

Decision 18-01-009 January 11, 2018

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2018 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue and Reconciliation (U39E).

Application 17-06-005

**DECISION ADOPTING PACIFIC GAS AND ELECTRIC COMPANY'S
2018 ENERGY RESOURCE RECOVERY ACCOUNT FORECAST AND
GENERATION NON-BYPASSABLE CHARGES AND GREENHOUSE GAS
FORECAST REVENUE AND RECONCILIATION**

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**DECISION ADOPTING PACIFIC GAS AND ELECTRIC COMPANY'S
2018 ENERGY RESOURCE RECOVERY ACCOUNT FORECAST AND
GENERATION NON-BYPASSABLE CHARGES AND GREENHOUSE GAS
FORECAST REVENUE AND RECONCILIATION**

Summary

This decision: 1) adopts a forecast for the 2018 electric procurement revenue requirement of \$3,498.8 million for Pacific Gas and Electric Company (PG&E), which consists of \$2,633.1 million for the Energy Resource Recovery Account (ERRA), \$ 81.7 million for the Ongoing Competition Transition Charge, \$632.0 million for the Power Charge Indifference Adjustment (PCIA), and \$151.9 million for the Cost Allocation Mechanism(CAM); 2) approves PG&E's 2018 electric sales forecast and rate proposals associated with its electric procurement related revenue requirements to be effective in rates January 1, 2018; 3) adopts a 2018 Greenhouse Gas (GHG)-related forecast of \$0.94 million for administrative and outreach expenses pertaining to implementation of GHG allowance proceeds return, \$412.5 million net forecast proceeds return amount, and PG&E's proposal to return the proceeds to customers in rates in 2018; 4) adopts a 2018 semi-annual residential California Climate Credit of \$39.42 per customer; and 5) finds 2016 recorded administrative and outreach expenses of \$1.02 million pertaining to implementation of GHG allowance proceeds return, are reasonable.

Table 1

Revenue Requirements	2018 Cost with FF&U Net of GTSR Program Cost	Year-End 2017 Balance	PCIA	Total 2018 Revenue Requirements
ERRA	\$ 3,259,711,660	\$ 5,393,996	(\$ 631,997,172)	\$ 2,633,108,484
Ongoing CTC (i.e., MTCBA)	\$ 93,880,511	(\$ 12,140,845)		\$ 81,739,666
CAM Charge (i.e., NSGBA)	\$ 188,399,974	(\$ 36,452,959)		\$151,947,016
PCIA			\$ 631,997,172	\$ 631,997,172
Total	\$ 3,541,992,145	(\$ 43,199,807)	\$ 0	\$ 3,498,792,338

1. Background

On June 1, 2017, Pacific Gas & Electric Company (PG&E) filed its Application for Adoption of Electric Revenue Requirements and Rates Associated with its 2018 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas (GHG) Forecast Revenue and Reconciliation (Application). In its Application, PG&E requested: 1) Adoption of its 2018 electric procurement cost revenue requirement forecast; 2) adoption of its forecasted electric sales and associated rate proposals for 2018; 3) adoption of its forecast of GHG revenues, revenue return, and administrative and customer outreach costs for 2018 and approval of PG&E's 2016 GHG administrative and customer outreach costs as reasonable.

On June 30, 2017, Resolution ALJ 176-3400 preliminarily determined that this proceeding was ratesetting and that hearings would be necessary. Protests to the Application were filed by the Office of Ratepayer Advocates (ORA), The City and County of San Francisco (San Francisco), and jointly by Peninsula Clean Energy Authority (Peninsula), Silicon Valley Clean Energy Authority (Silicon Valley), Sonoma Clean Power Authority (SCPA), and Marin Clean Energy (MCE) (the Joint CCAs). Responses were filed by Merced and Modesto Irrigations Districts jointly, and Direct Access Customer Coalition (DACC) and Alliance for

Retail Energy Markets (AREM) jointly. PG&E filed its reply to the protests and responses on July 17, 2017.

