

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE



February 21, 2020

Advice Letter 4196-G/5720-E

Erik Jacobson
Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

SUBJECT: PG&E's 2019 Base Revenue Requirements Effective January 1, 2020

Dear Mr. Jacobson:

Advice Letter 4196-G/5720-E is effective as of January 1, 2020.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division

December 20, 2019

Advice 4196-G/5720-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: PG&E's 2019 Base Revenue Requirements Effective January 1, 2020

Purpose

Pacific Gas and Electric Company (PG&E or the Company) submits this Tier 1 advice letter updating its 2019 base revenue requirements effective January 1, 2020, as approved by the California Public Utilities Commission (Commission or CPUC) for the following items:

Amounts in Thousands				
<u>Line No.</u>	<u>Revenue Requirements (\$000s)</u>	<u>2019 GRC¹</u>	<u>2019 Pension²</u>	<u>Total</u>
1	Electric Distribution	\$4,332,805	\$72,652	\$4,405,457
2	Gas Distribution	\$1,937,828	\$47,699	\$1,985,527
3	Electric Generation	\$2,183,514	\$49,484	\$2,232,998
4	Total	\$8,453,796	\$169,836	\$8,623,982

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

[1] The adopted General Rate Case (GRC) attrition amount has been updated for the 2019 uncollectibles factor as submitted in Advice 4020-G/5389-E and 2020 Cost of Capital as adopted in Decision 19-12-056.

[2] The 2019 Pension revenue requirement reflected above remains unchanged from 2019. As approved in Advice 3915-G/5195-E on January 8, 2018, the data to calculate the annual pension revenue requirement is not available until after the first of the year. Once available, PG&E will file an advice letter to update the 2020 pension revenue requirement. The base revenue requirements table will also be updated at that time to reflect the 2020 Pension revenue requirement.

Attachment 1 includes the Rolling Revenue Requirement Report updated for these 2019 base revenue requirements.

Background**2017 Tax Act - Petition for Modification of Decision 17-05-013**

On March 31, 2018, PG&E filed a Petition for Modification of D.17-05-013 in PG&E's 2017 General Rate Case (GRC) to revise the adopted revenue requirements to reflect the effects of the 2017 Tax Act. On August 15, 2019, the Commission issued D.19-08-023 in the GRC case.

The Decision required that PG&E work collaboratively with the Commission's Energy Division regarding the revised computations and the timing of the amortization of the revised revenue requirements in rates (Ordering Paragraph 4 in each decision). The Decisions also required that PG&E submit a Tier 2 advice letter within 30 days showing the results of its compliance with Ordering Paragraphs 3 and 4 (Ordering Paragraph 5 in each decision).

On September 13, 2019, PG&E submitted Advice 4142-G/5636-E in compliance with the Decision. PG&E has reflected the adjustments to the 2019 GRC base revenue requirements as approved in Advice 4142-G/5636-E, in Attachment 1 of this submittal¹.

2020 Cost of Capital

On April 22, 2019 PG&E filed its Cost of Capital (CoC) 2020 Application (A.19-04-015), including proposed rate of return on equity (ROE) and rate of return on rate base (ROR) for electric and gas distribution, gas transmission, and electric generation. On November 25, 2019, the ALJ issued a proposed decision (PD) in the 2020 Cost of Capital proceeding. The PD maintains PG&E's ROE for the three year period beginning January 1, 2020 at 10.25%². On December 19, 2019, the Commission voted to approve the PD and adopt D. 19-12-056, Decision on Test Year 2020 Cost of Capital for the Major Energy Utilities, approving the 10.25% ROE and 7.81% ROR. The 2020 CoC ROE and ROR are included in the GRC base revenue requirements as shown in Attachment 1 of this advice letter.

Decision 18-04-014, Ex Parte Penalty

Decision 18-04-014 adopted a settlement related to PG&E's failure to report ex parte communications in a timely manner. The decision adopted both non-financial and financial penalties. One of those penalties required PG&E to implement a one-time adjustment of \$10 million amortized in equivalent annual amounts for its next General Rate Case cycle. PG&E has reflected the \$10 million credit which will be given back in

¹ PG&E has also reflected the impact of the 2017 Tax Act on the Merced Falls revenue requirement in Attachment 1.

² The PD was revised on December 18, 2019 but did not propose any changes to the Utility's cost of capital or capital structure proposed in the PD.

equal annual amounts of \$3.3 million starting in January 2020 through December 2022. The adjustment is reflected in Attachment 1.

Protests

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than January 9, 2020, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th 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 shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) 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

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, telephone number, postal address, and (where appropriate) 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 submits this advice letter as a Tier 1 submittal. PG&E requests that this advice letter become effective on January 1, 2020.

