

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



**Pacific Gas & Electric Company**  
**ELC (Corp ID 39)**  
**Status of Advice Letter 6942E**  
**As of June 15, 2023**

Subject: Modification of the Microgrids Balancing Account (MGBA) to Add Two New Subaccounts and Modification of the Microgrids Memorandum Account (MGMA) pursuant to Decision 23-04-034 (Microgrid Incentive Program)

Division Assigned: Energy

Date Filed: 05-15-2023

Date to Calendar: 05-24-2023

Authorizing Documents: D2304034

<b>Disposition:</b>	<b>Accepted</b>
<b>Effective Date:</b>	<b>04-14-2023</b>

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

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

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



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to  
**[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)**

May 15, 2023

**Advice 6942-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject:     **Modification of the Microgrids Balancing Account (MGBA) to Add Two New Subaccounts and Modification of the Microgrids Memorandum Account (MGMA) pursuant to Decision 23-04-034 (Microgrid Incentive Program)****

**Purpose**

In accordance with Ordering Paragraph (OP) 6 of Decision 23-04-034, Pacific Gas and Electric Company (PG&E) submits this Advice Letter to modify its preliminary statement for the Microgrids Balancing Accounts (MGBA) creating: (1) a new subaccount to separately record the actual costs of the Microgrid Incentive Program (MIP) up to its share of the program budget cap of \$79,200,000 and the Microgrid Incentive Program administrative expenses up to its share of the administrative budget of \$8,000,000; and (2) a new subaccount to record microgrid utility upgrades and to prospectively record the capital-related revenue requirement for its Community Microgrid Enablement Program (CMEP). Additionally, PG&E submits this Advice Letter to modify its preliminary statement for the Microgrids Memorandum Account (MGMA) to stipulate the related ending date for certain CMEP costs to be recorded therein.

**Background**

In September 2019, the Commission opened the Microgrids OIR<sup>1</sup> to facilitate the commercialization of microgrids and adopt resiliency strategies pursuant to Senate Bill (SB) 1339.

On January 21, 2021, the Commission issued D.21-01-018 that ordered, among other things, PG&E and other investor-owned utilities to develop the implementation rules for a new MIP.<sup>2</sup> That Decision also ordered the utilities to track costs of implementing the program prior to adoption of the program implementation details.<sup>3</sup>

The large IOUs jointly held a series of workshops in the summer of 2021 to solicit feedback and proposals from stakeholders on the program design and elements. On

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<sup>1</sup>OIR Regarding Microgrids Pursuant to SB 1339 and Resiliency Strategies, September 12, 2019.

<sup>2</sup> D.21-01-018, pp. 114-115 (OP 6).

<sup>3</sup> *Id.*, p. 115 (OP 7).

December 3, 2021, pursuant to OP 6 of D.21-01-018, the IOUs then jointly submitted the IOU Microgrid Incentive Program Implementation Plan (MIPIP). On July 6, 2022, ALJ Rizzo issued a ruling requesting comment on the Commission's Energy Division's MIP Staff Proposal that recommended changes and clarifications to the Joint IOU Implementation Plan Proposal. On February 9, 2023, ALJ Rizzo issued a Proposed Decision (PD) adopting the implementation rules for the previously-authorized MIP. A revised PD was issued on April 4, 2023, and on April 6, 2023, the Commission adopted the MIPIP in D.23-04-034.<sup>4</sup>

The MIP is a program to support the development of community microgrids for resiliency during outages, focusing on Disadvantaged and Vulnerable Communities (DVCs). The MIP seeks to advance microgrid resiliency technology, advance system benefits of microgrids equitably across DVCs and inform future regulatory resiliency action to the benefit of all customers.

### **Discussion**

In compliance with D.23-04-034, PG&E is submitting modifications to its Electric Preliminary Statement Part IT (Microgrids Balancing Account) to add two new subaccounts to track and record costs for the MIP and to prospectively record certain costs for its Community Microgrid Enablement Program (CMEP). The new subaccounts being added to PG&E's existing Microgrids Balancing Account are:

- The Microgrid Incentive Program Subaccount is a one-way subaccount that records 1) the actual incremental incurred expenses and pass-through costs, 2) the capital-related revenue requirement related to the actual incremental capital costs, and 3) the revenue requirement related to the "customer-side infrastructure" incurred for the MIP up to \$79,200,000 and up to PG&E's administrative budget cap of \$8,000,000, pursuant to OP 6 of D.23-04-034. The administrative costs will be tracked separately from all other costs through the use of internal orders. Any unspent funds for administrative costs must be returned to customers at the end of the related project work.<sup>5</sup> The Commission adopted a \$15 million per project cap that consists of \$1 million for Interconnection Allowance and \$14 million for a third-party's Incentive Award. Internal orders will also be used to separately track the Interconnection Allowance and Incentive Award for each project. The types of costs eligible for the third-party's Incentive Award are listed in the MIPIP.<sup>6</sup> The revenue requirement related to the "customer-side infrastructure" will be recorded as a regulatory asset at a rate equivalent to PG&E's weighted average cost of authorized debt during the period in which the financing costs for the regulatory asset are incurred and amortized over 5 years pursuant to OP 9 of D.23-04-034. "Customer-side infrastructure" costs that receive regulatory asset treatment would

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<sup>4</sup> See *also* PG&E Letter to Commission Executive Director, April 17, 2023, seeking correction of a typographical error in D.23-04-034 relating to OP 6.

<sup>5</sup> D.23-04-034, p. 35.

<sup>6</sup> Joint IOU's Microgrid Incentive Program Implementation Plan, pp. 32-33.

include those third-party Incentive Award costs that are “paid for by Utility customers that if acquired by the Utility would be capitalized due to the types of costs, i.e., property, plant and equipment”<sup>7</sup> plus supportive activities that are normally capitalized to put the asset into service. The MIP costs will be recovered from all distribution customers<sup>8</sup> on an actual basis<sup>9</sup> via transfer to the Distribution Revenue Adjustment Mechanism (DRAM) annually and disposition of the balance will be through distribution rates via the Annual Electric True-up (AET) advice letter process.

- The Microgrid Utility Infrastructure Upgrades Subaccount is a one-way subaccount that prospectively records the microgrid utility upgrades and capital-related revenue requirement for the CMEP as of April 14, 2023 pursuant to D.23-04-034.<sup>10</sup> The CMEP costs will be recovered from all distribution customers on an actual basis via transfer to the DRAM annually and disposition of the balance will be through distribution rates via the AET advice letter process.

