417</u>	<u>(3,421)</u>	3
OPERATING EXPENSES:					
4	Energy Costs	0	0	0	4
5	Production / Procurement	2,027	2,027	0	5
6	Storage	17,880	17,880	0	6
7	Transmission	518,544	518,544	0	7
8	Distribution	372	372	0	8
9	Customer Accounts	3,775	3,775	0	9
10	Uncollectibles	4,072	4,061	(11)	10
11	Customer Services	6,455	6,455	0	11
12	Administrative and General	101,188	101,188	0	12
13	Franchise Requirements	11,658	11,625	(33)	13
14	Amortization	0	0	0	14
15	Wage Change Impacts	0	0	0	15
16	Other Price Change Impacts	0	0	0	16
17	Other Adjustments	(79,976)	(81,006)	(1,030)	17
18	Subtotal Expenses:	<u>585,995</u>	<u>584,920</u>	<u>(1,075)</u>	18
TAXES:					
19	Superfund	0	0	0	19
20	Property	42,647	42,647	0	20
21	Payroll	12,389	12,389	0	21
22	Business	67	67	0	22
23	Other	162	162	0	23
24	State Corporation Franchise	6,366	6,156	(210)	24
25	Federal Income	48,789	46,553	(2,236)	25
26	Total Taxes	<u>110,421</u>	<u>107,974</u>	<u>(2,446)</u>	26
27	Depreciation	192,303	192,303	0	27
28	Fossil Decommissioning	0	0	0	28
29	Nuclear Decommissioning	0	0	0	29
30	Total Operating Expenses	<u>888,719</u>	<u>885,198</u>	<u>(3,521)</u>	30
31	Net for Return	327,119	327,219	100	31
32	Rate Base (Note 2)	4,253,822	4,255,121	1,299	32

(1) Decision 16-12-010 amounts include updates reflecting the 2018 Uncollectible factor and the 2018 Cost of Capital as approved by Decision 17-07-005.

(2) The rate base amount does not reflect the penalty adjustment. See Appendix 1: Table 3 for penalty adjusted rate base.

APPENDIX 1: TABLE 2
Pacific Gas and Electric Company
2015 Gas Transmission and Storage Rate Case (2015 GT&S)
Income Taxes at Proposed Rates - Attrition Year 2018
Total Gas Transmission Base Revenue Requirement Request - incl. PSEP Recorded
(Thousands of Dollars)

Line No.	Description	D.16-12-010 (Note 1) revised for The Tax Act (As Filed) (B)	D.16-12-010 (Note 1) revised for The Tax Act (Decision) (C)	Difference (D)=(C)-(B)	Line No.
1	Revenues	1,215,838	1,212,417	(3,421)	1
2	O&M Expenses	585,995	584,920	(1,075)	2
3	Nuclear Decommissioning Expense	0	0	0	3
4	Superfund Tax	0	0	0	4
5	Taxes Other Than Income	55,265	55,265	0	5
6	Subtotal	<u>574,578</u>	<u>572,231</u>	(2,346)	6
DEDUCTIONS FROM TAXABLE INCOME:					
7	Interest Charges	97,828	97,858	30	7
8	Fiscal/Calendar Adjustment	170	170	0	8
9	Operating Expense Adjustments	(5,205)	(5,205)	0	9
10	Capitalized Interest Adjustment	0	0	0	10
11	Removal Costs	35,232	35,232	0	11
12	Vacation Accrual Reduction	(773)	(773)	0	12
13	Capitalized Other	9,426	9,426	0	13
14	Subtotal Deductions	<u>136,679</u>	<u>136,709</u>	30	14
CCFT TAXES:					
15	State Operating Expense Adjustment	1,094	1,094	0	15
16	State Tax Depreciation - Declining Balance	0	0	0	16
17	State Tax Depreciation - Fixed Assets	308,141	308,141	0	17
18	State Tax Depreciation - Other	0	0	0	18
19	Capitalized Other	398	398	0	19
20	Repair Allowance	38,222	38,222	0	20
21	Subtotal Deductions	<u>484,533</u>	<u>484,563</u>	30	21
22	Taxable Income for CCFT	90,044	87,668	(2,376)	22
23	CCFT	7,960	7,750	(210)	23
24	State Tax Adjustment	0	0	0	24
25	Current CCFT	<u>7,960</u>	<u>7,750</u>	(210)	25
26	Deferred Taxes - Reg Asset	0	0	0	26
27	Deferred Taxes - Interest	97	97	0	27
28	Deferred Taxes - Vacation	(68)	(68)	0	28
29	Deferred Taxes - Other	0	0	0	29
30	Deferred Taxes - Fixed Assets	(1,622)	(1,622)	0	30
31	Total CCFT	<u>6,366</u>	<u>6,156</u>	(210)	31
FEDERAL TAXES:					
32	CCFT - Prior Year	9,594	9,594	0	32
33	Federal Operating Expense Adjustment	346	346	0	33
34	Fed. Tax Depreciation - Declining Balance	0	0	0	34
35	Federal Tax Depreciation - SLRL	0	0	0	35
36	Federal Tax Depreciation - Fixed Assets	279,813	279,813	0	36
37	Federal Tax Depreciation - Other	0	0	0	37
38	Capitalized Other	398	398	0	38
39	Repair Allowance	38,222	38,222	0	39
40	Preferred Dividend Credit	50	50	0	40
41	Subtotal Deductions	<u>465,102</u>	<u>465,132</u>	30	41
42	Taxable Income for FIT	109,475	107,099	(2,376)	42
43	Federal Income Tax	22,990	22,491	(499)	43
44	Deferred Taxes - Reg Asset	0	0	0	44
45	ARAM	(3,274)	(5,012)	(1,737)	45
46	Deferred Taxes - Interest	73	73	0	46
47	Deferred Taxes - Vacation	(162)	(162)	0	47
48	Deferred Taxes - Other	0	0	0	48
49	Deferred Taxes - Fixed Assets	29,181	29,181	0	49
50	Total Federal Income Tax	<u>48,807</u>	<u>46,570</u>	(2,236)	50

(1) Decision 16-12-010 amounts include updates reflecting the 2018 Uncollectible factor and the 2018 Cost of Capital as approved by Decision 17-07-005.

APPENDIX 1: TABLE 3

Pacific Gas and Electric Company
2015 Gas Transmission and Storage Rate Case (2015 GT&S)
Ratebase - Attrition Year 2018

Total Gas Transmission Base Revenue Requirement Request - incl. PSEP Recorded
(Thousands of Dollars)

Line No.	Description	D.16-12-010 (Note 1) revised for The Tax Act (As Filed)		D.16-12-010 (Note 1) revised for The Tax Act (Decision)		Difference		Line No.
		Full Year	WAVG Year	Full Year	WAVG Year	Full Year	WAVG Year	
		(A)	(B)	(C)	(D)	(E)=(C)-(A)	(F)=(D)-(B)	
PLANT IN SERVICE								
1	Beginning of Year	6,940,667	6,940,667	6,940,667	6,940,667	-	-	1
2	Net Additions	670,160	209,353	670,160	209,353	-	-	2
3	Total Plant	7,610,827	7,150,020	7,610,827	7,150,020	-	-	3
WORKING CAPITAL								
4	Material & Supplies - Fuel	-	-	-	-	-	-	4
5	Material & Supplies	29,846	29,846	29,846	29,846	-	-	5
6	Working Cash	36,265	36,265	36,265	36,265	-	-	6
7	Total Working Capital	66,110	66,110	66,110	66,110	-	-	7
TRA ADJUSTMENTS								
8	Capitalized Interest	4,694	4,694	3,810	4,252	(884)	(442)	8
9	Deferred Vacation	10,267	11,019	10,267	11,019	-	-	9
10	CIAC Deferral	216	216	216	216	-	-	10
11	Total Adjustments	15,177	15,928	14,293	15,486	(884)	(442)	11
12	CUSTOMER ADVANCES	18,770	18,770	18,770	18,770	-	-	12
DEFERRED TAXES								
13	Accum Def Taxes - Reg Asset	-	-	-	-	-	-	13
14	Accum Def Taxes - Fixed Assets	921,729	910,592	918,247	908,851	(3,482)	(1,741)	14
15	Accum Def Taxes - Other	-	-	-	-	-	-	15
16	Accum Def ITC	5,902	5,902	5,902	5,902	-	-	16
17	Deferred Taxes-Other	-	-	-	-	-	-	17
18	Total Deferred Taxes	927,631	916,494	924,149	914,752	(3,482)	(1,741)	18
DEPRECIATION RESERVE								
19	Beginning of Year	1,952,489	1,952,489	1,952,489	1,952,489	-	-	19
20	Depreciation Expense	174,947	87,473	174,947	87,473	-	-	20
21	Net Salvage/Retirements	(76,221)	3,010	(76,221)	3,010	-	-	21
22	Total Depreciation Reserve	2,051,215	2,042,972	2,051,215	2,042,972	-	-	22
23	RATE BASE	4,694,498	4,253,822	4,697,097	4,255,121	2,598	1,299	23
24	D. 16-12-010 Penalty Adjustment		(658,220)		(598,354)		59,866	24
25	Penalty Adjusted Rate Base		3,595,602		3,656,768		61,166	25

(1) Decision 16-12-010 amounts include updates reflecting the 2018 Uncollectible factor and the 2018 Cost of Capital as approved by Decision 17-07-005.