On July 12, 2017, a prehearing conference (PHC) took place in San Francisco to establish the service list, discuss the scope, and develop a procedural timetable for the management of this proceeding.

In addition to the parties that filed protests and responses, several additional parties were granted party status at the PHC, including: California Large Energy Consumers Association and the Energy Users and Producers Coalition.

The Scoping Memorandum and Ruling of Assigned Commissioner (Scoping Memo) on the ERRR Application was issued August 4, 2017. Evidentiary hearings were held on September 20, 2017 at the Commission's San Francisco Office. PG&E and the Joint CCAs submitted opening briefs on October 2, 2017; PG&E and the Joint CCAs submitted reply briefs on October 16, 2017. On October 20, the assigned Administrative Law Judge (ALJ) issued an e-mail ruling directing PG&E to file, with its November Update, an updated calculation of the amount attributable to Senate Bill (SB) 92 (Stats. 2017, Ch. 26).

PG&E filed its November Update on November 2, 2017. SCPA filed comments on the November Update on November 6, 2017. On December 6, 2017 and December 11, 2017, PG&E filed further corrections and updates to its November Update.

On December 8, 2017, PG&E requested to delay the implementation of the Annual Electric True-Up (AET) consolidation process, and on December 14, 2017, the Commission's Executive Director granted PG&E's request to delay the

implementation of the AET to March 1, 2018 so that the 2018 ERRRA decision could be incorporated.

2. Issues and Discussions

2.1. Uncontested Issues

After reviewing PG&E's application, supporting workpapers, and conducting discovery/settlement negotiations, parties generally agreed with or did not contest the following PG&E requests:

1. PG&E's proposed ERRRA revenue requirement of \$2,633.1 million, Ongoing Competition Transition Charge (CTC) of \$81.7 million, and Cost Allocation Mechanism (CAM) revenue requirement of \$151.9 million;
2. PG&E's 2018 forecast of electric sales;
3. PG&E's rate proposals associated with its proposed total electric procurement related revenue requirements to be effective in rates on January 1, 2018;
4. PG&E's proposed 2018 GHG related forecasts and expenses of: a) GHG administrative and outreach expense of \$0.94 million; b) the net GHG revenue return of \$412.5 million; and c) the semiannual residential California climate credit of \$39.42;
5. PG&E's 2016 recorded administrative and outreach expenses of \$1.02 million related to the 2016 GHG revenue return to be found as reasonable; and
6. PG&E's 2018 forecast of direct and indirect GHG emissions and related costs to be found as reasonable and consistent with Commission and state policies and laws.

2.1.1. PG&E's 2018 ERRRA Forecast Requests

PG&E's application requests Commission approval of several procurement related revenue requirement forecasts which are not disputed by the parties. With its November Update, PG&E requests approval of the 2018 ERRRA forecast revenue requirement of \$2,618.7 million, Ongoing CTC of \$84 million, Power

Charge Indifference Adjustment (PCIA) of \$644.1 million and CAM revenue requirement of \$151.9 million. This decision approves revenue requirements different from the request due to our determinations related to the PCIA. The ERRR revenue requirement, Ongoing CTC and the CAM revenue requirements were not in dispute. By requiring PG&E to adhere to the Commission adopted PCIA workpapers, PCIA revenue requirements are reduced by approximately \$12 million, and the ERRR revenue requirements are increased by the same. We discuss the PCIA in Section 2.2- Contested Issues section below.

The ERRR forecast revenue requirement represents procurement-related costs including purchased energy and capacity, fuel costs for PG&E-owned facilities as well as facilities subject to tolling agreements and other procurement-related costs such as hedging and collateral.¹ CTCs are established by statute for the “above market costs associated with eligible contract arrangements entered into before December 20, 1995, and Qualifying Facility contract restructuring costs.”² In January 2015, the Commission approved PG&E’s Solar Choice Program (i.e. that Green Tariff Shared Renewables Program) in D.15-01-051, and the program was launched in 2016. PG&E’s 2018 requested revenue requirements have been adjusted for those costs associated with PG&E customers who enroll in the Solar Choice program. PG&E proposes to recover these revenue requirements through rates to be implemented on January 1, 2018, and no parties have disputed these proposals.

