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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Regarding
Emergency Disaster Relief Program

Rulemaking 18-03-011
(Filed March 22, 2018)

**PACIFIC GAS AND ELECTRIC COMPANY'S (U39M) OPENING COMMENTS
ON THE PROPOSED DECISION ADOPTING COVID-19 DISCONNECTION
MORATORIUM FOR MEDIUM-LARGE COMMERCIAL AND INDUSTRIAL
ELECTRIC AND NATURAL GAS CUSTOMERS**

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I. INTRODUCTION

In compliance with the California Public Utilities Commission (CPUC or Commission) Rule of Practice and Procedure 14.3, Pacific Gas and Electric Company (PG&E) provides these opening comments on the *Proposed Decision Adopting COVID-19 Disconnection Moratorium for Medium-Large Commercial and Industrial Electric and Natural Gas Customers* issued by Commission President Marybel Batjer on March 10, 2021 (Proposed Decision or PD). PG&E strongly supports the PD and appreciates the Commission’s focus on targeting relief to medium and large customers that are truly the most in need.

PG&E has three suggested revisions to add clarity regarding the treatment of incremental costs associated with implementing the moratorium. The PD directs PG&E to submit a Tier 2 advice letter within 30 days of the effective date of the decision to establish the Medium-Large Commercial and Industrial COVID-19 Disconnection Moratorium Memorandum Account (ML-CDMMA). Although PG&E supports establishing the ML-CDMMA, PG&E requests that the Commission modify the PD to clarify:

- For the treatment of uncollectibles for these customers during the moratorium, PG&E should record only incremental *expense* to the ML-CDMMA (i.e. if the bad debt

expense, subsequently tried up to actual write-offs, is greater than the adopted amount for rate recovery¹ on a cumulative basis for the effective period);

- PG&E may record any incremental costs associated with implementing the moratorium to the ML-CDMMA; and
- PG&E may record any incremental financing costs associated with COVID-19 revenue collection delays in the memorandum account.

PG&E describes these recommendations in further detail below and includes associated redlines in Appendix A.

II. DISCUSSION

A. PG&E Requests Confirmation That for Uncollectibles, It Should Record Only Incremental *Expense* in the Medium-Large Commercial and Industrial COVID-19 Disconnection Moratorium Memorandum Account

The PD directs PG&E to record only incremental costs to the Medium-Large Commercial and Industrial COVID-19 Disconnection Moratorium Memorandum Account (ML-CDMMA).²

The PD states that “to be incremental, costs accrued from December 30, 2020 to June 30, 2021 shall not already have been included in the Commission’s decision on the investor-owned utility’s general rate case or are recorded in any other authorized memorandum account or authorized in any other ratemaking application.”³ While PG&E generally supports the PD’s definition of incrementality, PG&E believes that it would be strengthened by clarifying that for uncollectibles, PG&E should record only incremental *expenses* to the ML-CDMMA (i.e. if the estimated bad debt expense, subsequently tried up to actual write-offs, is greater than the adopted amount for rate recovery on a cumulative basis for the effective period).

¹ PG&E proposes to determine the adopted uncollectibles amount for the eligible Medium-Large Commercial and Industrial customers by multiplying the billed and unbilled revenues for these customers during the effective period by the adopted uncollectible factor applicable for that calendar year. Currently, uncollectible expenses recovered from customers are authorized through the General Rate Case (GRC) and based on a rolling 10-year average of recorded write-offs of billings to customers not paid. As part of its existing process, PG&E submits an advice letter with the Commission annually detailing its derivation of the following year’s uncollectible factor, or amount, to be added to all applicable billings to customers.

² PD, Ordering Paragraph 1.

³ PD, p. 3.

PG&E believes recording incremental expense to the memorandum account aligns with the intention of the PD, which states that “the extent of the underpayment from customers subject to the moratorium will be in considerable excess of that which was anticipated [in the IOUs’ prior ratemaking] given the economic toll of the COVID-19 pandemic”⁴. As such, PG&E interprets this to mean that the memorandum account is meant to allow the IOUs the ability to track for subsequent recovery in rates upon CPUC approval the under collection of uncollectible expense during the effective period.

