

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298**FILED**09/13/21
03:48 PM

September 13, 2021

Agenda ID #19870
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 20-02-004

This is the proposed decision of Administrative Law Judge Carolyn Sisto. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's October 21, 2021, Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ ANNE E. SIMON

Anne E. Simon

Chief Administrative Law Judge

AES:sgu

Attachment

Decision PROPOSED DECISION OF ALJ SISTO (Mailed 9/13/2021)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric
Company (U39M) to Recover
Insurance Costs Recorded in the
Wildfire Expense Memorandum
Account.

Application 20-02-004

**DECISION ADOPTING SETTLEMENT AND AUTHORIZING PACIFIC GAS
AND ELECTRIC COMPANY TO RECOVER SPECIFIC INSURANCE COSTS
RECORDED IN ITS WILDFIRE EXPENSE MEMORANDUM ACCOUNT**

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Appendix A - Joint Settlement between Pacific Gas and Electric Company, the Public Advocates Office at the California Public Utilities Commission, and The Utility Reform Network

DECISION ADOPTING SETTLEMENT AND AUTHORIZING PACIFIC GAS AND ELECTRIC COMPANY TO RECOVER SPECIFIC INSURANCE COSTS RECORDED IN ITS WILDFIRE EXPENSE MEMORANDUM ACCOUNT

1. Summary

This decision adopts the Settlement Agreement proposed by Pacific Gas and Electric Company, the Public Advocates Office at the California Public Utilities Commission, and The Utility Reform Network, and authorizes the utility to recover \$445.5 million from ratepayers related to the insurance costs tracked in its Wildfire Expense Memorandum Account during the period July 26, 2017 through December 31, 2019. This decision directs Pacific Gas and Electric Company to recover the costs through several existing ratemaking mechanisms over a 36-month period.

This proceeding is closed.

2. Background

2.1. Factual Background

Typically, the Commission reviews and approves the appropriate amount of insurance-related costs investor-owned utilities (IOUs) can recover from ratepayers through general rate case (GRC) proceedings. The insurance costs Pacific Gas and Electric Company (PG&E) seeks to recover in this Application (A.) 20-02-004, however, are incremental to those previously authorized in its 2017 GRC, and beyond those the utility requested in its 2020 GRC.

Decision (D.) 18-06-029 authorized PG&E to establish a Wildfire Expense Memorandum Account (WEMA) to record costs associated with wildfire-related expenses that are not otherwise and already authorized to be recovered through ratepayers, including wildfire insurance premium costs. D.18-06-029 also allows

PG&E to record liability insurance premiums not collected in rates in the WEMA.¹ PG&E established its WEMA pursuant to D.18-06-029, with an effective date of July 26, 2017, to record any excess costs associated with wildfire-related liabilities, including incremental insurance premiums.

2.2. Procedural Background

On February 7, 2020, PG&E filed A.20-02-004 seeking authority to recover wildfire-related insurance costs tracked in its WEMA for the period July 26, 2017, through December 31, 2019, pursuant to D.18-06-029, Public Utilities Code Sections 454 and 701, and Article 2 of the Commission's Rules of Practice and Procedure.²

In A.20-02-004, PG&E requested to recover \$498.7 million in revenue associated with four insurance events tracked in its WEMA during July 26, 2017, through December 31, 2019, exclusive of costs that were previously authorized or under consideration to be recovered in its GRC applications and other non-Commission-jurisdictional costs.³

On March 30, 2020, the following parties filed timely protests or responses to A.20-02-004: the Public Advocates Office at the California Public Utilities Commission (Cal Advocates); Marin Clean Energy, Peninsula Clean Energy, Pioneer Community Energy, and Sonoma Clean Power, (collectively the Joint Community Choice Aggregators (CCAs)); Thomas Del Monte; and Southern California Edison Company (SCE).

¹ D.18-06-029, Ordering Paragraphs 1-4, at 19.

² Unless otherwise noted, *infra*, all future references to code sections refer to the Public Utilities Code, and all future references to Rules refer to the Commission's Rules of Practice and Procedure.

³ A.20-02-004 at 1-4 and Tables 1 and 2.

On April 2, 2020, a telephonic prehearing conference was held to determine the issues of law and fact and establish the schedule for resolving the issues. The case was reassigned to a new Administrative Law Judge (ALJ) on December 17, 2020.

