

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE



December 1, 2021

Advice Letter 4522-G-A/6389-E-A

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 2022 Base Revenue Requirements Effective January 1, 2022.

Dear Mr. Jacobson:

Advice Letter 4522-G-A/6389-E-A is effective as of November 1, 2021.

Sincerely,

A handwritten signature in dark ink that reads "Edward Randolph".

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

November 30, 2021

Advice 4522-G-A/6389-E-A

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Supplemental: PG&E's 2022 Base Revenue Requirements Effective January 1, 2022**Purpose**

Pacific Gas and Electric Company (PG&E or the Company) submits this supplemental Tier 1 advice letter updating its 2022 base revenue requirements effective January 1, 2022, 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>2022 GRC</u>	<u>2022 Pension¹</u>	<u>Total</u>
1	Electric Distribution	\$5,179,728	\$40,709	\$5,220,437
2	Gas Distribution	\$2,198,544	\$23,675	\$2,222,220
3	Electric Generation	\$2,262,517	\$26,520	\$2,289,036
4	Total	\$9,640,789	\$90,904	\$9,731,693

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

[1] The 2022 Pension revenue requirement reflected above remains unchanged from 2021. 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 2022 pension revenue requirement. The base revenue requirements table will also be updated at that time to reflect the 2022 Pension revenue requirement.

This supplemental advice letter is being submitted to make minor corrections to the amount shown in Attachment 1 for the 2022 Revenue, Fees and Uncollectibles Expense and to reflect the compounding impact of Cost of Capital, Accumulated Deferred Income

Tax and RF&U on the base revenue requirements. The net impact is a \$70,000 reduction to the total base revenues. The supplemental advice letter replaces the original advice letter in its entirety.

Attachment 1 includes the Rolling Revenue Requirement Report updated for these 2022 base revenue requirements.

Background

2020 General Rate Case

On December 13, 2018 PG&E filed its 2020 General Rate Case Application (A.18-12-009), including proposed electric and gas distribution and electric generation revenue requirements. On December 20, 2019, PG&E filed a joint settlement in PG&E's 2020-2022 GRC, Joint Motion of the Public Advocates Office, The Utility Reform Network, Small Business Utility Advocates, Center for Accessible Technology, The National Diversity Coalition, Coalition of California Utility Employees, California City County Street Light Association, The Office of the Safety Advocate and Pacific Gas and Electric Company. On December 11, 2020, the Commission issued a Final Decision (D.20-12-005) in PG&E's 2020 GRC. Those revenue requirements are reflected in Attachment 1 of this advice letter - *Adopted Rolling Revenue Requirements Report*.

Revenue, Fees and Uncollectibles Expense

Decision 20-12-005, adopted PG&E's methodology to forecast the uncollectible factor to be revised annually by advice letter submittal using a 10 year rolling average based on updated historical data. On October 21, 2021, PG&E filed Advice Letters 4512-G/6373-E, updating its 2022 Uncollectibles factor, using historical recorded data. The impact of the updated uncollectibles factor is reflected in Attachment 1 of this advice letter.

2020 Cost of Capital

On December 20, 2019, the CPUC issued D.19-12-056, adopting PG&E's cost of capital for test year 2020. The Commission authorized PG&E's cost of long-term cost debt as 5.16% but recognized that the cost of debt could be different after PG&E's emergence from Chapter 11 bankruptcy. Issues specific to PG&E's bankruptcy were directed to the Commission proceeding related to PG&E's bankruptcy, Investigation (I.) 19-09-016. On June 1, 2020, the Commission issued D.20-05-053 in that proceeding, approving PG&E's Plan of Reorganization (POR) with conditions and modifications. In D.20-05-053, the Commission directed PG&E to update its cost of capital within 30 days of the Effective Date of the POR to reflect the debt cost savings associated with PG&E's POR.

In compliance with Ordering Paragraph (OP) 6 of PG&E's POR OII D. 20-05-053, on July 22, 2020, PG&E filed Advice Letter 4275-G/5887-E to update its cost of capital

effective July 1, 2020. PG&E requested that its cost of long-term debt be updated from 5.16%, as previously authorized by D.19-12-056, to 4.17%. PG&E's overall return on rate base would be reduced from 7.81% to 7.34%. Advice Letter 4275-G/5887-E was approved as filed on August 20, 2020. The revenue requirements associated with the 2020 Cost of Capital Decision and update are reflected in Attachment 1 of this advice letter.