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 and the parties on the service list for A.15-09-001, I.15-11-015 and A.19-04-015. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

_____/S/

Erik Jacobson
Director, Regulatory Relations

Attachments

Attachment 1 - Adopted Rolling Revenue Requirements Report

cc: Service Lists for
 A.15-09-001 – 2017 General Rate Case, Phase I
 I.15-11-015 – Ex Parte Phase I
 A.19-04-015 – Cost of Capital 2020



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 U39 M)

Utility type:

☒ ELC ☒ GAS ☐ WATER
☐ PLC ☐ HEAT

Contact Person: Annie Ho

Phone #: (415) 973-8794

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: AMHP@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) #: 4196-G/5720-E

Tier Designation: 1

Subject of AL: PG&E's 2019 Base Revenue Requirements Effective January 1, 2020

Keywords (choose from CPUC listing): Compliance, General Rate Case

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

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.15-09-001

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: 1/1/20

No. of tariff sheets: N/A

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 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

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

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

Clear Form

Attachment 1

Adopted Rolling Revenue Requirements Report

ATTACHMENT I

Adopted Rolling Revenue Requirements Report
From 2017 GRC through 2019
in thousands

	Electric Distribution	Electric Generation	Gas Distribution	Total	Decision(s)
2017 Adopted GRC RRQ	4,269,025	2,120,971	1,766,584	8,156,580	D.17-05-013
Less: Other Operating Revenue	(117,977)	(6,025)	(28,091)	(152,093)	D.17-05-013
2017 Adopted Net GRC Base Revenue Amount (Eff. 1/1/17)	4,151,048	2,114,946	1,738,493	8,004,487	
Final 2017 Uncollectibles Factor Update	(25)	(12)	(10)	(47)	D.17-05-013, adopted method
Remove Forecasted Savings Credits included in the Adopted GRC Revenue Requirement*					
DOE Litigation Funds (Appendix A, Table 3-C, Line 17)		20,000		20,000	D.17-05-013
Associated Revenue Fees, and Uncollectible (RF&U)		227		227	D.17-05-013
2017 Adopted Gross GRC Base Revenue Amount (Eff. 1/1/17)	4,151,023	2,135,161	1,738,483	8,024,667	
2017 Pension	71,556	48,738	46,980	167,274	D.09-09-020/D.17-05-013
2017 Base Revenue Amount including Pension (Eff. 1/1/17)	4,222,579	2,183,899	1,785,463	8,191,941	
Remove Adopted Forecasted Revenue Requirement Sale of Merced Falls Hydroelectric Project		(1,158)		(1,158)	D.16-10-026/D.17-05-013
2017 Base Revenue Amount including Pension (Eff. 2/16/17)	4,222,579	2,182,741	1,785,463	8,190,784	
Attrition					
2018 Attrition	250,000	84,000	110,000	444,000	D.17-05-013
Final 2018 Uncollectibles Factor Update	3	(2)	3	4	D.17-05-013, adopted method
Pension					
Remove 2017 Pension	(71,556)	(48,738)	(46,980)	(167,274)	D.09-09-020/D.17-05-013
2018 Pension	79,083	53,865	51,922	184,869	D.09-09-020/D.17-05-013
Cost of Capital					
Reduction for Cost of Capital(AL 3887-G/5148-E)	(60,172)	(23,254)	(22,627)	(106,053)	D.17-07-005
Merced Falls Sale					
Remove 2017 Merced Falls Revenue Requirement		1,158		1,158	D.16-10-026/D.17-05-013
2018 Merced Falls Revenue Requirement (includes 2018 Cost of Capital)**		(1,135)		(1,135)	D.16-10-026/D.17-05-013
2018 Base Revenue Amount including Pension (Eff. 1/1/18)	4,419,937	2,248,635	1,877,780	8,546,352	
Pension					
Remove 2018 Pension	(79,083)	(53,865)	(51,922)	(184,869)	D.09-09-020/D.17-05-013
2018 Pension Update	52,228	35,574	34,290	122,092	D.09-09-020/D.17-05-013 / AL 3915-G/5195-E / AL 3960-G/5261-E
2018 Base Revenue Amount including Pension Adjustment (Eff. 1/1/18)	4,393,083	2,230,343	1,860,149	8,483,575	
Attrition					
2019 Attrition	195,000	70,000	96,000	361,000	D.17-05-013
Final 2019 Uncollectibles Factor Update	(177)	(84)	(71)	(332)	D.17-05-013, adopted method
Merced Falls Sale					
Remove 2018 Merced Falls Revenue Requirement		1,135		1,135	D.16-10-026/D.17-05-013
2019 Merced Falls Revenue Requirement (includes 2018 Cost of Capital)**		(1,123)		(1,123)	D.16-10-026/D.17-05-013
Pension					
Remove 2018 pension	(52,228)	(35,574)	(34,290)	(122,092)	D.09-09-020/D.17-05-013 / AL 3915-G/5195-E / AL 3960-G/5261-E
2019 Pension	72,652	49,484	47,699	169,836	D.09-09-020/D.17-05-013
2019 Base Revenue Amount including Pension Adjustment (Eff. 1/1/19)	4,608,329	2,314,183	1,969,487	8,891,998	
2020 Cost of Capital Adjustment	14,945	5,770	5,617	26,331	D.19-12-056, CoC Decision
2017 Tax Act Adjustments					
Adjustment to 2019 Base Revenue	(216,088)	(86,249)	11,148	(291,189)	D.19-08-023/AL 4142-G/5636-E
Merced Fall Sale - Tax Act Adjustment for 2018-2020		175		175	D.19-08-023
Ex Parte Penalty	(1,729)	(881)	(724)	(3,333)	D.18-04-014
2019 Base Revenue Amount including Pension Adjustment (Eff. 1/1/20)	4,405,457	2,232,998	1,985,527	8,623,982	

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

*Actual savings credits will be transferred to the Utility Generation Balancing Account and refunded to customers as part of the Annual Electric True-up advice filing process.

**D.16-10-026 Approved a joint motion of PG&E and the ORA for approval of a settlement. This decision authorized the sale of the Merced Falls Hydroelectric Project to the Merced Irrigation District and related ratemaking treatment, which includes removal of the Merced Falls Project from its generation revenue requirement, as described in Section 3.8 of the settlement.

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