

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



**Pacific Gas & Electric Company**  
**GAS (Corp ID 39)**  
**Status of Advice Letter 4712G**  
**As of June 8, 2023**

Subject: Core Procurement Incentive Mechanism Shareholder Award - November 2019 to October 2020 (Year 27)

Division Assigned: Energy

Date Filed: 02-09-2023

Date to Calendar: 02-17-2023

Authorizing Documents: None

<b>Disposition:</b>	<b>Accepted</b>
<b>Effective Date:</b>	<b>03-11-2023</b>

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)

AL Certificate Contact Information:

Annie Ho

(415) 973-8794

[PGETariffs@pge.com](mailto: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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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](mailto: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

February 9, 2023

**Advice 4712-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 2019 to October 2020 (Year 27)**

**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 \$2,677,975 under its Core Procurement Incentive Mechanism (CPIM) for the period November 1, 2019 through October 31, 2020 (Year 27).

**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 27 Performance and Shareholder Award**

On June 3, 2022, PG&E submitted its Annual Performance Report for CPIM Year 27 to the Public Advocates Office (Cal Advocates) and the Energy Division (confidential version). On January 25, 2023, Cal Advocates issued its Monitoring and Evaluation Report, which supported PG&E's CPIM calculations and its requested shareholder

award for Year 27.<sup>1</sup> The variance of \$7 between the Cal Advocates Monitoring and Evaluation Report's audited total savings and PG&E's reported savings is due to rounding.<sup>2</sup> The figures from the Cal Advocates 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 2019 through October 2020 period of \$17,850,817.<sup>3</sup> As measured against the lower limit of the tolerance band (benchmark less 1.0% of commodity benchmark), CPIM savings were \$13,389,877. This resulted in a CPIM Year 27 Performance Summary shareholder award of \$2,677,975.

Table 1 below illustrates PG&E's CPIM Year 27 core gas procurement costs compared to the benchmark.

**Table 1**  
**CPIM Performance Summary Year 27**

Total Commodity, Transportation and Storage Costs <sup>4</sup>						
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
\$737,553,007	\$728,631,128	\$724,170,188	\$710,780,311	\$17,850,817	\$13,389,877	\$2,677,975

No other parties commented on PG&E's CPIM Year 27 Report. Therefore, PG&E's CPIM Year 27 core gas procurement costs are to be deemed reasonable and recoverable from PG&E gas customers as specified by the CPIM<sup>5</sup> and by PG&E's gas tariffs.<sup>6</sup> In addition, because PG&E's CPIM Year 27 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 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).

<sup>1</sup> *Public Advocates Office, Monitoring and Evaluation Report, November 1, 2019 through October 31, 2020, Pacific Gas and Electric Company's Core Procurement Incentive Mechanism Performance Results (CPIM Year 27)* ("Cal Advocates Monitoring and Evaluation Report"), Table 1-1.

<sup>2</sup> Cal Advocates Monitoring and Evaluation Report, Table 1-1.

<sup>3</sup> Cal Advocates Monitoring and Evaluation Report, Table 1-1.

<sup>4</sup> Cal Advocates Monitoring and Evaluation Report, Table 2-1.

<sup>5</sup> 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.

<sup>6</sup> Gas Preliminary Statement Part C, Gas Accounting Terms and Definitions, Section 14.

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 March 1, 2023, 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, 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 submittal become effective on regular notice, March 11, 2023, 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  
Renee Guild - Energy Division  
Kevin Flaherty - Energy Division  
Latasha James - Energy Division  
Eileen Hlavka - Energy Division  
Jonathon Bromson - Legal 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: 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) #: 4712-G

Tier Designation: 2

Subject of AL: Core Procurement Incentive Mechanism Shareholder Award - November 2019 to October 2020 (Year 27)

Keywords (choose from CPUC listing): Procurement

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:

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: 3/11/23

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 proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

<sup>1</sup>Discuss 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](mailto: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: (415)973-2093  
Facsimile (xxx) xxx-xxxx: (415)973-3582  
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.  
Braun Blaising Smith Wynne, P.C.  
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  
Downey Brand LLP  
Dish Wireless L.L.C.

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

GenOn Energy, Inc.  
Green Power Institute  
Hanna & Morton  
ICF

iCommLaw  
International Power Technology  
Intertie

Intestate Gas Services, Inc.

Johnston, Kevin  
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  
McClintock IP  
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.

Resource Innovations

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  
Stoel Rives LLP

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