

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



**Pacific Gas & Electric Company**  
**GAS (Corp ID 39)**  
**Status of Advice Letter 4140G/5632E**  
**As of August 17, 2020**

Subject: Business Tax Surcharge for Customers within the City and County of San Francisco.

Division Assigned: Energy

Date Filed: 09-12-2019

Date to Calendar: 09-18-2019

Authorizing Documents: D8905063

**Disposition:**

**Signed**

**Effective Date:**

**06-11-2020**

Resolution Required: Yes

Resolution Number: E-5056

Commission Meeting Date: None

CPUC Contact Information:

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

AL Certificate Contact Information:

Kimberly Loo

(415)973-8794

[KELM@pge.com](mailto:KELM@pge.com)

**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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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)**

September 12, 2019

**Advice 4140-G/5632-E**  
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Business Tax Surcharge for Customers within the City and County of San Francisco**

Pacific Gas and Electric Company (PG&E or the Company) hereby requests approval by the California Public Utilities Commission (Commission or CPUC) to bill and collect from its customers within the City and County of San Francisco (San Francisco or the City) an additional 0.986 percent (0.986%) gas and electric business tax surcharge to be remitted to and collected by PG&E pursuant to the increase in business tax approved by San Francisco voters through Proposition C in the November 2018 general election.

An example of a revised bill format is attached in Attachment A of this advice letter.<sup>1</sup>

**Purpose**

PG&E proposes to include an additional 0.986 percent (0.986%) business tax surcharge line item on the gas and electric bills of customers within San Francisco to recover the increased costs associated with the increase in San Francisco's business tax. Decision (D.) 89-05-063, dated May 26, 1989 (32 CPUC 2d 60),<sup>2</sup> established the procedure for submitting an advice letter where the local governmental entity requires the public utility to collect general business license fees exceeding the average general business license fees within the service territory of the utility. PG&E makes this submittal pursuant to D.89-05-063.

**Background**

As discussed in PG&E's 2017 General Rate Case (GRC) (A.15-09-001, Exhibit PG&E-10, Chapter 8), beginning in 2014 San Francisco transitioned the City's business tax from a payroll expense tax to a gross receipts tax. The statutory rate for the City's gross receipts tax is 0.4%. PG&E forecast that the change in the basis for computing the business tax would not significantly change the total amount paid to San Francisco. Accordingly, PG&E continued to treat the San Francisco business tax as a general cost of doing business for the Company as an integrated

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<sup>1</sup> As shown in the example bill, the line item is described as "San Francisco Business Tax Surcharge" and appears under both the gas and electric account detail. The new line item is highlighted in Attachment A.

<sup>2</sup> Investigation 84-05-002, Guidelines For the Equitable Treatment of Revenue-Producing Mechanisms Imposed By Local Governmental Entities on Public Utilities.

whole and has continued to spread the cost of the San Francisco business tax across all customers.

On November 6, 2018, San Francisco voters approved Proposition C (the Homelessness Gross Receipts Tax) which doubled the rate used to compute the gross receipts tax payable to the City. PG&E estimates that the doubling of the tax rate will increase PG&E's payments to the City by approximately \$10 million to more than \$23 million per year. This level of business tax represents a significantly different level of local taxes compared to other jurisdictions. The increase as a percent of revenues is comparable to the franchise fee surcharge percentages previously approved by the Commission presented below.

In D.89-05-063, the Commission addressed costs imposed on public utilities by local government revenue producing mechanisms and the appropriate ratemaking treatment for increases in general business taxes. As a preliminary matter, the Commission acknowledged that it did not dispute the authority or right of any local governmental entity which as a matter of general law or judicial decision has the jurisdiction to impose, levy or increase taxes and fees on utility customers or on the utility itself. (Id. at 69.) However, the Commission is the sole authority to determine and regulate the rates of a public utility for service furnished by it. (Id.) The Commission recognized that where general business taxes attributable to one city were substantially above the average business taxes in the utility's service territory, being required to share in paying that city's higher-than-average costs in rates would result in inequities between classes of ratepayers. (Id.) The Commission stated:

To continue to incorporate significantly differing levels of new and escalating local entity taxes and fees in basic rates applicable equally to all ratepayers in a utility's service territory, increasingly means that some of these ratepayers would be subsidizing others but are not themselves benefiting from such increased taxes and fees. It is not just or reasonable that the significantly higher levels derived from some entities only should be buried in basic rates applicable to all ratepayers of the utility. Averaging such costs among all ratepayers creates inequities between classes of ratepayers. It is appropriate and reasonable that these significantly higher costs should be identified and borne only by the ratepayers in the local governmental area that originated them.