As a result of the accounting changes regarding the CMEP pursuant to D.23-04-034, PG&E is also modifying *Electric Preliminary Statement Part IG, Microgrids Memorandum Account (MGMA)* to note that microgrid utility upgrades and the capital-related revenue requirement for the CMEP recorded to the MGMA will no longer be recorded to that account as of April 13, 2023, the date prior to the issuance of D.23-04-034, and that as of April 14, 2023 these costs will be recorded to the MGMA on a prospective basis in accordance with D.23-04-034.

### **Tariff Revisions**

Modifications to *Electric Preliminary Statement Part IT, Microgrids Balancing Account*, and *Electric Preliminary Statement Part IG, Microgrids Memorandum Account*, are provided as Attachment 1. For convenience, a redline version of the tariff revisions are included as Attachment 2.

CPUC approval of this submittal would not increase any current rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

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<sup>7</sup> Joint IOU’s Microgrid Incentive Program Implementation Plan, p. 49.

<sup>8</sup> D.21-01-018, p. 63-64 (The MIP costs “shall be allocated to all distribution customers of the relevant IOU”) (*aff’d* D.23-04-034, p. 34).

<sup>9</sup> D.21-01-018, p. 115 (OP 6) ([MIP “may only recover costs once expenditures have been incurred and may not be proactively collected”).

<sup>10</sup> Actual costs incurred for the CMEP were previously recorded to the CMEP Subaccount of the Microgrids Memorandum Account (MGMA, Electric Preliminary Statement Part IG) pursuant to OP 16 of D.20-06-017 beginning January 1, 2020 (effective date of the subaccount per Advice Letter 5883-E). Disposition of the balance in the CMEP Subaccount of the MGMA will be addressed in a separate application or in a future General Rate Case. D.23-04-034 was issued on April 14, 2023.

**Protests**

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than June 5, 2023, which is 21<sup>11</sup> 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 1 advice submittal become effective as of April 14, 2023, which is the issuance date of D.23-04-034.

**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 R. 19-09-009. 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/>.

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<sup>11</sup> PG&E is moving this date to the following business day because the 20-day protest period concludes on a weekend.

/S/

Sidney Bob Dietz II  
Director, Regulatory Relations  
CPUC Communications

cc: Service List, R.19-09-009,  
[Joyce.Steingass@cpuc.ca.gov](mailto:Joyce.Steingass@cpuc.ca.gov),  
[Jessica.Tse@cpuc.ca.gov](mailto:Jessica.Tse@cpuc.ca.gov)  
[Patrick.Saxton@cpuc.ca.gov](mailto:Patrick.Saxton@cpuc.ca.gov),  
[Jason.Ortego@cpuc.ca.gov](mailto:Jason.Ortego@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 E)

Utility type:

- ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Stuart Rubio

Phone #: 415-973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: 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) #: 6942-E

Tier Designation: 1

Subject of AL: Modification of the Microgrids Balancing Account (MGBA) to Add Two New Subaccounts and Modification of the Microgrids Memorandum Account (MGMA) pursuant to Decision 23-04-034 (Microgrid Incentive Program)

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.23-04-034

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: 4/14/23

No. of tariff sheets: 12

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: see attachment 1

Service affected and changes proposed<sup>1</sup>: N/A

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

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and 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](mailto: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

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
55940-E	ELECTRIC PRELIMINARY STATEMENT PART IG MICROGRIDS MEMORANDUM ACCOUNT (MGMA) Sheet 1	54797-E
55941-E	ELECTRIC PRELIMINARY STATEMENT PART IG MICROGRIDS MEMORANDUM ACCOUNT (MGMA) Sheet 3	50011-E
55942-E	ELECTRIC PRELIMINARY STATEMENT PART IG MICROGRIDS MEMORANDUM ACCOUNT (MGMA) Sheet 4	54799-E
55943-E	ELECTRIC PRELIMINARY STATEMENT PART IT MICROGRIDS BALANCING ACCOUNT (MGBA) Sheet 1	55053-E
55944-E	ELECTRIC PRELIMINARY STATEMENT PART IT MICROGRIDS BALANCING ACCOUNT (MGBA) Sheet 2	55054-E
55945-E	ELECTRIC PRELIMINARY STATEMENT PART IT MICROGRIDS BALANCING ACCOUNT (MGBA) Sheet 3	55055-E
55946-E	ELECTRIC PRELIMINARY STATEMENT PART IT MICROGRIDS BALANCING ACCOUNT (MGBA) Sheet 4	55056-E
55947-E	ELECTRIC PRELIMINARY STATEMENT PART IT MICROGRIDS BALANCING ACCOUNT (MGBA) Sheet 5	55057-E
55948-E	ELECTRIC PRELIMINARY STATEMENT PART IT MICROGRIDS BALANCING ACCOUNT (MGBA) Sheet 6	
55949-E	ELECTRIC PRELIMINARY STATEMENT PART IT MICROGRIDS BALANCING ACCOUNT (MGBA) Sheet 7	
55950-E	ELECTRIC TABLE OF CONTENTS Sheet 1	55879-E
55951-E	ELECTRIC TABLE OF CONTENTS Sheet 18	55880-E



**ELECTRIC PRELIMINARY STATEMENT PART IG  
MICROGRIDS MEMORANDUM ACCOUNT (MGMA)**

Sheet 1

IG. Microgrids Memorandum Account (MGMA)

1. **PURPOSE:** The purpose of the Microgrids Memorandum Account (MGMA) is to record and track incremental electric expense and capital related costs related to the Make-Ready Program for Single-Season Microgrid Solutions, the 2020 Temporary Generation Program, and the Community Microgrid Enablement Program (CMEP) approved by Decision (D.) 20-06-017; the 2021 Temporary Generation Program, the 2022 Temporary Generation Program, and the Microgrid Incentive Program approved by D.21-01-018; and the costs related to single-season, temporary generators approved by D.22-11-009.
2. **APPLICABILITY:** The MGMA applies to all electric customer classes, except for those specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balances in the Make-Ready Program subaccount will be addressed in a separate application or in an upcoming track of the Microgrids and Resilience Strategies rulemaking (R.19-09-009). Disposition of the balances in the 2020 Temporary Generation subaccount, the 2021 Temporary Generation subaccount, the 2022 Temporary Generation subaccount, the Single-Season, Temporary Generator subaccount, the CMEP subaccount, the Microgrid Incentive Program – Development Subaccount, and the Microgrid Incentive Program – Implementation and Administration Subaccount will be addressed in a separate application or in a future General Rate Case.
4. **RATES:** The MGMA does not have a rate component.
5. **ACCOUNTING PROCEDURE:** The MGMA consists of the following subaccounts:

