



November 18, 2025

**Advice 7764-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Update the Electric Preliminary Statement IT to Record Stranded  
Cost Expense for Any Terminated Microgrid Incentive Program  
projects in the MUIU sub-account of the MGBA**

**Purpose**

Pacific Gas and Electric Company ("PG&E") files this advice letter to update the Electric Preliminary Statement IT to record any cancelled project costs for any terminated Microgrid Incentive Program ("MIP") projects in the Microgrid Utility Infrastructure Upgrades ("MUIU") sub-account of the Microgrids Balancing Account ("MGBA").

The Preliminary Statement for the MGBA in its current form only allows for the recovery of capital costs recorded to the MUIU. In the further development of the MIP, PG&E has identified the need to record expense costs to the MUIU related to two sources:

1. The cost of maintenance for the Microgrid Special Facilities constructed, as approved by the California Public Utilities Commission ("CPUC") in Resolution E-5127.
2. Cancelled capital costs that may be incurred in the development of Microgrid Special Facilities related to a MIP project that ended in an event of default or early termination by the MIP participant.

To clarify the second point, MIP projects may face challenges such as construction difficulties, higher than expected costs, loss of third-party funding, or changes in market/tax incentive conditions, which could cause the community/developer to abandon the project. In such cases, the associated Community Microgrid Enablement Program ("CMEP") capital project developing the Microgrid Special Facilities would also be cancelled. Standard PG&E accounting practice would be to convert the cancelled capital charges to below the line costs. However, in this situation, the cancelled capital project would be due to factors outside of PG&E's control in a CPUC mandated program. Thus, PG&E seeks to recover these cancelled capital costs by converting them to expense and recovered via the MUIU.

The Joint IOU MIP Implementation Plan (“MIPIP”) proposed creating the MUIU and stated explicitly that the intent was to record both expense and capital costs to that account. *“The Utilities anticipate that the types of costs recorded to the Microgrid Utility Infrastructure Upgrades Subaccount of the MGBA would be: (1) actual expenses incurred for implementation and administration of the Matching Funds, as well as any enhanced utility technical support and development of planning tools; and (2) the capital revenue requirement associated with actual capital expenditures for Microgrid Special Facilities.”*<sup>1</sup> The recorded expense were to include costs for “implementation ... of Matching Funds” for special facilities. PG&E interprets this to include expense costs that are stranded due to project terminations.

In approving the MIP Implementation Plan, the CPUC directed PG&E to modify its MGBA to include the MUIU sub-account for: (a) “recording microgrid utility infrastructure upgrades”; and (b) “to prospectively record the revenue requirement for its CMEP capital costs.”<sup>2</sup> The first type of cost to be recorded to the MUIU – for special facilities – is not limited to capital costs by Decision 23-04-034. Accordingly, PG&E’s present request to include expense costs related to “microgrid utility infrastructure upgrades” in its MUIU is consistent with that Decision.

### **Tariff Revisions**

Proposed change in the *Electric Preliminary Statement Part IT, Microgrids Balancing Account*, to record expense related costs for microgrid utility upgrades and CMEP in the MUIU subaccount. The project costs have previously been approved as part of Decision 20-06-017 and Decision 21-01-018.

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

### **Protests**

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than **December 8, 2025**, 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

---

<sup>1</sup> Proposed Microgrid Incentive Program Implementation Plan of San Diego Gas & Electric Company (U 902-E), Pacific Gas And Electric Company (U 39-E), and Southern California Edison Company (U 338-E), filed on December 3, 2021, Appendix A, “Microgrid Incentive Program Implementation Plan of the Joint Investor-Owned Utilities,” p. 48.

<sup>2</sup> Decision 23-04-034, Ordering Paragraph 6.

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**

Pursuant to General Order (GO) 96-B, Rule 5.2, and OP 6 of D.23-04-034, this advice letter is submitted with a Tier 2 designation. PG&E requests that this Tier 2 advice submittal become effective on regular notice, December 18, 2025, which is 30 calendar days after the date of submittal.