(Id., 32 CPUC 2d at 69.)

Pursuant to D.89-05-063, the Commission has previously approved electric and gas franchise fee surcharges on PG&E's customers in the City of San Jose and in the City of Bakersfield and gas customers in the City of Fresno. See PG&E's Advice 3110-G/3651-E filed April 5, 2010, effective May 5, 2010 (authorizing PG&E to bill and collect a 0.3% franchise fee surcharge on electric and gas customers in the City of San Jose), PG&E's Advice 2980-G/3380-E filed December 18, 2008, effective January 20, 2009 (authorizing PG&E to bill and collect a 1.0% franchise fee surcharge on electric and gas customers in the City of Bakersfield) and PG&E's Advice 3138-G filed July 16, 2010, effective August 16, 2010 (authorizing PG&E to bill and collect a 1.0% franchise fee surcharge on gas customers in the City of Fresno). The Commission has also approved electric and gas franchise fee surcharges by other public utilities. See Southern California Edison's (SCE) Advice 1881-E filed March 30, 2005, effective May 9, 2005, authorizing SCE to bill and collect a

1.0% electric franchise fee surcharge on electric customers in the City of Santa Barbara. See also D.07-10-024 (2007 Cal. PUC LEXIS 560) granting Southern California Gas Company (SoCalGas) authorization to bill and collect a 1.0% gas franchise surcharge on gas customers in the City of Ventura. In approving the franchise fee surcharge in D.07-10-024, the Commission recognized that although the benefits of the increased franchise fees are generally localized, the other customers of SoCalGas also benefit as the burden of the surcharge will be paid only by customers in the City of Ventura, and not other customers throughout the utility's service territory. (Id., 2007 Cal. PUC LEXIS 560, \*7.)

In accordance with D.89-05-063, PG&E shall collect, with the Commission's approval, the additional 0.986 percent (0.986%) as a surcharge on bills issued to customers in San Francisco. The statutory Proposition C tax rate of 0.43 percent is applied to gross receipts as defined in the San Francisco municipal code. As defined in the code, gross receipts for purposes of San Francisco taxes includes a pro rata portion of total company billed revenues, not just revenues billed to customers located in San Francisco. From 2015 through 2018, the ratio of gross receipts to revenue billed in San Francisco was 2.294. Thus, in order to recover the tax as computed on gross receipts, the percentage surcharge on billed revenues must be 2.294 times the 0.43% statutory rate, or 0.986 percent.

PG&E will bill and collect the surcharge amount and pass through the amount collected as part of PG&E's payment of the total business tax due to San Francisco. As a collection of a tax, the surcharge amount will not be included as part of revenues subject to the San Francisco Utility Users' Tax or Gross Receipts tax. The percentage would be the same for all classes of customers located in San Francisco. The surcharge will only apply to those PG&E customers located in San Francisco.

Based on the revenue billed to San Francisco customers in 2018, PG&E estimates that the surcharge will result in an additional collection of approximately \$9,800,000 annually, and represents an increase of \$0.92 to a typical San Francisco residential customer's monthly bill.

PG&E shall implement the surcharge as soon as possible after Commission approval.

No cost information is required for this advice letter.

### **Protests**

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than October 2, 2019, which is 20 days after the date of this submittal. Protests should be mailed to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson  
Director, Regulatory Relations  
c/o Megan Lawson  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B13U  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-3582  
E-mail: PGETariffs@pge.com

**Effective Date**

PG&E requests that this Tier 2 advice letter become effective on regular notice, October 12, 2019, 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 and via U.S. mail to parties shown on the attached list. Address changes to the General Order 96-B service list and all electronic approvals should be directed to email PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs>.

