

PUBLIC UTILITIES COMMISSION505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

December 6, 2022

Advice Letter 6732-ESidney Bob Dietz II
Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street
San Francisco, California 94177**SUBJECT:****Advice Letter 6732-E – Notice of Federal Energy Regulatory Commission Rate Filing for Annual Updates to the Transmission Revenue Balancing Account Adjustment, the Reliability Services Rates, and the End-Use Customer Refund Balancing Account Adjustment**

Dear Mr. Dietz,

The Commission is in receipt of Advice Letter 6732-E, which pertains to the Notice of Federal Energy Regulatory Commission Rate Filing for Annual Updates to the Transmission Revenue Balancing Account Adjustment, the Reliability Services Rates, and the End-Use Customer Refund Balancing Account Adjustment. Consistent with Commission Resolution E-3930, which establishes a process whereby the Commission authorizes the pass-through of rate changes for transmission-related costs that have been filed with and become effective at FERC, subject to refund (in both FERC and Commission jurisdictional rates)¹, the Commission approves the effective date of this Advice Letter as the date of this letter.

BACKGROUND

On September 30th, 2022, PG&E filed Transmission Owner Tariff Balancing Account Revisions with FERC in Docket No. ER22-2986-000. In that filing, PG&E requested an effective date of January 1, 2023, for the updated revenue requirements and rates.

The proposed 2023 Transmission Revenue Balancing Account (TRBA) retail rate is a credit to End-Use customers of \$433,337,365. PG&E proposes a 2023 TRBA retail rate of -\$0.00559 per kWh (compared to the current retail rate of -\$0.00242 per kWh).

As reflected in the 2023 Balancing Account Filing, the total Reliability Services transmission revenue requirement used in the development of the retail 2023 RS rates is a charge to customers of \$41,690,935. Due to the escalation of Reliability Must Run costs, this reflects a substantial increase in RS costs compared to the current RSBA of \$6,422,868.00 in 2022 RS rates.

¹ Resolution E-3930 at 5 (explaining that “[c]onsistent with the filed rate doctrine, it is just and reasonable under State law for the utilities to recover through retail rates the transmission rates that are filed with and become effective at the FERC, provided that those rate adjustments are subject to refund to the same extent as they are at the FERC.”).

Because PG&E has not yet received a FERC order approving its compliance filing in the TO18 rate case², PG&E has filed the ECRBAA with two options:

1. An ECRBAA reflecting the TO18 End-Use Customer refund for a credit of \$300,646,676 in 2023; and
2. An ECRBAA without the TO18 End-Use Customer refund for a credit of \$887,572 in 2023.

The timing of a FERC order in TO18 will determine the applicable ECRBAA in 2023 rates.

No protests were filed in response to AL 6732-E.

DISPOSITION

The Energy Division approves AL 6732-E with an effective date of the date of this letter for the updated revenue requirement and rates subject to refund. The CPUC's authorization to pass through the updated transmission revenue requirement and FERC rates to retail customers neither constitutes the CPUC's approval that PG&E's FERC-jurisdictional expenditures were prudently incurred nor represents the CPUC's agreement that the resulting FERC rates are just and reasonable.³

Sincerely,



Leuwam Tesfai
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division
California Public Utilities Commission

cc: PG&E Tariff Unit (PGETariffs@pge.com)
ED Tariff Unit (EDTariffUnit@cpuc.ca.gov)

² FERC Docket No. ER16-2320-011

³ As explained in Commission Resolution E-3930, “[t]he CPUC routinely files as an intervener in the proceedings at FERC.” The Commission will continue to represent California ratepayers in any FERC proceedings related to these or any other advice letter filings, as the Commission deems necessary, including, but not limited to circumstances in which errors in the filings are subsequently identified and/or other issues arise.