¹ See PG&E Prepared Testimony (Ex. PG&E-1) Chapter 3-8.

² See Decision (D.) 12-12-008 at 5.

2.1.2. PG&E's Electric Sales Forecast

PG&E's electric sales forecast is based on econometric models that forecast electric customer demand, which is based on regression equations specific to each major customer class- residential, commercial, industrial, and agricultural.³ On a recorded basis, residential, commercial, and industrial class sales show a declining trend from 2014-2015.⁴ Agricultural sales are closely tied to available water in the service territory since farmers pump groundwater for irrigation needs. As the 2017 water year shows high precipitation and strong snowpack, PG&E expects agricultural sales to continue to decrease toward historical averages. PG&E also makes post-regression adjustments to account for factors such as distributed generation, energy efficiency, electric vehicles and line loss.⁵ PG&E then calculated departing customer load by using historic information for departing load, and for DA and CCAs, by working with CCAs to develop load forecasts.

2.1.3. PG&E's Rate proposals

PG&E proposes to use the revenue allocation and non-residential rate design methodologies adopted by the Commission in Phase 2 of PG&E's 2014 GRC, D.15-08-005 and for residential rate design, the methodologies adopted by the Commission in the Residential Rate Reform Order Instituting Rulemaking, D.15-07-001, excluding the impacts of the reductions in number of residential tiers. PG&E uses March 1, 2017 electric rates as the basis for present rate revenues.

³ Ex. PG&E-1 at 2-3.

⁴ Ex. PG&E at 2-4.

⁵ Ex. PG&E-1 at 2-5 to 2-7.

2.1.4. GHG Issues

PG&E records GHG allowance revenues, expenses, and corresponding revenue return to customers in its GHG Revenue Balancing Account. In its testimony, PG&E described how it intended to distribute GHG allowance revenues in accordance with the methodologies adopted by the Commission in D.12-12-033 and D.14-02-037.⁶ PG&E also provided detailed explanations of how it calculated the semi-annual residential climate credit and specific expense items and amounts for both administrative and outreach expenses. PG&E forecasts for 2018 net GHG revenue return of \$412.5 million, a semi-annual residential California Climate Credit of \$39.42 and Administrative and Outreach expenses of \$0.94 million. For 2016, PG&E recorded administrative and outreach expenses of \$1.02 million. No party to this proceeding has opposed PG&E's proposal.

Pursuant to the assigned ALJ's ruling issued on October 20, 2017, PG&E updated its GHG calculations and workpapers to comply with SB 92 (Stats. 2017, Ch. 26). SB 92 is codified as Cal. Pub. Util. Code Section 2870(c)⁷ and required Investor Owned Utilities (IOUs) to set aside a portion of its GHG revenues for the Multifamily Affordable Housing Solar Roofs Program (now

⁶ See Ex. PG&E-1 at 7-1 to 7-4.

⁷ Cal. Pub. Util. Code Section 2750(c) states:

The commission shall annually authorize the allocation of one hundred million dollars (\$100,000,000) or 66.67 percent of available funds, whichever is less, from the revenues described in subdivision (c) of Section 748.5 for the Multifamily Affordable Housing Solar Roofs Program, beginning with the fiscal year commencing July 1, 2016, and ending with the fiscal year ending June 30, 2020. The commission shall continue authorizing the allocation of these funds through June 30, 2026, if the commission determines that revenues are available after 2020 and that there is adequate interest and participation in the program.

called the Solar on Multifamily Affordable Housing or SOMAH Program). PG&E has set aside an additional \$43.7 million of its Clean Energy and energy efficiency funds for the SOMAH Program.⁸

2.2. Contested Issues

The issues in dispute all relate to the PCIA. The Joint CCA parties raised the following issues: 1) The evidentiary standard to be applied to this proceeding; 2) whether fuel and other variable costs of dispatchable generation facilities should be excluded from the PCIA calculation; and 3) The Green Adder component of the Market Price Benchmark.

