

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 16, 2023

Advice Letter 4715-G/6865-E-A

Sidney Bob Dietz II
Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street
San Francisco, California 94177
E-mail: PGETariffs@pge.com

SUBJECT: PG&E's 2022 Base Revenue Requirements Effective January 1, 2023

Dear Mr. Dietz:

Pacific Gas and Electric Company Advice Letter 4715-G/6865-E-A is effective as of January 1, 2023.

Sincerely,

A handwritten signature in black ink that reads "Leuwam Tesfai".

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



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

February 23, 2023

Advice 4715-G-A/6865-E-A

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Supplemental: PG&E's 2022 Base Revenue Requirements Effective January 1, 2023

Purpose

Pacific Gas and Electric Company (PG&E or the Company) submits this Tier 1 supplemental advice letter updating its 2022 base revenue requirements effective January 1, 2023, as approved by the California Public Utilities Commission (Commission or CPUC) and summarized in the table below, and to correct a cataloguing error in the original advice letter's number. The original advice letter was submitted only with a gas number but was intended to have an electric and gas number because it affects both electric and gas customers. This supplemental advice letter replaces original advice letter 4715-G in its entirety.

Amounts in Thousands

<u>Line No.</u>	<u>Revenue Requirements (\$000s)</u>	<u>2022 GRC¹</u>	<u>2022 Pension²</u>	<u>Total</u>
1	Electric Distribution	\$5,595,613	\$54,525	\$5,650,138
2	Gas Distribution	\$2,187,039	\$31,710	\$2,218,749
3	Electric Generation	\$2,260,966	\$35,520	\$2,296,486
4	Total	\$10,043,618	\$121,754	\$10,165,372

Note: Some totals may not add precisely due to rounding.

[1] The adopted General Rate Case (GRC) attrition amount has been updated for the 2022 uncollectibles factor as submitted in Advice 4512-G/6373-E and 2023 Cost of Capital as adopted in Decision 22-12-031.

[2] The 2022 Pension revenue requirement reflected above remains unchanged from 2022. As approved in Advice 3915-G/5195-E on January 8, 2018, the data to calculate the annual pension revenue requirement is not available until after the first of the year. Once available, PG&E will file an advice letter to update the 2023 pension revenue requirement. The base revenue requirements table will also be updated at that time to reflect the 2023 Pension revenue requirement.

Attachment 1 includes the Rolling Revenue Requirement Report updated for these 2022 base revenue requirements.

Background

2023 Cost of Capital

On April 20, 2022, PG&E filed its 2023 Cost of Capital Application (A.22-04-008), including the proposed rate of return on equity (ROE) and rate of return on rate base (ROR) for its electric generation, electric distribution, natural gas distribution, and natural gas transmission and storage rate base beginning January 1, 2023. On December 19, 2022, the CPUC issued D.22-12-031 to set PG&E's Test Year 2023 Cost of Capital, granting a 10.00% ROE. Subsequently on January 10, 2023, the CPUC issued D.23-01-002 to correct certain inadvertent typographical errors. The authorized 2023 Cost of Capital ROE and ROR from A.22-04-008 are included in the GRC base revenue requirements as shown in Attachment 1 of this advice letter.

2023 GRC Wildfire Liability Insurance Settlement Agreement, Decision 23-01-005

On October 7, 2022 PG&E, along with TURN and Cal Advocates, filed a joint motion for approval and adoption of the Wildfire Liability Self-Insurance Settlement Agreement in PG&E's 2023 GRC proceeding. Under the terms of the Settlement Agreement, in 2023 PG&E would be authorized to put \$400 million into rates to be used for 100% wildfire self-insurance. In addition, the Settlement Agreement modifies the allocation of wildfire liability self-insurance so that it is allocated to Electric customers only. On December 9, 2022, the Commission issued a Proposed Decision approving the Settlement Agreement in full, and on January 12, 2023, the CPUC issued D.23-01-005. The 2023 GRC Wildfire Insurance Settlement Agreement is reflected in Attachment 1.

Decision 18-04-014, Ex Parte Penalty Reversal

Decision 18-04-014 adopted a settlement related to PG&E's failure to report ex parte communications in a timely manner. The decision adopted both non-financial and financial penalties. One of those penalties required PG&E to implement a one-time adjustment of \$10 million amortized in equivalent annual amounts for its next General Rate Case cycle. PG&E reflected the \$10 million credit in equal annual amounts of \$3.3 million starting in January 2020 through December 2022. Customers have been credited for the \$10 million and therefore PG&E is removing this credit from base revenues. The adjustment is reflected in Attachment 1.