### **Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically 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/>.

/S/

Sidney Bob Dietz II  
Director, Regulatory Relations  
CPUC Communications

### **Attachments**

Attachment 1 – Clean Tariffs  
Attachment 2 – Redline Tariff Revisions

cc: Service List R.19-09-009



# ADVICE LETTER SUMMARY

ENERGY UTILITY



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

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

Utility type:

☒ ELC ☐ GAS ☐ WATER  
☐ PLC ☐ HEAT

Contact Person: Baylee Larson

Phone #: (279) 789-6486

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: baylee.larson@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) #: 7764-E

Tier Designation: 2

Subject of AL: Update the Electric Preliminary Statement IT to Record Stranded Cost Expense for Any Terminated Microgrid Incentive Program projects in the MUIU sub-account of the MGBA

Keywords (choose from CPUC listing): Compliance, Preliminary Statement

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other:

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

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

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Confidential treatment requested? ☐ Yes ☒ No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? ☐ Yes ☒ No

Requested effective date: 12/18/25

No. of tariff sheets: 8

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:  
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

<b>Cal P.U.C. Sheet No.</b>	<b>Title of Sheet</b>	<b>Cancelling Cal P.U.C. Sheet No.</b>
60511-E	ELECTRIC PRELIMINARY STATEMENT PART IT MICROGRIDS BALANCING ACCOUNT (MGBA) Sheet 1	55943-E
60512-E	ELECTRIC PRELIMINARY STATEMENT PART IT MICROGRIDS BALANCING ACCOUNT (MGBA) Sheet 2	55944-E
60513-E	ELECTRIC PRELIMINARY STATEMENT PART IT MICROGRIDS BALANCING ACCOUNT (MGBA) Sheet 3	55945-E
60514-E	ELECTRIC PRELIMINARY STATEMENT PART IT MICROGRIDS BALANCING ACCOUNT (MGBA) Sheet 4	55946-E
60515-E	ELECTRIC PRELIMINARY STATEMENT PART IT MICROGRIDS BALANCING ACCOUNT (MGBA) Sheet 6	55948-E
60516-E	ELECTRIC PRELIMINARY STATEMENT PART IT MICROGRIDS BALANCING ACCOUNT (MGBA) Sheet 7	55949-E
60517-E	ELECTRIC TABLE OF CONTENTS Sheet 1	60509-E
60518-E	ELECTRIC TABLE OF CONTENTS Sheet 18	60510-E



**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 requirements, as applicable, related to: (1) Electrical Isolation Technology Evaluation; (2) Microgrids Evaluation; (3) the Clean Substation Microgrid Program; (4) the Make-Ready program to prepare substations island in a microgrid configuration; (5) the Utility-Owned Generation program for resources to power multi-season substation microgrids; (6) Third-Party Distributed Generation-Enabled Microgrid Services (DGEMS) Contracts for multi-season substation microgrids; (7) the Microgrid Incentive Program (MIP); and (8) Microgrid Utility Infrastructure Upgrades related to the Community Microgrid Enablement Program (CMEP). Each of these programs and sub-accounts of the MGBA are more fully described below. 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 program costs. The account has 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. (D)

(Continued)



**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>1</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>2</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>1</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>2</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)





**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 Microgrid Incentive Program Implementation Plan (MIPIP).<sup>3</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>4</sup> plus supportive activities that are normally capitalized to put the asset into service.

(T)

(T)

The Microgrid Utility Infrastructure Upgrades Subaccount (one-way subaccount) records expenses for 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.<sup>5</sup>

(T)

**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;

(L)

(L)

<sup>3</sup> Joint IOU’s Microgrid Incentive Program Implementation Plan, pp. 32-33.

<sup>4</sup> Joint IOU’s Microgrid Incentive Program Implementation Plan, p. 49.

<sup>5</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 MGMA.

(T)

(T)

(N)

(N)



## Sheet 4

#### A. The Electrical Isolation Technology Evaluation Subaccount (Cont'd)

(L)

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)

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

(D)

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.

(T)

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.

