

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



Pacific Gas & Electric Company
ELC (Corp ID 39)
Status of Advice Letter 4444G/6210E
As of July 8, 2021

Subject: Request to Recover 2020 Liability Insurance Costs in Compliance with the 2020 General Rate Case (GRC) Decision (D.) 20-12-005

Division Assigned: Energy

Date Filed: 06-01-2021

Date to Calendar: 06-04-2021

Authorizing Documents: D2012005

Disposition:	Accepted
Effective Date:	06-20-2021

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

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AL Certificate Contact Information:

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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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

June 1, 2021

Advice 4444-G/6210-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Request to Recover 2020 Liability Insurance Costs in Compliance
with the 2020 General Rate Case (GRC) Decision (D.) 20-12-005**

Purpose

Pacific Gas and Electric Company (PG&E) submits this request to recover \$18.6 million for the cost of excess liability insurance above \$1.4 billion in coverage obtained by PG&E in 2020. As discussed below, the requested amount has been reduced by \$18.7 million to refund an overcollection in the RTBA related to the application of newly-adopted cost allocation factors. PG&E submits this request in accordance with the 2020 GRC Settlement Section 2.8.3, as adopted by Decision (D.) 20-12-005 Ordering Paragraph 1 (PG&E's 2020 General Rate Case) which requires PG&E to request recovery of any costs incurred for excess liability insurance coverage over \$1.4 billion through a Tier 2 advice letter.

Background

On December 13, 2018, PG&E filed its 2020 General Rate Case (GRC) application requesting the California Public Utilities Commission (CPUC or Commission) authorize its 2020 GRC revenue requirements for the period 2020-2022. On December 11, 2020, the CPUC issued D.20-12-005 in PG&E's 2020 GRC, approving a multi-party settlement agreement (Settlement Agreement).¹

Settlement Agreement Section 2.8.3.2 states:

The Settling Parties agree that PG&E shall establish a two-way RTBA [Risk Transfer Balancing Account] to recover the costs of PG&E's excess liability insurance coverage exceeding its adopted forecast for coverage of up to \$1.4

¹ D.20-12-005, OP1.

billion. PG&E may file a Tier 2 advice letter for coverage beyond \$1.4 billion, consistent with Cal Advocates' proposal.²

In accordance with Settlement Agreement 2.8.3.2, PG&E established Electric Preliminary Statement Part IN, Risk Transfer Balancing Account – Electric (RTBA-E) and Gas Preliminary Statement Part FK, Risk Transfer Balancing Account – Gas (RTBA-G), effective January 1, 2020, to track and record GRC portion of actual expenses compared to the adopted revenue requirement for PG&E's excess liability insurance costs, inclusive of all financial risk transfer mechanisms (e.g., insurance, reinsurance, Catastrophe (CAT) bonds, captives), as well as related costs such as broker fees and excise taxes.³

Request

PG&E requests recovery of \$18.6 million for the costs of coverage in excess of \$1.4 billion in 2020. The CPUC jurisdictional cost of excess liability insurance above \$1.4 billion in coverage in 2020 is \$37.3 million.⁴ PG&E has reduced its request for recovery of those costs by \$18.7 million to reflect an overcollection in the RTBA. Specifically, the RTBA overcollection is related to PG&E's updating of the general liability insurance premium expense allocation factors consistent with those recently adopted by the FERC. The update took place after PG&E's submission of Advice Letters 6090-E/6090-E-A and 4391-G, resulting in an overcollection of \$18.7 million in the RTBA. As such, PG&E proposes to refund the RTBA overcollection to customers by reducing its request for recovery in this Advice Letter by the amount of the RTBA overcollection. The calculation of the amount requested is discussed in more detail in Section C below.⁵

The amount of insurance coverage PG&E purchased in its 2020 renewal is consistent with requirements in AB 1054 and with the levels of coverage PG&E has historically obtained for its various business risks. As discussed in more detail below, in 2020, PG&E maintained less than \$1.4 billion of excess liability coverage for any single business risk. However, while PG&E has historically purchased coverage for both wildfire and non-wildfire risks in single, combined policies, due to significant changes in the insurance market and reduced availability of excess liability coverage that also covers wildfire risk, PG&E purchased largely separate insurance products for wildfire and additional coverage for other risks. Insurance purchased through the separate policies is not additive from a coverage perspective because the policies cover different business risks. The coverage amount, if viewed in the aggregate, reached approximately \$1.6 billion. Although this

² PG&E had originally requested authority to collect the costs of up to \$2 billion in excess liability coverage through the RTBA before a subsequent advice letter submittal would be required. Cal Advocates proposed to reduce that to \$1.4 billion in coverage consistent with the amount of insurance coverage PG&E procured in 2018.