Decision 19-12-013, Ex Parte Penalty Phase II Reversal

On December 5, 2019, the Commission issued a Phase II Decision (D. 19-12-013) Granting the Joint Motion of the City of San Bruno, The City of San Carlos, The Public

Advocates Office, The Safety Enforcement Division, The Utility Reform Network and Pacific Gas and Electric Company for Adoption of the Phase II Settlement Agreement.

The Settlement Agreement resolved the Commission's investigation into eight separate proceedings in which PG&E admittedly failed to timely report ex parte communications and engaged in improper ex parte communications. The Decision also adopted a \$1 million penalty that was given back in equal annual amounts of \$0.33 million starting in January 2020 through December 2022. Customers have been credited for the \$1 million penalty and therefore PG&E is removing this credit from base revenues. The adjustment is reflected in Attachment 1.

Adjustments to Revenue Requirements to Comply with Internal Revenue Service (IRS) Private Letter Rulings

On February 24, 2022, PG&E submitted a Tier 2 Advice Letter (AL 4579-G/6513-E) to adjust its revenue requirements and rate base to comply with rulings of the IRS on the correct treatment of Cost of Removal/Negative Net Salvage under the tax normalization rules and the Average Rate Assumption Method (ARAM). The 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. The Commission approved AL 4579-G/6513-E on March 26, 2022. PG&E has reflected the reversal of the 2022 adjustment in Attachment 1. The reversal for prior years adjustments (2018-2019) were reflected through PG&E's Annual Electric and Gas True-Up Advice Letter Filings.

Protests

PG&E requests that the Commission, pursuant to GO 96-B, General Rule 7.5.1, maintain the original protest and comment period designated in Advice 4715-G, which is March 7, 2023, as the content of the advice letter is unaltered.

Effective Date

PG&E submits this advice letter as a Tier 1 submittal. PG&E requests that this advice letter become effective on January 1, 2023.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically to parties shown on the attached list and the parties on the service list for A.15-09-001, I.15-11-015 and A.19-04-015. 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.



ADVICE LETTER SUMMARY

ENERGY UTILITY



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

Company name/CPUC Utility No.: Pacific Gas and Electric Company (U 39 M)

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Stuart Rubio

Phone #: (951)965-8905

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: stuart.rubio@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) #: 4715-G-A/6865-E-A

Tier Designation: 1

Subject of AL: Supplemental: PG&E's 2022 Base Revenue Requirements Effective January 1, 2023

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 #:

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: 1/1/23

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: (415)973-2093
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