(Continued)



U 39

**Pacific Gas and  
Electric Company®**

San Francisco, California

Revised  
Cancelling OriginalCal. P.U.C. Sheet No. 60515-E  
Cal. P.U.C. Sheet No. 55948-E**ELECTRIC PRELIMINARY STATEMENT PART IT  
MICROGRIDS BALANCING ACCOUNT (MGBA)**

Sheet 6

**5. ACCOUNTING PROCEDURE (Cont'd)****F. Third-Party DGEMS Contracts**

The following entries will be made each month, or as applicable, net of RF&amp;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.

**G. The Microgrids Incentive Program Subaccount**

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

1. A debit entry equal to the actual incremental incurred expenses; (T)
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.

(Continued)

Advice 7764-E  
Decision D. 23-04-034Issued by  
**Shilpa Ramaiya**  
Vice President  
Regulatory Proceedings and RatesSubmitted November 18, 2025  
Effective  
Resolution



**ELECTRIC PRELIMINARY STATEMENT PART IT  
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 entry equal to the actual incremental incurred expenses; (N)
2. 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; (T)
3. A debit or credit to transfer the balance or amounts to the DRAM for true-up in rates; and (T)
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. (T)

(Continued)



**ELECTRIC TABLE OF CONTENTS**

Sheet 1

**TABLE OF CONTENTS**

<b>SCHEDULE</b>	<b>TITLE OF SHEET</b>	<b>CAL P.U.C. SHEET NO.</b>	
Title Page.....		<b>60517-E</b>	(T)
Rate Schedules.....	58802,59676,59805,58805, 59536,59631,59632,58826,52770-E		
Preliminary Statements.....	52771,48064,59897,41723,57693,54450,60392,	<b>60518-E</b>	(T)
Rules .....	60397,57982-E		
Maps, Contracts and Deviations .....	59849-E		
Sample Forms .....	57694, 59678,60421,60422, 59850,59679,		
.....	60423,60424,60427,58057,49309,56114,49311,55856-E		

(Continued)