A.20-02-004 was categorized as ratesetting in the January 12, 2021, Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo), which formally adopted the issues to be resolved in this proceeding and the remaining schedule, including dates for evidentiary hearing.

On January 19, 2021, the assigned ALJ issued a ruling seeking additional information and modifying the Scoping Memo's procedural schedule to set new dates for evidentiary hearing. Specifically, the ALJ sought additional information about the estimated monthly customer bill impacts associated with the cost recovery requested in A.20-02-004, and a more detailed description of PG&E's requested revenue fees and uncollectible costs (RF&U) and interest costs.

The Utility Reform Network (TURN), Cal Advocates, and Thomas Del Monte requested and received a two-week extension of the schedule established in the Scoping Memo. TURN and Cal Advocates served timely opening testimony, and PG&E served rebuttal testimony in March 2021 addressing the issues raised in opening testimony and responding to the ALJ's outstanding questions.

On April 15, 2021, PG&E filed a report on the meet-and-confer conference it hosted with the active parties in this proceeding. The report stated that a settlement-in-principle had been reached on the outstanding contested facts in this proceeding and requested a suspension of the procedural schedule to allow more time for settlement negotiations. The active parties (PG&E, Cal Advocates,

and TURN) reached out to other parties in this proceeding (the Joint CCAs, Thomas Del Monte, and SCE) and received no opposition to their requests.

The ALJ authorized the parties' requests and hosted a status conference on May 25, 2021, to discuss the remaining schedule of the proceeding.

On June 30, 2021, a motion for the adoption of a full settlement (Joint Settlement) was filed by PG&E, Cal Advocates, and TURN, along with a motion to admit parties' testimony into the procedural record and a proposed exhibit list. No parties opposed the motion to adopt the Joint Settlement or the motion to admit parties' testimony and exhibits into the record.

By D.21-08-019, the Commission extended the statutory deadline in this proceeding to December 31, 2021, to allow time for consideration of the Joint Settlement in light of the Commission's standard of review and the full record already compiled for this proceeding.

On August 5, 2021, the ALJ issued a ruling adopting an updated schedule for the remainder of the proceeding pursuant to D.21-08-019. PG&E was directed to provide additional details regarding ratepayer impacts associated with the Joint Settlement by August 10, 2021. On August 11, 2021, the ALJ issued a ruling waiving the remaining procedural schedule and finding this matter submitted as of August 10, 2021, following PG&E's filing of detailed ratepayer impact information.

3. Issues before the Commission

The Scoping Memo identified the following issues to be determined or resolved in this proceeding:

1. Is PG&E's request to recover \$498.7 million in revenue requirement related to the incremental WEMA-eligible insurance costs just and reasonable under Section 451 of the Public Utilities Code?

2. Should PG&E be authorized to recover the authorized revenue requirement over a one-year period, as soon as practicable following a final decision in this case?
3. Are the cost allocation and cost recovery methods proposed by PG&E reasonable?
4. What are the potential impacts on environmental and social justice communities, including the extent to which PG&E's proposed cost recovery aligns with achievement of the nine goals of the Commission's Environmental and Social Justice Action Plan?

4. Legal Standard Applied

The Commission must consider whether the proposed Joint Settlement is reasonable in light of the full record, consistent with the law, and in the public interest, pursuant to Rule 12.1(d). Proponents of a settlement agreement have the burden of demonstrating that the proposed settlement meets the requirements of Rule 12.1 and should be adopted by the Commission.⁴

The parties to the Joint Settlement suggest that their proposed compromises settle all contested issues in this proceeding. We discuss the Joint Settlement *infra*. and analyze its provisions in light of the full record, issue by issue.

5. Evaluation of the Proposed Settlement

5.1. PG&E's Revenue Requirement as Tracked in its WEMA during 2017-2019

Scoping Memo Issue 1 requires our evaluation of the amount PG&E is requesting to recover from ratepayers to cover wildfire-related insurance costs. In A.20-02-004, PG&E initially requested to recover \$498.7 million associated with its 2017, 2018, and 2019 insurance renewal costs as well as its 2017 insurance

⁴ D.12-10-019 at 14-15; D.09-11-008 at 6.

reinstatement costs. PG&E stated that it actually incurred \$704.9 million during the 2017-2019 period covered by A.20-02-004, but it removed costs that had already been authorized for recovery in a prior GRC, were outside of the Commission's jurisdiction, or were requested for recovery in its current GRC.⁵

PG&E sought to recover the revenue requirement as part of its Annual Electric True-Up (AET) and Annual Gas True-Up (AGT) advice letter filings, respectively, on January 1, 2021, or the next available rate change, as soon as practicable following a final decision in this proceeding. Further, PG&E proposed to set rates to recover WEMA costs using existing methodologies for revenue allocation and rate design.