B. PG&E Requests That the Commission Clarify That It May Also Record Any Incremental Costs Associated with Implementing the Moratorium to the Medium-Large Commercial and Industrial COVID-19 Disconnection Moratorium Memorandum Account

In addition, PG&E notes that the PD does not explicitly allow it to record incremental *implementation* costs to the ML-CDMMA. As a result, PG&E requests that the Commission modify the PD to clarify that to the extent it incurs incremental costs associated with implementing the moratorium from December 30, 2020 to June 30, 2021, it should be authorized to record these costs to the ML-CDMMA for future Commission review in a cost recovery application. For example, the PD directs PG&E to conduct outreach to customers 30 days prior to the disconnection moratorium’s to inform them that coverage is ending and that there are programs available to ease them back into repayment.⁵ If PG&E were to incur incremental costs associated with this outreach, PG&E believes it would be appropriate to track these costs in the ML-CDMMA. This approach is consistent with the Commission’s authorization for PG&E to record both incremental uncollectibles and implementation costs in the COVID-19 Pandemic Protections Memorandum Account (CPPMA).⁶

⁴ PD, p. 26.

⁵ PD, p. 21.

⁶ PG&E Advice Letter 4244-G/5816-E and supplements. See also PG&E Preliminary Statements Gas FF and Electric ID.

C. PG&E Requests That the Commission Clarify That It May Also Record Any Incremental Financing Costs Associated with COVID-19 Revenue Collection Delays to the Medium-Large Commercial and Industrial COVID-19 Disconnection Moratorium Memorandum Account

In addition, PG&E notes that the PD does not explicitly allow it to record incremental financing costs associated with COVID-19 revenue collection delays to the ML-CDMMA. As a result, PG&E requests that the Commission modify the PD to clarify that to the extent PG&E incurs incremental financing costs associated with COVID-19 revenue collection delays from December 30, 2020 to June 30, 2021, it should be authorized to record these costs to the ML-CDMMA for future Commission review in a cost recovery application. As a result of implementing the disconnection moratorium per the PD, PG&E anticipates that it may incur incremental financing costs beyond the commercial paper rate typically applied to revenue under-collections in memorandum or balancing accounts. For example, PG&E may incur cash flow shortfalls that would require it to borrow against its short-term revolver credit facility. The costs of utilizing this credit facility include upfront costs to establish it, as well as monthly interest expense on amounts borrowed, estimated to be approximately 1.75 - 2.25% per year on the incremental cash flow shortfalls. Therefore, PG&E proposes to track the costs of utilizing a short-term revolving credit facility for purposes of financing eligible medium and large commercial and industrial customers' cash flow shortfalls in the ML-CDMMA. This approach is consistent with the Commission's authorization for PG&E to record incremental financing costs for residential and small business customers in the CPPMA.⁷

III. CONCLUSION

For the reasons described above, PG&E respectfully requests that the Commission modify the PD to incorporate the suggested revisions. PG&E appreciates the opportunity to provide these opening comments.

⁷ Ibid.

APPENDIX A

APPENDIX A

PROPOSED MODIFICATIONS TO FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDERING PARAGRAPHS

The passages below provide PG&E's recommended changes to the Findings of Fact and Conclusions of Law set forth in the Proposed Decision. PG&E's recommended changes are shown in strike-out for proposed deletions and single-underlining for proposed additions.

Findings of Fact

Conclusions of Law

7. It is reasonable to require Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company to record costs from the disconnection moratorium in a Medium-Large Commercial and Industrial COVID-19 Disconnection Memorandum Account. These costs should include only incremental expense related to implementation of the moratorium, incremental financing costs, and incremental uncollectibles expense for these customers during the effective period (i.e. if the bad debt expense, subsequently trued up to actual write-offs, is greater than the adopted amount for rate recovery on a cumulative basis for the effective period).

Ordering Paragraphs

1. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall each file a Tier 2 advice letter, within 30 days upon the effective date of this decision, establishing their respective Medium-Large Commercial and Industrial COVID-19 Disconnection Moratorium Accounts, effective December 30, 2020 through June 30, 2021. This Tier 2 advice letter shall also include: (a) applicable tariff language; (b) an attestation that costs proposed for recording in the account have not been included in or anticipated by the utility's general rate case or any other ratemaking application; are therefore incremental, and further have not been recorded in any other authorized memorandum or balancing account. These costs should include only incremental expense related to implementation of the moratorium, incremental financing costs, and incremental uncollectibles expense for these customers during the effective period (i.e. if the bad debt expense, subsequently trued up to actual write-offs, is greater than the adopted amount for rate recovery on a cumulative basis for the effective period). Establishing the memorandum account does not constitute approval of the proposed costs. The determination of the reasonableness of the costs will occur by the Commission upon application by each utility for the recovery of the costs accrued consistent with the objectives of this decision, including ensuring that costs recorded in the memorandum accounts are incremental and incurred during the period of the moratorium, from December 30, 2020 through June 30, 2021. Should the residential and small business COVID-19 protections adopted in Resolution(s) M-4842 and M-489 be extended beyond June 30, 2021, the memorandum accounts for medium-large commercial and industrial customers adopted here shall be extended for the same length of time, by the same order.