**ELECTRIC TABLE OF CONTENTS**

Sheet 18

<b>Part</b>	<b>TITLE OF SHEET</b>	<b>CAL P.U.C. SHEET NO.</b>
<b>Preliminary Statements (Cont'd)</b>		
Part IB	General Rate Case Memorandum Account – Electric (GRCMA-E) .....	45750*,45751*-E
Part IG	Microgrids Memorandum Account (MGMA) .....	54797,54798,54799,54800,54801-E
Part IH	Disconnections Memorandum Account – Electric (DMA-E) .....	52182-E
Part IM	Residential Uncollectibles Balancing Account (RUBA-E) .....	54821,48304,48305-E
	Risk Transfer Balancing Account – Electric (RTBA-E) .....	59601, 59602, 59603, 59604, .....59605, 59606-E
Part IN	.....	59605, 59606-E
Part IO	Wildfire Mitigation Balancing Account - Electric (WMBA-E) .....	58852, 58853, 56779-E
Part IQ	Electric Reliability Memorandum Account (ERMA) .....	49679-E
Part IT	Microgrids Balancing Account (MGBA) .....	<b>60511, 60512, 60513, 60514,55947, 60515, 60516-E</b> (T)
Part IU	AB 841 Memorandum Account (AB841MA) .....	52195,52196-E
Part IX	Fixed Recovery Charge .....	52899,52900, 59263-E
Part IY	Fixed Recovery Charge Balancing Account (FRCBA) .....	52902-E
Part JA	Customer Credit for Fixed Recovery Charge .....	52903, 59264-E
Part JD	Microgrid Reservation Capacity Component-Standby Charge Suspension Account (MSCSA) .....	51190, 51191-E
Part JF	Wildfire Hardening Fixed Recovery Charge .....	52035,52036, 59265,59266-E
Part JG	Wildfire Hardening Fixed Recovery Charge Balancing Account .....	52038,59002,59267-E
Part JH	Wildfire and Natural Disaster Resiliency Rebuild Program (WNDRRPBA-E) .....	52234-E
	Dynamic and Real-Time Pricing Memorandum Account (DRTPMA) .....	54435, 54746, 54747, .....54748,59447-E
Part JI	.....	54748,59447-E
Part JJ	AB 1X Refund Balancing Account (AB1XBA) .....	52496-E
Part JK	Cost of Capital Memorandum Account - Electric (COCMA-E) .....	52262,52263-E
Part JL	Percentage of Income Payment Plan Balancing Account – Electric (PIPPBA-E) .....	52552-E
Part JM	Percentage of Income Payment Plan Memorandum Account – Electric (PIPPMA-E) .....	52553-E
Part JP	Yield Spread Adjustment Memorandum Account – Electric (YSMA-E) .....	55126-E
Part JQ	Diablo Canyon Transition And Relicensing Memorandum Account (DCTRMA) .....	55705,55706-E
Part JR	Diablo Canyon Extended Operations Balancing Account (DCEOBA) .....	59450,59451,59452,55864-E
Park KB	Diablo Canyon Extended Operations Memorandum Account (DCEOMA) .....	59254-E
Part KD	Income-Graduated Fixed Charge Memorandum Account (IGFCMA).....	59437-E
Part KE	Income-Graduated Fixed Charge Balancing Account (IGFCBA) .....	58130,58131,58132-E
Part KF	Community Renewable Energy Program Balancing Account (CREPBA) .....	58484-E
Part KG	Provider of Last Resort Memorandum Account (POLRMA) .....	58646,58647-E
Part KH	Electric Capacity and New Business Interim Memorandum Account (ECNBIMA).....	.....58839,58840, 58841,58842, 58843, 58844-E
Part KI	Comprehensive Gas Advanced Metering Infrastructure Memorandum Account - Electric (GAMIMA - E) .....	58907,58908-E
Part KJ	Public Utility Regulatory Policies Act Implementation Memorandum Account (PURPAIMA) .....	60406-E
Part KK	Common Facility Cost Treatment Balancing Account (CFCTBA).....	59894,59895-E
Part KM	Helms Uprate Memorandum Account (HUMA).....	60508-E

(Continued)

## **Attachment 2**

Redline Tariff Revisions





**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 requirements, as applicable, related to: (1) the actual incremental capital costs incurred associated with the Electrical Isolation Technology Evaluation; (2) Microgrids Evaluation; (3) the Clean Substation Microgrid Program; (4) the Make-Ready program to prepare substations island in a microgrid configuration; (5) the Utility-Owned Generation program for resources to power multi-season substation microgrids; (6) Third-Party Distributed Generation-Enabled Microgrid Services (DGEMS) Contracts for multi-season substation microgrids; (7) the Microgrid Incentive Program (MIP); and (8) Microgrid Utility Infrastructure Upgrades related to the Community Microgrid Enablement Program (CMEP). Each of these programs and sub-accounts of the MGBA are more fully described below. , the Microgrids Evaluation, and the Clean Substation Microgrid Program to be implemented pursuant to Decision D.21-01-018 and with Make-Ready, and Utility-Owned Generation, and Third Party contracts for Distributed Generation-Enabled Microgrid Services (DGEMS) implemented pursuant to D.22-11-009. The Microgrids Evaluation pursuant to D.21-01-018 and the Third Party contracts for Distributed Generation-Enabled Microgrid Services (DGEMS) pursuant to D.22-11-009 subaccounts will record actual incremental incurred expenses only. Additionally, the MGBA records 1) the actual incurred expense related costs of for the Microgrid Incentive Program (MIP) and 2) the mMicrogrid uUtility Infrastructure uUpgrades subaccounts, and the The MUIU will record 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 program costs. The account has ~~;~~ 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.

