

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



Pacific Gas & Electric Company
GAS (Corp ID 39)
Status of Advice Letter 4562G
As of February 24, 2022

Subject: Core Procurement Incentive Mechanism Shareholder Award - November 2018 to October 2019 (Year 26)

Division Assigned: Energy

Date Filed: 01-28-2022

Date to Calendar: 02-02-2022

Authorizing Documents: D9708055

| | |
|------------------------|-------------------|
| Disposition: | Accepted |
| Effective Date: | 02-27-2022 |

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

Kimberly Loo

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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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

January 28, 2022

Advice 4562-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 2018 to October 2019 (Year 26)**

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 \$8,095,519 under its Core Procurement Incentive Mechanism (CPIM) for the period November 1, 2018 through October 31, 2019 (Year 26).

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 26 Performance and Shareholder Award

On April 1, 2021, PG&E submitted its Annual Performance Report for CPIM Year 26 to the Public Advocates Office (PAO) and the Energy Division (confidential version). On January 20, 2022, the PAO issued its Monitoring and Evaluation Report, which supported

PG&E's CPIM calculations and its requested shareholder award for Year 26.¹ On January 25, 2022, the PAO issued its corrected Monitoring and Evaluation Report to revise Table 2-1.² The variance of \$8 between the PAO Monitoring and Evaluation Report's audited total savings and PG&E's reported savings is due to rounding.³

The figures from the PAO Monitoring and Evaluation Report are used in this Advice Letter submittal. As measured against the market benchmark, PG&E's core gas procurement activities resulted in total customer and shareholder savings over the November 2018 through October 2019 period of \$53,238,074.⁴ As measured against the lower limit of the tolerance band (benchmark less 1.0% of commodity benchmark), total CPIM savings were \$53,238,074. This resulted in a CPIM Year 26 Performance Summary shareholder award of \$9,462,143 which was superseded by the shareholder award cap (*i.e.*, 1.5% of total commodity costs) of \$8,095,519.⁵

Table 1 below illustrates PG&E's CPIM Year 26 core gas procurement costs compared to the benchmark.

Table 1
CPIM Performance Summary Year 26

| Total Commodity, Transportation and Storage Costs ⁶ | | | | | | |
|---|-----------------|--|----------------------|--|-----------------------------|---|
| 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 After 1.5% Cap (1) ⁷ |
| \$857,152,739 | \$845,298,026 | \$839,370,670 | \$792,059,952 | \$53,238,074 | \$47,310,717 | \$8,095,519 |
| (1) Per D.10-01-023, the Shareholder Award is capped solely at 1.5% of the total commodity costs. The Shareholder Award of \$9,462,143 is superseded by the 1.5% of Commodity Costs shown in the Public Advocates Office Monitoring and Evaluation Report, p. 7. Table 1-1. | | | | | | |

No other parties commented on PG&E's CPIM Year 26 Report. Therefore, PG&E's CPIM Year 26 core gas procurement costs, with the PAO's modification, are to be deemed

¹ *Public Advocates Office, Monitoring and Evaluation Report, November 1, 2018 through October 31, 2019, Pacific Gas and Electric Company's Core Procurement Incentive Mechanism Performance Results (CPIM Year 26)* ("PAO Monitoring and Evaluation Report"), p. 7, Table 1-1.

² The corrected Table 2-1 include revisions to the Total Commodity Costs, CPIM Year 26 Shareholder Award After 1.5% Cap, Total Shareholders' Share After 1.5% Cap, and Total Ratepayers' Share After Cap.

³ PAO Monitoring and Evaluation Report, p. 7, Table 1-1.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.* at p. 11, Table 2-1.

⁷ *Id.*

reasonable and recoverable from PG&E gas customers as specified by the CPIM⁸ and by PG&E's gas tariffs.⁹ In addition, because PG&E's CPIM Year 26 core gas procurement costs fall below the lower limit of the CPIM tolerance band, PG&E is eligible to receive a shareholder award equal to 20% of the savings below the lower limit of the tolerance band, as limited by the shareholder award cap.

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

Protests

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than February 17, 2022, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be electronically sent to PG&E via E-mail at the address shown below on the same date it is electronically delivered to the Commission:

Sidney Bob Dietz II
Director, Regulatory Relations
c/o Megan Lawson
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 and 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).

⁸ 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.

⁹ Gas Preliminary Statement Part C, Gas Accounting Terms and Definitions, Section 14.

Effective Date

PG&E requests that this Tier 2 advice submittal become effective on regular notice, February 27, 2022, which is 30 calendar days after the date of submittal.

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 submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

/S/

Sidney Bob Dietz II
Director, Regulatory Relations

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
Scott Logan - 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 U39 G)

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Kimberly Loo

Phone #: (415)973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: KELM@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) #: 4562-G

Tier Designation: 2

Subject of AL: Core Procurement Incentive Mechanism Shareholder Award - November 2018 to October 2019 (Year 26)

Keywords (choose from CPUC listing): Compliance, 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:

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: 2/27/22

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 correspondence regarding this AL are to be sent via email and are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission
Energy Division Tariff Unit Email:
EDTariffUnit@cpuc.ca.gov

Contact Name: Sidnev Bob Dietz II. c/o Megan Lawson
Title: Director, Regulatory Relations
Utility/Entity Name: Pacific Gas and Electric Company

Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email: PGETariffs@pge.com

Contact Name:
Title:
Utility/Entity Name:

Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

CPUC
Energy Division Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Clear Form

**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
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
International Power Technology

Intertie

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

OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

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