Excess Accumulated Deferred Income Taxes (ADIT)

In D.20-12-005, the Commission directed PG&E to file an advice letter within 45 days of the effective date of that decision, or December 11, 2020, to reflect the return of excess ADIT created by the passage of the 2017 Tax Act, consistent with the methodology the Commission required in D.19-08-023, using the Average Rate Assumption Method. The excess ADIT balance was created when the 2017 Tax Act reduced PG&E's federal corporate income tax rate from 35 percent to 21 percent. As a result, a portion of existing ADIT (excess ADIT) is no longer needed to pay for future taxes. The return of excess ADIT to ratepayers using PG&E's methodology was included in the adopted revenue requirement calculations in D.20-12-005. On January 19, 2021, PG&E filed Advice Letter 4367-G/6062-E to adjust the return of excess ADIT in compliance with OP 12 of D.20-12-005. PG&E's Advice Letter 4367-G/6062-E was approved on April 5, 2021. PG&E has reflected the adjustment to its electric and gas distribution and electric generation revenue requirements for the return of excess ADIT in Attachment I 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 equal annual amounts of \$3.3 million starting in January 2020 through December 2022. The adjustment is reflected in Attachment 1.

Decision 19-12-013, Ex Parte Penalty Phase II

On December 5, 2019, the Commission issued a Phase II Decision (D. 19-12-013) Granting the Joint Motion of the City of San Bruno, The City of San Carlos, The Public Advocates Office, The Safety Enforcement Division, The Utility Reform Network and Pacific Gas and Electric Company for Adoption of the Phase II Settlement Agreement.

The Settlement Agreement resolved the Commission's investigation into eight separate proceedings in which PG&E admittedly failed to timely report ex parte communications, and engaged in improper ex parte communications. The Decision also adopted the following financial penalty which is reflected in Attachment I of this advice letter:

2.2.C General Rate Case Ratemaking Remedy - PG&E shall additionally forego collection of \$1,000,000 in revenue requirements in its 2020 General Rate Case ("GRC") cycle, with such amount to be reduced from the overall amount authorized by the Commission in its upcoming 2020 GRC decision. This remedy shall be implemented through PG&E's Annual Electric and Gas True-up Advice Letters, or such mechanisms as may be agreed upon by the Parties. The amount above shall be allocated among and within customer classes in accordance with the applicable allocation and ratemaking methodologies then adopted by the Commission.

Decision 19-10-010, Narrows Project Sale

On April 18, 2019, PG&E filed Application (A.) 19-04-011 requesting that the CPUC authorize the sale by PG&E of the Narrows Project to the YCWA as set forth in the Purchase and Sale Agreement, dated September 21, 2018.

On October 10, 2019, the Commission adopted D.19-10-010, which authorized the sale of the Narrows Project to the YCWA, approved PG&E's proposed approach to ratemaking, and ordered PG&E to submit a Tier 1 advice letter within 45-days following closing to true-up the final financial and tax information related to the transaction. PG&E's advice letter 5825-E/E-A/E-B was approved on September 16, 2020. PG&E has reflected the reduction to its electric generation revenue requirement for the sale in Attachment I of this advice letter.

D. 20-09-027, Kern Project Sale

On February 12, 2020, PG&E filed A. 20-02-005 requesting that the CPUC authorize the sale by PG&E of the Kern Project to Kern LLC as set forth in the Purchase and Sale Agreement, dated January 17, 2020.

On September 24, 2020, the Commission adopted D.20-09-027, which authorized the sale of the Kern Project to Kern LLC, approved PG&E's proposed ratemaking, and ordered PG&E to submit a Tier 1 advice letter within 45 days following closing of the sale to true-up the final financial and tax information related to the transaction. PG&E's Advice Letter 6083-E was approved on April 27, 2021. PG&E has reflected the reduction to its electric generation revenue requirement for the sale in Attachment I of this advice letter.

Protests

Pursuant to CPUC General Order 96-B, Section 7.5.1, PG&E hereby requests the protest period be waived.