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/S/

Erik Jacobson  
Director, Regulatory Relations

cc: Dennis J. Herrera, Office of the San Francisco City Attorney, [cityattorney@sfcityatty.org](mailto:cityattorney@sfcityatty.org)  
Naomi Kelly, Office of the San Francisco City Administrator, [city.administrator@sfgov.org](mailto:city.administrator@sfgov.org)  
Ben Rosenfield, Office of the San Francisco Controller, [controller@sfgov.org](mailto:controller@sfgov.org)

**Attachment:**

Attachment A: Example of the revised bill format



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



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

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39M)

Utility type:

- ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Kimberly Loo

Phone #: (415)973-8794

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: KELM@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
 PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 4140-G/5632-E

Tier Designation: 2

Subject of AL: Business Tax Surcharge for Customers within the City and County of San Francisco

Keywords (choose from CPUC listing): Taxes

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.89-05-063

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

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

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

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

Resolution required?  Yes  No

Requested effective date: 10/12/19

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:

Service affected and changes proposed<sup>1</sup>: Crossover Gas Procurement Service to Core End-Use Customers

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

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

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name: Erik Jacobson, c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility Name: Pacific Gas and Electric Company  
Address: 77 Beale Street, Mail Code B13U  
City: San Francisco, CA 94177  
State: California Zip: 94177  
Telephone (xxx) xxx-xxxx: (415)973-2093  
Facsimile (xxx) xxx-xxxx: (415)973-3582  
Email: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: District of Columbia Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Advice 4140-G/5632-E  
September 12, 2019

## **Attachment A**

**Example of the revised bill format**



# ENERGY STATEMENT

[www.pge.com/MyEnergy](http://www.pge.com/MyEnergy)

Account No: 1234567890-0  
Statement Date: 01/11/2019  
Due Date: 02/01/2019

## Details of Electric Charges

12/12/2018 - 01/10/2019 (30 billing days)

Service For: 123 Main Street  
Service Agreement ID: 0987654321  
Rate Schedule: E1 TH Residential Service

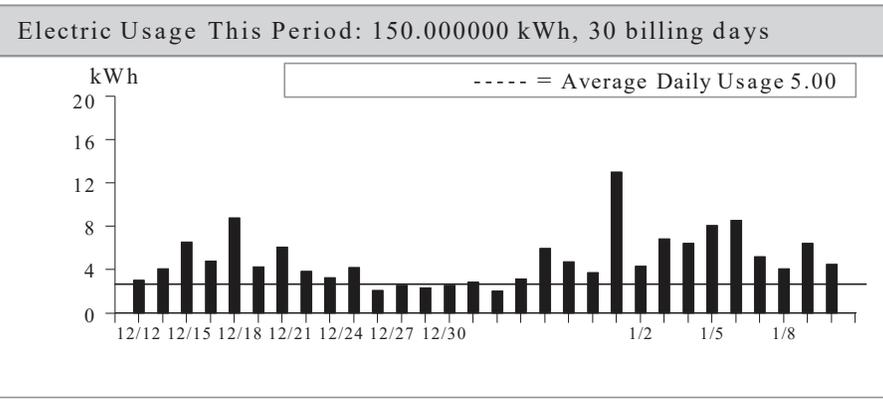
12/12/2018 - 12/31/2018	Your Tier Usage	1	2
Tier 1 Allowance	298.00 kWh	(20 days x 14.9 kWh/day)	
Tier 1 Usage	100.000000 kWh	@	\$0.21536 \$21.54
San Francisco Business Tax Surcharge			0.21
Energy Commission Tax			0.03

01/01/2019 - 01/10/2019	Your Tier Usage	1	2
Tier 1 Allowance	144.00 kWh	(10 days x 14.4 kWh/day)	
Tier 1 Usage	50.000000 kWh	@	\$0.21183 \$10.59
San Francisco Business Tax Surcharge			0.10
Energy Commission Tax			0.02

**Total Electric Charges \$32.49**

## Service Information

Meter #	0000000000
Current Meter Reading	26,226
Prior Meter Reading	26,076
Total Usage	150.000000 kWh
Baseline Territory	T
Heat Source	H - Electric
Serial	Q
Rotating Outage Block	00





# ENERGY STATEMENT

[www.pge.com/MyEnergy](http://www.pge.com/MyEnergy)

Account No: 1234567890-0  
Statement Date: 01/11/2019  
Due Date: 02/01/2019

## Details of Gas Charges

12/12/2018 - 01/10/2019 (30 billing days)

Service For: 123 Main St  
Service Agreement ID: 01010101010  
Rate Schedule: G1 T Residential Service

12/12/2018 - 12/31/2018 Your Tier Usage  1  2

Tier 1 Allowance 35.80 Therms (20 days x 1.79 Therms/day)  
Tier 1 Usage 10.000000 Therms @ \$1.36370 \$13.64  
San Francisco Business Tax Surcharge 0.13  
Gas PPP Surcharge (\$0.08849/Therm) 0.87