The Joint Settlement would have PG&E collect \$445.4 million, instead of the \$498.7 million initially proposed. The settled-upon revenue requirement incorporates two reductions from PG&E's request:

1. A decrease of \$6.6 million to account for updated cost allocation factors adopted in PG&E's Transmission Owner 20 Formula Rate case (TO20) at the Federal Energy Regulatory Commission (FERC), which occurred since A.20-02-004 was filed;⁶ and
2. A negotiated decrease of \$46.7 million from PG&E's initial request.⁷

Assembly Bill (AB) 1054 requires utilities to maintain reasonable insurance.⁸ PG&E stated that it renews its excess liability insurance annually and traditionally targets approximately \$1 billion in liability coverage, beyond its

⁵ A.20-02-004 at 1-3 and Table 1.

⁶ This provision of the Joint Settlement accounts for the reallocation described in PG&E-1, Chapter 3, at 3-8, footnote 3.

⁷ Joint Settlement at Section 3.2 and 3.3.

⁸ Stats. 2019, ch. 79, *see* Sections 3280(f) and 3293.

\$10 million per event deductible.⁹ PG&E noted that historically this liability coverage could be procured for both wildfire and non-wildfire related events, but recent events have required PG&E to seek incremental wildfire liability coverage.

PG&E stated that insurers typically only offer a set amount of coverage for each policy holder, so to reach its incremental wildfire liability coverage it has needed to seek coverage from additional insurers. Further, PG&E acknowledged that the liability insurance market has increased premiums and reduced available insurance to utilities that face exposure to wildfire liability, especially those operating in states, such as California, where inverse condemnation is applicable. PG&E finally notes that its insurance premium increases are in line with those experienced by other investor-owned utilities operating in California that are experiencing the state's ongoing climate crises and must respond to related wildfire events, regardless of whether the fires are attributable to the utilities' equipment.¹⁰

We find PG&E's arguments persuasive. We cannot have insight into the reductions agreed upon through the settlement terms. However, we find the revenue requirement of \$445.4 million to recover wildfire insurance related costs from July 26, 2017, through December 31, 2019, provided in the Joint Settlement is reasonable in light of the full record, consistent with the law, and in the public interest because it is within the range of parties' positions provided throughout this proceeding. The reductions to PG&E's initial request provided in the Joint Settlement represent a reasonable compromise between the utility's request for

⁹ Exhibit PG&E 1 at 2-2.

¹⁰ Exhibit PG&E 1 at 2-4 and 2-5.

full recovery of the Commission-jurisdictional costs tracked in its WEMA and the reductions TURN and Cal Advocates proposed in their protests to PG&E's application.¹¹ Further, approval of PG&E's recovery of these costs will enable the utility to continue seeking insurance coverage to comply with state law and to better support customers impacted by wildfire related events.

Therefore, PG&E is authorized to recover \$445.4 million related to wildfire liability insurance premium costs incurred between July 26, 2017, through December 31, 2019, from ratepayers. We encourage settling parties to provide line-item details regarding the changes to utilities' requests if settlements are proposed for similar IOU WEMA balance recovery applications going forward.

5.2. Recovery of the Proposed Revenue Requirement

PG&E initially proposed to recover its WEMA costs over a 12-month period from its various rate classes, based on the allocation adopted in its 2017 GRC (D.17-05-013). The Joint Settlement also proposes for PG&E to recover its 2017-2019 WEMA costs over a 12-month period, as soon as practicable following a decision in this proceeding. Further, the Joint Settlement proposes to allocate the cost recovery as proposed by PG&E, as follows:

1. The Electric Distribution portion of the WEMA amounts shall be recovered through the Distribution Revenue Adjustment Mechanism (DRAM);
2. The Electric Generation portion of the WEMA amounts shall be recovered through the Portfolio Allocation Balancing Account;

¹¹ Joint Settlement at 9. "The... reduction is a reasonable compromise between PG&E's request for full recovery of such costs and TURN's and Cal Advocates' recommended revenue requirement reductions, which ranged from approximately \$40 million to \$274 million, respectively, as set forth in their respective testimony."