The Make-Ready Program for Single-Season Microgrid Solutions subaccount will track incremental expense and capital related costs related to making infrastructure upgrades to the Utility’s distribution system in order to enable substations to create single-season microgrids using local sources of generation;

The 2020 Temporary Generation subaccount will track incremental expenses and capital related costs related to the reservation and use of temporary mobile generation during the 2020 fire season;

The 2021 Temporary Generation subaccount will track incremental expenses for the temporary generation program specifically for safe-to-energize substations affected by transmission-level-public safety shutoff events during the 2021 fire season;

The 2022 Temporary Generation subaccount will track incremental expenses for the temporary generation program specifically for safe-to-energize substations affected by transmission-level-public safety shutoff events during the 2022 fire season;

The Single-Season, Temporary Generator subaccount will track incremental expenses and capital costs related to the temporary generation needed to power single-season microgrid solutions beginning with the 2023 fire season upon approval by the Commission of the related Tier 2 advice letter filing. Costs will be tracked separately by fire season through the use of internal orders;

The CMEP subaccount will track incremental expense and capital related costs related to implementation and administration of the program<sup>1</sup>;

(T)

<sup>1</sup>As of April 14, 2023 CMEP microgrid utility upgrades and the revenue requirement for CMEP capital costs will be prospectively recorded to the Microgrids Balancing Account (Electric Preliminary Statement Part IT) pursuant to D.23-04-034, which was issued on that date.

(N)  
|  
(N)

(Continued)

<i>Advice</i>	6942-E	<i>Issued by</i>	<i>Submitted</i>	May 15, 2023
<i>Decision</i>	D.23-04-034	<i>Meredith Allen</i>	<i>Effective</i>	April 14, 2023
		<i>Vice President, Regulatory Affairs</i>	<i>Resolution</i>	



**ELECTRIC PRELIMINARY STATEMENT PART IG  
MICROGRIDS MEMORANDUM ACCOUNT (MGMA)**

Sheet 3

5. ACCOUNTING PROCEDURE: (Cont'd)

b. 2020 Temporary Generation subaccount (Cont'd)

- 1) If applicable, a debit or credit entry equal to the revenue requirement based on the recorded capital costs associated with the implementation of the 2020 Temporary Generation Program. Capital revenue requirements include depreciation expense, return on investment, federal and state taxes, and property taxes associated with costs of installed equipment.<sup>2</sup>
- 2) A debit or credit entry to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
- 3) A debit or credit entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(T)

c. 2021 Temporary Generation Subaccount

The following entries will be made to this subaccount at the end of each month, or as applicable, as follows:

- 1) A debit entry equal to the expense incurred related to implementation of the 2021 Temporary Generation Program, net of any reimbursements, if applicable.
- 2) A debit or credit entry to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
- 3) A debit or credit entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

<sup>2</sup> PG&E's accounting policies will be applied to the costs recorded to the MGMA 2020 Temporary Generation Subaccount to determine expense or capitalization treatment. These policies apply to property, plant, and equipment as well as computer software. Lifespan, inclusion in the Retirement Unit Catalog, and exceeding a minimum material cost per unit, are among the main determining factors. However, some situations are very specific and require additional analysis and judgement in determining the cost categorization. PG&E has included in its preliminary statement accounting procedures to allow both expense and capitalized costs to be recorded into the MGMA 2020 Temporary Generation Subaccount in the event that these costs are incurred in order to implement D.20-06-017.

(T)

(Continued)

<i>Advice</i>	6942-E	<i>Issued by</i>	<i>Submitted</i>	May 15, 2023
<i>Decision</i>	D.23-04-034	<b>Meredith Allen</b>	<i>Effective</i>	April 14, 2023
		<i>Vice President, Regulatory Affairs</i>	<i>Resolution</i>	



**ELECTRIC PRELIMINARY STATEMENT PART IG  
MICROGRIDS MEMORANDUM ACCOUNT (MGMA)**

Sheet 4

5. ACCOUNTING PROCEDURE: (Cont'd)

d. 2022 Temporary Generation Subaccount

The following entries will be made to this subaccount at the end of each month, or as applicable, as follows:

- 1) A debit entry equal to the expense incurred related to implementation of the 2022 Temporary Generation Program, net of any reimbursements, if applicable.
- 2) A debit or credit entry to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
- 3) A debit or credit entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

e. Single-Season, Temporary Generator Subaccount

The following entries will be made to this subaccount at the end of each month, or as applicable, as follows:

- 1) A debit entry equal to the expense incurred related to single-season, temporary generators beginning with the 2023 fire season.
- 2) If applicable, a debit or credit entry equal to the revenue requirement based on the recorded capital costs associated with single-season, temporary generators. Capital revenue requirements include depreciation expense, return on investment, federal and state taxes, and property taxes associated with costs of installed equipment.<sup>3</sup> (T)
- 3) A debit or credit entry to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
- 4) A debit or credit entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

<sup>3</sup>PG&E's accounting policies will be applied to the costs recorded to the MGMA Single-Season, Temporary Generator Subaccount to determine expense or capitalization treatment. These policies apply to property, plant, and equipment as well as computer software. Lifespan, inclusion in the Retirement Unit Catalog, and exceeding a minimum material cost per unit, are among the main determining factors. However, some situations are very specific and require additional analysis and judgement in determining the cost categorization. PG&E has included in its preliminary statement accounting procedures to allow both expense and capitalized costs to be recorded into the MGMA Single-Season, Temporary Generator Subaccount in the event that these costs are incurred in order to implement D.22-11-009. (T)