³ The GT&S portion is collected through the AMCDOP.

⁴ As discussed below, PG&E had less than \$1.4 billion in liability insurance from January 1, 2020 through July 31, 2020.

⁵ See also Attachment 1 for calculations of the CPUC jurisdictional costs of insurance above \$1.4 B in coverage and the amount of the RTBA overcollection.

amount of coverage was not available for a single risk, out of an abundance of caution, PG&E is submitting this advice letter for approval of the costs attributable to excess liability coverage procured in 2020 that exceeds \$1.4 billion in case this coverage amount could be viewed as exceeding \$1.4 billion in the aggregate pursuant to the settlement.

Discussion

A. PG&E's Liability Insurance Procurement Process

PG&E purchases excess liability insurance to protect against third party liability claims that may arise from PG&E's business operations that exceed a specified dollar amount retained by PG&E. The Commission has consistently found that doing so was a reasonable and prudent business practice, the costs for which should be included in rates.⁶

PG&E and the other California IOUs have continued to see increases in the cost of wildfire liability insurance offered in the commercial marketplace. The total number of market participants continues to decrease, leading to an overall reduction to the amount of capacity available. The Commission has acknowledged the hardened conditions in the current insurance market,⁷ which are well-documented in the IOU's respective General Rate Case filings, applications at the Commission to recover insurance costs tracked in their respective Wildfire Expense Memorandum Accounts (WEMA) or Z-Factor memorandum accounts beyond those included in their current rates, and through their Securities and Exchange Commission public disclosures.

PG&E works diligently to manage the cost of insurance and find available capacity where possible. Most notably, to procure insurance, PG&E uses the services of three brokerage firms with energy sector expertise to assist with marketing efforts and to solicit offers of insurance from the markets. There is a general limitation in the amount of coverage that individual insurers can offer to policyholders.⁸ There is also a limited number of insurers that provide coverage to the energy sector. The brokerage firms PG&E works with are experts in canvassing available domestic and international markets to pursue available insurance coverage and they play an important role in assuring PG&E gets the best pricing available from the market at the time. The Commission has acknowledged that

⁶ D.20-09-024, Finding of Fact (FOF) 23; the Commission also referenced a number of prior decisions where it reached the same result; see also D.14-08-032, *mimeo*, p. 550.

⁷ D.20-12-005, p. 254-255.

⁸ The limitation is due to a variety of factors including, but not limited to, state insurance laws that limit the amount of exposure an insurer can have to any single risk, capacity limitations in reinsurance secured by insurers for a particular risk (reinsurance is a form of financial protection used by insurers to safeguard against large catastrophic losses such as wildfires), internal underwriting guidelines set by insurers, and risk tolerance levels set by management at insurance companies.

the use of expert industry brokers in this manner is a reasonable practice used by all the California IOUs that it has long endorsed.⁹

Over the years, PG&E's insurance program has paid significant dividends for customers. PG&E has received nearly four dollars in claim proceeds for each dollar in insurance premiums paid in its renewals covering policy years 2010-2019, resulting in a significant net benefit to the utility and its customers from insurance procured. As such, PG&E's insurance operated as it was intended to, providing liability protection against the spectrum of legal claims brought by plaintiffs and allowing the Company to offset the cost of resolving claims through insurance proceeds.

B. PG&E's Insurance Coverage for 2020 is Consistent with Historical Coverage Levels and With the AB 1054 Wildfire Fund Structure

PG&E has historically targeted approximately \$1 billion in excess liability coverage. Historically, the market offered coverage for both non-wildfire perils and wildfire perils in combined policies, which contained a single limit of insurance that was shared for wildfire and non-wildfire claims. In those instances, if PG&E were to purchase \$1 billion of excess liability coverage for example, PG&E would be able to apply that coverage to both wildfire and non-wildfire events.