2.2.1. The Evidentiary Standard

The Joint CCAs submit that PG&E has not carried its burden of proof to show that the PCIA revenue requirements are just and reasonable. The Joint CCAs argue that the Commission can apply a more stringent evidentiary standard than “preponderance of the evidence,” or to apply the standard “vigorously” to the circumstances at hand. The Commission has applied the preponderance of the evidence standard since the inception of the ERRA proceeding process and the Joint CCAs has not shown why it should be changed at the end of a proceeding with no notice to PG&E.

Alternatively, the Joint CCAs allege that PG&E fails to carry the preponderance of the evidence standard in its PCIA calculation. According to the Joint CCAs, the calculation for the PCIA is conducted by multiple departments within PG&E and the process is opaque and difficult to

⁸ See PG&E November Update at 10.

understand.⁹ Further, PG&E did not provide sufficient support to vintaging of customer loads because there was insufficient evidence linking the above-market costs of each vintage to the specific PCIA rates proposed to be assessed against departed customers in each vintage.¹⁰

The Commission disagrees with the Joint CCAs' characterization of the evidence underlying PG&E's PCIA calculation. PG&E and the other IOUs worked with the Joint CCAs and other parties through the PCIA Working Group to identify ways to improve transparency of the PCIA calculations. Members of the Joint CCAs actively participated in the PCIA Working Group, and joined the petition requesting the Commission to adopt a common workpaper template for the PCIA. The Commission approved the template in D.17-08-026. PG&E's November Update has been reviewed by the Commission's Energy Division and its corrections filed on December 6, 2017 conform with the PCIA workpaper template. Other than issues addressed in Section 2.2.2 and 2.2.3 below, the Joint CCAs do not allege incorrect calculations of the PCIA by PG&E. We find that PG&E has shown by a preponderance of the evidence, the reasonableness of its PCIA requests and underlying calculations.

The Commission has opened Rulemaking 17-06-026 to consider alternatives to the current PCIA methodology, and any changes in policy or industry wide practices are more appropriately considered in that forum.

⁹ See Joint CCA Opening Brief at 5-6.

¹⁰ See Joint CCAs Opening Brief at 7-8.

2.2.2. Fuel and other Variable Costs of Dispatchable Generation Facilities included in the PCIA

PG&E includes in the PCIA the cost of fuel and other variable costs incurred by PG&E for dispatchable generation resources. The Joint CCAs allege that these costs should be excluded from the PCIA because they are “load based” and “avoidable” costs. According to the Joint CCAs, § 366.2(f)(2) of the Code limits the inclusion of costs in the PCIA to those that are “net unavoidable electricity purchase contract costs attributable to the departing customer, as determined by the commission.” In D.11-12-018, the Commission directed the exclusion of California Independent System Operator (CAISO) spot market costs from the PCIA because it “varies directly with the load served.”¹¹ The Joint CCAs analogize the fuel and variable costs of dispatchable generational resources to CAISO spot market costs. The Joint CCAs believe both are incurred on behalf of bundled customers only, and neither involves generation that PG&E was required to purchase before Joint CCA customers’ departure.¹² As further support, the Joint CCAs point out that CCA customers already pay for PG&E generation through purchases from the CAISO to meet CCA load demands. In calculating the PCIA, PG&E excludes the sales revenues from these generation resources, and credits those sales on behalf of bundled, not departed customers. The Joint CCAs characterizes this practice as requiring CCA customers to pay for the same energy twice, first in purchases from the CAISO and then again through the PCIA.

¹¹ See D.11-12-018 at 32.

¹² See Joint CCA Opening Brief at 11.