Effective Date

PG&E submits this advice letter as a Tier 1 submittal. PG&E requests that this advice letter become effective concurrent with original Advice Letter 4522-G/6389-E, which is January 1, 2022.

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, A.19-04-015, A.20-02-005, and A.19-04-011. 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

Attachment 1 - *Adopted Rolling Revenue Requirements Report*

cc: Service Lists for
 A.18-12-009 – 2020 General Rate Case, Phase I
 I.15-11-015 – Ex Parte Phase I
 A.19-04-015 – Cost of Capital 2020
 A.20-02-005 – Kern Sale
 A.19-04-011 – Narrows Sale



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) #: 4522-G-A/6389-E-A

Tier Designation: 1

Subject of AL: Supplemental: PG&E's 2022 Base Revenue Requirements Effective January 1, 2022

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 #:

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: 1/1/22

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 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:

Clear Form

Attachment 1

Adopted Rolling Revenue Requirements Report

ATTACHMENT I

Adopted Rolling Revenue Requirements Report
From 2020 GRC
in thousands

	Electric Distribution	Electric Generation	Gas Distribution	Total	Decision(s)
2020 Adopted GRC RRQ	4,799,849	2,289,345	2,013,276	9,102,470	D.20-12-005, 2020 GRC Decision
2020 Revenue, Fees & Uncollectibles Expense Adjustment	49	23	19	92	AL 4352-G/6038-E
DOE Litigation Funds *		20,500		20,500	D.20-12-005, 2020 GRC Decision
Ex Parte Penalty	(1,729)	(881)	(724)	(3,333)	D.18-04-014
Ex Parte Penalty Phase II	(176)	(84)	(74)	(333)	D. 19-12-013
2020 Pension	38,570	25,126	22,431	86,128	D.09-09-020/ AL 4357-G/6048-E
2020 Accumulated Deferred Tax Adjustment	(24,975)	(2,818)	2,836	(24,957)	D.20-12-005/AL 4367-G/6062-E
Cost of Capital/Cost of Debt					
2020 Cost of Capital Adjustment	18,798	5,863	7,876	32,538	D.19-12-056, CoC Decision
2020 Cost of Debt Adjustment	(40,091)	(12,559)	(16,871)	(69,520)	D.19-12-056, CoC Decision/AL 4275-G/5887-E
Hydroelectric Sale					
Narrows Sale - 2020 Reduction		(634)		(634)	D. 19-10-010/AL 5825-E-B
2020 Base Revenue Amount including Pension Adjustment (Eff. 1/1/20)	4,790,297	2,323,883	2,028,770	9,142,950	
2021 Attrition	210,781	(15,531)	120,719	315,969	D.20-12-005, 2020 GRC Decision
2021 Revenue, Fees & Uncollectibles Expense Adjustment	(4)	27	(10)	13	AL 4353-G/6039-E
Pension					
Reverse 2020 Pension	(38,570)	(25,126)	(22,431)	(86,128)	D.09-09-020/ AL 4357-G/6048-E
2021 Pension	40,709	26,520	23,675	90,904	D.09-09-020/ AL 4411-G/6139-E
Accumulated Deferred Tax Adjustment					
Reverse 2020 Accumulated Deferred Tax Adjustment	24,975	2,818	(2,836)	24,957	D.20-12-005/AL 4367-G/6062-E
2021 Accumulated Deferred Tax Adjustment	(25,635)	(3,039)	2,507	(26,167)	D.20-12-005/AL 4367-G/6062-E
Cost of Capital					
Reverse 2020 Cost of Capital	(18,798)	(5,863)	(7,876)	(32,538)	D.19-12-056, CoC Decision
2021 Cost of Capital	21,216	5,690	8,665	35,571	D.19-12-056, CoC Decision/AL 4275-G/5887-E
Cost of Debt					
Reverse 2020 Cost of Debt Adjustment	40,091	12,559	16,871	69,520	D.19-12-056, CoC Decision/AL 4275-G/5887-E
2021 Cost of Debt Adjustment	(91,040)	(24,636)	(37,577)	(153,253)	D.19-12-056, CoC Decision/AL 4275-G/5887-E
Hydroelectric Sales					
Reverse Narrows Sale - 2020 Reduction		634		634	D. 19-10-010/AL 5825-E-B
Narrows Sale - 2021 Reduction		(818)		(818)	D. 19-10-010/AL 5825-E-B
Kern Sale - 2021		(1,204)		(1,204)	AL 6083-E
2021 Base Revenue Amount including Pension Adjustment (Eff. 1/1/21)	4,954,021	2,295,912	2,130,477	9,380,411	
2022 Attrition	276,605	(7,760)	94,828	363,673	D.20-12-005, 2020 GRC Decision
2022 Revenue, Fees & Uncollectibles Expense Adjustment	(91)	29	(39)	(100)	AL 4512-G/6373-E
Other Adjustments (2020 to 2022)	33	(41)	15	8	Cumulative impact of adjustments made to Cost of Capital, excess ADIT and RF&U
Accumulated Deferred Tax Adjustment					
Reverse 2021 Accumulated Deferred Tax Adjustment	25,635	3,039	(2,507)	26,167	D.20-12-005/AL 4367-G/6062-E
2022 Accumulated Deferred Tax Adjustment	(26,913)	(3,201)	2,221	(27,893)	D.20-12-005/AL 4367-G/6062-E
Cost of Capital					
Reverse 2021 Cost of Capital	(21,216)	(5,690)	(8,665)	(35,571)	D.19-12-056, CoC Decision
2022 Cost of Capital	24,132	5,398	9,493	39,023	D.19-12-056, CoC Decision/AL 4275-G/5887-E
Cost of Debt					
Reverse 2021 Cost of Debt Adjustment	91,040	24,636	37,577	153,253	D.19-12-056, CoC Decision/AL 4275-G/5887-E
2021 Cost of Debt Adjustment	(102,810)	(23,374)	(41,180)	(167,364)	D.19-12-056, CoC Decision/AL 4275-G/5887-E
Hydroelectric Sales					
Reverse Narrows Sale - 2021 Reduction		818		818	D. 19-10-010/AL 5825-E-B
Narrows Sale - 2022 Reduction		(775)		(775)	D. 19-10-010/AL 5825-E-B
Reverse Kern Sale - 2021 Reduction		1,204		1,204	A. 20-02-005 , AL 6083-E
Kern Sale - 2022		(1,160)		(1,160)	A. 20-02-005 , AL 6083-E
2022 Base Revenue	5,220,437	2,289,036	2,222,220	9,731,693	