APPENDIX 1: TABLE 4
2015 GT&S - PG&E
Revenue Requirement Impact of Rate Base Adjustment in 2015 and 2016
Appendix G revised to include the PLR and Tax Act
(Thousands of Dollars)

		Total	2015	2016		
		688,502	379,325	309,177		
2016 Total Company Rate Base Adj - EOY						
Line No.		2015	2016	2017	2018	
	Revenue Requirement Calculations:	(A)	(B)	(C)	(D)	
1	Revenue Requirement [L9 + L10]	6,102	(44,555)	(88,808)	(76,059)	
2	Uncollectibles [L1 x Uncollectible Rate]	20	(145)	(288)	(261)	
3	Franchise Fees [L1 x Franchise Fee Rate]	57	(419)	(834)	(746)	
4	Subtotal [L2 + L3]	77	(563)	(1,122)	(1,006)	
5	Property Tax [(Prior Yr Net Plant x Property Tax % / 2) + (Current Yr Net Plant x Property Tax % / 2)]	0	(2,079)	(5,702)	(7,045)	
6	Income Taxes [L21]	15,167	310	(20,016)	(10,124)	
7	Depreciation [Depreciable Plant x 1/58 (WAVG Life)]	(1,706)	(7,931)	(11,871)	(11,871)	
8	Subtotal [L5 + L6 + L7]	13,460	(9,700)	(37,589)	(29,040)	
9	Operating Expenses [L4 + L8]	13,537	(10,263)	(38,711)	(30,046)	
10	Net for Return [L11 x L12]	(7,435)	(34,292)	(50,097)	(46,013)	
11	Wt Avg (WAVG) Rate Base [L13C]	(92,250)	(425,453)	(621,553)	(598,354)	
12	Rate of Return % [PG&E's Authorized Cost of Capital]	8.06%	8.06%	8.06%	7.69%	
Income Tax Calculations:						
13A	WAVG Rate Base [2015 & 2016 Rate Base Adjustment amortized down over 58 years]	(98,970)	(453,452)	(670,091)	(658,220)	
13B	Average Deferred Tax Adjustment [Schedule A: L31]	6,720	27,999	48,538	59,866	
13C	Adjusted WAVG RB [L13A + L13B]	(92,250)	(425,453)	(621,553)	(598,354)	
14	WAVG Preferred & Equity [PG&E's Authorized Cost of Capital - equity portion]	5.46%	5.46%	5.46%	5.39%	
15	Equity Earnings [L13C x L14]	(5,041)	(23,247)	(33,962)	(32,251)	
16	Property Tax Deduction [L5]	0	(2,079)	(5,702)	(7,045)	
17	Tax Repair Deduction [Years 2015 & 2016 Rate Base Adjustment x Auth. Tax Repair Deduction %]	(27,096)	(21,618)	848	848	
18	Subtotal Deductions [L16 + L17]	(27,096)	(23,697)	(4,854)	(6,197)	
19	Taxable Income [L15 - L18]	22,056	450	(29,108)	(26,054)	
20	Combined Tax Rate (Incl. NTG) [Tab FactorsAndRates: L11]	68.765%	68.765%	68.765%	38.857%	
21	Income Tax [L19 x L20]	15,167	310	(20,016)	(10,124)	
Schedule A - Deferred Tax Calculations:						
		2015	2016	2017	2018	
		(A)	(B)	(C)	(D)	
22	Tax Depreciation - 2015 & 2016 [L34 x Vintage Tax Depreciation %]	58,148	76,233	49,460	44,514	
23	Cummulative Tax Depreciation [Prior Year L23 + L22]	58,148	134,381	183,841	228,355	
24	WAVG Depreciable Plant In Service	98,970	459,992	688,502	688,502	
25	Book depreciation at 1/58 [L7]	1,706	7,931	11,871	11,871	
26	Less: Flow Back Book Depreciation [L33 x 1/58 (WAVG Life)]	(148)	(686)	(1,026)	(1,026)	
27	Adjusted Book Depreciation [L25 + L26]	1,559	7,245	10,844	10,844	
28	Cummulative Book Depreciation [Prior Year L28 + L27]	1,559	8,804	19,649	30,493	
29	Deferred Tax Expense [(L22 - L27) x Tab FactorsAndRates: L6]	19,806	24,146	13,515	7,071	
30	Cummulative Deferred Tax Balance [Prior Yr L30 + Current Yr L29]	19,806	43,952	57,467	64,538	
31	Averaged Cummulative Deferred Tax Balance [Prior Yr L30 + (Current Yr L29 x Tab FactorsAndRates: L4)]	6,720	27,999	48,538	59,866	
Schedule B - Tax Basis Calculations:						
		Total	2015	2016		
32	Depreciable Plant In Service [2016 Total Company Rate Base Adj - EOY]	688,502	379,325	309,177		
33	Less: Tax Basis Adjustments (Repairs & AFUDC Equity) [L17 + (L32 x AFUDC Equity %)]	59,521	32,793	26,729		
34	Adjusted Tax Basis [L32 - L33]	628,980	346,532	282,449		

**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		

Advice 4579-G/6513-E
February 24, 2022

Attachment 4

Advice 4367-G / 6062-E for 2020 GRC

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



Pacific Gas & Electric Company
ELC (Corp ID 39)
Status of Advice Letter 4367G/6062E
As of April 5, 2021

Subject: Return to Ratepayers of Excess Accumulated Deferred Income Taxes Pursuant to the 2017 Tax Act

Division Assigned: Energy

Date Filed: 01-19-2021

Date to Calendar: 01-22-2021

Authorizing Documents: D2012005

Authorizing Documents: D1908023

Disposition:	Accepted
Effective Date:	02-18-2021

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

January 19, 2021

Advice 4367-G/6062-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Return to Ratepayers of Excess Accumulated Deferred Income Taxes
Pursuant to the 2017 Tax Act**

Purpose

Pacific Gas and Electric Company (PG&E or the Company) submits this Tier 2 Advice Letter, in accordance with ordering paragraph 12 of the 2020 General Rate Case (GRC) Phase 1 Decision (D.) 20-12-005, to implement the return to ratepayers of the excess Accumulated Deferred Income Taxes that was created by the passage of the 2017 Tax Act consistent with Decision 19-08-023, Ordering Paragraphs 6, 7, and 8 using the Average Rate Assumption Method.¹

Background

The Tax Cut and Jobs Act of 2017 (2017 Tax Act) was signed into law on December 22, 2017. On March 31, 2018, PG&E filed a Petition for Modification of D.17-05-013 in PG&E's 2017 General Rate Case (GRC) to revise the adopted revenue requirements to reflect the effects of the 2017 Tax Act. On August 15, 2019, the Commission issued D.19-08-023 granting PG&E's Petition for Modification. In Ordering Paragraph 3 of D.19-08-023, the Commission required changes in PG&E's computation of certain deferred tax elements. Ordering Paragraph 5 of the decision also required PG&E to file a compliance Advice Letter with updated revenue requirement reductions and rate amortization periods. On October 17, 2019, the Commission approved PG&E's compliance Advice Letter 4142-G/5636-E, which incorporated the proposed gas and electric revenue requirement reductions and rate amortization periods to reflect the effects 2017 Tax Act.

In D.20-12-005, the Commission directed PG&E to file an advice letter within 45 days of the effective date of that decision, or December 11, 2020, to reflect the return of excess ADIT created by the passage of the 2017 Tax Act, consistent with the methodology the

¹ Decision 19-08-023, Ordering Paragraphs 6, 7, and 8 address PG&E's normalization concerns.

Commission required in D.19-08-023, using the Average Rate Assumption Method. The excess ADIT balance was created when the 2017 Tax Act reduced PG&E's federal corporate income tax rate from 35 percent to 21 percent. As a result, a portion of existing ADIT (excess ADIT) is no longer needed to pay for future taxes. The return of excess ADIT to ratepayers using PG&E's methodology was included in the adopted revenue requirement calculations in D.20-12-005. This advice letter adjusts the return to implement Ordering Paragraph 12 of D.20-12-005.

Revised Revenue Requirements

PG&E has revised its computation of the effects of the 2017 Tax Act on the revenue requirements adopted in the 2020 GRC, in conformance with the Ordering Paragraph 12 of D.20-12-005. The results of the revised computation are shown in the table below.

Pacific Gas and Electric Company
Revised 2020 GRC Revenue Requirement Increase/(Decrease)
(\$ in '000s)

Gas Revenue Requirements

	Year / Case	Distribution		Total
1	2020 GRC	\$2,836		\$2,836
2	2021 GRC	\$2,507		\$2,507
3	2022 GRC	\$2,221		\$2,221
4	Total	\$7,563		\$7,563

Electric Revenue Requirements

	Year / Case	Distribution	Generation	Total
5	2020 GRC	(\$24,975)	(\$2,818)	(\$27,793)
6	2021 GRC	(\$25,635)	(\$3,039)	(\$28,674)
7	2022 GRC	(\$26,913)	(\$3,201)	(\$30,114)
8	Total	(\$77,523)	(\$9,059)	(\$86,581)

Attachment 1, of this Advice Letter, are the outputs from the RO models showing the incremental revenue requirement reductions for 2020, 2021 and 2022.

Amortization of Revised Revenue Requirements in Rates

As required in Ordering Paragraph 12.a of D.20-12-005, PG&E includes a proposed amortization period for the incremental revenue requirement reductions outlined in the tables above. Considering the timing and effects of other pending and anticipated rate changes, PG&E proposes the following approach for amortizing the effects of the 2017 Tax Act in rates:

Gas Rates: PG&E proposes to phase in the revenue requirement increase over two rate changes. PG&E will implement the increase of \$5.3 million, which is the sum of the revenue requirement amounts related to the 2020 and 2021 GRC years, in gas rates with the next practicable rate change in 2021, but no earlier than April 1, 2021. PG&E will amortize the 2020 and 2021 revenue requirements in rates for the number of months remaining in 2021 (i.e., if implemented on April 1, 2021 the amortization will be over 9 months, if implemented on May 1, 2021 the amortization will be over 8 months, and so on). PG&E will include the \$2.2 million, which is the revenue requirement related to the 2022 GRC year, in gas rates amortized for 12 months in PG&E's 2022 Annual Gas True-up submittal, which is expected to be effective on January 1, 2022. The increases will be recorded in the Distribution subaccount of the Core Fixed Cost Account (CFCA) and the Distribution subaccount Noncore Customer Class Charge Account (NCA).

Electric Rates: For the generation function, the total reduction of \$9.1 million will be amortized in rates over 12 months beginning January 1, 2022. PG&E will include this reduction in its 2022 Energy Resource Recovery Account (ERRA) Forecast Proceeding, which will be implemented through the Annual Electric True-up (AET). The reduction will be recorded in the Portfolio Allocation Balancing Account (PABA).

For the distribution function, PG&E proposes to phase in the revenue requirement reductions over two rate changes. PG&E expects to implement the reduction of \$50.6 million, which is the sum of the revenue requirement amounts related to the 2020 and 2021 GRC years, in electric rates with the next practicable rate change in 2021, but no earlier than April 1, 2021. PG&E will time the implementation and the amortization of the 2020 and 2021 amounts in a manner that smooths future rate changes for customers. PG&E will confer with the Energy Division on these rate adjustments. PG&E will include the reduction of \$26.9 million, which is the revenue requirement related to the 2022 GRC year, in electric rates amortized for 12 months in PG&E's 2022 AET submittal, which is expected to be effective on January 1, 2022. The reductions for the distribution function will be recorded in the Distribution Revenue Adjustment Mechanism (DRAM).

