

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



Pacific Gas & Electric Company
GAS (Corp ID 39)
Status of Advice Letter 4445G
As of July 6, 2021

Subject: PG&E's Final Financial and Tax Information for the Sale of Line 306 to SoCalGas

Division Assigned: Energy

Date Filed: 06-02-2021

Date to Calendar: 06-04-2021

Authorizing Documents: D2003018

Disposition:	Accepted
Effective Date:	06-02-2021

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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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



Sidney Bob Dietz II
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

June 2, 2021

Advice 4445-G

(Pacific Gas and Electric Company U 39 G)

Public Utilities Commission of the State of California

Subject: PG&E's Final Financial and Tax Information for the Sale of Line 306 to SoCalGas

Purpose

Pacific Gas and Electric Company (PG&E) submits this advice letter in compliance with Ordering Paragraph (OP) 2 of Decision (D.) 20-03-018, which requires PG&E to "submit the final calculation for the gain on sale of the depreciable and non-depreciable assets of Line 306 to the Commission in a Tier 1 Advice letter within 45 days after the close of the sale transaction". The sale of Line 306 was completed on April 30th, 2021.

Background

On April 4th, 2019 PG&E filed an instant application to initiate the Sale of Line 306 to SoCalGas. On July 15th, 2019 Cal Advocates, PG&E, and SoCalGas jointly filed a motion to enter four data responses into the record.

On October 2nd, 2019, ALJ Batjer issued a scoping memo to identify whether the sale is adverse to the public interest, how to allocate the gain of sale, and whether proper records are available to complete the sale. On November 15, 2019, PG&E and SoCalGas filed a document describing the contents of the compact disks that contained the data responses, and PG&E also served testimony to address issues eight and nine of the Scoping Memo and Ruling.

The Commission approved the final decision (D.) 20-03-018 approving the sale between PG&E and SoCalGas on March 26th, 2020. In accordance with OP 2 and OP 3 of the final decision, PG&E must: (1) submit a tier 1 advice letter 30 days after the close of sale submitting tariff language implementing the ratemaking treatment specified within the decision and (2) submit a Tier 1 Advice letter within 45 days after the close of sale

detailing the gain of sale calculation. The purpose of this advice letter is to fulfill the OP2 obligation and provide the final gain of sale calculation for line 306.

Final Gain/Loss on Sale Allocation and Tax Information

In compliance with OP 2 of Decision (D.) 20-03-018, the below Table represents the final financial information for Line 306 sale to SoCalGas. The final tax information is included as Attachment 1 to this advice letter.

Table 1

**Allocation of Gain on Sale
Cost Update through April 30, 2021
(shown in \$)**

Description	Estimated Gain on Sale	Final Gain on Sale
Net Book Value	As of December 31, 2018	As of April 30, 2021
Net Plant: Land ¹	1,798	0
Net Plant: Non-Land	3,843,564	3,990,798
Net Plant	3,845,362	3,990,798
Construction Work in Progress (CWIP)	0	16,131
Net Book Value	3,845,362	4,006,929
Net Sales Proceeds	25,000,000	24,800,000
Total Pre-Tax Gain	21,154,638	20,793,071
<u>After Tax Allocation of Gain per Gain/Loss on Sale Decision:</u>		
Depreciable Assets (Net Plant, Non Land, and CWIP)		
	24,152,076	20,786,231
100% to Ratepayers		
Non-Depreciable Assets (Land)		
67% to Ratepayers	0	4,062
33% to Shareholders ²	2,231	2,001
Taxing Jurisdiction Allocation	867	777

¹ Represents gain associated with assigning Rights-of-Way or grant easements on PG&E fee property as described in Section II in PG&E 851 Application.

² In PG&E's 851 Application, PG&E originally proposed to give 100% of the land gain to shareholders since it was under FERC jurisdiction. D 20-03-018 changed the land gain allocation to 67% / 33% ratepayer / shareholder.

The \$20.8M ratepayer pre-tax gain on sale will be credited to Accumulated Depreciation to reduce ratebase as a benefit to customers.