**ELECTRIC PRELIMINARY STATEMENT PART II  
MICROGRIDS BALANCING ACCOUNT (MGBA)**

Sheet 1

**IT. MICROGRIDS BALANCING ACCOUNT (MGBA)**

1. **PURPOSE:** The purpose of the Microgrids Balancing Account (MGBA) is to record actual incremental incurred expenses and capital-related revenue requirement related to the actual incremental capital costs incurred associated with the Electrical Isolation Technology Evaluation, the Microgrids Evaluation, and the Clean Substation Microgrid Program to be implemented pursuant to Decision D.21-01-018 and with Make-Ready, Utility-Owned Generation, and Third-Party contracts for Distributed Generation-Enabled Microgrid Services (DGEMS) implemented pursuant to D.22-11-009. Additionally, the MGBA records 1) the actual incurred costs of the Microgrid Incentive Program (MIP) and 2) the microgrid utility upgrades and the capital-related revenue requirement for the Community Microgrid Enablement Program (CMEP) as of April 14, 2023<sup>1</sup> pursuant to D.23-04-034. The account consists of seven one-way subaccounts, which separately track the Electrical Isolation Technology Evaluation, the Microgrids Evaluation, the Clean Substation Microgrid Program, Make-Ready investments, Utility-Owned Generation, Microgrid Incentive Program, and Microgrid Utility Infrastructure; and one two-way subaccount, which tracks Third-Party DGEMS Contracts. (T)
2. **APPLICABILITY:** The MGBA shall apply to all electric customer classes, except for those specifically excluded by the Commission. (T)
3. **REVISION DATE:** Disposition of the balances of the Electrical Isolation Technology Evaluation Subaccount, the Microgrids Evaluation subaccount, Make-Ready subaccount, and Utility-Owned Generation subaccount, Microgrid Incentive Program subaccount, and the Microgrid Utility Infrastructure Upgrades subaccount will be in the distribution component of electric rates through the Distribution Revenue Adjustment Mechanism (DRAM) as part of PG&E's Annual Electric True-up (AET) advice letter filing at the end of the related project work. Disposition of the balance of the Third-Party DGEMS Contracts subaccount will be in the distribution component of electric rates through the DRAM as part of PG&E's AET advice letter filing on an annual basis. Additionally, for the Make-Ready subaccount, Utility-Owned Generation subaccount, and Third-Party DGEMS Contracts subaccount the costs will be recovered based on the allocation of wildfire mitigation costs adopted in D.21-11-016. Disposition of the balances of the Clean Substation Microgrid Program Subaccount for the period of 2021-2026 will be in the distribution component of rates through the DRAM as part of PG&E's AET advice letter filing and for the period beginning 2027 the revenue requirement will be included in the General Rate Case (GRC) application for recovery through distribution rates. Specifically, recovery through distribution rates will utilize the special revenue allocation that was originally approved in Phase II of PG&E's 2020 GRC, D.21-11-016, for costs associated with wildfire efforts. (T)
4. **RATES:** The MGBA does not have a rate component. (T)

<sup>1</sup>Actual costs incurred for the CMEP were recorded to the CMEP Subaccount of the Microgrids Memorandum Account (MGMA, Electric Preliminary Statement Part IG) pursuant to OP 16 of D.20-06-017 beginning January 1, 2020 (effective date of the subaccount per Advice Letter 5883-E). Disposition of the balance in the CMEP Subaccount of the MGMA will be addressed in a separate application or in a future General Rate Case. Microgrid utility upgrades and the capital-related revenue requirement for the CMEP incurred on or after April 14, 2023, which is the issuance date of D.23-04-034, will no longer be recorded in the CMEP Subaccount of the MGMA and will be prospectively recorded in the Microgrids Utility Infrastructure Upgrades Subaccount of the MGBA. (N)

(Continued)

Advice	6942-E	Issued by	Submitted	May 15, 2023
Decision	D.23-04-034	<b>Meredith Allen</b>	Effective	April 14, 2023
		Vice President, Regulatory Affairs	Resolution	



**ELECTRIC PRELIMINARY STATEMENT PART II**  
**MICROGRIDS BALANCING ACCOUNT (MGBA)**

Sheet 2

5. ACCOUNTING PROCEDURE: The MGBA consists of the following subaccounts:

The Electrical Isolation Technology Evaluation Subaccount (one-way subaccount) records actual incurred expenses and capital-related revenue requirement related to the actual capital costs incurred for the Electrical Isolation Technology Evaluation as described in D.21-01-018.

The Microgrids Evaluation Subaccount (one-way subaccount) records actual incurred expenses for the Microgrids Evaluation as described in D.21-01-018.

The Clean Substation Microgrid Program Subaccount (one-way subaccount) records actual incurred expenses and capital-related revenue requirement related to the actual capital costs incurred for the Clean Substation Microgrid Program<sup>2</sup> as described in D.21-01-018.

(T)

The Make-Ready Subaccount (one-way subaccount) tracks the difference between actual incurred expenses and capital-related revenue requirement related to the actual capital costs incurred against total adopted revenue requirement for the Make-Ready investments related to multi-season substation microgrids as described in D.22-11-009.

The Utility-Owned Generation Subaccount (one-way subaccount) tracks the difference between actual incurred expenses and capital-related revenue requirement related to the actual capital costs incurred against the total adopted revenue requirement for the Utility-Owned Generation related to multi-season substation microgrids, net of market revenues for blue-sky products<sup>3</sup>, if any, as described in D.22-11-009.

(T)

The Third-Party DGEMS Contracts subaccount (two-way subaccount) records actual incurred expenses for Third-Party DGEMS contracts, net of market revenues for blue-sky products, if any as described in D.22-11-009.

<sup>2</sup> For the Calistoga Clean Substation Microgrid (CSM) Project, Non-PSPS-related variable costs associated with courtesy dispatches under the Energy Vault resources would not be recorded in the Clean Substation Microgrid Program Subaccount of the MGBA. These costs will be recovered through GRC funding or, if it is for a non-PSPS-related catastrophic event, the Catastrophic Event Memorandum Account (CEMA).

(T)

<sup>3</sup> In this context, PG&E refers to "blue sky products" as those that the distributed energy resources (DER) that power a substation microgrid may be able to provide to the wholesale market during normal ("blue sky") grid operations. They may include, for example, energy, ancillary services, and capacity.

(T)

(Continued)

<i>Advice</i>	6942-E	<i>Issued by</i>	<i>Submitted</i>	May 15, 2023
<i>Decision</i>	D.23-04-034	<b>Meredith Allen</b>	<i>Effective</i>	April 14, 2023
		<i>Vice President, Regulatory Affairs</i>	<i>Resolution</i>	



**ELECTRIC PRELIMINARY STATEMENT PART II  
MICROGRIDS BALANCING ACCOUNT (MGBA)**

Sheet 3

5. ACCOUNTING PROCEDURE (Cont'd)

The Microgrids Incentive Program Subaccount (one-way subaccount) records the actual incurred costs of the MIP, specifically 1) the actual incremental incurred expenses and pass-through costs, 2) the capital-related revenue requirement related to the actual incremental capital costs, and 3) the revenue requirement related to the "customer-side infrastructure" incurred for the MIP up to its share of the separate program and administrative budget caps. The administrative costs will be tracked separately from all other costs through the use of internal orders. Any unspent funds for administrative costs must be returned to customers at the end of the related project work. The CPUC adopted a \$15 million per project cap that consists of \$1 million for Interconnection Allowance and \$14 million for Incentive Award. Internal orders will also be used to separately track the Interconnection Allowance and Incentive Award for each project. The types of costs eligible for the third-party's Incentive Award are listed in the MIPIP.<sup>4</sup> The revenue requirement related to the "customer-side infrastructure" will be recorded as a regulatory asset at a rate equivalent to PG&E's weighted average cost of authorized debt during the period in which financing costs for the regulatory asset are incurred and amortized over 5 years pursuant to D.23-04-034. "Customer-side infrastructure" costs that receive regulatory asset treatment would include those third-party Incentive Award costs that are "paid for by Utility customers that if acquired by the Utility would be capitalized due to the types of costs, i.e., property, plant and equipment"<sup>5</sup> plus supportive activities that are normally capitalized to put the asset into service.

