

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 12, 2023

Advice Letter 7044-E

Sidney Bob Dietz II
Director, Regulatory Relations
Pacific Gas and Electric Company
300 Lakeside Drive
Oakland, California 94612

SUBJECT: Advice Letter 7044-E – Notice of Federal Energy Regulatory Commission Rate Filing for Annual Updates to the Transmission Revenue Balancing Account Adjustment, the Reliability Services Rates, and the End-Use Customer Refund Balancing Account Adjustment

Dear Mr. Dietz,

Energy Division has received PG&E's Advice Letter (AL) 7044-E, which pertains to PG&E's Federal Energy Regulatory Commission (FERC) Rate Filing for Annual Updates to the Transmission Revenue Balancing Account (TRBA) Adjustment, the Reliability Services Balancing Account (RSBA) Adjustment, and the End-Use Customer Refund Balancing Account (ECRBA) Adjustment. Energy Division approves this Advice Letter as of the date of this letter, noting that the RSBA Adjustment appears to include recovery of projected 2024 Reliability-Must-Run (RMR) costs, which the CAISO indicated will not be incurred by PG&E in 2024. Further, Energy Division approves this AL with the expectation that PG&E will file a subsequent ECRBA Adjustment filing at FERC, and a corresponding advice letter at the CPUC, 30 days after a resolution of PG&E's Eighteenth Transmission Owner rate case (TO18) at FERC, should that occur.

BACKGROUND

PG&E's Advice Letter 7044-E is filed in compliance with CPUC Resolution E-3930, which established a process by which the CPUC authorizes the pass-through of rate changes for transmission-related costs that the utilities have filed at FERC.¹

On September 30, 2023, PG&E filed its TRBA, RSBA, and ECRBA Adjustments with FERC in Docket No. ER23-2968, with an errata filing on October 9, 2023. In both filings, PG&E requested an effective date of January 1, 2024, for the updated revenue requirements and rates.

The proposed 2024 TRBA retail rate is a credit to end-use customers of \$478,011,578.

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

The RSBA Adjustment for 2024 results in a charge to customers of \$6,860,080. However, a CAISO memo issued on November 1, 2023, indicated that there would be no RMR agreements, and therefore RMR costs, extended into 2024².

Additionally, PG&E filed the ECRBA Adjustment as \$0, notwithstanding the existing credit of \$953,478 shown in Advice Letter 7044-E, which PG&E stated is too small to calculate in billable rates.

On October 20, 2023, the CPUC filed a protest of PG&E's FERC filing in Docket No. ER23-2968. The CPUC opposed PG&E's filing on the grounds that the ECRBA Adjustment did not include refunds from PG&E's TO18 rate case, and the RSBA Adjustment was not sufficiently supported by sufficient evidence of 2024 forecast costs. FERC approved PG&E's filing in ER23-2968 on November 30, 2023, to be effective on January 1, 2024.

No protests of AL 7044-E were filed.

DISPOSITION

Energy Division approves AL 7044-E with an effective date of the date of this letter for the updated revenue requirement and rates, subject to refund.

However, as refunds owed to ratepayers in PG&E's TO18 rate case date back to 2017, upon resolution of TO18 at FERC, Energy Division expects PG&E to make an ECRBAA filing at FERC and a concurrent advice letter filing at the CPUC within 30 days so that refunds to ratepayers will begin promptly.

The CPUC's authorization to pass through the updated TRBA, RSBA, and ECRBA Adjustments to retail customers neither constitutes the CPUC's approval that PG&E's FERC-jurisdictional expenditures were prudently incurred nor represents the CPUC's agreement that the resulting FERC rates are just and reasonable.³

Kindly,

 (foi)
Leuwam Tesfai

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

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

² Memorandum to ISO Board of Governors from Neil Millar, Vice President of Infrastructure and Operations Planning. Dated November 1, 2023, Re: Update on results of reliability must-run contract extensions for 2024. This memo made it clear that there are no designated RMR facilities in California in 2024.

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



October 11, 2023

Advice 7044-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

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

Purpose

In compliance with California Public Utilities Commission (“Commission” or “CPUC”) Resolution E-3930, Pacific Gas and Electric Company (“PG&E”) submits this advice letter to notify the Commission of PG&E’s September 29, 2023 filing with the Federal Energy Regulatory Commission (“FERC”), in FERC Docket No. ER23-2968-000, requesting transmission rate changes for PG&E’s retail electric customers. PG&E submitted an errata filing on October 9, 2023 to correct an inadvertent administrative error made in its filing in FERC Docket No. ER23-2968-000.¹ The errata filing does not modify in any way PG&E’s request or the substance of the previous submittal in this docket. PG&E’s FERC filing requested the approval of annual updates to the transmission revenue requirements (“TRRs”) and associated rates in PG&E’s Transmission Owner (“TO”) Tariff related to three of PG&E’s FERC balancing accounts: the Transmission Revenue Balancing Account (“TRBA”), the Reliability Services Balancing Account (“RSBA”), and the End-Use Customer Refund Balancing Account (“ECRBA”) (the “2024 Balancing Account Filing”). The filing requested an effective date of January 1, 2024 for the updated revenue requirements and rates.