This submittal 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, 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 filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than **June 22, 2021**, which is 20 days after the date of this filing. 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 Bob Dietz II
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



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 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) #: 4445-G

Tier Designation: 1

Subject of AL: PG&E's Final Financial and Tax Information for the Sale of Line Sale 306 to SoCalGas

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. 20-03-018

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: 6/2/21

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: 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 Bob Dietz II, 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:

Attachment 1

**Table Showing Sales Price, Expenses, and Tax Effects
L-306 Sale**

Pacific Gas and Electric
L-306 Gas Transmission Line Sale
(DOLLARS)

1 SALES PROCEEDS

Sales Price	25,000,000
Less: Transaction Costs	
Less: Future Separation Costs	(200,000)
Net Sale Proceeds	<u>24,800,000</u>

2 ALLOCATION OF SALES PROCEEDS BASED ON THE HISTORICAL COST OF PROPERTY

	Historical Cost	Proportional %	Valuation
Non-Depreciable Property (Land)	2,538	0.03%	
Depreciable Property (Includes Land Rights)	9,183,691	99.80%	
CWIP	16,131	0.18%	
	<u>9,202,360</u>	<u>100.00%</u>	

3 GROSS GAIN/(LOSS) ON SALE

	Historical Cost	Net Book Value	Sales Proceeds	Pre-Tax Gain/(Loss)	Book NBV	
Non-Depreciable Property (Land)	2,538	-	6,840	6,840		
Depreciable Property (Includes Land Rights)	9,183,691	3,990,798	24,749,686	20,758,889	3,990,798	
CWIP	16,131	16,131	43,474	27,342		
	<u>9,202,360</u>	<u>4,006,929</u>	<u>24,800,000</u>	<u>20,793,071</u>	<u>3,990,798</u>	Depreciable Net Book Value

4 TAX GAIN/(LOSS) ON SALE

	Historical Cost	Net Tax Value	Sales Proceeds	Pre-Tax Gain/(Loss)	Depreciable Net Tax Value	
Non-Depreciable Property (Land)	2,538	-	6,840	6,840		
Depreciable Property (Includes Land Rights)	9,183,691	513,735	24,749,686	24,235,952	513,735	
CWIP	16,131	16,131	43,474	27,342		
	<u>9,202,360</u>	<u>529,866</u>	<u>24,800,000</u>	<u>24,270,134</u>	<u>513,735</u>	Depreciable Net Tax Value
					3,477,063	Depr Net Book Value less Depr Net Tax
					973,021	Deferred Tax Liability / (Asset)

5 GAIN/(LOSS) ALLOCATION

	Operating System	Other Depreciable Assets	Land (Pre-Tax Allocation)	Sharing Allocation	Taxes 27.984%	After Tax Gain / (Loss)
Ratepayers - 100% of Loss (Pre-Tax and After-Tax)	0%	100%	59%	20,790,293	(5,817,956) *	14,972,337
Ratepayers Pass-thru - 100% of Loss (Pre-Tax and After-Tax)				(20,790,293)	5,817,956 *	(14,972,337)
Shareholder	100%	0%	41%	2,778	(777)	2,001
Total Gain/(Loss) Allocation	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>2,778</u>	<u>(777)</u>	<u>2,001</u>

* No tax impact as the ratepayer contribution / distribution will net the tax impact to zero.

6 TAXES ON PROPERTY

	Net Tax Value	Sales Proceeds	Before Tax Gain/ (Loss)	Depreciable Property and CWIP
Non-Depreciable Property (Land)	-	6,840	6,840	
Depreciable Property	513,735	24,749,686	24,235,952	
CWIP	16,131	43,474	27,342	
Totals	<u>529,866</u>	<u>24,800,000</u>	<u>24,270,134</u>	
			<u>Land</u>	<u>Depreciable Property and CWIP</u>
Taxable Gain / (Loss)			6,840 a	20,786,231 a
Ratepayer Contribution / (Distribution)			(4,062) b	(20,786,231) b
Net Taxable Gain / (Loss)			2,778 c=a-b	- c=a-b
Tax Rate			27.984% d	27.984% d
Net Federal and State Income Tax			777 e=c*d	- e=c*d
After Tax Gain / (Loss)			<u>6,063 f=a-e</u>	<u>20,786,231 f=a-e</u>
After-Tax Ratepayers Allocation		67%	4,062 g=f*67%	100% 20,786,231 g=f*100%
After-Tax Shareholder Allocation		33%	2,001 h=f*33%	0% - h=f*0%
Taxing Jurisdiction Allocation (Shareholder)			777 i=e	- i=e
Total Gain / (Loss) Allocation			<u>6,840 j=g+h</u>	<u>20,786,231 j=g+h</u>

7 RATE BASE CHANGES

	Beginning	Changes	Ending
Gross Plant	9,183,691	(9,183,691)	-
Depreciation Reserve (Book Accumulated Depreciation)	(5,192,893)	9,183,691	3,990,798
Property Sale Proceeds credited to Depreciation Reserve		(24,753,748)	(24,753,748)
Credit Gain Related to CWIP to Depreciation Reserve		(27,342)	(27,342)
Net Plant	3,990,798	(24,781,090)	(20,790,293)
Deferred Taxes		(973,021)	973,021
Total Rate Base of Assets Sold	<u>3,017,776</u>	<u>(23,808,069)</u>	<u>(20,790,293)</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
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