This submittal would 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 8, 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, 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

Pursuant to General Order (GO) 96-B, Rule 5.2, **and OP 12 of D.20-12-005**, this advice letter is submitted with a Tier 2 designation. PG&E requests that this **Tier 2** advice submittal become effective on regular notice, **February 18, 2021** 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 on the service list for A.18-12-009**. 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.18-12-009



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 U 39 M)

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) #: 4367-G/6062-E

Tier Designation: 2

Subject of AL: Return to Ratepayers of Excess Accumulated Deferred Income Taxes Pursuant to the 2017 Tax Act

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. 20-12-005 and 19-08-023

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:

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: 2/18/21

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 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

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted)
 Results of Operations at Proposed Rates
Electric And Gas Departments
 (Thousands of Dollars)

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted) with D.19-08-023 Excess ADIT
 Results of Operations at Proposed Rates
Electric And Gas Departments
 (Thousands of Dollars)

Pacific Gas and Electric Company
2020 PG&E GRC (Difference)
 Results of Operations at Proposed Rates
Electric And Gas Departments
 (Thousands of Dollars)

Line No.	Description	Test Year 2020 (A)	Attrition Year 2021		Attrition Year 2022		Test Year 2020 (A)	Attrition Year 2021		Attrition Year 2022		Test Year 2020 (A)	Attrition Year 2021		Attrition Year 2022		Line No.
			Increase (B)	Total (C)	Increase (D)	Total (E)		Increase (B)	Total (C)	Increase (D)	Total (E)		Increase (B)	Total (C)	Increase (D)	Total (E)	
REVENUE:																	
1	Revenue Collected in Rates	9,102,470	315,969	9,418,439	363,673	9,782,112	9,077,513	314,759	9,392,272	361,946	9,754,218	(24,958)	(1,210)	(26,167)	(1,726)	(27,894)	1
2	Plus Other Operating Revenue	194,587	-	194,587	-	194,587	194,484	-	194,484	-	194,484	(103)	-	(103)	-	(103)	2
3	Total Operating Revenue	9,297,057	315,969	9,613,026	363,673	9,976,699	9,271,997	314,759	9,586,756	361,946	9,948,702	(25,060)	(1,210)	(26,270)	(1,726)	(27,996)	3
OPERATING EXPENSES:																	
4	Energy Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
5	Production / Procurement	625,606	(8,993)	616,613	2,067	618,680	625,606	(8,993)	616,613	2,067	618,680	-	-	-	-	-	5
6	Storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
7	Transmission	9,986	198	10,184	75	10,259	9,986	198	10,184	75	10,259	-	-	-	-	-	7
8	Distribution	1,437,596	78,210	1,515,805	67,730	1,583,535	1,437,596	78,210	1,515,805	67,730	1,583,535	-	-	-	-	-	8
9	Customer Accounts	245,782	7,085	252,867	1,716	254,583	245,782	7,085	252,867	1,716	254,583	-	-	-	-	-	9
10	Uncollectibles	29,845	1,004	30,849	1,165	32,014	29,763	1,000	30,763	1,159	31,922	(82)	(4)	(86)	(6)	(91)	10
11	Customer Services	30,764	749	31,513	471	31,984	30,764	749	31,513	471	31,984	-	-	-	-	-	11
12	Administrative and General	1,203,064	29,670	1,232,734	20,129	1,252,864	1,203,064	29,670	1,232,734	20,129	1,252,864	-	-	-	-	-	12
13	Franchise & SFGR Tax Requirement	75,503	2,661	78,164	2,981	81,145	75,315	2,651	77,966	2,967	80,933	(188)	(10)	(198)	(14)	(212)	13
14	Amortization	23,271	-	23,271	-	23,271	23,271	-	23,271	-	23,271	-	-	-	-	-	14
15	Wage Change Impacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15
16	Other Price Change Impacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
17	Other Adjustments	(1,721)	(2,741)	(4,462)	(29,598)	(34,060)	(1,721)	(2,741)	(4,462)	(29,598)	(34,060)	-	-	-	-	-	17
18	Subtotal Expenses:	3,679,695	107,843	3,787,538	66,736	3,854,274	3,679,425	107,829	3,787,254	66,716	3,853,970	(270)	(14)	(284)	(19)	(303)	18
TAXES:																	
19	Superfund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
20	Property	350,300	16,426	366,726	18,222	384,948	350,300	16,426	366,726	18,222	384,948	-	-	-	-	-	20
21	Payroll	95,862	3,135	98,997	-	98,997	95,862	3,135	98,997	-	98,997	-	-	-	-	-	21
22	Business	1,199	-	1,199	-	1,199	1,199	-	1,199	-	1,199	-	-	-	-	-	22
23	Other	13,723	-	13,723	-	13,723	13,723	-	13,723	-	13,723	-	-	-	-	-	23
24	State Corporation Franchise	117,148	(11,983)	105,165	(2,979)	102,186	114,969	(12,067)	102,902	(3,114)	99,788	(2,179)	(84)	(2,264)	(134)	(2,398)	24
25	Federal Income	97,424	(37,784)	59,639	(568)	59,072	75,264	(38,145)	37,119	(1,570)	35,549	(22,159)	(360)	(22,520)	(1,003)	(23,522)	25
26	Total Taxes	675,655	(30,206)	645,449	14,675	660,124	651,317	(30,651)	620,665	13,538	634,203	(24,339)	(445)	(24,783)	(1,137)	(25,920)	26
27	Depreciation	2,665,083	136,147	2,801,230	157,841	2,959,072	2,665,083	136,147	2,801,230	157,841	2,959,072	-	-	-	-	-	27
28	Fossil/Hydro Decommissioning	23,259	-	23,259	-	23,259	23,259	-	23,259	-	23,259	-	-	-	-	-	28
29	Nuclear Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29
30	Total Operating Expenses	7,043,692	213,784	7,257,476	239,252	7,496,727	7,019,083	213,326	7,232,408	238,095	7,470,504	(24,609)	(459)	(25,067)	(1,156)	(26,224)	30
31	Net for Return	2,253,366	102,184	2,355,550	124,421	2,479,971	2,252,914	101,433	2,354,347	123,851	2,478,199	(451)	(751)	(1,202)	(570)	(1,773)	31
32	Rate Base	29,462,512	1,580,427	31,042,939	1,956,330	32,999,268	29,456,589	1,570,491	31,027,080	1,948,725	32,975,805	(5,923)	(9,936)	(15,859)	(7,604)	(23,463)	32

A

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted)
Income Taxes at Proposed Rates
Electric And Gas Departments
(Thousands of Dollars)

B

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted) with D.19-08-023 Excess ADIT
Income Taxes at Proposed Rates
Electric And Gas Departments
(Thousands of Dollars)

B-A

Pacific Gas and Electric Company
2020 PG&E GRC (Difference)
Income Taxes at Proposed Rates
Electric And Gas Departments
(Thousands of Dollars)

Line No.	Description	Test Year	Attrition Year 2021		Attrition Year 2022		Test Year	Attrition Year 2021		Attrition Year 2022		Test Year	Attrition Year 2021		Attrition Year 2022		Line No.
		2020	Increase	Total	Increase	Total	2020	Increase	Total	Increase	Total	2020	Increase	Total	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	
1	Revenues	9,297,057	315,969	9,613,026	363,673	9,976,699	9,271,997	314,759	9,586,756	361,946	9,948,702	(25,060)	(1,210)	(26,270)	(1,726)	(27,996)	1
2	O&M Expenses	3,679,695	107,843	3,787,538	66,736	3,854,274	3,679,425	107,829	3,787,254	66,716	3,853,970	(270)	(14)	(284)	(19)	(303)	2
3	Nuclear Decommissioning Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
4	Superfund Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
5	Taxes Other Than Income	461,083	19,561	480,644	18,222	498,866	461,083	19,561	480,644	18,222	498,866	-	-	-	-	-	5
6	Subtotal	5,156,279	188,565	5,344,844	278,715	5,623,559	5,131,489	187,369	5,318,858	277,008	5,595,866	(24,790)	(1,196)	(25,986)	(1,707)	(27,693)	6
DEDUCTIONS FROM TAXABLE INCOME:																	
7	Interest Charge Adjustment	688,837	53,966	742,803	68,684	811,488	688,697	53,726	742,423	68,496	810,919	(140)	(240)	(380)	(188)	(568)	7
8	Fiscal/Calendar Property Tax Adjustment	11,399	-	11,399	-	11,399	11,399	-	11,399	-	11,399	-	-	-	-	-	8
9	Operating Expense Adjustments	11,879	-	11,879	-	11,879	11,879	-	11,879	-	11,879	-	-	-	-	-	9
10	Repair Deduction	963,328	158,807	1,122,135	181,460	1,303,595	963,328	158,807	1,122,135	181,460	1,303,595	-	-	-	-	-	10
11	Removal Cost Adjustment	(6,395)	-	(6,395)	-	(6,395)	(6,395)	-	(6,395)	-	(6,395)	-	-	-	-	-	11
12	Vacation Pay Adjustment	(3,309)	-	(3,309)	-	(3,309)	(3,309)	-	(3,309)	-	(3,309)	-	-	-	-	-	12
13	Capitalized Software Adjustment	64,425	-	64,425	(64,425)	-	64,425	-	64,425	(64,425)	-	-	-	-	-	-	13
14	Subtotal Deductions	1,730,163	212,774	1,942,937	185,720	2,128,657	1,730,023	212,533	1,942,556	185,532	2,128,088	(140)	(240)	(380)	(188)	(568)	14
CCFT TAXES:																	
15	CCFT Capitalized Interest Adjustment	8,364	-	8,364	-	8,364	8,364	-	8,364	-	8,364	-	-	-	-	-	15
16	CCFT Tax Depreciation - Declining Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
17	CCFT Tax Depreciation - Fixed Assets	1,998,231	111,343	2,109,574	126,699	2,236,273	1,998,231	111,343	2,109,574	126,699	2,236,273	-	-	-	-	-	17
18	CCFT Tax Depreciation - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18
19	Capitalized Overhead - Cost For Gas Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
20	Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20
21	Subtotal Deductions	3,736,758	324,117	4,060,875	312,419	4,373,294	3,736,618	323,876	4,060,494	312,231	4,372,725	(140)	(240)	(380)	(188)	(568)	21
22	Taxable Income for CCFT	1,419,521	(135,552)	1,283,969	(33,704)	1,250,265	1,394,871	(136,507)	1,258,363	(35,223)	1,223,141	(24,650)	(955)	(25,606)	(1,519)	(27,125)	22
23	CCFT	125,486	(11,983)	113,503	(2,979)	110,523	123,307	(12,067)	111,239	(3,114)	108,126	(2,179)	(84)	(2,264)	(134)	(2,398)	23
24	State Tax Credits	(2,043)	-	(2,043)	-	(2,043)	(2,043)	-	(2,043)	-	(2,043)	-	-	-	-	-	24
25	Current CCFT	123,443	(11,983)	111,460	(2,979)	108,480	121,263	(12,067)	109,196	(3,114)	106,083	(2,179)	(84)	(2,264)	(134)	(2,398)	25
26	Deferred Taxes - Reg Asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26
27	Deferred Taxes - Interest	739	-	739	-	739	739	-	739	-	739	-	-	-	-	-	27
28	Deferred Taxes - Vacation	(293)	-	(293)	-	(293)	(293)	-	(293)	-	(293)	-	-	-	-	-	28
29	Deferred Taxes - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29
30	Deferred Taxes - Fixed Assets	(6,741)	-	(6,741)	-	(6,741)	(6,741)	-	(6,741)	-	(6,741)	-	-	-	-	-	30
31	Total CCFT	117,148	(11,983)	105,165	(2,979)	102,186	114,969	(12,067)	102,902	(3,114)	99,788	(2,179)	(84)	(2,264)	(134)	(2,398)	31
FEDERAL TAXES:																	
32	CCFT - Prior Year Adjustment	69,476	53,967	123,443	(11,983)	111,460	69,476	51,788	121,263	(12,067)	109,196	-	(2,179)	(2,179)	(84)	(2,264)	32
33	FIT Capitalized Interest Adjustment	2,218	-	2,218	-	2,218	2,218	-	2,218	-	2,218	-	-	-	-	-	33
34	FIT Tax Depreciation - Declining Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34
35	FIT Tax Depreciation - SLRL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35
36	FIT Tax Depreciation - Fixed Assets	1,462,755	93,102	1,555,857	107,140	1,662,996	1,462,755	93,102	1,555,857	107,140	1,662,996	-	-	-	-	-	36
37	FIT Tax Depreciation - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37
38	Capitalized Overhead - Cost For Gas Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38
39	Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39
40	FIT Preferred Dividend Adjustment	2,710	-	2,710	-	2,710	2,710	-	2,710	-	2,710	-	-	-	-	-	40
41	Subtotal Deductions	3,267,322	359,842	3,627,164	280,877	3,908,041	3,267,182	357,423	3,624,605	280,604	3,905,209	(140)	(2,420)	(2,559)	(273)	(2,832)	41
42	Taxable Income for FIT	1,888,957	(171,277)	1,717,680	(2,161)	1,715,518	1,864,307	(170,054)	1,694,253	(3,596)	1,690,657	(24,650)	1,224	(23,426)	(1,434)	(24,861)	42
43	Federal Income Tax	396,681	(35,968)	360,713	(454)	360,259	391,504	(35,711)	355,793	(755)	355,038	(5,177)	257	(4,920)	(301)	(5,221)	43
44	Federal Tax Credits	(7,643)	-	(7,643)	-	(7,643)	(7,643)	-	(7,643)	-	(7,643)	-	-	-	-	-	44
45	Tax Effect of MTD & Prod Tax Credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45
46	Deferred Taxes - Interest	466	-	466	-	466	776	-	776	-	776	310	-	310	-	310	46
47	Deferred Taxes - Vacation	(695)	-	(695)	-	(695)	(695)	-	(695)	-	(695)	-	-	-	-	-	47
48	Amortization of Excess DFIT	(78,935)	(2,983)	(81,918)	(3,073)	(84,991)	(103,827)	(3,626)	(107,453)	(3,735)	(111,188)	(24,892)	(643)	(25,535)	(662)	(26,197)	48
49	Deferred Taxes - Fixed Assets	(212,450)	1,167	(211,283)	2,959	(208,324)	(204,852)	1,193	(203,659)	2,920	(200,739)	7,598	26	7,624	(39)	7,585	49
50	Total Federal Income Tax	97,424	(37,784)	59,639	(568)	59,072	75,264	(38,145)	37,119	(1,570)	35,549	(22,159)	(360)	(22,520)	(1,003)	(23,522)	50