Sidney Bob Dietz II
Director
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

Fax : 415-973-3582

October 11, 2022

Advice 6732-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Notice of Federal Energy Regulatory Commission Rate Filing for Annual Updates to the Transmission Revenue Balancing Account Adjustment, the Reliability Services Rates, and the End-Use Customer Refund Balancing Account Adjustment

Purpose

In compliance with California Public Utilities Commission (“Commission” or “CPUC”) Resolution E-3930, Pacific Gas and Electric Company (“PG&E”) submits this advice letter to notify the Commission of PG&E’s September 30, 2022 filing with the Federal Energy Regulatory Commission (“FERC”), in FERC Docket No. ER22-2986-000, requesting transmission rate changes for PG&E’s retail electric customers. PG&E’s FERC filing requested the approval of annual updates to the transmission revenue requirements (“TRRs”) and associated rates in PG&E’s Transmission Owner (“TO”) Tariff related to three of PG&E’s FERC balancing accounts: the Transmission Revenue Balancing Account (“TRBA”), the Reliability Services Balancing Account (“RSBA”), and the End-Use Customer Refund Balancing Account (“ECRBA”) (the “2023 Balancing Account Filing”). The filing requested an effective date of January 1, 2023 for the updated revenue requirements and rates.

Background

PG&E’s TO Tariff specifies the rates and charges for transmission access to PG&E-owned facilities that are part of the California Independent System Operator Corporation (“CAISO”) controlled grid. The base transmission rates in the TO Tariff, along with the three transmission rate adjustments discussed in this advice letter submittal make up the total transmission rates for PG&E’s retail customers.

TRBAA

The TRBA Adjustment (“TRBAA”) is the ratemaking mechanism through which Transmission Revenue Credits flow to TO Tariff retail and wholesale transmission customers.

In its 2023 Balancing Account Filing, PG&E proposed revisions to:

1. The retail TRBAA TRR and the resulting retail TRBAA rate; and
2. The wholesale High and Low Voltage TRRs used by the CAISO to calculate the CAISO Transmission Access Charge (“TAC”) rates under the CAISO Tariff.

The retail TRBAA rate revision is based on: (1) the TRBA balance, consisting of the principal balance and the interest expected as of December 31, 2022; (2) PG&E’s TRBAA forecast, which is a forecast of Transmission Revenue Credits for 2023; and (3) an adjustment for Revenue Fees and Uncollectible Accounts (“RF&U”). Also included in the balance of the TRBAA is an adjustment for the Power Exchange (“PX”) refund that was approved by FERC in October 2021 in Docket No. EL00-95-291.

As reflected in the 2023 Balancing Account filing, the TRBA balance is a credit to End-Use customers of \$155,163,727.00, the forecasted TRBAA is a credit of \$273,567,775.00 and the RF&U adjustment is a credit of \$4,605,863.00. The resulting 2023 retail TRBAA TRR is a credit to End-Use customers of \$433,337,365.00. To pass through this credit, PG&E proposed a 2023 TRBA retail rate of (\$0.00559) per kWh (compared to the current retail rate of (\$0.00242) per kWh).

The total 2023 TRBAA wholesale revenue requirement used for calculating the CAISO’s TAC is a credit to customers of \$421,742,030.00, which has been allocated to High and Low Voltage at \$254,058,526.00 and \$167,683,504.00, respectively.

RS Rates

FERC Opinion No. 459 approved a September 21, 2001, partial settlement allowing recovery of PG&E’s Reliability Services (“RS”) costs from retail TO Tariff customers.

The TRR for the RS rate consists of three components: (1) the RSBA balance, consisting of the principal balance and the interest expected as of December 31, 2022; (2) the forecast of RS costs for 2023; and (3) an adjustment for RF&U.

As reflected in the 2023 Balancing Account Filing, the total RS TRR used in the development of the retail 2023 RS rates is a charge to customers of \$41,690,935.00. This amount consists of the RSBA balance, which is a charge of \$15,414,514.00, plus the forecast of RS costs for 2023, which is a charge of \$25,833,295.00, plus the RF&U adjustment, which is a charge of \$443,125.00.

ECRBAA

The ECRBA Adjustment (“ECRBAA”) is a mechanism designed to refund over-collected transmission rate charges to PG&E’s End-Use customers. ECRBAA is a credit or a charge equal to the refund or surcharge amount due to End-Use customers, including interest.

The ECRBAA consists of two components: (1) the ECRBA balance, consisting of the principal balance and the interest expected as of December 31, 2022; and (2) the forecast of refunds from the resolution of PG&E’s applicable TO Tariff rate cases.