In its rebuttal testimony and briefs, PG&E states that fuel and variable costs for dispatchable generation are not load-driven costs.¹³ The Joint CCAs' argument is premised on the assumption that PG&E bids resources into the CAISO market to meet demands of its bundled load only. However, these resources are dispatched by CAISO and PG&E has no discretion in whether to schedule and bid the resources into the market in compliance with the Commissions Standard of Conduct 4 for least cost dispatch.¹⁴ The dispatchable resources were procured to serve PG&E's load as forecasted at the time of procurement, and PG&E is required to bid those resources into the market even though loads have departed. The CAISO revenues received from spot sales are reflected in the increased market value of the generation portfolio and, therefore are "netted" out of the PCIA calculation. The reason that CAISO revenues are netted against the costs to serve bundled customers only, and not also credited to departed customers, is because departed customers have already received the benefit of the CAISO market revenues through the application of the Market Price Benchmark (MPB). We find that PG&E's calculation is in compliance with the Commission decisions; PG&E has appropriately included within its PCIA calculation fuel and variable costs associated with dispatchable generation resources.

2.2.3. The Green Adder Component of the Market Price Benchmark

The Joint CCAs allege that the Department of Energy (DOE) adder, a component of the Green Adder portion of the Market Price Benchmark(MPB), is

¹³ See PG&E-2, Rebuttal Testimony of Donna L. Barry at 1-8.

¹⁴ See PG&E Reply Brief at 9.

obsolete and incorrect, and recommends that the Commission remove the DOE Adder from the MPB calculation. Dr. Richard McCann, expert retained by SCPA, reviewed the tariffs and programs listed in PG&E's Green Adder Calculations,¹⁵ and contacted the National Renewable Energy Laboratory (NREL) for the U.S. DOE to verify those listings.¹⁶ Staff at NREL stated that some of the programs in the list were defunct and out of date.¹⁷ Dr. McCann also points out that the list has not been updated since 2015, or perhaps even earlier. Dr. McCann recommends removing the DOE Adder from the renewable MPB calculation and rely entirely on the California IOU Renewables Portfolio Standard (RPS) Premium of \$31.67 per Megawatt Hour (MWH), which would substantially reduce the PCIA.

The Green Adder portion of the (MPB) is made up of two components: 1) 68% on the IOUs' most recent RPS contract costs; and 2) 32% on the DOE Adder. D.11-12-018 directed the IOUs to provide "the most recent DOE index figure or figures of reported contract premiums for renewable energy in the Western U.S. suitable for use in calculating the RPS adder."¹⁸ Resolution E-4475 which implements D.11-12-018 defined the DOE Adder as the "simple average of the premiums of the renewable programs in states within Western Electricity Coordinating Council (WECC), as identified in the database compiled by the National Renewable Energy Laboratory for the US Department of Energy. If multiple premiums are identified for the same utility and/or program, all shall

¹⁵ See PG&E Prepared Testimony, Chapter 9, Attachment A.

¹⁶ See Testimony of Richard J. McCann, on behalf of Sonoma Clean Power Authority at 11.

¹⁷ *Ibid.*

¹⁸ See D.11-12-018 at 23.

be included in the average. (\$/MWh).” In compliance with D.11-12-018, Energy Division used the most recently published (2015) figures in calculating the MPB and providing it to PG&E. We find the MPB, as calculated by Energy Division and provided to PG&E to be reasonable and deny the Joint CCAs’ request to remove the DOE Adder completely.

3. PG&E’s Updated Request

PG&E filed its November 2, 2017 update of its requested 2018 ERRA forecast. In its November Update, PG&E requested to make two changes to the PCIA common workpaper template adopted in D.17-08-026 to account for line loss and Franchise Fees and Uncollectibles (FF&U). The figures adopted herein reflect the application of FF&U to the PCIA as in past ERRA forecast proceedings,¹⁹ but deny PG&E’s request to apply line loss to the PCIA. If line loss needed to be applied, PG&E and members of the PCIA working group should have included it in the PCIA common workpaper template submitted to the Commission for adoption. Applying FF&U to the PCIA, and removing the line loss adjustment results in approximately a two percent reduction to the total PCIA revenue requirement from \$644 million to \$632 million.