A

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted)
Electric And Gas Departments
Rate Base - Attrition
(Thousands of Dollars)

B

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted) with D.19-08-023 Excess ADIT
Electric And Gas Departments
Rate Base - Attrition
(Thousands of Dollars)

B-A

Pacific Gas and Electric Company
2020 PG&E GRC (Difference)
Electric And Gas Departments
Rate Base - Attrition
(Thousands of Dollars)

Line No.	2020		2021			2022			Line No.
	End Of Year	WAVG Year	End Of Year	WAVG Year	WAVG Increase	End Of Year	WAVG Year	WAVG Increase	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
PLANT IN SERVICE									
1	65,784,256	65,805,929	68,829,118	68,846,723	3,040,794	72,387,149	72,404,754	3,558,031	1
2	3,080,072	1,538,234	3,593,241	1,792,161	253,928	4,094,208	2,019,347	227,186	2
3	68,864,328	67,344,163	72,422,359	70,638,884	3,294,721	76,481,357	74,424,101	3,785,217	3
WORKING CAPITAL									
4	-	-	-	-	-	-	-	-	4
5	261,614	261,614	257,597	257,597	(4,017)	253,514	253,514	(4,083)	5
6	741,122	741,122	741,122	741,122	-	741,122	741,122	-	6
7	1,002,736	1,002,736	998,720	998,720	(4,017)	994,636	994,636	(4,083)	7
TRA ADJUSTMENTS									
8	17,705	17,076	17,705	17,705	628	17,705	17,705	-	8
9	29,334	28,871	29,334	29,334	463	29,334	29,334	-	9
10	469,903	475,666	469,903	469,903	(5,763)	469,903	469,903	-	10
11	516,941	521,613	516,941	516,941	(4,672)	516,941	516,941	-	11
12	77,259	77,259	77,259	77,259	-	77,259	77,259	-	12
DEFERRED TAXES									
13	(11,524)	(12,083)	(11,524)	(11,524)	559	(11,524)	(11,524)	-	13
14	4,683,642	4,795,000	4,472,359	4,578,000	(217,000)	4,264,035	4,368,197	(209,803)	14
15	-	-	-	-	-	-	-	-	15
16	202,998	208,283	202,998	202,998	(5,284)	202,998	202,998	-	16
17	-	-	-	-	-	-	-	-	17
18	4,875,116	4,991,200	4,663,833	4,769,475	(221,725)	4,455,509	4,559,671	(209,803)	18
DEPRECIATION RESERVE									
19	33,380,191	33,380,191	35,259,275	35,259,275	1,879,084	37,265,067	37,265,067	2,005,792	19
20	2,653,132	1,326,566	2,789,279	1,394,640	68,074	2,947,120	1,473,560	78,921	20
21	(774,048)	(369,215)	(783,487)	(389,042)	(19,827)	(888,783)	(439,147)	(50,105)	21
22	35,259,275	34,337,542	37,265,067	36,264,873	1,927,331	39,323,405	38,299,480	2,034,608	22
23	30,172,355	29,462,512	31,931,861	31,042,939	1,580,427	34,136,761	32,999,268	1,956,330	23
RATE BASE									
	30,172,355	29,462,512	31,931,861	31,042,939	1,580,427	34,136,761	32,999,268	1,956,330	

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted)
 Results of Operations at Proposed Rates
Electric Distribution
 (Thousands of Dollars)

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted) with D.19-08-023 Excess ADIT
 Results of Operations at Proposed Rates
Electric Distribution
 (Thousands of Dollars)

Pacific Gas and Electric Company
2020 PG&E GRC (Difference)
 Results of Operations at Proposed Rates
Electric Distribution
 (Thousands of Dollars)

Line No.	Description	Test Year 2020	Attrition Year 2021		Attrition Year 2022		Test Year 2020	Attrition Year 2021		Attrition Year 2022		Test Year 2020	Attrition Year 2021		Attrition Year 2022		Line No.
			Increase	Total	Increase	Total		Increase	Total	Increase	Total		Increase	Total	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	
REVENUE:																	
1	Revenue Collected in Rates	4,799,849	210,781	5,010,630	276,605	5,287,234	4,774,874	210,121	4,984,995	275,327	5,260,322	(24,975)	(660)	(25,635)	(1,278)	(26,913)	1
2	Plus Other Operating Revenue	158,665	-	158,665	-	158,665	158,563	-	158,563	-	158,563	(103)	-	(103)	-	(103)	2
3	Total Operating Revenue	4,958,514	210,781	5,169,295	276,605	5,445,900	4,933,437	210,121	5,143,558	275,327	5,418,884	(25,077)	(660)	(25,737)	(1,278)	(27,015)	3
OPERATING EXPENSES:																	
4	Energy Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
5	Production / Procurement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5
6	Storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
7	Transmission	1,959	39	1,998	15	2,013	1,959	39	1,998	15	2,013	-	-	-	-	-	7
8	Distribution	1,057,769	67,888	1,125,657	64,051	1,189,707	1,057,769	67,888	1,125,657	64,051	1,189,707	-	-	-	-	-	8
9	Customer Accounts	138,328	3,992	142,320	957	143,277	138,328	3,992	142,320	957	143,277	-	-	-	-	-	9
10	Uncollectibles	16,128	686	16,813	900	17,713	16,046	683	16,730	896	17,625	(82)	(2)	(84)	(4)	(88)	10
11	Customer Services	14,417	361	14,778	203	14,981	14,417	361	14,778	203	14,981	-	-	-	-	-	11
12	Administrative and General	529,708	12,933	542,641	8,715	551,355	529,708	12,933	542,641	8,715	551,355	-	-	-	-	-	12
13	Franchise & SFGR Tax Requirement	38,258	1,626	39,884	2,134	42,019	38,065	1,621	39,686	2,124	41,810	(193)	(5)	(199)	(10)	(208)	13
14	Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14
15	Wage Change Impacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15
16	Other Price Change Impacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
17	Other Adjustments	7,571	(924)	6,647	(10,947)	(4,300)	7,571	(924)	6,647	(10,947)	(4,300)	-	-	-	-	-	17
18	Subtotal Expenses:	1,804,138	86,601	1,890,738	66,026	1,956,764	1,803,863	86,593	1,890,456	66,012	1,956,468	(275)	(7)	(282)	(14)	(296)	18
TAXES:																	
19	Superfund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
20	Property	206,535	9,572	216,107	10,358	226,465	206,535	9,572	216,107	10,358	226,465	-	-	-	-	-	20
21	Payroll	38,850	1,270	40,121	-	40,121	38,850	1,270	40,121	-	40,121	-	-	-	-	-	21
22	Business	537	-	537	-	537	537	-	537	-	537	-	-	-	-	-	22
23	Other	6,145	-	6,145	-	6,145	6,145	-	6,145	-	6,145	-	-	-	-	-	23
24	State Corporation Franchise	66,142	(11,248)	54,893	1,362	56,256	63,959	(11,292)	52,667	1,262	53,930	(2,183)	(43)	(2,226)	(100)	(2,326)	24
25	Federal Income	57,088	(33,405)	23,683	7,366	31,049	34,801	(33,513)	1,288	6,588	7,876	(22,287)	(108)	(22,395)	(778)	(23,173)	25
26	Total Taxes	375,296	(33,811)	341,485	19,086	360,572	350,826	(33,962)	316,864	18,209	335,073	(24,470)	(151)	(24,622)	(878)	(25,499)	26
27	Depreciation	1,498,006	88,705	1,586,711	104,695	1,691,406	1,498,006	88,705	1,586,711	104,695	1,691,406	-	-	-	-	-	27
28	Fossil/Hydro Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28
29	Nuclear Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29
30	Total Operating Expenses	3,677,439	141,495	3,818,935	189,807	4,008,742	3,652,694	141,337	3,794,031	188,916	3,982,947	(24,745)	(159)	(24,904)	(892)	(25,795)	30
31	Net for Return	1,281,075	69,285	1,350,360	86,798	1,437,158	1,280,743	68,784	1,349,527	86,411	1,435,938	(332)	(501)	(834)	(386)	(1,220)	31
32	Rate Base	16,817,603	1,151,539	17,969,142	1,466,486	19,435,628	16,813,231	1,144,850	17,958,080	1,461,273	19,419,353	(4,373)	(6,689)	(11,062)	(5,213)	(16,275)	32