(N)

The Microgrid Utility Infrastructure Upgrades Subaccount (one-way subaccount) records the microgrid utility upgrades and capital-related revenue requirement related to the Community Microgrid Enablement Program (CMEP) as of April 14, 2023, which was the issuance date of D.23-04-034.

(N)

A. The Electrical Isolation Technology Evaluation Subaccount

The following entries will be made each month, or as applicable, net of Revenue Fees and uncollectibles (RF&U):

1. A debit equal to the actual incremental incurred expenses;
2. A debit or credit entry equal to the capital-related revenue requirement related to the actual incremental capital costs incurred. Capital-related revenue requirements include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;
3. A credit to transfer the balance or amounts to the DRAM for true-up in rates; and
4. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(L)  
(L)

<sup>4</sup> Joint IOU's Microgrid Incentive Program Implementation Plan, pp. 32-33.

<sup>5</sup> Joint IOU's Microgrid Incentive Program Implementation Plan, p. 49.

(N)  
(N)



**ELECTRIC PRELIMINARY STATEMENT PART II  
MICROGRIDS BALANCING ACCOUNT (MGBA)**

Sheet 4

5. ACCOUNTING PROCEDURE (Cont'd)

B. The Microgrids Evaluation Subaccount

(L)

The following entries will be made each month, or as applicable, net of RF&U:

1. A debit equal to the actual incremental incurred expenses;
2. A credit to transfer the balance or amounts to the DRAM for true-up in rates; and
3. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.
4. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(L)

C. The Clean Substation Microgrid Program

The following entries will be made each month, or as applicable, net of RF&U:

1. A debit equal to the actual incremental incurred expenses;
2. A debit or credit entry equal to the capital-related revenue requirement related to the actual incremental capital costs incurred. Capital-related revenue requirements include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;
3. A credit to transfer the balance or amounts in this subaccount, to the DRAM for future rate recovery; and
4. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(L)

(L)

(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART II  
MICROGRIDS BALANCING ACCOUNT (MGBA)**

Sheet 5

5. ACCOUNTING PROCEDURE (Cont'd)

D. Make-Ready

(L)

The following entries will be made each month, or as applicable, net of RF&U:

1. A credit equal to one-twelfth the adopted annual revenue requirement. A corresponding entry is included in DRAM, inclusive of RF&U;
2. A debit equal to the actual incremental incurred expenses;
3. A debit or credit entry equal to the capital-related revenue requirement related to the actual incremental capital costs incurred. Capital-related revenue requirements include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;
4. A debit or credit to transfer the balance or amounts to the DRAM for true-up in rates; and
5. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(L)

E. Utility-Owned Generation

The following entries will be made each month, or as applicable, net of RF&U:

1. A credit equal to one-twelfth the adopted annual revenue requirement. A corresponding entry is included in DRAM, inclusive of RF&U;
2. A debit equal to the actual incremental incurred expenses;
3. A debit or credit entry equal to the capital-related revenue requirement related to the actual incremental capital costs incurred. Capital-related revenue requirements include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;
4. A credit equal to any value received from Resource Adequacy credits, energy or ancillary services wholesale market transactions, and Renewable Energy Credits;
5. A debit or credit to transfer the balance or amounts to the DRAM for true-up in rates; and
6. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(L)

(L)

(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART II  
MICROGRIDS BALANCING ACCOUNT (MGBA)**

Sheet 6

5. ACCOUNTING PROCEDURE (Cont'd)

(L)

F. Third-Party DGEMS Contracts

The following entries will be made each month, or as applicable, net of RF&U:

1. A debit equal to the actual incremental incurred expenses;
2. A credit equal to any value received from Resource Adequacy credits, energy or ancillary services wholesale market transactions, and Renewable Energy Credits;
3. A debit or credit to transfer the balance or amounts to the DRAM for true-up in rates; and
4. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(L)

G. The Microgrids Incentive Program Subaccount

(N)

The following entries will be made each month, or as applicable, net of RF&U:

1. A debit entry equal to the actual incremental incurred expenses for administration;
2. A debit entry equal to the actual incremental incurred program costs, including pass-through costs related to remittances to customers participating in the program;
3. A debit or credit entry equal to the capital-related revenue requirement related to the actual incremental capital costs incurred. Capital-related revenue requirements include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;
4. A debit or credit entry equal to the revenue requirement related to the "customer-side infrastructure" incurred. The revenue requirement will include amortization expense, return on investment, and federal and state income taxes associated with the costs of installed equipment. The "customer-side infrastructure" costs are recorded as a regulatory asset and will be amortized over five years, at a rate equivalent to PG&E's weighted average cost of authorized debt during the period in which the financing costs for the regulatory asset are incurred;
5. A debit or credit to transfer the balance or amounts to the DRAM for true-up in rates; and
6. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(N)

(Continued)

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Decision D.23-04-034

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Vice President, Regulatory Affairs

Submitted  
Effective  
Resolution

May 15, 2023  
April 14, 2023



**ELECTRIC PRELIMINARY STATEMENT PART II  
MICROGRIDS BALANCING ACCOUNT (MGBA)**

Sheet 7

5. ACCOUNTING PROCEDURE (Cont'd)

H. The Microgrid Utility Infrastructure Upgrades Subaccount

The following entries will be made each month, or as applicable, net of RF&U:

1. A debit or credit entry equal to the capital-related revenue requirement related to the actual incremental capital costs incurred associated with the CMEP. Capital-related revenue requirements include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;
2. A debit or credit to transfer the balance or amounts to the DRAM for true-up in rates; and
3. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(N)

(N)

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## **Attachment 2**

Redline Tariff Revisions



**ELECTRIC PRELIMINARY STATEMENT PART IG**  
**MICROGRIDS MEMORANDUM ACCOUNT (MGMA)**

Sheet 1

IG. Microgrids Memorandum Account (MGMA)