Attachment 1

Adopted Rolling Revenue Requirements Report

ATTACHMENT I

Adopted Rolling Revenue Requirements Report
From 2020 GRC
in thousands

	Electric Distribution	Electric Generation	Gas Distribution	Total	Decision(s)
2020 Adopted GRC RRQ	4,799,849	2,289,345	2,013,276	9,102,470	D.20-12-005, 2020 GRC Decision
2020 Revenue, Fees & Uncollectibles Expense Adjustment	49	23	19	92	AL 4352-G/6039-E
DOE Litigation Funds *		20,500		20,500	D.20-12-005, 2020 GRC Decision
Ex Parte Penalty	(1,729)	(881)	(724)	(3,333)	D.19-04-014
Ex Parte Penalty Phase II	(176)	(84)	(74)	(333)	D.19-12-013
2020 Pension	38,570	25,126	22,431	86,128	D.09-09-020/ AL 4357-G/6048-E
2020 Accumulated Deferred Tax Adjustment	(24,975)	(2,818)	2,836	(24,957)	D.20-12-005/AL 4367-G/6062-E
Cost of Capital/Cost of Debt					
2020 Cost of Capital Adjustment	18,798	5,863	7,876	32,538	D.19-12-056, CoC Decision
2020 Cost of Debt Adjustment	(40,091)	(12,559)	(16,871)	(69,520)	D.19-12-056, CoC Decision/AL 4275-G/5887-E
Hydroelectric Sale					
Narrows Sale - 2020 Reduction		(634)		(634)	D.19-10-010/AL 5825-E-B
2020 Base Revenue Amount including Pension Adjustment (Eff. 1/1/20)	4,790,297	2,323,883	2,028,770	9,142,950	
2021 Attrition	210,781	(15,531)	120,719	315,969	D.20-12-005, 2020 GRC Decision
2021 Revenue, Fees & Uncollectibles Expense Adjustment	(4)	27	(10)	13	AL 4353-G/6039-E
Pension					
Reverse 2020 Pension	(38,570)	(25,126)	(22,431)	(86,128)	D.09-09-020/ AL 4357-G/6048-E
2021 Pension	40,709	26,520	23,675	90,904	D.09-09-020/ AL 4411-G/6139-E
Accumulated Deferred Tax Adjustment					
Reverse 2020 Accumulated Deferred Tax Adjustment	24,975	2,818	(2,836)	24,957	D.20-12-005/AL 4367-G/6062-E
2021 Accumulated Deferred Tax Adjustment	(25,635)	(3,039)	2,507	(26,167)	D.20-12-005/AL 4367-G/6062-E
Cost of Capital					
Reverse 2020 Cost of Capital	(18,798)	(5,863)	(7,876)	(32,538)	D.19-12-056, CoC Decision
2021 Cost of Capital	21,216	5,690	8,665	35,571	D.19-12-056, CoC Decision/AL 4275-G/5887-E
Cost of Debt					
Reverse 2020 Cost of Debt Adjustment	40,091	12,559	16,871	69,520	D.19-12-056, CoC Decision/AL 4275-G/5887-E
2021 Cost of Debt Adjustment	(91,040)	(24,636)	(37,577)	(153,253)	D.19-12-056, CoC Decision/AL 4275-G/5887-E
Hydroelectric Sales					
Reverse Narrows Sale - 2020 Reduction		634		634	D.19-10-010/AL 5825-E-B
Narrows Sale - 2021 Reduction		(818)		(818)	D.19-10-010/AL 5825-E-B
Kern Sale - 2021		(1,204)		(1,204)	AL 6083-E
2021 Base Revenue Amount including Pension Adjustment (Eff. 1/1/21)	4,954,021	2,295,912	2,130,477	9,380,411	
2022 Attrition	276,605	(7,760)	94,828	363,673	D.20-12-005, 2020 GRC Decision
2022 Revenue, Fees & Uncollectibles Expense Adjustment	(91)	29	(39)	(100)	AL 4512-G/6373-E
Other Adjustments (2020 to 2022)	33	(41)	15	8	Cumulative impact of adjustments made to Cost of Capital, excess ADIT and RF&U
Pension					
Reverse 2021 Pension	(40,709)	(26,520)	(23,675)	(90,904)	D.09-09-020/ AL 4411-G/6139-E
2022 Pension	54,525	35,520	31,710	121,754	D.09-09-020/ AL 4568-G/6492-E
Accumulated Deferred Tax Adjustment					
Reverse 2021 Accumulated Deferred Tax Adjustment	25,635	3,039	(2,507)	26,167	D.20-12-005/AL 4367-G/6062-E
2022 Accumulated Deferred Tax Adjustment	(26,913)	(3,201)	2,221	(27,893)	D.20-12-005/AL 4367-G/6062-E
2022 Accumulated Deferred Income Tax Reversal	26,913	3,201	(2,221)	27,893	AL 4579-G/6519-E
Cost of Capital					
Reverse 2021 Cost of Capital	(21,216)	(5,690)	(8,665)	(35,571)	D.19-12-056, CoC Decision
2022 Cost of Capital	24,132	5,398	9,493	39,023	D.19-12-056, CoC Decision/AL 4275-G/5887-E
Cost of Debt					
Reverse 2021 Cost of Debt Adjustment	91,040	24,636	37,577	153,253	D.19-12-056, CoC Decision/AL 4275-G/5887-E
2021 Cost of Debt Adjustment	(102,810)	(23,374)	(41,180)	(167,364)	D.19-12-056, CoC Decision/AL 4275-G/5887-E
Hydroelectric Sales					
Reverse Narrows Sale - 2021 Reduction		818		818	D.19-10-010/AL 5825-E-B
Narrows Sale - 2022 Reduction		(775)		(775)	D.19-10-010/AL 5825-E-B
Reverse Kern Sale - 2021 Reduction		1,204		1,204	A.20-02-005, AL 6083-E
Kern Sale - 2022		(1,160)		(1,160)	A.20-02-005, AL 6083-E
2022 Base Revenue	5,261,166	2,301,237	2,228,033	9,790,436	
2023 Cost of Capital (Incremental)	(17,257)	(5,716)	(10,082)	(33,055)	2023 Cost of Capital D.22-12-031
2023 GRC Self-Insurance Settlement, including RF&U	404,324			404,324	D.23-01-005
Reversal of Ex Parte Penalty					
Ex Parte Penalty	1,729	881	724	3,333	D.19-04-014
Ex Parte Penalty Phase II	176	84	74	333	D.19-12-013
2022 Base Revenues Updated for 2023	5,650,138	2,296,486	2,218,749	10,165,372	

Note: Some totals may not add precisely due to rounding.
*Actual savings credits will be transferred to the Utility Generation Balancing Account and refunded to customers as part of the Annual Electric True-up advice filing process.

**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 Blaising 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
Downey Brand LLP
Dish Wireless L.L.C.

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

GenOn Energy, Inc.
Green Power Institute
Hanna & Morton
ICF

iCommLaw
International Power Technology
Intertie

Intestate Gas Services, Inc.

Johnston, Kevin
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