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted)

A

Income Taxes at Proposed Rates
Electric Distribution
(Thousands of Dollars)

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted) with D.19-08-023 Excess ADIT

B

Income Taxes at Proposed Rates
Electric Distribution
(Thousands of Dollars)

Pacific Gas and Electric Company
2020 PG&E GRC (Difference)

B-A

Income Taxes at Proposed Rates
Electric Distribution
(Thousands of Dollars)

Line No.	Description	Test Year	Attrition Year 2021		Attrition Year 2022		Test Year	Attrition Year 2021		Attrition Year 2022		Test Year	Attrition Year 2021		Attrition Year 2022		Line No.
		2020	Increase	Total	Increase	Total	2020	Increase	Total	Increase	Total	2020	Increase	Total	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	
1	Revenues	4,958,514	210,781	5,169,295	276,605	5,445,900	4,933,437	210,121	5,143,558	275,327	5,418,884	(25,077)	(660)	(25,737)	(1,278)	(27,015)	1
2	O&M Expenses	1,804,138	86,601	1,890,738	66,026	1,956,764	1,803,863	86,593	1,890,456	66,012	1,956,468	(275)	(7)	(282)	(14)	(296)	2
3	Nuclear Decommissioning Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
4	Superfund Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
5	Taxes Other Than Income	252,067	10,842	262,909	10,358	273,267	252,067	10,842	262,909	10,358	273,267	-	-	-	-	-	5
6	Subtotal	2,902,310	113,338	3,015,648	200,221	3,215,869	2,877,508	112,685	2,990,193	198,957	3,189,149	(24,802)	(653)	(25,455)	(1,264)	(26,719)	6
DEDUCTIONS FROM TAXABLE INCOME:																	
7	Interest Charge Adjustment	397,911	44,027	441,937	57,377	499,314	397,806	43,861	441,667	57,244	498,911	(104)	(166)	(270)	(133)	(403)	7
8	Fiscal/Calendar Property Tax Adjustment	6,766	-	6,766	-	6,766	6,766	-	6,766	-	6,766	-	-	-	-	-	8
9	Operating Expense Adjustments	47,992	-	47,992	-	47,992	47,992	-	47,992	-	47,992	-	-	-	-	-	9
10	Repair Deduction	519,469	126,195	645,664	85,205	730,870	519,469	126,195	645,664	85,205	730,870	-	-	-	-	-	10
11	Removal Cost Adjustment	28,259	-	28,259	-	28,259	28,259	-	28,259	-	28,259	-	-	-	-	-	11
12	Vacation Pay Adjustment	(1,484)	-	(1,484)	-	(1,484)	(1,484)	-	(1,484)	-	(1,484)	-	-	-	-	-	12
13	Capitalized Software Adjustment	37,158	-	37,158	(37,158)	-	37,158	-	37,158	(37,158)	-	-	-	-	-	-	13
14	Subtotal Deductions	1,036,071	170,222	1,206,293	105,424	1,311,717	1,035,966	170,056	1,206,023	105,291	1,311,314	(104)	(166)	(270)	(133)	(403)	14
CCFT TAXES:																	
15	CCFT Capitalized Interest Adjustment	4,449	-	4,449	-	4,449	4,449	-	4,449	-	4,449	-	-	-	-	-	15
16	CCFT Tax Depreciation - Declining Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
17	CCFT Tax Depreciation - Fixed Assets	1,084,431	70,361	1,154,792	79,384	1,234,176	1,084,431	70,361	1,154,792	79,384	1,234,176	-	-	-	-	-	17
18	CCFT Tax Depreciation - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18
19	Capitalized Overhead - Cost For Gas Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
20	Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20
21	Subtotal Deductions	2,124,951	240,583	2,365,534	184,808	2,550,342	2,124,847	240,417	2,365,264	184,675	2,549,939	(104)	(166)	(270)	(133)	(403)	21
22	Taxable Income for CCFT	777,359	(127,245)	650,114	15,413	665,526	752,661	(127,732)	624,929	14,282	639,210	(24,698)	(487)	(25,185)	(1,131)	(26,316)	22
23	CCFT	68,719	(11,248)	57,470	1,362	58,833	66,535	(11,292)	55,244	1,262	56,506	(2,183)	(43)	(2,226)	(100)	(2,326)	23
24	State Tax Credits	(433)	-	(433)	-	(433)	(433)	-	(433)	-	(433)	-	-	-	-	-	24
25	Current CCFT	68,285	(11,248)	57,037	1,362	58,399	66,102	(11,292)	54,810	1,262	56,073	(2,183)	(43)	(2,226)	(100)	(2,326)	25
26	Deferred Taxes - Reg Asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26
27	Deferred Taxes - Interest	393	-	393	-	393	393	-	393	-	393	-	-	-	-	-	27
28	Deferred Taxes - Vacation	(131)	-	(131)	-	(131)	(131)	-	(131)	-	(131)	-	-	-	-	-	28
29	Deferred Taxes - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29
30	Deferred Taxes - Fixed Assets	(2,405)	-	(2,405)	-	(2,405)	(2,405)	-	(2,405)	-	(2,405)	-	-	-	-	-	30
31	Total CCFT	66,142	(11,248)	54,893	1,362	56,256	63,959	(11,292)	52,667	1,262	53,930	(2,183)	(43)	(2,226)	(100)	(2,326)	31
FEDERAL TAXES:																	
32	CCFT - Prior Year Adjustment	27,753	40,532	68,285	(11,248)	57,037	27,753	38,349	66,102	(11,292)	54,810	-	(2,183)	(2,183)	(43)	(2,226)	32
33	FIT Capitalized Interest Adjustment	3,544	-	3,544	-	3,544	3,544	-	3,544	-	3,544	-	-	-	-	-	33
34	FIT Tax Depreciation - Declining Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34
35	FIT Tax Depreciation - SLRL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35
36	FIT Tax Depreciation - Fixed Assets	763,044	60,741	823,785	69,826	893,611	763,044	60,741	823,785	69,826	893,611	-	-	-	-	-	36
37	FIT Tax Depreciation - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37
38	Capitalized Overhead - Cost For Gas Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38
39	Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39
40	FIT Preferred Dividend Adjustment	300	-	300	-	300	300	-	300	-	300	-	-	-	-	-	40
41	Subtotal Deductions	1,830,712	271,496	2,102,207	164,002	2,266,209	1,830,607	269,147	2,099,754	163,825	2,263,579	(104)	(2,349)	(2,453)	(176)	(2,629)	41
42	Taxable Income for FIT	1,071,598	(158,158)	913,440	36,219	949,660	1,046,900	(156,462)	890,439	35,131	925,570	(24,698)	1,696	(23,002)	(1,088)	(24,090)	42
43	Federal Income Tax	225,036	(33,213)	191,822	7,606	199,429	219,849	(32,857)	186,992	7,378	194,370	(5,187)	356	(4,830)	(228)	(5,059)	43
44	Federal Tax Credits	(716)	-	(716)	-	(716)	(716)	-	(716)	-	(716)	-	-	-	-	-	44
45	Tax Effect of MTD & Prod Tax Credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45
46	Deferred Taxes - Interest	744	-	744	-	744	1,240	-	1,240	-	1,240	496	-	496	-	496	46
47	Deferred Taxes - Vacation	(312)	-	(312)	-	(312)	(312)	-	(312)	-	(312)	-	-	-	-	-	47
48	Amortization of Excess DFIT	(41,342)	(1,721)	(43,063)	(1,773)	(44,836)	(63,989)	(2,317)	(66,306)	(2,386)	(68,692)	(22,647)	(595)	(23,242)	(613)	(23,855)	48
49	Deferred Taxes - Fixed Assets	(126,323)	1,530	(124,793)	1,533	(123,260)	(121,272)	1,661	(119,611)	1,597	(118,014)	5,051	131	5,181	64	5,245	49
50	Total Federal Income Tax	57,088	(33,405)	23,683	7,366	31,049	34,801	(33,513)	1,288	6,588	7,876	(22,287)	(108)	(22,395)	(778)	(23,173)	50

A

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted)
Electric Distribution
Rate Base - Attrition
(Thousands of Dollars)

B

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted) with D.19-08-023 Excess ADIT
Electric Distribution
Rate Base - Attrition
(Thousands of Dollars)

B-A

Pacific Gas and Electric Company
2020 PG&E GRC (Difference)
Electric Distribution
Rate Base - Attrition
(Thousands of Dollars)