3. The Gas Distribution portion of the WEMA amounts shall be recovered via the Core Fixed Cost Account (CFCA)/Noncore Customer Class Charge Account (NCA) distribution subaccount using the Distribution Level Based Revenue allocation factor adopted in D.17-05-013;
4. The Gas Transmission and Storage portion of the WEMA amounts shall be recovered via the CFCA/NCA customer class subaccount using the adopted equal cents per therm methodology for all customer classes; and
5. The Nuclear Decommissioning Cost Triennial Proceeding – Safe Storage portion of the WEMA amounts shall be recovered via the Nuclear Decommissioning Adjustment Mechanism.¹²

PG&E provided details about its allocation for cost recovery in the meet-and-confer report filed on April 15, 2021. It stated that it allocated gas distribution and transmission costs in the same manner as approved in its most recent GRC. PG&E further stated its proposed electric cost allocations align with those currently in effect for the DRAM.¹³

The Joint Settlement provides the same cost allocations as proposed in A.20-02-004 and explained in the meet-and-confer report.¹⁴ Further, no party objected to the Joint Settlement's cost allocation provisions.

Given those cost allocations were fully vetted and approved in D.17-05-013, we find the Joint Settlement's allocation of costs to be reasonable in light of the full record, consistent with the law associated with allocating PG&E's

¹² These ratemaking matters were not addressed by parties in testimony, but consensus on them was expressed in the Joint Settlement at Section 3.4.

¹³ April 15, 2021, Meet-and-Confer report at Appendix A.

¹⁴ Joint Settlement at Section 3.4.

revenue requirement, and in the public interest, based on the outcome of PG&E's 2017 GRC.

We have reviewed the record of this proceeding as it relates to the Joint Settlement's allocation of costs associated with the revenue requirement agreed upon in the Joint Settlement and find the settling parties have reached a fair and reasonable compromise on this issue. PG&E shall recover the WEMA amounts as described in above, consistent with the revenue requirement allocation adopted in D.17-05-013.¹⁵

5.3. Impact on Ratepayers

Scoping Memo Issue 2 asks whether it is appropriate to authorize PG&E's initial request for a 12-month period to recover the authorized revenue requirement associated with the utility's wildfire insurance costs tracked in its WEMA over 2017-2019. The Joint Settlement proposed to adopt PG&E's 12-month amortization schedule for the \$445.5 million revenue requirement agreed upon through negotiations.

On August 10, 2021, PG&E filed detailed information about the rate impacts of the Joint Settlement's proposed 12-month cost recovery for its various rate classes. Further, PG&E provided additional information about the cost to recover the same revenue requirement amortized over a 24- and 36-month period, pursuant to the ALJ's July 29, 2021, ruling.

PG&E stated that its residential electric customers would see, on average, a 1.8% bill increase if the Joint Settlement's proposed revenue requirement was recovered over a 12-month period, regardless of whether a customer is enrolled

¹⁵ See D.17-05-013 Section 4 and Appendix A.

in the California Alternate Rates for Energy Program (CARE).¹⁶ If the same amount was recovered over a 24- or 36-month period, the residential electric rate increases for CARE and non-CARE residential electric customers alike would decrease to 0.9% and 0.6%, respectively.

For its gas customers, PG&E stated that residential customers would see costs increase by \$0.044 or \$0.055 per therm, for CARE and non-CARE customers, respectively, if the Joint Settlement's proposed revenue requirement were recovered over a 12-month period. Those rate increases would drop to \$0.027 or \$0.022 per therm over a 24-month period, and \$0.018 or \$0.015 per therm over a 36-month period, for CARE and non-CARE customers, respectively.

PG&E also provided information about bill impacts to non-residential customers, related to \$/kilowatt-hour (kWh) and \$/therm, but could not project monthly or annual bill impacts, due to the variability of commercial customers' usage. In all instances however, the rate impacts are lower when amortized over a 24- or 36-month period.

Pursuant to the Scoping Memo's Issues 2 and 4 and Section 451, we must consider the impact of the Joint Settlement's revenue requirement on environmental and social justice communities, as well as the bill increases PG&E's ratepayers will see more broadly. PG&E in A.21-06-001 requested approval to increase rates to reflect revenue requirements to cover costs associated with its 2022 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation. In its testimony served in A.21-06-001,

¹⁶ Eligibility for CARE programs is based on customers' income or participation in certain public assistance programs offered by other utilities or the state or federal governments. Enrollment in CARE can provide a discount of 20% or more on both gas and electric rates.