(T)  
|  
(T)  
(T)  
(T)  
  
  
  
(T)  
(T)

(Continued)

Advice 6942-E  
Decision D.23-04-034

Issued by  
**Meredith Allen**  
Vice President, Regulatory Affairs

Submitted  
Effective  
Resolution

May 15, 2023  
April 14, 2023





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

Sheet 1

~~<sup>4</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)

(N)

(Continued)

Advice 6942-E  
Decision D.23-04-034

Issued by  
**Meredith Allen**  
Vice President, Regulatory Affairs

Submitted  
Effective  
Resolution

May 15, 2023  
April 14, 2023



**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. (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>32</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>12</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>23</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)



**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 Microgrid Incentive Program Implementation Plan (MIPIP).<sup>34</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>45</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 expenses- for 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.<sup>5</sup>

(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

<sup>34</sup> Joint IOUs' Microgrid Incentive Program Implementation Plan, pp. 32-33.

<sup>45</sup> Joint IOUs' Microgrid Incentive Program Implementation Plan, p. 49.

<sup>5</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 MGMA

(L)  
(L)



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

Sheet 3

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)

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.~~
- 4.3 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.

(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)



U 39

**ELECTRIC PRELIMINARY STATEMENT PART IT  
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)

Advice 6942-E  
Decision D.23-04-034

Issued by  
**Meredith Allen**  
Vice President, Regulatory Affairs

Submitted  
Effective  
Resolution

May 15, 2023  
April 14, 2023



U 39

**ELECTRIC PRELIMINARY STATEMENT PART IT  
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 entry equal to the actual incremental incurred expenses;

1.2. 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;

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

3.4. 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.

(N)

(N)

(Continued)

Advice 6942-E

Decision D.23-04-034

Issued by

**Meredith Allen**

Vice President, Regulatory Affairs

Submitted

Effective

Resolution

May 15, 2023

April 14, 2023

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

AT&T	Ellison Schneider & Harris LLP	Pacific Gas and Electric Company
Albion Power Company		Peninsula Clean Energy
Alta Power Group, LLC	Electrical Power Systems, Inc. Fresno	Pioneer Community Energy
Anderson & Poole	Engie North America	Public Advocates Office
BART	Engineers and Scientists of California	Redwood Coast Energy Authority
Ava Community Energy		Regulatory & Cogeneration Service, Inc.
BART		Resource Innovations
Buchalter	GenOn Energy, Inc.	Rockpoint Gas Storage
Barkovich & Yap, Inc.	Green Power Institute	
Biering & Brown LLP		
Braun Blasing Smith Wynne, P.C.	Hanna & Morton LLP	San Diego Gas & Electric Company
		San Jose Clean Energy
		SPURR
California Community Choice Association	ICF consulting	
California Cotton Ginners & Growers Association	iCommLaw	Sempra Utilities
California Energy Commission	International Power Technology	Sierra Telephone Company, Inc.
California Hub for Energy Efficiency	Intertie	Southern California Edison Company
California Alternative Energy and Advanced Transportation Financing Authority	Intestate Gas Services, Inc.	Southern California Gas Company
California Public Utilities Commission		Spark Energy
Calpine	Kaplan Kirsch LLP	Sun Light & Power
Cameron-Daniel, P.C.	Kelly Group	Sunshine Design
Casner, Steve	Ken Bohn Consulting	Stoel Rives LLP
Center for Biological Diversity	Keyes & Fox LLP	
Chevron Pipeline and Power	Leviton Manufacturing Co., Inc.	Tecogen, Inc.
	Los Angeles County Integrated	TerraVerde Renewable Partners
		Tiger Natural Gas, Inc.
Clean Power Research	Waste Management Task Force	
Coast Economic Consulting		
Commercial Energy	MRW & Associates	Utility Cost Management
Crossborder Energy	Manatt Phelps Phillips	
Crown Road Energy, LLC	Marin Energy Authority	Water and Energy Consulting
	McClintock IP	
	McKenzie & Associates	
Davis Wright Tremaine LLP	Modesto Irrigation District	
Day Carter Murphy	NLine Energy Inc.	Yep Energy
Dept of General Services	NOSSAMAN LLP	
Douglass & Liddell	NRG Energy Inc.	
Downey Brand LLP		
	OnGrid Solar	