- 1. PURPOSE: The purpose of the Microgrids Memorandum Account (MGMA) is to record and track incremental electric expense and capital related costs related to the Make-Ready Program for Single-Season Microgrid Solutions, the 2020 Temporary Generation Program, and the Community Microgrid Enablement Program (CMEP) approved by Decision (D.) 20-06-017; the 2021 Temporary Generation Program, the 2022 Temporary Generation Program, and the Microgrid Incentive Program approved by D.21-01-018; and the costs related to single-season, temporary generators approved by D.22-11-009. (T)
- 2. APPLICABILITY: The MGMA applies to all electric customer classes, except for those specifically excluded by the Commission. (T)
- 3. REVISION DATE: Disposition of the balances in the Make-Ready Program subaccount will be addressed in a separate application or in an upcoming track of the Microgrids and Resilience Strategies rulemaking (R.19-09-009). Disposition of the balances in the 2020 Temporary Generation subaccount, the 2021 Temporary Generation subaccount, the 2022 Temporary Generation subaccount, the Single-Season, Temporary Generator subaccount, the CMEP subaccount, the Microgrid Incentive Program – Development Subaccount, and the Microgrid Incentive Program – Implementation and Administration Subaccount will be addressed in a separate application or in a future General Rate Case. (T)
- 4. RATES: The MGMA does not have a rate component.
- 5. ACCOUNTING PROCEDURE: The MGMA consists of the following subaccounts:
  - The Make-Ready Program for Single-Season Microgrid Solutions subaccount will track incremental expense and capital related costs related to making infrastructure upgrades to the Utility's distribution system in order to enable substations to create single-season microgrids using local sources of generation; (T)
  - The 2020 Temporary Generation subaccount will track incremental expenses and capital related costs related to the reservation and use of temporary mobile generation during the 2020 fire season; (T)
  - The 2021 Temporary Generation subaccount will track incremental expenses for the temporary generation program specifically for safe-to-energize substations affected by transmission-level-public safety shutoff events during the 2021 fire season;
  - The 2022 Temporary Generation subaccount will track incremental expenses for the temporary generation program specifically for safe-to-energize substations affected by transmission-level-public safety shutoff events during the 2022 fire season;
  - The Single-Season, Temporary Generator subaccount will track incremental expenses and capital costs related to the temporary generation needed to power single-season microgrid solutions beginning with the 2023 fire season upon approval by the Commission of the related Tier 2 advice letter filing. Costs will be tracked separately by fire season through the use of internal orders; (N)
  - The CMEP subaccount will track incremental expense and capital related costs related to implementation and administration of the program<sup>1</sup>; (N)

<sup>1</sup>As of April 14, 2023 CMEP microgrid utility upgrades and the revenue requirement for CMEP capital costs will be prospectively recorded to the Microgrids Balancing Account (Electric Preliminary Statement Part IT) pursuant to D.23-04-034, which was issued on that date.

(Continued)

Advice	6787-E	Issued by	Submitted	December 14, 2022
Decision	D.22-11-009	<b>Meredith Allen</b>	Effective	December 14, 2022
		Vice President, Regulatory Affairs Internal	Resolution	



**ELECTRIC PRELIMINARY STATEMENT PART IG  
MICROGRIDS MEMORANDUM ACCOUNT (MGMA)**

Sheet 3

5. ACCOUNTING PROCEDURE: (Cont'd)

- b. 2020 Temporary Generation subaccount (Cont'd) (L)
- 2) If applicable, a debit or credit entry equal to the revenue requirement based on the recorded capital costs associated with the implementation of the 2020 Temporary Generation Program. Capital revenue requirements include depreciation expense, return on investment, federal and state taxes, and property taxes associated with costs of installed equipment.<sup>4,2</sup>
- 3) A debit or credit entry to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
- 4) A debit or credit entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (L)/(T)

c. 2021 Temporary Generation Subaccount (N)

The following entries will be made to this subaccount at the end of each month, or as applicable, as follows:

- 1) A debit entry equal to the expense incurred related to implementation of the 2021 Temporary Generation Program, net of any reimbursements, if applicable.
- 2) A debit or credit entry to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
- 3) A debit or credit entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (N)

<sup>4,2</sup>PG&E's accounting policies will be applied to the costs recorded to the MGMA 2020 Temporary Generation Subaccount to determine expense or capitalization treatment. These policies apply to property, plant, and equipment as well as computer software. Lifespan, inclusion in the Retirement Unit Catalog, and exceeding a minimum material cost per unit, are among the main determining factors. However, some situations are very specific and require additional analysis and judgement in determining the cost categorization. PG&E has included in its preliminary statement accounting procedures to allow both expense and capitalized costs to be recorded into the MGMA 2020 Temporary Generation Subaccount in the event that these costs are incurred in order to implement D.20-06-017. (T)

(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART IG  
MICROGRIDS MEMORANDUM ACCOUNT (MGMA)**

Sheet 4

5. ACCOUNTING PROCEDURE: (Cont'd)

d. 2022 Temporary Generation Subaccount

The following entries will be made to this subaccount at the end of each month, or as applicable, as follows:

- 1) A debit entry equal to the expense incurred related to implementation of the 2022 Temporary Generation Program, net of any reimbursements, if applicable.
- 2) A debit or credit entry to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
- 3) A debit or credit entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

e. Single-Season, Temporary Generator Subaccount

The following entries will be made to this subaccount at the end of each month, or as applicable, as follows:

- 1) A debit entry equal to the expense incurred related to single-season, temporary generators beginning with the 2023 fire season.
- 2) If applicable, a debit or credit entry equal to the revenue requirement based on the recorded capital costs associated with single-season, temporary generators. Capital revenue requirements include depreciation expense, return on investment, federal and state taxes, and property taxes associated with costs of installed equipment.<sup>2,3</sup>
- 3) A debit or credit entry to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
- 4) A debit or credit entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(L)  
(N)  
-----  
(N)

<sup>2,3</sup>PG&E's accounting policies will be applied to the costs recorded to the MGMA Single-Season, Temporary Generator Subaccount to determine expense or capitalization treatment. These policies apply to property, plant, and equipment as well as computer software. Lifespan, inclusion in the Retirement Unit Catalog, and exceeding a minimum material cost per unit, are among the main determining factors. However, some situations are very specific and require additional analysis and judgement in determining the cost categorization. PG&E has included in its preliminary statement accounting procedures to allow both expense and capitalized costs to be recorded into the MGMA Single-Season, Temporary Generator Subaccount in the event that these costs are incurred in order to implement D.22-11-009.