Generally speaking, that is no longer the case. The significantly increased wildfire exposure for the California IOUs and their insurers in recent years has led to higher prices, as well as a significant decrease in the number of insurers offering wildfire coverage to California utilities. As such, offering wildfire insurance at the same price and in the same policy as non-wildfire insurance is no longer the norm in the market. PG&E now procures most of its wildfire coverage separately from coverage for other perils, essentially creating two different insurance towers—one for wildfire and one for non-wildfire.

PG&E has typically renewed most of its excess liability insurance policies in August of each year with coverage running from August 1 of one year to July 31 of the following year. From January through July of 2020, PG&E had approximately \$910 million in total excess liability coverage for all perils. This was a lower level of coverage than is typical primarily due to a lack of wildfire liability capacity in the marketplace. In the August 2020 renewal, PG&E purchased a total of \$867.5 million of wildfire liability coverage and \$720 million of coverage for other non-wildfire perils. While coverage for the majority of these separate business risks was purchased in separate policies, the coverage levels for each are consistent with the level of general liability coverage PG&E has obtained historically to cover these risks through combined policies.

The amount of wildfire liability coverage purchased through the 2020 renewal is also consistent with AB 1054. Specifically, AB 1054 established a statewide fund that will be available for eligible electric utility companies to pay eligible claims for liabilities arising

⁹ D.20-04-024, FOF 38-42, Conclusion of Law 1.

from wildfires occurring after July 12, 2019 that are caused by the applicable electric utility company's equipment, subject to the terms and conditions of AB 1054. Eligible claims are claims for third party damages resulting from any such wildfires, limited to the portion of such claims that exceeds the greater of (i) \$1.0 billion in the aggregate in any year and (ii) the amount of insurance coverage required to be in place for the electric utility company pursuant to section 3293 of the Public Utilities Code, also added by AB 1054. Section 3293 requires the IOUs to acquire excess liability insurance. It states: "[E]lectrical corporation[s] shall maintain reasonable insurance coverage."¹⁰ The IOUs are unable to obtain any recovery from the Wildfire Fund for wildfire-related losses in any year that do not exceed the greater of \$1.0 billion in the aggregate and the amount of insurance coverage required under AB 1054. PG&E's target to obtain \$1 billion of wildfire liability insurance is consistent with the AB 1054 structure that requires utilities and their customers to pay for the first \$1 billion in claims prior to accessing the fund.

C. Calculations of the Costs for Recovery in this Advice Letter

Below are descriptions of the calculations for both the excess liability insurance costs for coverage above \$1.4 billion and the RTBA overcollection due to a change in allocations. The time period covered by this advice letter is limited to the 2020 calendar year.

a. Calculation for Costs for Coverage Above \$1.4 billion

As stated above, because PG&E had less than \$1.4 billion in insurance coverage from January 1, 2020 through July 31, 2020, PG&E seeks no additional cost recovery for that time period through this advice submittal.

In the August 2020 renewal, PG&E purchased coverage that ran from August 1, 2020 through July 31, 2021. In that renewal, PG&E did not purchase \$1.4 billion of coverage for any single business risk. As discussed above, it purchased a total of \$867.5 million of wildfire liability coverage and \$720 million of coverage for other non-wildfire perils, mainly through separate policies. The insurance purchased through these separate policies is not additive from a coverage perspective because the policies cover different business risks. However, to the extent the separate wildfire and non-wildfire coverages are viewed as additive for purposes of this Advice Letter, the total amount of liability insurance purchased through the renewal for those different perils would be \$1.5875 billion--\$187.5 million above the \$1.4 billion threshold for which a Tier 2 advice letter would be required by the 2020 GRC settlement. PG&E has not recovered the costs associated with the \$187.5 million of coverage through the RTBA and seeks approval to recover those costs in this Advice Letter.

PG&E calculated the costs of the \$187.5 million of coverage for which it seeks recovery through this advice letter as follows:¹¹

¹⁰ Pub. Util. Code § 3293.

¹¹Attachment 1, (Costs of Coverage Above \$1.4 B) shows this calculation in more detail.