On November 6, 2017, the SCPA submitted comments to the November Update. The comments raise essentially the same issues that have been litigated throughout this proceeding and have been addressed in this decision, where appropriate. The November Update provides updated forecasts of ERRA

¹⁹ It was unclear whether or not FF&U was included in the template approved in D.17-08-026. Staff investigated this issue and found that FF&U was not specifically addressed. The portfolio costs were placeholders carried over from Southern California Edison Company’s 2017 PCIA workpapers and were for convenience purposes only. All three IOUs agree that FF&U should be applied after PCIA figures have been calculated.

revenue requirements, GHG data, departing load data and is intended update information already presented with more current information.

4. Procedural Issues

4.1. Categorization and Need for Hearings

In Resolution ALJ 176-3400, dated June 30, 2017, the Commission preliminarily categorized this proceeding as ratesetting, and preliminarily determined that hearings were necessary. Pursuant to the scoping memo, we held an evidentiary hearing on September 20, 2017. We affirm the preliminary categorization.

4.2. Motions for Confidential Treatment

PG&E filed a motion for confidential treatment of its November Update pursuant to D.06-06-066, D.08-04-023, and D.14-10-033, Rule 11.5, Pub. Util. Code §§ 454.5(g) and 583, and General Order (GO) 66-C. PG&E states that these documents contain information that complies with the confidentiality requirements of the above listed Decisions, Rule, Codes and GO, and should therefore be treated confidentially. No party commented on PG&E's request.

By D.06-06-066, D.08-04-023, and D.14-10-033, the Commission sets forth guidelines for confidential information as it applies to the confidentiality of electric procurement and GHG data (that may be market sensitive) submitted to the Commission. GO 66-C addresses access to records in the Commission's possession. Pub. Util. Code §§ 454.5(g) and 583 address the Commission processes regarding confidential documents in general, while Rule 11.5 addresses sealing all or part of an evidentiary record.

PG&E has been granted similar requests in previous ERRA Forecast Applications. We agree that the information contained in the November Update is market sensitive electric procurement-related information. PG&E identified its

November Update as PG&E-7 and PG&E-7C in its motion. We grant PG&E's request to treat as confidential its Exhibit PGE-7C, as detailed in Ordering Paragraph 5, of this decision.

We also grant PG&E's motion to offer and admit into the evidentiary record its November Update pursuant to Rule 13.8(c).

All other pending motions are denied.

5. Compliance with the Authority Granted Herein

In order to implement the authority granted herein, PG&E must file a Tier 1 Advice Letter (AL) within 30 days of the date of this decision. The tariff sheets filed in the AL shall be effective on or after the date filed subject to the Commission's Energy Division determining they are in compliance with this decision.

6. Reduction of Comment Period

Pursuant to Rule 14.6(b) of the Commission's Rules of Practice and Procedure, all parties stipulated to reduce the 30-day public review and comment period required by Section 311 of the Public Utilities Code to 24 days. Pursuant to the parties' stipulation, comments were filed on January 2, 2018 by PG&E and the Joint CCAs, and reply comments were filed on January 5, 2018 by PG&E and the Joint CCAs. This Decision has been revised to address over and under collection of PCIA revenue requirements and in other sections, where appropriate.

7. Assignment of Proceeding

Martha Guzman-Aceves is the assigned Commissioner and S. Pat Tsen is the assigned ALJ in this proceeding.