On May 16, 2022, PG&E submitted its compliance filing pursuant to FERC’s Order on Further Briefing Concerning Return on Equity (ROE) in Docket No. ER16-2320-011. As explained in the compliance filing, as of April 30, 2022, PG&E calculated the End-Use Customer refund amount to be \$291,905,948, including principal and interest. Because, PG&E has not yet received a Commission order approving the compliance and PG&E’s May 31, 2002 refund report, PG&E is filing the ECRBAA with two options: the ECRBAA with the TO18 End-Use Customer refund (see Exhibit PGE-005-1a) and the ECRBAA without the TO18 End-Use Customer refund (see Exhibit PGE-005-1b).

If PG&E receives a Commission order by the date requested below approving the compliance filing in Docket ER16-2320-011, the 2023 ECRBAA including the TO18 End-Use Customer refund is a credit of \$300,646,676. This amount includes the principal balance and interest of \$887,572 and the TO18 End-Use Customer refund amount of \$299,759,105 as of December 31, 2022 including accrued interest pursuant to 18 C.F.R. § 35.19a.

Absent a Commission order approving the compliance filing by the date requested below, the 2023 ECRBAA excluding the TO18 End-Use Customer refund is a credit of \$887,572. PG&E proposes to set the ECRBAA rates to zero beginning January 1, 2023 because the ECRBAA without the TO18 End-Use Customer refund is too small to calculate billable rates.

Compliance with Resolution E-3930

PG&E submits this advice letter pursuant to Process Element 3 of Resolution E-3930. Consistent with past practice, PG&E also provided the Commission with a complete copy of the 2023 Balancing Account Filing on the same date that it was filed with FERC, by service to the Commission’s Legal Division.

In this advice letter, PG&E requests authority to revise each corresponding transmission rate component of its Commission-jurisdictional tariffs on the date FERC ultimately authorizes these changes to become effective, or as soon thereafter as possible, subject to refund, and to make corresponding adjustments to its total applicable

Commission jurisdictional rates. Adjustments to total residential rates will be made pursuant to CPUC Decisions (D.)21-03-003, effective January 1, 2023.

As anticipated under Process Element 4 of Resolution E-3930, PG&E will supplement this advice letter, or indicate in a separate advice letter that coincides with other retail rate changes, when the requested TRBAA, RS, and ECRBAA rate changes are accepted, modified, rejected or otherwise acted upon by FERC.

These FERC rate changes will generally affect the rates of all bundled, Direct Access, and Community Choice Aggregation customers. Typically, the 2023 Balancing Account Filing rate change will be consolidated into other rate changes scheduled to be filed in late December for an effective date of January 1, 2023. At that time, PG&E will also provide complete updated tariff sheets.

Protests

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than October 31, 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

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 and 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 letter become effective as soon as practicable after FERC authorizes these changes to become effective, which PG&E expects to be on or after January 1, 2023. PG&E proposes to consolidate the electric rate changes



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39 E)

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Kimberly Loo

Phone #: (415)973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: KELM@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) #: 6732-E

Tier Designation: 2

Subject of AL: Notice of Federal Energy Regulatory Commission Rate Filing for Annual Updates to the Transmission Revenue Balancing Account Adjustment, the Reliability Services Rates, and the End-Use Customer Refund Balancing Account Adjustment

Keywords (choose from CPUC listing): Compliance, Balancing Account

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: Resolution E-3930

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:

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

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

¹Discuss in AL if more space is needed.

Protests and 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:
Facsimile (xxx) xxx-xxxx:
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

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

AT&T
Albion Power Company

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
Braun Blasing Smith Wynne, P.C.
California Cotton Ginners & Growers Assn
California Energy Commission

California Hub for Energy Efficiency
Financing

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

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

Chevron Pipeline and Power
City of Palo Alto

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

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

East Bay Community Energy Ellison
Schneider & Harris LLP
Engineers and Scientists of California

GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz &
Ritchie
Green Power Institute
Hanna & Morton
ICF
International Power Technology

Intertie

Intestate Gas Services, Inc.
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP
Leviton Manufacturing Co., Inc.

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

Modesto Irrigation District
NLine Energy, Inc.
NRG Solar

OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

Redwood Coast Energy Authority
Regulatory & Cogeneration Service, Inc.

Resource Innovations

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
Stoel Rives LLP

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