**ELECTRIC PRELIMINARY STATEMENT PART IT  
MICROGRIDS BALANCING ACCOUNT (MGBA)**

Sheet 1

**IT. MICROGRIDS BALANCING ACCOUNT (MGBA)**

1. **PURPOSE:** The purpose of the Microgrids Balancing Account (MGBA) is to record actual incremental incurred expenses and capital-related revenue requirement related to the actual incremental capital costs incurred associated with the Electrical Isolation Technology Evaluation, the Microgrids Evaluation, and the Clean Substation Microgrid Program to be implemented pursuant to Decision D.21-01-018 and with Make-Ready, Utility-Owned Generation, and Third-Party contracts for Distributed Generation-Enabled Microgrid Services (DGEMS) implemented pursuant to D.22-11-009. Additionally, the MGBA records 1) the actual incurred costs of the Microgrid Incentive Program (MIP) and 2) the microgrid utility upgrades and the capital-related revenue requirement for the Community Microgrid Enablement Program (CMEP) as of April 14, 2023<sup>1</sup> pursuant to D.23-04-034. The account consists of ~~seven~~ five one-way subaccounts, which separately track the Electrical Isolation Technology Evaluation, the Microgrids Evaluation, the Clean Substation Microgrid Program, Make-Ready investments, ~~and~~ Utility-Owned Generation, Microgrid Incentive Program, and Microgrid Utility Infrastructure; and one two-way subaccount, which tracks Third-Party DGEMS Contracts.
2. **APPLICABILITY:** The MGBA shall apply to all electric customer classes, except for those specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balances of the Electrical Isolation Technology Evaluation Subaccount, the Microgrids Evaluation subaccount, Make-Ready subaccount, ~~and~~ Utility-Owned Generation subaccount, Microgrid Incentive Program subaccount, and the Microgrid Utility Infrastructure Upgrades subaccount will be in the distribution component of electric rates through the Distribution Revenue Adjustment Mechanism (DRAM) as part of PG&E's Annual Electric True-up (AET) advice letter filing at the end of the related project work. Disposition of the balance of the Third-Party DGEMS Contracts subaccount will be in the distribution component of electric rates through the DRAM as part of PG&E's AET advice letter filing on an annual basis. Additionally, for the Make-Ready subaccount, Utility-Owned Generation subaccount, and Third-Party DGEMS Contracts subaccount the costs will be recovered based on the allocation of wildfire mitigation costs adopted in D.21-11-016. Disposition of the balances of the Clean Substation Microgrid Program Subaccount for the period of 2021-2026 will be in the distribution component of rates through the DRAM as part of PG&E's AET advice letter filing and for the period beginning 2027 the revenue requirement will be included in the General Rate Case (GRC) application for recovery through distribution rates. Specifically, recovery through distribution rates will utilize the special revenue allocation that was originally approved in Phase II of PG&E's 2020 GRC, D.21-11-016, for costs associated with wildfire efforts.
4. **RATES:** The MGBA does not have a rate component.

<sup>1</sup> Actual costs incurred for the CMEP were recorded to the CMEP Subaccount of the Microgrids Memorandum Account (MGMA, Electric Preliminary Statement Part IG) pursuant to OP 16 of D.20-06-017 beginning January 1, 2020 (effective date of the subaccount per Advice Letter 5883-E). Disposition of the balance in the CMEP Subaccount of the MGMA will be addressed in a separate application or in a future General Rate Case. Microgrid utility upgrades and the capital-related revenue requirement for the CMEP incurred on or after April 14, 2023, which is the issuance date of D.23-04-034, will no longer be recorded in the CMEP Subaccount of the MGMA and will be prospectively recorded in the Microgrids Utility Infrastructure Upgrades Subaccount of the MGBA.

(Continued)

Advice Decision	6808-E	Issued by <b>Meredith Allen</b> Vice President, Regulatory Affairs	Submitted Effective Resolution	December 30, 2022 April 27, 2023 E-5164
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**ELECTRIC PRELIMINARY STATEMENT PART IT  
MICROGRIDS BALANCING ACCOUNT (MGBA)**

Sheet 2

5. ACCOUNTING PROCEDURE: The MGBA consists of the following subaccounts:

The Electrical Isolation Technology Evaluation Subaccount (one-way subaccount) records actual incurred expenses and capital-related revenue requirement related to the actual capital costs incurred for the Electrical Isolation Technology Evaluation as described in D.21-01-018.

The Microgrids Evaluation Subaccount (one-way subaccount) records actual incurred expenses for the Microgrids Evaluation as described in D.21-01-018.

The Clean Substation Microgrid Program Subaccount (one-way subaccount) records actual incurred expenses and capital-related revenue requirement related to the actual capital costs incurred for the Clean Substation Microgrid Program<sup>12</sup> as described in D.21-01-018.

The Make-Ready Subaccount (one-way subaccount) tracks the difference between actual incurred expenses and capital-related revenue requirement related to the actual capital costs incurred against total adopted revenue requirement for the Make-Ready investments related to multi-season substation microgrids as described in D.22-11-009.

The Utility-Owned Generation Subaccount (one-way subaccount) tracks the difference between actual incurred expenses and capital-related revenue requirement related to the actual capital costs incurred against the total adopted revenue requirement for the Utility-Owned Generation related to multi-season substation microgrids, net of market revenues for blue-sky products<sup>23</sup>, if any, as described in D.22-11-009.

The Third-Party DGEMS Contracts subaccount (two-way subaccount) records actual incurred expenses for Third-Party DGEMS contracts, net of market revenues for blue-sky products, if any as described in D.22-11-009.

<sup>24</sup> For the Calistoga Clean Substation Microgrid (CSM) Project, Non-PSPS-related variable costs associated with courtesy dispatches under the Energy Vault resources would not be recorded in the Clean Substation Microgrid Program Subaccount of the MGBA. These costs will be recovered through GRC funding or, if it is for a non-PSPS-related catastrophic event, the Catastrophic Event Memorandum Account (CEMA).

<sup>32</sup> In this context, PG&E refers to "blue sky products" as those that the distributed energy resources (DER) that power a substation microgrid may be able to provide to the wholesale market during normal ("blue sky") grid operations. They may include, for example, energy, ancillary services, and capacity.