Line No.	2020		2021			2022			Line No.
	End Of Year	WAVG Year	End Of Year	WAVG Year	WAVG Increase	End Of Year	WAVG Year	WAVG Increase	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
PLANT IN SERVICE									
1	34,845,772	34,845,772	36,699,680	36,699,680	1,853,908	38,999,368	38,999,368	2,299,687	1
2	1,853,908	915,573	2,299,687	1,137,090	221,517	2,585,210	1,279,037	141,947	2
3	36,699,680	35,761,345	38,999,368	37,836,771	2,075,425	41,584,578	40,278,405	2,441,635	3
WORKING CAPITAL									
4	-	-	-	-	-	-	-	-	4
5	99,848	99,848	99,848	99,848	-	99,848	99,848	-	5
6	335,577	335,577	335,577	335,577	-	335,577	335,577	-	6
7	435,425	435,425	435,425	435,425	-	435,425	435,425	-	7
TRA ADJUSTMENTS									
8	(2,709)	(3,457)	(2,709)	(2,709)	748	(2,709)	(2,709)	-	8
9	13,157	12,949	13,157	13,157	208	13,157	13,157	-	9
10	365,861	368,689	365,861	365,861	(2,828)	365,861	365,861	-	10
11	376,308	378,181	376,308	376,308	(1,872)	376,308	376,308	-	11
12	63,714	63,714	63,714	63,714	-	63,714	63,714	-	12
DEFERRED TAXES									
13	-	-	-	-	-	-	-	-	13
14	2,995,766	3,061,084	2,870,973	2,933,369	(127,715)	2,747,713	2,809,343	(124,026)	14
15	-	-	-	-	-	-	-	-	15
16	24,283	25,231	24,283	24,283	(948)	24,283	24,283	-	16
17	-	-	-	-	-	-	-	-	17
18	3,020,049	3,086,316	2,895,256	2,957,653	(128,663)	2,771,996	2,833,626	(124,026)	18
DEPRECIATION RESERVE									
19	16,089,958	16,089,958	17,112,446	17,112,446	1,022,489	18,203,545	18,203,545	1,091,098	19
20	1,498,006	749,003	1,586,711	793,355	44,353	1,691,406	845,703	52,348	20
21	(475,517)	(231,642)	(495,613)	(247,806)	(16,165)	(584,154)	(292,077)	(44,271)	21
22	17,112,446	16,607,319	18,203,545	17,657,996	1,050,677	19,310,796	18,757,171	1,099,175	22
23	17,315,205	16,817,603	18,648,587	17,969,142	1,151,539	20,249,805	19,435,628	1,466,486	23

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted)
 Results of Operations at Proposed Rates
Gas Distribution
 (Thousands of Dollars)

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted) with D.19-08-023 Excess ADIT
 Results of Operations at Proposed Rates
Gas Distribution
 (Thousands of Dollars)

Pacific Gas and Electric Company
2020 PG&E GRC (Difference)
 Results of Operations at Proposed Rates
Gas Distribution
 (Thousands of Dollars)

Line No.	Description	Test Year 2020	Attrition Year 2021		Attrition Year 2022		Test Year 2020	Attrition Year 2021		Attrition Year 2022		Test Year 2020	Attrition Year 2021		Attrition Year 2022		Line No.
			Increase	Total	Increase	Total		Increase	Total	Increase	Total		Increase	Total	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	
REVENUE:																	
1	Revenue Collected in Rates	2,013,276	120,719	2,133,995	94,828	2,228,823	2,016,112	120,390	2,136,502	94,542	2,231,044	2,836	(329)	2,507	(286)	2,221	1
2	Plus Other Operating Revenue	27,167	-	27,167	-	27,167	27,167	-	27,167	-	27,167	-	-	-	-	-	2
3	Total Operating Revenue	2,040,443	120,719	2,161,162	94,828	2,255,990	2,043,279	120,390	2,163,669	94,542	2,258,211	2,836	(329)	2,507	(286)	2,221	3
OPERATING EXPENSES:																	
4	Energy Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
5	Production / Procurement	2,086	63	2,149	2	2,151	2,086	63	2,149	2	2,151	-	-	-	-	-	5
6	Storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
7	Transmission	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7
8	Distribution	379,827	10,322	390,149	3,679	393,828	379,827	10,322	390,149	3,679	393,828	-	-	-	-	-	8
9	Customer Accounts	103,980	2,998	106,978	724	107,702	103,980	2,998	106,978	724	107,702	-	-	-	-	-	9
10	Uncollectibles	6,242	369	6,611	290	6,902	6,251	368	6,619	289	6,908	9	(1)	8	(1)	7	10
11	Customer Services	15,773	374	16,147	260	16,406	15,773	374	16,147	260	16,406	-	-	-	-	-	11
12	Administrative and General	313,847	7,795	321,642	5,299	326,941	313,847	7,795	321,642	5,299	326,941	-	-	-	-	-	12
13	Franchise & SFGR Tax Requirement	19,513	1,154	20,668	907	21,575	19,541	1,151	20,692	904	21,596	27	(3)	24	(3)	21	13
14	Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14
15	Wage Change Impacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15
16	Other Price Change Impacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
17	Other Adjustments	5,153	(922)	4,231	(8,855)	(4,624)	5,153	(922)	4,231	(8,855)	(4,624)	-	-	-	-	-	17
18	Subtotal Expenses:	846,421	22,154	868,575	2,306	870,881	846,457	22,150	868,606	2,302	870,909	36	(4)	32	(4)	28	18
TAXES:																	
19	Superfund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
20	Property	80,869	5,626	86,495	6,388	92,883	80,869	5,626	86,495	6,388	92,883	-	-	-	-	-	20
21	Payroll	26,122	854	26,976	-	26,976	26,122	854	26,976	-	26,976	-	-	-	-	-	21
22	Business	312	-	312	-	312	312	-	312	-	312	-	-	-	-	-	22
23	Other	3,574	-	3,574	-	3,574	3,574	-	3,574	-	3,574	-	-	-	-	-	23
24	State Corporation Franchise	8,037	1,744	9,780	(3,830)	5,950	8,286	1,720	10,006	(3,851)	6,155	250	(24)	226	(21)	205	24
25	Federal Income	10,399	5,937	16,336	(7,267)	9,070	13,031	5,826	18,857	(7,391)	11,466	2,632	(111)	2,521	(124)	2,397	25
26	Total Taxes	129,313	14,161	143,474	(4,709)	138,765	132,194	14,027	146,221	(4,855)	141,366	2,881	(134)	2,747	(146)	2,601	26
27	Depreciation	507,664	34,607	542,271	39,099	581,370	507,664	34,607	542,271	39,099	581,370	-	-	-	-	-	27
28	Fossil/Hydro Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28
29	Nuclear Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29
30	Total Operating Expenses	1,483,398	70,922	1,554,320	36,696	1,591,016	1,486,315	70,783	1,557,098	36,547	1,593,645	2,917	(139)	2,778	(149)	2,629	30
31	Net for Return	557,045	49,797	606,842	58,132	664,974	556,964	49,607	606,570	57,995	664,566	(81)	(190)	(272)	(137)	(409)	31
32	Rate Base	7,244,388	648,066	7,892,454	756,223	8,648,676	7,243,329	645,589	7,888,918	754,445	8,643,363	(1,059)	(2,477)	(3,536)	(1,778)	(5,314)	32

A

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted)
Income Taxes at Proposed Rates
Gas Distribution
(Thousands of Dollars)

B

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted) with D.19-08-023 Excess ADIT
Income Taxes at Proposed Rates
Gas Distribution
(Thousands of Dollars)

B-A

Pacific Gas and Electric Company
2020 PG&E GRC (Difference)
Income Taxes at Proposed Rates
Gas Distribution
(Thousands of Dollars)

Line No.	Description	Test Year 2020	Attrition Year 2021		Attrition Year 2022		Test Year 2020	Attrition Year 2021		Attrition Year 2022		Test Year 2020	Attrition Year 2021		Attrition Year 2022		Line No.
			Increase	Total	Increase	Total		Increase	Total	Increase	Total		Increase	Total	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	
1	Revenues	2,040,443	120,719	2,161,162	94,828	2,255,990	2,043,279	120,390	2,163,669	94,542	2,258,211	2,836	(329)	2,507	(286)	2,221	1
2	O&M Expenses	846,421	22,154	868,575	2,306	870,881	846,457	22,150	868,606	2,302	870,909	36	(4)	32	(4)	28	2
3	Nuclear Decommissioning Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
4	Superfund Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
5	Taxes Other Than Income	110,877	6,480	117,358	6,388	123,745	110,877	6,480	117,358	6,388	123,745	-	-	-	-	-	5
6	Subtotal	1,083,145	92,085	1,175,230	86,134	1,261,364	1,085,945	91,760	1,177,705	85,852	1,263,556	2,800	(325)	2,475	(282)	2,193	6
DEDUCTIONS FROM TAXABLE INCOME:																	
7	Interest Charge Adjustment	166,665	14,941	181,606	17,413	199,019	166,641	14,884	181,525	17,372	198,897	(24)	(57)	(81)	(41)	(122)	7
8	Fiscal/Calendar Property Tax Adjustment	4,405	-	4,405	-	4,405	4,405	-	4,405	-	4,405	-	-	-	-	-	8
9	Operating Expense Adjustments	(23,458)	-	(23,458)	-	(23,458)	(23,458)	-	(23,458)	-	(23,458)	-	-	-	-	-	9
10	Repair Deduction	351,415	23,851	375,267	85,973	461,240	351,415	23,851	375,267	85,973	461,240	-	-	-	-	-	10
11	Removal Cost Adjustment	(15,026)	-	(15,026)	-	(15,026)	(15,026)	-	(15,026)	-	(15,026)	-	-	-	-	-	11
12	Vacation Pay Adjustment	(862)	-	(862)	-	(862)	(862)	-	(862)	-	(862)	-	-	-	-	-	12
13	Capitalized Software Adjustment	12,011	-	12,011	(12,011)	-	12,011	-	12,011	(12,011)	-	-	-	-	-	-	13
14	Subtotal Deductions	495,150	38,792	533,942	91,376	625,318	495,126	38,735	533,861	91,335	625,196	(24)	(57)	(81)	(41)	(122)	14
CCFT TAXES:																	
15	CCFT Capitalized Interest Adjustment	253	-	253	-	253	253	-	253	-	253	-	-	-	-	-	15
16	CCFT Tax Depreciation - Declining Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
17	CCFT Tax Depreciation - Fixed Assets	479,539	33,568	513,108	38,086	551,193	479,539	33,568	513,108	38,086	551,193	-	-	-	-	-	17
18	CCFT Tax Depreciation - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18
19	Capitalized Overhead - Cost For Gas Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
20	Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20
21	Subtotal Deductions	974,942	72,361	1,047,303	129,461	1,176,764	974,918	72,304	1,047,221	129,420	1,176,642	(24)	(57)	(81)	(41)	(122)	21
22	Taxable Income for CCFT	108,203	19,724	127,927	(43,327)	84,600	111,027	19,456	130,483	(43,569)	86,915	2,824	(268)	2,556	(241)	2,315	22
23	CCFT	9,565	1,744	11,309	(3,830)	7,479	9,815	1,720	11,535	(3,851)	7,683	250	(24)	226	(21)	205	23
24	State Tax Credits	(252)	-	(252)	-	(252)	(252)	-	(252)	-	(252)	-	-	-	-	-	24
25	Current CCFT	9,313	1,744	11,057	(3,830)	7,227	9,563	1,720	11,283	(3,851)	7,431	250	(24)	226	(21)	205	25
26	Deferred Taxes - Reg Asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26
27	Deferred Taxes - Interest	22	-	22	-	22	22	-	22	-	22	-	-	-	-	-	27
28	Deferred Taxes - Vacation	(76)	-	(76)	-	(76)	(76)	-	(76)	-	(76)	-	-	-	-	-	28
29	Deferred Taxes - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29
30	Deferred Taxes - Fixed Assets	(1,223)	-	(1,223)	-	(1,223)	(1,223)	-	(1,223)	-	(1,223)	-	-	-	-	-	30
31	Total CCFT	8,037	1,744	9,780	(3,830)	5,950	8,286	1,720	10,006	(3,851)	6,155	250	(24)	226	(21)	205	31
FEDERAL TAXES:																	
32	CCFT - Prior Year Adjustment	12,113	(2,800)	9,313	1,744	11,057	12,113	(2,550)	9,563	1,720	11,283	-	250	250	(24)	226	32
33	FIT Capitalized Interest Adjustment	114	-	114	-	114	114	-	114	-	114	-	-	-	-	-	33
34	FIT Tax Depreciation - Declining Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34
35	FIT Tax Depreciation - SLRL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35
36	FIT Tax Depreciation - Fixed Assets	384,451	26,997	411,448	30,619	442,067	384,451	26,997	411,448	30,619	442,067	-	-	-	-	-	36
37	FIT Tax Depreciation - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37
38	Capitalized Overhead - Cost For Gas Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38
39	Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39
40	FIT Preferred Dividend Adjustment	38	-	38	-	38	38	-	38	-	38	-	-	-	-	-	40
41	Subtotal Deductions	891,866	62,989	954,855	123,738	1,078,593	891,841	63,182	955,023	123,674	1,078,697	(24)	193	168	(65)	104	41
42	Taxable Income for FIT	191,279	29,095	220,375	(37,604)	182,770	194,104	28,578	222,681	(37,822)	184,859	2,824	(518)	2,307	(218)	2,089	42
43	Federal Income Tax	40,169	6,110	46,279	(7,897)	38,382	40,762	6,001	46,763	(7,943)	38,820	593	(109)	484	(46)	439	43
44	Federal Tax Credits	(417)	-	(417)	-	(417)	(417)	-	(417)	-	(417)	-	-	-	-	-	44
45	Tax Effect of MTD & Prod Tax Credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45
46	Deferred Taxes - Interest	24	-	24	-	24	40	-	40	-	40	16	-	16	-	16	46
47	Deferred Taxes - Vacation	(181)	-	(181)	-	(181)	(181)	-	(181)	-	(181)	-	-	-	-	-	47
48	Amortization of Excess DFIT	(9,503)	(413)	(9,916)	(426)	(10,342)	(9,329)	(394)	(9,722)	(406)	(10,128)	174	19	194	20	213	48
49	Deferred Taxes - Fixed Assets	(19,693)	240	(19,453)	1,056	(18,397)	(17,845)	219	(17,626)	957	(16,669)	1,848	(21)	1,827	(99)	1,728	49
50	Total Federal Income Tax	10,399	5,937	16,336	(7,267)	9,070	13,031	5,826	18,857	(7,391)	11,466	2,632	(111)	2,521	(124)	2,397	50