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.

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

AT&T Albion Power Company	East Bay Community Energy Ellison Schneider & Harris LLP Energy Management Service Engineers and Scientists of California	Pioneer Community Energy Public Advocates Office
Alta Power Group, LLC Anderson & Poole		Redwood Coast Energy Authority Regulatory & Cogeneration Service, Inc. SCD Energy Solutions San Diego Gas & Electric Company
Atlas ReFuel BART	GenOn Energy, Inc. Goodin, MacBride, Squeri, Schlotz & Ritchie Green Power Institute Hanna & Morton ICF International Power Technology	SPURR San Francisco Water Power and Sewer Semptra Utilities
Barkovich & Yap, Inc. California Cotton Ginners & Growers Assn California Energy Commission		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.
California Hub for Energy Efficiency Financing	Intertie	
California Alternative Energy and Advanced Transportation Financing Authority California Public Utilities Commission Calpine	Intestate Gas Services, Inc. Kelly Group Ken Bohn Consulting Keyes & Fox LLP Leviton Manufacturing Co., Inc.	TransCanada Utility Cost Management Utility Power Solutions Water and Energy Consulting Wellhead Electric Company Western Manufactured Housing Communities Association (WMA) Yep Energy
Cameron-Daniel, P.C. Casner, Steve Cenergy Power Center for Biological Diversity	Los Angeles County Integrated Waste Management Task Force MRW & Associates Manatt Phelps Phillips Marin Energy Authority McKenzie & Associates	
Chevron Pipeline and Power City of Palo Alto	Modesto Irrigation District NLine Energy, Inc. NRG Solar	
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	OnGrid Solar Pacific Gas and Electric Company Peninsula Clean Energy	
Dept of General Services Don Pickett & Associates, Inc. Douglass & Liddell		