Findings of Fact

1. By Resolution ALJ 176-3400, dated June 30, 2017, Application (A.) 17-06-005 was categorized as ratesetting with hearings needed.
2. In A.17-06-005, PG&E requests, pursuant to its Application, and Update, that the Commission: 1) adopt a forecast for the 2018 electric procurement revenue requirement of \$3,498.8 million, which consists of \$2,633.1 million for the ERRA, \$81.7 million for the Ongoing CTC, \$632.0 million for the PCIA, and \$151.9 million for the CAM; 2) approve PG&E's 2018 electric sales forecast and rate proposals associated with its electric procurement-related revenue requirements to be effective in rates January 1, 2018; 3) adopt a 2018 GHG-related forecast of \$0.94 million for administrative and outreach expenses pertaining to implementation of GHG allowance proceeds return, \$412.5 million net forecast proceeds return amount, and PG&E's proposal to return the proceeds to customers in rates in 2018; 4) adopt a 2018 semi-annual residential California Climate Credit of \$39.42 per customer; and 5) find 2016 recorded administrative and outreach expenses of \$1.02 million pertaining to implementation of GHG allowance proceeds return, are reasonable.
3. ORA, SCPA, Silicon Valley, Peninsula, San Francisco, and MCE filed protests in A.17-06-005.
4. DACC/AReM and Merced/Modesto Irrigation Districts filed responses to A.17-06-005.
5. PG&E filed a reply to the responses and protests to A.17-06-005.
6. PG&E filed its November Update on November 2, 2017, and submitted corrections and updates to its November Update on December 6, 2017 and December 11, 2017.
7. SCPA filed comments to the November Update.

8. Dispatchable generation resources were procured based on forecasted demand of existing customers at the time, and appropriately included in the PCIA calculation.

9. PG&E has no discretion on whether dispatchable generation resources are dispatched by CAISO.

10. The Green Adder portion of the MPB consists of utility RPS contracts and the DOE Adder.

11. In its November Update, PG&E requests applying line loss to the PCIA.

12. The most recently published DOE Adder was published in 2015.

13. The Commission adopted a common workpaper template for the calculation of PCIA in D.17-08-026.

14. Line loss was not a line item approved in the PCIA common workpaper template.

15. Rule 11.5 addresses sealing all or part of an evidentiary record.

16. By D.06-06-066, D.08-04-023, and D.14-10-033, we set forth guidelines for confidential information, as it applies to the confidentiality of electric procurement and GHG data (that may be market sensitive) submitted to the Commission.

17. GO 66-C addresses access to records in the Commission's possession.

18. Pub. Util. Code §§ 454.5(g) and 583 addresses the Commission processes regarding confidential documents in general.

19. The Commission granted PG&E's request to delay implementation of the Annual Electric True-Up process to March 1, 2018 in order to incorporate this decision.

20. The delay in the issuance of a final 2018 ERRA decision is caused in part, by PG&E's request to modify the PCIA common workpapers and its two supplemental filings to the November Update.

21. The two months delay in implementation of the authorized 2018 ERRA revenue requirements and PCIA rates will likely result in PCIA revenue undercollections for PG&E.

Conclusions of Law

1. PG&E's updated 2018 ERRA forecast should be adopted/approved, as follows: 1) adopt a forecast for the 2018 electric procurement revenue requirement of \$3,498 million, which consists of \$2,633.1 million for the ERRA, \$81.7 million for the Ongoing CTC, \$632.0 million for the PCIA, and \$151.9 million for the CAM; 2) approve PG&E's 2018 electric sales forecast and rate proposals associated with its electric procurement related revenue requirements to be effective in rates January 1, 2018; 3) adopt a 2018 GHG-related forecast of \$0.94 million for administrative and outreach expenses pertaining to implementation of GHG allowance proceeds return, \$412.5 million net forecast proceeds return amount, and PG&E's proposal to return the proceeds to customers in rates in 2018; 4) adopt a 2018 semi-annual residential California Climate Credit of \$39.42 per customer; and 5) find 2016 recorded administrative and outreach expenses of \$1.02 million pertaining to implementation of GHG allowance proceeds return, are reasonable.

2. PG&E's request to include line loss in its PCIA calculation should be denied.

3. PG&E's updated 2017 electric sales forecast and rate proposals associated with its electric procurement-related revenue requirements should be approved to be effective in rates January 1, 2018.