First, PG&E determined the average rate per dollar of liability insurance purchased in the August 2020 renewal.¹² Second, PG&E multiplied the average rate by the additional \$187.5 million of coverage to determine the total company, annual costs associated with the coverage over \$1.4 billion for the period of August 1, 2020 through July 31, 2021.¹³ That amount is \$101.5 million.¹⁴ Third, PG&E calculated the portion of the total company annual costs that are attributable to the August 1, 2020 through December 31, 2020 period at issue in this Advice Letter.¹⁵ That amount is \$42.3 million.¹⁶ Finally, PG&E calculated the CPUC jurisdictional portion of the \$42.3 million total company amount by using applicable cost allocation factors. The CPUC jurisdiction amount is \$37.3 million.¹⁷

b. Calculation of Overcollection Costs Due to Allocation Change

For 2020, the RTBA was over collected by \$18.7 million.¹⁸ The overcollection is due to a cost allocation change that occurred after the time the 2020 balance was collected in rates through Advice Letters 6090-E/6090-E-A and 4391-G.

The purpose of the cost allocation change is to align the cost allocation factors PG&E uses with those recently adopted in by the FERC in PG&E's Transmission Owner 2020 (TO20) proceeding. In its 2020 GRC, PG&E noted that new allocation factors were being considered by FERC in TO20 and stated that "If the allocation methodology is approved by FERC, PG&E will update the allocation for property insurance, general liability insurance and third-party claims costs using a similar methodology for the 2020 GRC."¹⁹ In the March 1, 2021 rate change, PG&E included the incremental revenues for the cost of coverage up to \$1.4 billion.²⁰ Those revenues were calculated using the labor allocation factors adopted in the 2020 GRC decision. Since then PG&E has updated its allocation

¹² See Attachment 1, Tab "Costs of Coverage above \$1.4B", Lines 8 through 14; see line 12, column G showing an average cost of \$0.542/dollar of coverage.

¹³ See Attachment 1, Tab "Costs of Coverage above \$1.4B", Lines 17 through 23; see line 23, column E showing a total annual cost of \$101.5 million for coverage above \$1.4 B.

¹⁴ See FN 14 *supra*.

¹⁵ See Attachment 1, Tab "Costs of Coverage above \$1.4B", Line 23, column G, showing \$42.3 million as the cost of coverage in excess of \$1.4 B for the period of August 1, 2020 through December 31, 2020.

¹⁶ See FN 16 *supra*.

¹⁷ See Attachment 1, Tab "Costs of Coverage above \$1.4B", Lines 26 through 54; see line 46, column G showing the CPUC jurisdictional portion of the costs as \$37.3 million.

¹⁸ See Attachment 1, Tab "Refund of RTBA Over-Collection", for the calculation of the overcollection amount. See line 8, column H showing the overcollection amount of \$18.7 million.

¹⁹ Exhibit PG&E-10, Chapter 7, Page 7-4.

²⁰ Additionally, PG&E did not seek recovery of the RTBA generation allocation in those advice letters. PG&E will seek recovery of the generation allocation through the upcoming 2022 ERRR Forecast proceeding as part of the end of year balances for 2021.

factors for liability insurance to align with the blended allocation factors adopted in TO20 as follows:

Proceeding	2020 GRC Adopted Labor Allocation Factor	Blended Allocation Factor	Difference
GRC	83.09%	78.15%	(4.94%)
GT&S	10.53%	9.90%	(0.63%)
Electric Transmission	6.38%	11.95%	5.57%
Total	100%	100%	0%

The cost allocation change essentially assigns a higher percentage of the total insurance costs to the FERC jurisdictional Electric Transmission function, thereby reducing the percentage of total insurance costs that are CPUC jurisdictional. In Advice Letters 6090-E/6090-E-A and 4391-G, PG&E sought recovery of \$124 million, which represents the CPUC jurisdictional costs of insurance up to \$1.4 billion in insurance coverage for the 2020 calendar year. Applying the updated allocation factors adopted in TO20 shown in the table above, resulted in a \$18.7 million decrease to the \$124 million amount previously collected through the RTBA. PG&E proposes to refund the \$18.7 million RTBA overcollection to customers through the \$18.7 million reduction it has made to the amount of costs requested for recovery in this Advice Letter.

PG&E proposes to incorporate these costs in rates in future electric and gas rate changes.

Protests

*****Due to the COVID-19 pandemic, 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 June 21, 2021, 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:

Sidney Dietz
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

Pursuant to General Order (GO) 96-B, Rule 5.1, and OP 3, this advice letter is submitted with a Tier 2 designation. PG&E requests that this **Tier 2** Advice letter become effective June 20, 2021.