PG&E stated that its system average bundled rate will increase in 2022 by approximately 2.4%.¹⁷ The rate increase proposed in A.21-06-001 would not cover the revenue requirement provided in the Joint Settlement.

The Joint Settlement has requested PG&E recover the \$445.4 million over a 12-month period, following a decision in this proceeding. The Joint Settlement would result in an incremental 1.8% increase in one year, which could result in residential electric ratepayers, including those enrolled on PG&E's CARE rate, seeing significantly higher electric bills in 2022 than their current electric costs if A.21-06-001 is also authorized as requested by PG&E. We find the Joint Settlement's request to recover the \$445.4 million from ratepayers over a 12-month period is not in the public interest due to the magnitude of the single-year rate increase it would impose, and particularly in light of the other annual rate increases PG&E is seeking authorization for in the next 12 months, including those sought in its 2021 ERRRA application (A.21-06-001).

Accordingly, the Commission will approve the settlement with modifications to ensure the recovery of \$445.4 million in wildfire insurance-related costs tracked in its WEMA between July 26, 2017, and December 31, 2019, over a 36-month period. As noted in SCE's WEMA case, "in consideration of the magnitude of the costs and impact on ratepayers, it is reasonable to smooth the costs of the premiums."¹⁸ Although the decision in SCE's case was not associated with a settlement, the authorized WEMA revenue requirement covered only a two-year period, and SCE was authorized to recover the costs over 24 months. In PG&E's case, the WEMA costs are associated with

¹⁷ A.21-06-001 at 20-4.

¹⁸ D.20-09-024 at 58.

four different insurance events spanning nearly two and a half years. Therefore, it is reasonable to expand PG&E's cost recovery to a 36-month period to protect customers from the negative impacts of abrupt near-term rate increases. This longer recovery timeframe decreases the immediate impact to customers' bills but still ensures PG&E will fully recover the costs agreed upon in the Joint Settlement.¹⁹

This decision proposes to modify the provision of the Joint Settlement related to the amortization of the agreed-upon revenue requirement associated with PG&E's wildfire insurance related costs tracked in its WEMA in 2017-2019. The settling parties are requested to register their acceptance or rejection of the proposed decision's modifications in comments on the proposed decision, pursuant to Rule 12.4(c).

6. Administrative Matters

On June 30, 2021, PG&E, Cal Advocates, and TURN filed a joint motion seeking to have the following documents admitted into the record as evidence in this proceeding:

1. Exhibit PG&E-01: PG&E's Wildfire Expense Memorandum Account Prepared Testimony, which is sponsored by Brian Pelham²⁰ and Pauline Lui and was served on February 7, 2020;
2. Exhibit PG&E-02: PG&E's Wildfire Expense Memorandum Account Rebuttal Testimony, which is sponsored by

¹⁹ Details on the customer bill impacts associated with a 24-month or 36-month amortization of the Joint Settlement's agreed-upon \$445.4 million revenue requirement are included in PG&E's filing in A.20-02-004 dated August 10, 2021.

²⁰ Portions of testimony in Exhibit PGE-01 originally sponsored by Janaize Markland have been adopted by Brian Pelham as described in his Statement of Qualifications provided in Exhibit PG&E-02 at BP-1 and BP-2.

- Benjamin M. Kolnowski; Pauline P. Lui; Brian Pelham and Katia K. Solokoff and was served on March 19, 2021;
3. Exhibit Cal Advocates-01: Cal Advocates' Report entitled "Application of Pacific Gas and Electric Company to Recover Insurance Costs Recorded in the Wildfire Expense Memorandum Account," which is sponsored by Scott Ammon and was served on February 26, 2021;
 4. Exhibit TURN-01: Prepared Testimony of Robert Finkelstein Regarding Pacific Gas and Electric Company Application for Recovery of Insurance Costs Recorded in the Wildfire Expense Memorandum Account, which was served on February 26, 2021;
 5. Exhibit TURN-02: Attachments to Prepared Testimony of Robert Finkelstein Regarding Pacific Gas and Electric Company Application for Recovery of Insurance Costs Recorded in the Wildfire Expense Memorandum Account, which was served on February 26, 2021.

No parties objected to the joint motion to admit these documents into the record as evidence. Therefore, the joint motion to admit these documents into the record as evidence is granted. We note that the information provided in these exhibits support the Joint Settlement and our decision in this proceeding.