4. PG&E's exhibits PG&E-7 and PG&E-7C, as well as supplements filed by PG&E on December 6, 2017 and December 11, 2017, should be identified and received into the evidentiary record.

5. PG&E's request to seal the confidential version of its testimony should be granted, as detailed herein.

6. This decision should be effective immediately so that it may be reflected in rates on March 1, 2018.

7. PG&E should be allowed to implement a subaccount to the ERRA balancing account that will track the PCIA under or over collection due to delayed implementation of the 2018 PCIA rates.

8. The PCIA subaccount should be non-interest bearing.

9. PG&E should be allowed to amortize the PCIA under or over collection in the 2019 PCIA revenue requirement.

ORDER

IT IS ORDERED that:

1. Pacific Gas and Electric Company's (PG&E) requests in Application 17-06-005 are adopted as follows: 1) adopt a forecast for the 2018 electric procurement revenue requirement of \$3,498 million, which consists of \$2,633.1 million for the Energy Resource Recovery Account, \$81.7 million for the Ongoing Competition Transition Charge, \$632.0 million for the Power Charge Indifference Amount, and \$151.9 million for the Cost Allocation Mechanism; 2) approve PG&E's 2018 electric sales forecast and rate proposals associated with its electric procurement related revenue requirements to be effective in rates January 1, 2018; 3) adopt a 2018 Greenhouse Gas (GHG)-related

forecast of \$0.94 million for administrative and outreach expenses pertaining to implementation of GHG allowance proceeds return, \$412.5 million net forecast proceeds return amount, and PG&E's proposal to return the proceeds to customers in rates in 2018; 4) adopt a 2018 semi-annual residential California Climate Credit of \$39.42 per customer; and 5) find 2016 recorded administrative and outreach expenses of \$1.02 million pertaining to implementation of GHG allowance proceeds return, are reasonable.

2. Pacific Gas and Electric Company's updated 2018 electric sales forecast and rate proposals associated with its electric procurement related revenue requirements is approved to be effective in rates January 1, 2018, subject to the Annual Electric True-up process.

3. Pacific Gas and Electric Company's request to account for line loss in its Power Charge Indifference Adjustment calculation is denied.

4. Pacific Gas and Electric Company's request for receipt of the public and confidential versions of its Exhibits PG&E-7 and PG&E-7C, and supplements filed on December 6, 2017 and December 11, 2017, into the record is approved.

5. Pacific Gas and Electric Company's request to treat as confidential, its Exhibit PG&E-7C, and supplements filed on December 6, 2017 and December 11, 2017, is granted. This exhibit shall remain sealed and confidential for a period of three years after the date of this order, and shall not be made accessible or disclosed to anyone other than the Commission staff or on further order or ruling of the Commission, the assigned Commissioner, the assigned Administrative Law Judge (ALJ), the Law and Motion Judge, the Chief ALJ, or the Assistant Chief ALJ, or as ordered by a court of competent jurisdiction. If PG&E believes that it is necessary for this information to remain under seal for longer than three years, PG&E may file a new motion stating the justification of further

withholding of the information from public inspection. This motion shall be filed at least 30 days before the expiration of this limited protective order.

6. PG&E is authorized to establish a subaccount within the Energy Resource Recovery Account to track the difference between the revenue received from the Power Charge Indifference Amount (PCIA) rate in effect and the imputed revenue based on the PCIA rate as authorized by this decision until the authorized 2018 PCIA rate is implemented. The subaccount shall not accrue interest. PG&E shall amortize the balance in the subaccount over 12 months beginning January 1, 2019. PG&E shall file a Tier 1 advice letter within 30 days of the issuance of this decision to comply with this order and shall include the appropriate modifications to its current tariffs.

7. Application 17-06-005 is closed.

This order is effective today.

Dated January 11, 2018, at San Francisco, California.

MICHAEL PICKER
President
CARLA J. PETERMAN
LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
Commissioners