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 A.18-12-009. 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 Dietz
Director, Regulatory Relations

Attachments

cc: Service List A.18-12-009



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 (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) #: 4444-G/6210-E

Tier Designation: 2

Subject of AL: Request to Recover 2020 Liability Insurance Costs in Compliance with the 2020 General Rate Case (GRC) Decision (D.) 20-12-005

Keywords (choose from CPUC listing): Compliance

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

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.20-12-005

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: 6/20/21

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: Sidney Dietz, 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

Advice 4444-G/6210-E
June 1, 2021

Attachment 1

Computation of RTBA Cost for Coverage above \$1.4 Billion

Line No.

Coverage and Cost Applicable to August 2020 - July 2021				
Coverage Limits		Premium Cost		
Type	Amount (\$)	Total	Premium & Fees	Excise Tax
WF	867,500,000.0	707,544,225.00	680,807,500.00	26,736,725.00
NWF	720,000,000.0	152,125,365.25	147,611,618.56	4,513,746.69
	<u>1,587,500,000.0</u>	<u>859,669,590.25</u>	<u>828,419,118.56</u>	<u>31,250,471.69</u>

- (a) Compute average cost per dollar of coverage utilizing total premium cost and related coverage as basis
 Compute amount of coverage purchased in excess of \$1.4B

	Coverage Limits	Cost	Average Rate Per \$ of coverage
Purchased Coverage	1,587,500,000.00	859,669,590.25	0.542
Coverage Cap per 2020 GRC	<u>1,400,000,000.00</u>		
Purchased Coverage in excess of \$1.4B	<u>187,500,000.00</u>		

- (b) Compute cost attributed to coverage in excess of \$1.4B using average rate per dollar of purchased coverage

	Computed cost of coverage in excess of \$1.4B coverage		
	Annual \$	Monthly \$	Aug-Dec 2020 \$
Purchased Coverage in excess of \$1.4B	187,500,000.00		
Average rate per dollar of purchased coverage	<u>0.542</u>		
Cost attributed to coverage in excess of \$1.4B	<u>101,535,778.38</u>	8,461,314.86	42,306,574.30

- (c) Compute GRC and GT&S portion of cost attributed to coverage in excess of \$1.4B and recoverable via RTBA and AMCDOP, respectively
 Cost allocated in accordance with how PG&E allocates its excess liability insurance premium and fees (composite allocation factor of the labor and the plant asset ratio) and related excise tax expense (operations and maintenance labor factor).

- (c1) Apply premium cost ratio to allocate premium cost attributed to coverage in excess of \$1.4B between "Premium and Fees" and "Excise Tax"

		Annual \$	Monthly \$	Aug-Dec 2020 \$
Excess Liability Premium and Fees	96%	828,419,118.56	8,153,731.48	40,768,657.39
Excess Liability Excise Tax	4%	<u>31,250,471.69</u>	<u>307,583.38</u>	<u>1,537,916.91</u>
	100%	<u>859,669,590.25</u>	<u>8,461,314.86</u>	<u>42,306,574.30</u>

- (c2) Allocate cost attributed to coverage in excess of \$1.4B in accordance with how PG&E allocates its excess liability insurance premium and fees (composite allocation factor of the labor and the plant asset ratio) and related excise tax (adopted labor factor).

	Factor	GRC	GT&S	Total
Excess Liability Premium and Fees	Blended	31,861,581.26	4,036,041.64	35,897,622.91
Excess Liability Excise Tax	Labor	<u>1,277,910.22</u>	<u>161,878.31</u>	<u>1,439,788.53</u>
		33,139,491.49	4,197,919.95	37,337,411.44
Interest Income		<u>8,396.36</u>	<u>1,063.60</u>	<u>9,459.96</u>
		<u>33,147,887.85</u>	<u>4,198,983.55</u>	<u>37,346,871.40</u>

	Blended Labor & Plant Factor (*)	2020 GRC Adopted Labor Factor
General Rate Case	78.15%	83.09%
Gas Transmission and Storage	9.90%	10.53%
Electric Transmission	<u>11.95%</u>	<u>6.38%</u>
	<u>100.00%</u>	<u>100.00%</u>

(*) Allocation percentages are updated annually

Computation of RTBA Over Collection

Line No.