A

Pacific Gas and Electric Company
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Gas Distribution
Rate Base - Attrition
(Thousands of Dollars)

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B-A

Pacific Gas and Electric Company
2020 PG&E GRC (Difference)
Gas Distribution
Rate Base - Attrition
(Thousands of Dollars)

Line No.	2020		2021			2022			Line No.
	End Of Year	WAVG Year	End Of Year	WAVG Year	WAVG Increase	End Of Year	WAVG Year	WAVG Increase	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
PLANT IN SERVICE									
1	14,066,425	14,066,425	14,990,811	14,990,811	924,386	16,034,729	16,034,729	1,043,918	1
2	924,386	450,398	1,043,918	508,624	58,226	1,185,108	577,414	68,789	2
3	14,990,811	14,516,823	16,034,729	15,499,435	982,612	17,219,837	16,612,143	1,112,707	3
WORKING CAPITAL									
4	-	-	-	-	-	-	-	-	4
5	24,578	24,578	24,578	24,578	-	24,578	24,578	-	5
6	168,687	168,687	168,687	168,687	-	168,687	168,687	-	6
7	193,265	193,265	193,265	193,265	-	193,265	193,265	-	7
TRA ADJUSTMENTS									
8	(717)	(744)	(717)	(717)	27	(717)	(717)	-	8
9	7,641	7,520	7,641	7,641	121	7,641	7,641	-	9
10	103,698	106,630	103,698	103,698	(2,932)	103,698	103,698	-	10
11	110,622	113,406	110,622	110,622	(2,785)	110,622	110,622	-	11
12	13,545	13,545	13,545	13,545	-	13,545	13,545	-	12
DEFERRED TAXES									
13	-	-	-	-	-	-	-	-	13
14	810,829	815,711	791,376	801,103	(14,608)	772,979	782,178	(18,925)	14
15	-	-	-	-	-	-	-	-	15
16	12,779	13,160	12,779	12,779	(381)	12,779	12,779	-	16
17	-	-	-	-	-	-	-	-	17
18	823,608	828,871	804,155	813,881	(14,990)	785,758	794,956	(18,925)	18
DEPRECIATION RESERVE									
19	6,563,132	6,563,132	6,902,278	6,902,278	339,147	7,264,605	7,264,605	362,326	19
20	507,664	253,832	542,271	271,136	17,303	581,370	290,685	19,549	20
21	(168,517)	(80,273)	(179,945)	(89,972)	(9,699)	(192,877)	(96,439)	(6,466)	21
22	6,902,278	6,736,691	7,264,605	7,083,442	346,751	7,653,098	7,458,851	375,410	22
23	7,552,266	7,244,388	8,256,310	7,892,454	648,066	9,071,323	8,648,676	756,223	23

Pacific Gas and Electric Company
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 Results of Operations at Proposed Rates
Electric Generation
 (Thousands of Dollars)

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Electric Generation
 (Thousands of Dollars)

Pacific Gas and Electric Company
2020 PG&E GRC (Difference)
 Results of Operations at Proposed Rates
Electric Generation
 (Thousands of Dollars)

Line No.	Description	Test Year 2020	Attrition Year 2021		Attrition Year 2022		Test Year 2020	Attrition Year 2021		Attrition Year 2022		Test Year 2020	Attrition Year 2021		Attrition Year 2022		Line No.
			Increase	Total	Increase	Total		Increase	Total	Increase	Total		Increase	Total	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	
REVENUE:																	
1	Revenue Collected in Rates	2,289,345	(15,531)	2,273,814	(7,760)	2,266,054	2,286,527	(15,752)	2,270,775	(7,922)	2,262,853	(2,818)	(221)	(3,039)	(162)	(3,201)	1
2	Plus Other Operating Revenue	8,755	-	8,755	-	8,755	8,755	-	8,755	-	8,755	(0)	-	(0)	-	(0)	2
3	Total Operating Revenue	2,298,100	(15,531)	2,282,569	(7,760)	2,274,809	2,295,282	(15,752)	2,279,530	(7,922)	2,271,607	(2,818)	(221)	(3,039)	(162)	(3,201)	3
OPERATING EXPENSES:																	
4	Energy Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
5	Production / Procurement	623,520	(9,057)	614,463	2,066	616,529	623,520	(9,057)	614,463	2,066	616,529	-	-	-	-	-	5
6	Storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
7	Transmission	8,027	159	8,187	60	8,246	8,027	159	8,187	60	8,246	-	-	-	-	-	7
8	Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8
9	Customer Accounts	3,475	95	3,569	35	3,604	3,475	95	3,569	35	3,604	-	-	-	-	-	9
10	Uncollectibles	7,475	(51)	7,424	(25)	7,399	7,466	(51)	7,414	(26)	7,389	(9)	(1)	(10)	(1)	(10)	10
11	Customer Services	574	14	588	9	597	574	14	588	9	597	-	-	-	-	-	11
12	Administrative and General	359,509	8,943	368,452	6,116	374,568	359,509	8,943	368,452	6,116	374,568	-	-	-	-	-	12
13	Franchise & SFGR Tax Requirement	17,731	(120)	17,611	(60)	17,552	17,710	(122)	17,588	(61)	17,527	(22)	(2)	(23)	(1)	(25)	13
14	Amortization	23,271	-	23,271	-	23,271	23,271	-	23,271	-	23,271	-	-	-	-	-	14
15	Wage Change Impacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15
16	Other Price Change Impacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
17	Other Adjustments	(14,445)	(895)	(15,341)	(9,796)	(25,136)	(14,445)	(895)	(15,341)	(9,796)	(25,136)	-	-	-	-	-	17
18	Subtotal Expenses:	1,029,136	(912)	1,028,225	(1,596)	1,026,629	1,029,105	(914)	1,028,191	(1,598)	1,026,593	(31)	(2)	(33)	(2)	(35)	18
TAXES:																	
19	Superfund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
20	Property	62,896	1,228	64,125	1,476	65,600	62,896	1,228	64,125	1,476	65,600	-	-	-	-	-	20
21	Payroll	30,890	1,010	31,900	-	31,900	30,890	1,010	31,900	-	31,900	-	-	-	-	-	21
22	Business	350	-	350	-	350	350	-	350	-	350	-	-	-	-	-	22
23	Other	4,003	-	4,003	-	4,003	4,003	-	4,003	-	4,003	-	-	-	-	-	23
24	State Corporation Franchise	42,970	(2,478)	40,492	(512)	39,980	42,724	(2,496)	40,229	(525)	39,704	(245)	(18)	(263)	(13)	(276)	24
25	Federal Income	29,937	(10,317)	19,620	(667)	18,953	27,433	(10,458)	16,975	(768)	16,207	(2,504)	(141)	(2,646)	(101)	(2,746)	25
26	Total Taxes	171,046	(10,556)	160,490	297	160,787	168,296	(10,715)	157,581	184	157,764	(2,750)	(159)	(2,909)	(114)	(3,022)	26
27	Depreciation	659,413	12,835	672,248	14,047	686,296	659,413	12,835	672,248	14,047	686,296	-	-	-	-	-	27
28	Fossil/Hydro Decommissioning	23,259	-	23,259	-	23,259	23,259	-	23,259	-	23,259	-	-	-	-	-	28
29	Nuclear Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29
30	Total Operating Expenses	1,882,854	1,367	1,884,221	12,748	1,896,970	1,880,074	1,206	1,881,279	12,633	1,893,912	(2,781)	(161)	(2,942)	(115)	(3,057)	30
31	Net for Return	415,246	(16,898)	398,347	(20,508)	377,839	415,208	(16,957)	398,250	(20,555)	377,695	(38)	(59)	(97)	(47)	(144)	31
32	Rate Base	5,400,521	(219,178)	5,181,343	(266,379)	4,914,964	5,400,029	(219,947)	5,180,082	(266,992)	4,913,089	(492)	(769)	(1,261)	(613)	(1,874)	32