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<i>Advice Decision</i>	6808-E	<i>Issued by Meredith Allen Vice President, Regulatory Affairs</i>	<i>Submitted Effective Resolution</i>	December 30, 2022 April 27, 2023 E-5164
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**ELECTRIC PRELIMINARY STATEMENT PART IT  
MICROGRIDS BALANCING ACCOUNT (MGBA)**

Sheet 3

5. ACCOUNTING PROCEDURE (Cont'd)

The Microgrids Incentive Program Subaccount (one-way subaccount) records the actual incurred costs of the MIP, specifically 1) the actual incremental incurred expenses and pass-through costs, 2) the capital-related revenue requirement related to the actual incremental capital costs, and 3) the revenue requirement related to the "customer-side infrastructure" incurred for the MIP up to its share of the separate program and administrative budget caps. The administrative costs will be tracked separately from all other costs through the use of internal orders. Any unspent funds for administrative costs must be returned to customers at the end of the related project work. The CPUC adopted a \$15 million per project cap that consists of \$1 million for Interconnection Allowance and \$14 million for Incentive Award. Internal orders will also be used to separately track the Interconnection Allowance and Incentive Award for each project. The types of costs eligible for the third-party's Incentive Award are listed in the MIIP.<sup>4</sup> The revenue requirement related to the "customer-side infrastructure" will be recorded as a regulatory asset at a rate equivalent to PG&E's weighted average cost of authorized debt during the period in which financing costs for the regulatory asset are incurred and amortized over 5 years pursuant to D.23-04-034. "Customer-side infrastructure" costs that receive regulatory asset treatment would include those third-party Incentive Award costs that are "paid for by Utility customers that if acquired by the Utility would be capitalized due to the types of costs, i.e., property, plant and equipment"<sup>5</sup> plus supportive activities that are normally capitalized to put the asset into service.

The Microgrid Utility Infrastructure Upgrades Subaccount (one-way subaccount) records the microgrid utility upgrades and capital-related revenue requirement related to the Community Microgrid Enablement Program (CMEP) as of April 14, 2023, which was the issuance date of D.23-04-034

A. The Electrical Isolation Technology Evaluation Subaccount

The following entries will be made each month, or as applicable, net of Revenue Fees and uncollectibles (RF&U):

1. A debit equal to the actual incremental incurred expenses;
2. A debit or credit entry equal to the capital-related revenue requirement related to the actual incremental capital costs incurred. Capital-related revenue requirements include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;
3. A credit to transfer the balance or amounts to the DRAM for true-up in rates; and
4. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

B. The Microgrids Evaluation Subaccount

The following entries will be made each month, or as applicable, net of RF&U:

1. A debit equal to the actual incremental incurred expenses;

<sup>4</sup> Joint IOU's Microgrid Incentive Program Implementation Plan, pp. 32-33.

<sup>5</sup> Joint IOU's Microgrid Incentive Program Implementation Plan, p. 49.



**ELECTRIC PRELIMINARY STATEMENT PART IT  
MICROGRIDS BALANCING ACCOUNT (MGBA)**

Sheet 3

2. A credit to transfer the balance or amounts to the DRAM for true-up in rates; and
3. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.
4. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.



**ELECTRIC PRELIMINARY STATEMENT PART IT  
MICROGRIDS BALANCING ACCOUNT (MGBA)**

Sheet 4

5. ACCOUNTING PROCEDURE (Cont'd)

(L)

C. The Clean Substation Microgrid Program

The following entries will be made each month, or as applicable, net of RF&U:

1. A debit equal to the actual incremental incurred expenses;
2. A debit or credit entry equal to the capital-related revenue requirement related to the actual incremental capital costs incurred. Capital-related revenue requirements include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;
3. A credit to transfer the balance or amounts in this subaccount, to the DRAM for future rate recovery; and
4. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(L)

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(T)/(L)

(L)

D. Make-Ready

The following entries will be made each month, or as applicable, net of RF&U:

1. A credit equal to one-twelfth the adopted annual revenue requirement. A corresponding entry is included in DRAM, inclusive of RF&U;
2. A debit equal to the actual incremental incurred expenses;
3. A debit or credit entry equal to the capital-related revenue requirement related to the actual incremental capital costs incurred. Capital-related revenue requirements include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;
4. A debit or credit to transfer the balance or amounts to the DRAM for true-up in rates; and

A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART IT  
MICROGRIDS BALANCING ACCOUNT (MGBA)**

Sheet 5

5. ACCOUNTING PROCEDURE (Cont'd)

(L)

E. Utility-Owned Generation

The following entries will be made each month, or as applicable, net of RF&U:

1. A credit equal to one-twelfth the adopted annual revenue requirement. A corresponding entry is included in DRAM, inclusive of RF&U;
2. A debit equal to the actual incremental incurred expenses;
3. A debit or credit entry equal to the capital-related revenue requirement related to the actual incremental capital costs incurred. Capital-related revenue requirements include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;
4. A credit equal to any value received from Resource Adequacy credits, energy or ancillary services wholesale market transactions, and Renewable Energy Credits;
5. A debit or credit to transfer the balance or amounts to the DRAM for true-up in rates; and
6. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

F. Third-Party DGEMS Contracts

The following entries will be made each month, or as applicable, net of RF&U:

1. A debit equal to the actual incremental incurred expenses;
2. A credit equal to any value received from Resource Adequacy credits, energy or ancillary services wholesale market transactions, and Renewable Energy Credits;
3. A debit or credit to transfer the balance or amounts to the DRAM for true-up in rates; and
4. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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G. The Microgrids Incentive Program Subaccount

The following entries will be made each month, or as applicable, net of RF&U:

1. A debit entry equal to the actual incremental incurred expenses for administration:

(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART IT  
MICROGRIDS BALANCING ACCOUNT (MGBA)**

Sheet 5

2. A debit entry equal to the actual incremental incurred program costs, including pass-through costs related to remittances to customers participating in the program;

3. A debit or credit entry equal to the capital-related revenue requirement related to the actual incremental capital costs incurred. Capital-related revenue requirements include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;

4. A debit or credit entry equal to the revenue requirement related to the "customer-side infrastructure" incurred. The revenue requirement will include amortization expense, return on investment, and federal and state income taxes associated with the costs of installed equipment. The "customer-side infrastructure" costs are recorded as a regulatory asset and will be amortized over five years, at a rate equivalent to PG&E's weighted average cost of authorized debt during the period in which the financing costs for the regulatory asset are incurred;

5. A debit or credit to transfer the balance or amounts to the DRAM for true-up in rates; and

6. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

H. The Microgrid Utility Infrastructure Upgrades Subaccount

The following entries will be made each month, or as applicable, net of RF&U:

1. A debit or credit entry equal to the capital-related revenue requirement related to the actual incremental capital costs incurred associated with the CMEP. Capital-related revenue requirements include depreciation expense, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;

2. A debit or credit to transfer the balance or amounts to the DRAM for true-up in rates; and

3. A debit or credit entry equal to the interest on the average of the balance in this subaccount at the beginning of the month and the balance in this subaccount after the above entries, at a rate equal to one-twelfth the interest rate on three month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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**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 Community Choice Association  
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