01/01/2019 - 01/10/2019 Your Tier Usage  1  2

Tier 1 Allowance 17.90 Therms (10 days x 1.79 Therms/day)  
Tier 1 Usage 5.000000 Therms @ \$1.42808 \$7.14  
San Francisco Business Tax Surcharge 0.07  
Gas PPP Surcharge (\$0.09047/Therm) 0.45

**Total Gas Charges \$22.30**

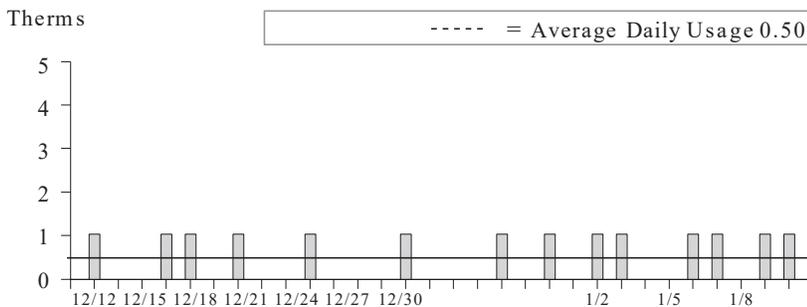
## Service Information

Meter # 00000  
Current Meter Reading 5,070  
Prior Meter Reading 5,056  
Difference 14  
Multiplier 1.047983  
Total Usage 15.000000 Therms  
Baseline Territory T  
Serial Q

## Gas Procurement Costs (\$/Therm)

12/12/2018 - 12/31/2018 \$0.42932  
01/01/2019 - 01/10/2019 \$0.43394

Gas Usage This Period: 15.000000 Therms, 30 billing days



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

AT&T	Downey & Brand	Pioneer Community Energy
Albion Power Company	East Bay Community Energy	Praxair
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	
	Energy Management Service	
Alta Power Group, LLC	Engineers and Scientists of California	Redwood Coast Energy Authority
Anderson & Poole	Evaluation + Strategy for Social Innovation	Regulatory & Cogeneration Service, Inc.
	GenOn Energy, Inc.	SCD Energy Solutions
Atlas ReFuel	Goodin, MacBride, Squeri, Schlotz & Ritchie	
BART	Green Charge Networks	SCE
	Green Power Institute	SDG&E and SoCalGas
Barkovich & Yap, Inc.	Hanna & Morton	
P.C. CalCom Solar	ICF	SPURR
California Cotton Ginners & Growers Assn	International Power Technology	San Francisco Water Power and Sewer
California Energy Commission	Intestate Gas Services, Inc.	Seattle City Light
California Public Utilities Commission	Kelly Group	Sempra Utilities
California State Association of Counties	Ken Bohn Consulting	Southern California Edison Company
Calpine	Keyes & Fox LLP	Southern California Gas Company
	Leviton Manufacturing Co., Inc. Linde	Spark Energy
Cameron-Daniel, P.C.	Los Angeles County Integrated Waste Management Task Force	Sun Light & Power
Casner, Steve	Los Angeles Dept of Water & Power	Sunshine Design
Cenergy Power	MRW & Associates	Tecogen, Inc.
Center for Biological Diversity	Manatt Phelps Phillips	TerraVerde Renewable Partners
City of Palo Alto	Marin Energy Authority	Tiger Natural Gas, Inc.
	McKenzie & Associates	
City of San Jose	Modesto Irrigation District	TransCanada
Clean Power Research	Morgan Stanley	Troutman Sanders LLP
Coast Economic Consulting	NLine Energy, Inc.	Utility Cost Management
Commercial Energy	NRG Solar	Utility Power Solutions
County of Tehama - Department of Public Works		Utility Specialists
Crossborder Energy	Office of Ratepayer Advocates	
Crown Road Energy, LLC	OnGrid Solar	Verizon
Davis Wright Tremaine LLP	Pacific Gas and Electric Company	Water and Energy Consulting Wellhead Electric Company
Day Carter Murphy	Peninsula Clean Energy	Western Manufactured Housing Communities Association (WMA)
		Yep Energy
Dept of General Services		
Don Pickett & Associates, Inc.		
Douglass & Liddell		