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Line No.	Description	Test Year	Attrition Year 2021		Attrition Year 2022		Test Year	Attrition Year 2021		Attrition Year 2022		Test Year	Attrition Year 2021		Attrition Year 2022		Line No.
		2020	Increase	Total	Increase	Total		2020	Increase	Total	Increase		Total	2020	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	(A)	(B)	(C)	(D)	(E)	
1	Revenues	2,298,100	(15,531)	2,282,569	(7,760)	2,274,809	2,295,282	(15,752)	2,279,530	(7,922)	2,271,607	(2,818)	(221)	(3,039)	(162)	(3,201)	1
2	O&M Expenses	1,029,136	(912)	1,028,225	(1,596)	1,026,629	1,029,105	(914)	1,028,191	(1,598)	1,026,593	(31)	(2)	(33)	(2)	(35)	2
3	Nuclear Decommissioning Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
4	Superfund Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
5	Taxes Other Than Income	98,140	2,238	100,378	1,476	101,854	98,140	2,238	100,378	1,476	101,854	-	-	-	-	-	5
6	Subtotal	1,170,824	(16,858)	1,153,966	(7,640)	1,146,327	1,168,037	(17,076)	1,150,961	(7,800)	1,143,160	(2,787)	(218)	(3,006)	(161)	(3,166)	6
DEDUCTIONS FROM TAXABLE INCOME:																	
7	Interest Charge Adjustment	124,261	(5,001)	119,260	(6,105)	113,155	124,250	(5,019)	119,231	(6,119)	113,112	(11)	(18)	(29)	(14)	(43)	7
8	Fiscal/Calendar Property Tax Adjustment	228	-	228	-	228	228	-	228	-	228	-	-	-	-	-	8
9	Operating Expense Adjustments	(12,655)	-	(12,655)	-	(12,655)	(12,655)	-	(12,655)	-	(12,655)	-	-	-	-	-	9
10	Repair Deduction	92,444	8,761	101,204	10,281	111,486	92,444	8,761	101,204	10,281	111,486	-	-	-	-	-	10
11	Removal Cost Adjustment	(19,628)	-	(19,628)	-	(19,628)	(19,628)	-	(19,628)	-	(19,628)	-	-	-	-	-	11
12	Vacation Pay Adjustment	(963)	-	(963)	-	(963)	(963)	-	(963)	-	(963)	-	-	-	-	-	12
13	Capitalized Software Adjustment	15,256	-	15,256	(15,256)	-	15,256	-	15,256	(15,256)	-	-	-	-	-	-	13
14	Subtotal Deductions	198,942	3,759	202,702	(11,080)	191,622	198,931	3,742	202,673	(11,094)	191,579	(11)	(18)	(29)	(14)	(43)	14
CCFT TAXES:																	
15	CCFT Capitalized Interest Adjustment	3,662	-	3,662	-	3,662	3,662	-	3,662	-	3,662	-	-	-	-	-	15
16	CCFT Tax Depreciation - Declining Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16
17	CCFT Tax Depreciation - Fixed Assets	434,261	7,414	441,674	9,229	450,904	434,261	7,414	441,674	9,229	450,904	-	-	-	-	-	17
18	CCFT Tax Depreciation - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18
19	Capitalized Overhead - Cost For Gas Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
20	Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20
21	Subtotal Deductions	636,865	11,173	648,038	(1,851)	646,188	636,854	11,155	648,009	(1,865)	646,144	(11)	(18)	(29)	(14)	(43)	21
22	Taxable Income for CCFT	533,959	(28,031)	505,928	(5,789)	500,139	531,183	(28,231)	502,952	(5,936)	497,016	(2,776)	(201)	(2,977)	(147)	(3,123)	22
23	CCFT	47,202	(2,478)	44,724	(512)	44,212	46,957	(2,496)	44,461	(525)	43,936	(245)	(18)	(263)	(13)	(276)	23
24	State Tax Credits	(1,358)	-	(1,358)	-	(1,358)	(1,358)	-	(1,358)	-	(1,358)	-	-	-	-	-	24
25	Current CCFT	45,844	(2,478)	43,366	(512)	42,855	45,599	(2,496)	43,103	(525)	42,579	(245)	(18)	(263)	(13)	(276)	25
26	Deferred Taxes - Reg Asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26
27	Deferred Taxes - Interest	324	-	324	-	324	324	-	324	-	324	-	-	-	-	-	27
28	Deferred Taxes - Vacation	(85)	-	(85)	-	(85)	(85)	-	(85)	-	(85)	-	-	-	-	-	28
29	Deferred Taxes - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29
30	Deferred Taxes - Fixed Assets	(3,113)	-	(3,113)	-	(3,113)	(3,113)	-	(3,113)	-	(3,113)	-	-	-	-	-	30
31	Total CCFT	42,970	(2,478)	40,492	(512)	39,980	42,724	(2,496)	40,229	(525)	39,704	(245)	(18)	(263)	(13)	(276)	31
FEDERAL TAXES:																	
32	CCFT - Prior Year Adjustment	29,610	16,234	45,844	(2,478)	43,366	29,610	15,989	45,599	(2,496)	43,103	-	(245)	(245)	(18)	(263)	32
33	FIT Capitalized Interest Adjustment	(1,441)	-	(1,441)	-	(1,441)	(1,441)	-	(1,441)	-	(1,441)	-	-	-	-	-	33
34	FIT Tax Depreciation - Declining Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34
35	FIT Tax Depreciation - SLRL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35
36	FIT Tax Depreciation - Fixed Assets	315,260	5,364	320,624	6,695	327,318	315,260	5,364	320,624	6,695	327,318	-	-	-	-	-	36
37	FIT Tax Depreciation - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37
38	Capitalized Overhead - Cost For Gas Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38
39	Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39
40	FIT Preferred Dividend Adjustment	2,372	-	2,372	-	2,372	2,372	-	2,372	-	2,372	-	-	-	-	-	40
41	Subtotal Deductions	544,745	25,357	570,102	(6,863)	563,238	544,733	25,094	569,827	(6,895)	562,932	(11)	(263)	(274)	(32)	(306)	41
42	Taxable Income for FIT	626,079	(42,215)	583,865	(777)	583,088	623,303	(42,170)	581,134	(905)	580,228	(2,776)	45	(2,731)	(129)	(2,860)	42
43	Federal Income Tax	131,477	(8,865)	122,612	(163)	122,449	130,894	(8,856)	122,038	(190)	121,848	(583)	9	(574)	(27)	(601)	43
44	Federal Tax Credits	(6,510)	-	(6,510)	-	(6,510)	(6,510)	-	(6,510)	-	(6,510)	-	-	-	-	-	44
45	Tax Effect of MTD & Prod Tax Credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45
46	Deferred Taxes - Interest	(303)	-	(303)	-	(303)	(504)	-	(504)	-	(504)	(202)	-	(202)	-	(202)	46
47	Deferred Taxes - Vacation	(202)	-	(202)	-	(202)	(202)	-	(202)	-	(202)	-	-	-	-	-	47
48	Amortization of Excess DFIT	(28,090)	(849)	(28,939)	(874)	(29,813)	(30,509)	(916)	(31,425)	(943)	(32,368)	(2,419)	(67)	(2,486)	(69)	(2,555)	48
49	Deferred Taxes - Fixed Assets	(66,434)	(603)	(67,037)	370	(66,667)	(65,735)	(687)	(66,422)	366	(66,056)	699	(84)	616	(5)	611	49
50	Total Federal Income Tax	29,937	(10,317)	19,620	(667)	18,953	27,433	(10,458)	16,975	(768)	16,207	(2,504)	(141)	(2,646)	(101)	(2,746)	50

A

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted)
Electric Generation
Rate Base - Attrition
(Thousands of Dollars)

B

Pacific Gas and Electric Company
2020 PG&E GRC Decision 20-12-005 (Adopted) with D.19-08-023 Excess ADIT
Electric Generation
Rate Base - Attrition
(Thousands of Dollars)

B-A

Pacific Gas and Electric Company
2020 PG&E GRC (Difference)
Electric Generation
Rate Base - Attrition
(Thousands of Dollars)

Line No.	2020		2021			2022			Line No.
	End Of Year	WAVG Year	End Of Year	WAVG Year	WAVG Increase	End Of Year	WAVG Year	WAVG Increase	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
PLANT IN SERVICE									
1	16,872,058	16,893,732	17,138,626	17,156,231	262,499	17,353,052	17,370,657	214,426	1
2	301,778	172,262	249,636	146,447	(25,815)	323,890	162,896	16,449	2
3	17,173,836	17,065,994	17,388,262	17,302,678	236,684	17,676,942	17,533,553	230,875	3
WORKING CAPITAL									
4	-	-	-	-	-	-	-	-	4
5	137,188	137,188	133,172	133,172	(4,017)	129,088	129,088	(4,083)	5
6	236,858	236,858	236,858	236,858	-	236,858	236,858	-	6
7	374,047	374,047	370,030	370,030	(4,017)	365,947	365,947	(4,083)	7
TRA ADJUSTMENTS									
8	21,131	21,277	21,131	21,131	(147)	21,131	21,131	-	8
9	8,536	8,401	8,536	8,536	135	8,536	8,536	-	9
10	344	347	344	344	(3)	344	344	-	10
11	30,011	30,026	30,011	30,011	(15)	30,011	30,011	-	11
12	-	-	-	-	-	-	-	-	12
DEFERRED TAXES									
13	(11,524)	(12,083)	(11,524)	(11,524)	559	(11,524)	(11,524)	-	13
14	877,047	918,205	810,010	843,528	(74,677)	743,342	776,676	(66,852)	14
15	-	-	-	-	-	-	-	-	15
16	165,936	169,892	165,936	165,936	(3,955)	165,936	165,936	-	16
17	-	-	-	-	-	-	-	-	17
18	1,031,459	1,076,013	964,422	997,941	(78,073)	897,755	931,089	(66,852)	18
DEPRECIATION RESERVE									
19	10,727,102	10,727,102	11,244,550	11,244,550	517,448	11,796,917	11,796,917	552,367	19
20	647,462	323,731	660,297	330,149	6,418	674,344	337,172	7,024	20
21	(130,014)	(57,301)	(107,930)	(51,263)	6,037	(111,751)	(50,631)	632	21
22	11,244,550	10,993,533	11,796,917	11,523,435	529,903	12,359,511	12,083,459	560,023	22
23	5,301,884	5,400,521	5,026,964	5,181,343	(219,178)	4,815,634	4,914,964	(266,379)	23

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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

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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