7. Conclusion

We have weighed the evidence presented by PG&E and other parties, as provided in the Joint Settlement and elsewhere in the full record of this proceeding, related to PG&E's procurement of incremental and continuing wildfire insurance and related financing costs. We find that the Joint Settlement, as modified in Section 4.3 above, complies with the Commission's standard of review related to settlement agreements per Article 12. We agree with the settling parties that the agreed-upon \$445.4 million is a fair and reasonable compromise for the amount PG&E should be authorized to recover from ratepayers related to wildfire-related insurance costs incurred between

July 26, 2017, and December 31, 2019. As noted in the Joint Settlement, the settling parties “are knowledgeable and experienced regarding the issues in this proceeding, have a well-documented history of strongly-held positions and agree that the [Joint] Settlement Agreement reflects a reasonable balance of the various interests affected in this proceeding in light of the whole record.”²¹

Further, the Joint Settlement’s request to use a previously approved cost allocation methodology for the recovery of these costs is reasonable, consistent with the law, and in the public interest.

However, we find the settling parties have not adequately supported the request for cost recovery to occur over a 12-month period. Given the lack of record developed in this proceeding related to the necessity of a one-year amortization period, and the potential adverse impact to ratepayers posed by a significant one-year rate increase, we propose to modify the Joint Settlement to require PG&E to recover the \$445.4 million related to 2017-2019 wildfire-related insurance costs over a three-year period.

8. Comments on the Proposed Decision

The proposed decision of ALJ Carolyn Sisto was mailed to the parties of this proceeding in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission’s Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

Parties to the Joint Settlement are requested to register their acceptance or rejection of the proposed decision’s modifications to the amortization period in comments.

²¹ Joint Settlement at 9.

9. Assignment of Proceeding

President Marybel Batjer is the assigned Commissioner and Carolyn Sisto is the assigned ALJ in this proceeding.

Findings of Fact

1. In 2017, PG&E was authorized establish a WEMA to track wildfire related costs, including costs associated with insurance premiums and insurance-related financing.

2. PG&E requested recovery of \$498.7 million in wildfire related insurance premiums and related financing costs for the period July 26, 2017, through December 31, 2019.

3. The allocation parameters defined in Section 3.4 of the Joint Settlement align with the cost allocations authorized in D.17-05-013, which authorized PG&E's revenue requirement for 2017-2019.

4. PG&E has requested to increase its system average bundled rates by 2.4% in 2022 in its ERRA A.21-06-001.

5. Amortizing the July 26, 2017, through December 31, 2019, WEMA-related revenue requirement over three years will lessen the annual bill impacts individual customers face associated with PG&E's recovery of the Joint Settlement's agreed-upon costs.

6. PG&E, Cal Advocates, and TURN filed a motion to move their testimony and workpapers into the record as evidence concurrently with the Joint Settlement.

Conclusions of Law

1. The revenue requirement of \$445.4 million to recover wildfire insurance related costs from July 26, 2017, through December 31, 2019 as provided in the

Joint Settlement is reasonable in light of the whole record, consistent with the law, and in the public interest.

2. The Joint Settlement, as modified to require a 36-month amortization, is reasonable in light of the whole record of this proceeding, consistent with the law, and in the public interest and should be adopted.

3. The Joint Settlement appropriately recognizes the Commission-jurisdictional costs tracked in PG&E's WEMA during the period July 26, 2017, through policy year 2019 and reaches a fair and reasonable compromise that \$445.4 million will be recovered from ratepayers.

4. It is reasonable to authorize PG&E to recover the costs approved in this decision using the allocation factors adopted in D.17-05-013, which authorized PG&E's revenue requirement for 2017-2019.

5. It is reasonable to require PG&E to spread its cost recovery of the Joint Settlement's agreed-upon revenue requirement over 36 months to lessen the annual bill impacts to ratepayers.

6. It is reasonable to admit PG&E, Cal Advocates, and TURN's opening testimony and PG&E's rebuttal testimony and workpapers into the record as evidence.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company shall implement the terms of the Joint Settlement as modified by this decision to amortize the approved revenue requirement over 36 months.

2. No later than 45 days following the issuance of this Decision, Pacific Gas and Electric Company shall file a Tier 2 Advice Letter describing how it will

implement recovery of the authorized revenue requirement over a 36-month period.

3. Application 20-02-004 is closed.
4. This order is effective today.

Dated _____, at San Francisco, California