Summary - Incremental Cost for Coverage up to \$1.4 Billion			
	Over-collection True-up	Computation using	
		Labor Factor	Updated Factor
Electric Distribution	(10,412,077.87)	66,869,227.35	56,457,149.47
Gas Distribution	(6,056,895.00)	38,899,045.26	32,842,150.27
Gas Transmission & Storage	(2,216,437.95)	18,187,988.41	15,971,550.46
	<u>(18,685,410.82)</u>	<u>123,956,261.02</u>	<u>105,270,850.20</u>

Computations - Incremental Cost for Coverage up to \$1.4 Billion			
Computation per Labor Factor	Computation per Updated Allocation Factors		
	Total	Premium & Fees	Excise Tax
487,447,400.22	487,447,400.22	470,570,122.81	16,877,277.41
(307,726,472.28)	(307,726,472.28)	(292,916,072.28)	(14,810,400.00)
179,720,927.94	179,720,927.94	177,654,050.53	2,066,877.41

Incurred Expenses:

Allocate per applicable factor; blended factor for premium and fees; adopted labor factor for excise tax

Electric Distribution	181,365,806.41	170,953,728.54	164,674,156.58	6,279,571.96
Electric Generation	118,167,902.74	111,383,970.14	107,292,549.26	4,091,420.89
Gas Distribution	<u>105,503,786.91</u>	<u>99,446,891.91</u>	<u>95,793,950.74</u>	<u>3,652,941.18</u>
	405,037,496.06	381,784,590.60	367,760,656.57	14,023,934.03
Gas Transmission and Storage	50,578,711.41	48,362,273.46	46,585,802.25	1,776,471.21
Electric Transmission	<u>31,831,192.75</u>	<u>57,300,536.17</u>	<u>56,223,663.99</u>	<u>1,076,872.18</u>
	<u>487,447,400.22</u>	<u>487,447,400.22</u>	<u>470,570,122.81</u>	<u>16,877,277.41</u>

Authorized Revenues:

Allocate per adopted labor factor

Electric Distribution	(114,496,579.07)	(114,496,579.07)	(108,986,035.49)	(5,510,543.57)
Electric Generation	(74,599,622.09)	(74,599,622.09)	(71,009,257.46)	(3,590,364.63)
Gas Distribution	<u>(66,604,741.65)</u>	<u>(66,604,741.65)</u>	<u>(63,399,158.26)</u>	<u>(3,205,583.38)</u>
	(255,700,942.80)	(255,700,942.80)	(243,394,451.21)	(12,306,491.59)
Gas Transmission and Storage	(32,390,723.00)	(32,390,723.00)	(30,831,807.51)	(1,558,915.49)
Electric Transmission	<u>(19,634,806.48)</u>	<u>(19,634,806.48)</u>	<u>(18,689,813.56)</u>	<u>(944,992.92)</u>
	<u>(307,726,472.28)</u>	<u>(307,726,472.28)</u>	<u>(292,916,072.28)</u>	<u>(14,810,400.00)</u>

Incremental Cost:

Electric Distribution	66,869,227.35	56,457,149.47	55,688,121.09	769,028.39
Electric Generation	43,568,280.65	36,784,348.05	36,283,291.80	501,056.25
Gas Distribution	<u>38,899,045.26</u>	<u>32,842,150.27</u>	<u>32,394,792.47</u>	<u>447,357.79</u>
	149,336,553.26	126,083,647.79	124,366,205.36	1,717,442.44
Gas Transmission and Storage	18,187,988.41	15,971,550.46	15,753,994.74	217,555.72
Electric Transmission	<u>12,196,386.28</u>	<u>37,665,729.69</u>	<u>37,533,850.43</u>	<u>131,879.26</u>
	<u>179,720,927.94</u>	<u>179,720,927.94</u>	<u>177,654,050.53</u>	<u>2,066,877.41</u>

	Blended Labor & Plant Factor	2020 GRC Adopted Labor Factor
Electric Distribution	34.99%	37.21%
Electric Generation	22.80%	24.24%
Gas Distribution	<u>20.36%</u>	<u>21.64%</u>
	78.15%	83.09%
Gas Transmission & Storage	9.90%	10.53%
Electric Transmission	<u>11.95%</u>	<u>6.38%</u>
	<u>100.00%</u>	<u>100.00%</u>

**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
Semptra 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