Background

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

¹ Table PGE-003-1 in Docket No. ER23-2968-000 contained formulae rather than the results of the formulae.

TRBAA

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

In its 2024 Balancing Account Filing, PG&E proposed revisions to:

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

The retail TRBAA rate revision is based on: (1) the TRBA balance, consisting of the principal balance and the interest expected as of December 31, 2023; (2) PG&E’s TRBAA forecast, which is a forecast of Transmission Revenue Credits for 2024; and (3) an adjustment for Revenue Fees and Uncollectible Accounts (“RF&U”).

As reflected in the 2024 Balancing Account filing, the TRBA balance is a credit to End-Use customers of \$128,312,329, the forecasted TRBAA is a credit of \$344,306,666 and the RF&U adjustment is a credit of \$5,392,583. The resulting 2024 retail TRBAA TRR is a credit to End-Use customers of \$478,011,578. To pass through this credit, PG&E proposed a 2024 TRBA retail rate of (\$0.00634) per kWh (compared to the current retail rate of (\$0.00559) per kWh).

The total 2024 TRBAA wholesale revenue requirement used for calculating the CAISO’s TAC is a credit to customers of \$417,337,606, which has been allocated to High and Low Voltage at \$286,211,944 and \$131,125,662, respectively.

RS Rates

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

The TRR for the RS rate consists of three components: (1) the RSBA balance, consisting of the principal balance and the interest expected as of December 31, 2023; (2) the forecast of RS costs for 2024; and (3) an adjustment for RF&U.

As reflected in the 2024 Balancing Account Filing, the total RS TRR used in the development of the retail 2024 RS rates is a charge to customers of \$6,860,080. This amount consists of the RSBA balance, which is a credit of \$10,500,945, plus the forecast of RS costs for 2024, which is a charge of \$17,283,634, plus the RF&U adjustment, which is a charge of \$77,390.

ECRBAA

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

The ECRBAA consists of the ECRBA balance including interest expected as of December 31, 2023 which is a credit of \$953,478. PG&E proposes to set the ECRBAA rates to zero beginning January 1, 2024 because the ERCBAA is too small to calculate billable rates.

On May 16, 2022, PG&E submitted its compliance filing pursuant to FERC’s Order on Further Briefing Concerning Return on Equity (ROE) in Docket No. ER16-2320-011 related to its Eighteenth Transmission Owner (TO18) rate case. In the compliance filing, PG&E proposed a TO18 refund with a beginning balance of \$291,905,948 as of May 1, 2022 including interest. The compliance filing is pending at FERC.

PG&E proposes to include the TO18 refund amount upon approval of the compliance filing in next year’s annual rate adjustment for the ECRBA (the 2024 Annual Balancing Account Update).

Compliance with Resolution E-3930

PG&E submits this advice letter pursuant to Process Element 3 of Resolution E-3930. Consistent with past practice, PG&E also provided the Commission with a complete copy of the 2024 Balancing Account Filing on the same date that it was filed with FERC, by service to the Commission’s Legal Division. In this advice letter, PG&E requests authority to revise each corresponding transmission rate component of its Commission-jurisdictional tariffs on the date FERC ultimately authorizes these changes to become effective, or as soon thereafter as possible, subject to refund, and to make corresponding adjustments to its total applicable Commission jurisdictional rates. Adjustments to total residential rates will be made pursuant to CPUC Decisions (D.)21-03-003, effective January 1, 2024.

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

These FERC rate changes will generally affect the rates of all bundled, Direct Access, and Community Choice Aggregation customers. Typically, the 2024 Balancing Account Filing rate change will be consolidated into other rate changes scheduled to be filed in late December for an effective date of January 1, 2024. At that time, PG&E will also provide complete updated tariff sheets.

Protests

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than **October 31, 2023**, which is 20 days after the date of this submittal. Protests must be submitted to:

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

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

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

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name and e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

PG&E requests that this Tier 2 advice filing become effective as soon as practicable after FERC authorizes these changes to become effective, which PG&E expects to be on or after January 1, 2024. PG&E proposes to consolidate the electric rate changes resulting from the 2024 Annual Balancing Account Filing, to the extent practicable, with the first planned rate change after FERC authorizes PG&E's requests.

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. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

/S/

Sidney Bob Dietz II
Director, Regulatory Relations
CPUC Communications



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: Michael Finnerty

Phone #: (279) 789-6216

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: michael.finnerty@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) #: 7044-E

Tier Designation: 2

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

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

AL Type: Monthly Quarterly Annual One-Time Other:

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: 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:

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

**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

Electrical Power Systems, Inc.
Fresno
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
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