

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



Pacific Gas & Electric Company
GAS (Corp ID 39)
Status of Advice Letter 4343G
As of January 26, 2021

Subject: Core Procurement Incentive Mechanism Shareholder Award - November 2017 to October 2018 (Year 25)

Division Assigned: Energy

Date Filed: 12-21-2020

Date to Calendar: 12-23-2020

Authorizing Documents: D9708055

Disposition:	Accepted
Effective Date:	01-20-2021

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

Stuart Rubio

415-973-4587

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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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



Erik Jacobson
Director
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

Fax: 415-973-3582

December 21, 2020

Advice 4343-G

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

**Subject: Core Procurement Incentive Mechanism Shareholder Award -
November 2017 to October 2018 (Year 25)**

Purpose

Pacific Gas and Electric Company (PG&E) hereby submits to the California Public Utilities Commission (Commission or CPUC) its request for approval of a shareholder award of \$3,517,531 under its Core Procurement Incentive Mechanism (CPIM) for the period November 1, 2017 through October 31, 2018 (Year 25).

Background

The CPIM, which the Commission adopted in Decision (D.) 97-08-055, serves as a performance-based ratemaking mechanism for PG&E's core gas procurement portfolio. It compares PG&E's annual gas costs to an aggregate market-based benchmark, formed from a weighted average of published natural gas price indices at PG&E's purchase points, plus other costs such as pipeline transportation and storage. Total gas costs within a tolerance band of 99% to 102% of the commodity benchmark are considered reasonable and are fully recovered in customers' rates. Costs above the tolerance band are shared equally between customers and shareholders. To the extent actual costs fall below the tolerance band, PG&E's customers and shareholders share in the savings, with customers receiving 80% of the benefit and shareholders receiving an award equal to 20% of the benefit.

PG&E's CPIM Year 25 Performance and Shareholder Award

On January 6, 2020, PG&E submitted its Annual Performance Report for CPIM Year 25 to the Public Advocates Office (PAO) and the Energy Division (confidential version). On December 11, 2020 the PAO issued its Monitoring and Evaluation Report, which

supported PG&E's CPIM calculations and its requested shareholder award for Year 25.¹ The variance of \$2 between the PAO Monitoring and Evaluation Report's audited total savings and PG&E's reported savings is due to rounding.² The figures from the PAO Monitoring and Evaluation Report are used in this Advice Letter filing. As measured against the market benchmark, PG&E's core gas procurement activities resulted in total customer and shareholder savings over the November 2017 through October 2018 period of \$22,679,291.³ As measured against the lower limit of the tolerance band (benchmark less 1.0% of commodity benchmark), total CPIM savings were \$22,679,291. This resulted in a CPIM Year 25 Performance Summary shareholder award of \$3,613,647 which was reduced by \$96,116 (for the Kingsgate Mismatch Adjustment from CPIM Years 23 and 24) to \$3,517,531.⁴

Table 1 below illustrates PG&E's CPIM Year 25 core gas procurement costs compared to the benchmark.

Table 1
CPIM Performance Summary Year 25

Total Commodity, Transportation and Storage Costs ⁵						
Zone of Reasonableness			Actual Costs			
Upper Tolerance Limit (Benchmark + 2.0% Commodity Benchmark)	Total Benchmark	Lower Tolerance Limit (Benchmark – 1.0% Commodity Benchmark)	Total Costs Incurred	Amount Under Benchmark (total savings)	Amount Under Tolerance Band	Shareholder Award with Adjustment (1)
\$718,099,129	\$708,877,020	\$704,265,966	\$686,197,729	\$22,679,291	\$18,068,237	\$3,517,531
(1) Note that the \$3,613,647 Shareholder Award was reduced by \$96,116 for the Kingsgate Mismatch Adjustment from CPIM Years 23 and 24, as detailed in the Public Advocates Office Monitoring and Evaluation Report, Table 1-1 (page 8)						

No other parties commented on PG&E's CPIM Year 25 Report. Therefore, PG&E's CPIM Year 25 core gas procurement costs, with the PAO's modification, are to be deemed reasonable and recoverable from PG&E gas customers as specified by the CPIM⁶ and by PG&E's gas tariffs.⁷ In addition, because PG&E's CPIM Year 25 core gas procurement costs fall below the lower limit of the CPIM tolerance band, PG&E is

¹ *Public Advocates Office, Monitoring and Evaluation Report, November 1, 2017 through October 31, 2018, Pacific Gas and Electric Company's Core Procurement Incentive Mechanism Performance Results (CPIM Year 25)* ("PAO Monitoring and Evaluation Report"), Table 1-1.

² PAO Monitoring and Evaluation Report, Table 1-1.

³ PAO Monitoring and Evaluation Report, Table 1-1.

⁴ PAO Monitoring and Evaluation Report, Table 1-1.

⁵ PAO Monitoring and Evaluation Report, Table 2-1.

⁶ PG&E's Gas Accord Application (A.96-08-043, Supplemental Report Describing the Post-1997 Core Procurement Incentive Mechanism (CPIM), Chapter 2, Part III, Incentive Rewards and Penalties, October 18, 1996.

⁷ Gas Preliminary Statement Part C, Gas Accounting Terms and Definitions, Section 14.

eligible to receive a shareholder award equal to 20 percent of the savings below the lower limit of the tolerance band.

Upon approval of this advice letter, PG&E will record the shareholder incentive award to the Core Sales Subaccount of the Purchased Gas Account (PGA).

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

Protests

*****Due to the COVID-19 pandemic and the shelter at home orders, PG&E is currently unable to receive protests or comments to this advice letter via U.S. mail or fax. Please submit protests or comments to this advice letter to EDTariffUnit@cpuc.ca.gov and PGETariffs@pge.com*****

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than **January 11, 2021**, which is 21⁸ 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

⁸ The 20-day protest period concludes on a weekend; therefore, PG&E is moving this date to the following business day.

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 requests that this Tier 2 advice filing become effective on regular notice, **January 20, 2021**, which is 30 calendar days after the date of filing.

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.13-12-012. 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 filings can also be accessed electronically at: <http://www.pge.com/tariffs/>.

/S/

Erik Jacobson
Director, Regulatory Relations

Attachments

cc: Jean Spencer - Energy Division
Beth LaCour - Energy Division
Carlos Velasquez - Energy Division
Renee Guild - Energy Division
Kevin Flaherty - Energy Division
R. Mark Pocta - Public Advocates Office
Kelly C. Lee - Public Advocates Office
Crystal Yeh - Public Advocates Office
Michael Tan - Public Advocates Office
Service List A.13-12-012



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 U 39 G)

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Stuart Rubio

Phone #: (415) 973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: SHR8@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) #: 4343-G

Tier Designation: 2

Subject of AL: Core Procurement Incentive Mechanism Shareholder Award - November 2017 to October 2018 (Year 25)

Keywords (choose from CPUC listing): Core, Procurement

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: (D.) 97-08-055

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: 1/20/21

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:

**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.
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
Cenergy Power
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

East Bay Community Energy Ellison
Schneider & Harris LLP Energy
Management Service
Engineers and Scientists of California

GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz &
Ritchie

Green Power Institute
Hanna & Morton
ICF

IGS Energy
International Power Technology
Intestate Gas Services, Inc.
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
McKenzie & Associates

Modesto Irrigation District
NLine Energy, Inc.
NRG Solar

Office of Ratepayer Advocates
OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Redwood Coast Energy Authority
Regulatory & Cogeneration Service, Inc.
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
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