



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

Application of Pacific Gas and Electric
Company for Approval of Zonal
Electrification Pilot Project.

(U 39 G)

Application No. 22-08-003

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**AMENDED APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 G)
FOR APPROVAL OF ZONAL ELECTRIFICATION PILOT PROJECT**

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Dated: December 19, 2022

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I. INTRODUCTION

By this *Amended Application for Approval of Zonal Electrification Pilot Project* (Amended Application), pursuant to Rules 2.1 and 3.2 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), and relevant Commission decisions, Pacific Gas and Electric Company (PG&E) requests approval for a zonal electrification project (CSU Decarbonization Project) requested by its customer, California State University Monterey Bay (CSU Monterey Bay) and authorization of PG&E’s ratemaking proposal. The CSU Decarbonization Project will replace the current gas distribution service provided by PG&E’s existing pipeline distribution system with behind-the-meter electrical investments, thereby significantly reducing greenhouse gas emissions (GHGs) at a reasonable cost to PG&E gas customers.¹

On November 22, 2022, Assigned Commissioner John Reynolds issued a *Scoping Memo and Ruling Requiring the Service and Filing of Amended Application* (Scoping Memo). One of the rulings directed PG&E to serve and file an amended application and serve corresponding amended testimony to exclude Phase 1. Phase 1 is described as planned replacement of plastic pipe that is already underway. PG&E concurs with Assigned Commissioner Reynold’s conclusion that Phase 1 is already excluded from the cost comparisons. The Scoping Memo noted that because “the amended application and supporting testimony shall not introduce new

¹ “Zonal electrification” is the strategic decommissioning of the natural gas system in broad areas (zones) rather than customer by customer.

facts or proposals and shall only exclude Phase 1 issues, the amended filing will not trigger a need for additional party protest or response to the amended filing.”²

The removal of issues related to Phase 1 results in minimal changes to the PG&E’s original *Application for Approval of Zonal Electrification Pilot Project* (Original Application) submitted on August 10, 2022. The minimal changes are described here:

- Chapter 1 clarifies that PG&E proposes to retire 32,000 feet of existing gas pipeline that serve roughly 600 housing units in 391 buildings.
- Chapter 1 revises the annual emissions reduction limited to the decarbonization of the proposed project instead of the entire pipeline.
- Chapter 2 reduces the total cost forecast for ongoing maintenance as a result of the change in the number of buildings.
- Chapter 3 and Chapter 4 renumber the phases listed in various tables.
- Chapter 4 substitutes the original witnesses with a new witness.

PG&E will have courtesy redline versions of the application and testimony available upon request.

Due to the limited nature of the amendments, the rest of the Amended Application remains substantially similar to PG&E’s Original Application. All other parts of PG&E’s Amended Application including procedural requests, such as the request for expedited schedule and proposed procedural schedule, are unchanged from PG&E’s Original Application. PG&E believes these areas are subject to the rulings in the Scoping Memo. PG&E provides footnotes below citing to applicable ordering paragraphs within the Scoping Memo.

As detailed in the Amended Application and supporting testimony, PG&E’s Distribution Integrity Management Program has identified the gas distribution system at CSU Monterey Bay (formerly the gas distribution system serving the United States Army’s Fort Ord) as requiring near-term replacement if a zonal electrification alternative is not authorized. The proposed CSU Decarbonization Project instead would convert 391 of 484 services for students and faculty into

² Scoping Memo at 6.

all-electric service, representing the largest ever zonal electrification project in California. PG&E estimates that the cost to gas customers to complete this alternative zonal electrification work will be less than the cost to replace the gas system.

The CSU Decarbonization Project therefore represents a unique opportunity to address customer safety needs, long-term rate affordability, customer energy preference, and alignment with California’s climate goals. PG&E hereby requests the Commission approve the Application and authorize PG&E to recover the regulatory asset-related revenue requirements associated with behind-the-meter expenditures up to \$17.224 million in estimated expenditures. PG&E requests approval that actual regulatory asset-related revenue requirements associated with the CSU Decarbonization Project expenditures up to \$17.224 million are deemed reasonable without the need for *ex post facto* review.

PG&E requests an expedited schedule pursuant to Rule 2.9, which is further described below and in Attachment A.³

II. SUMMARY OF APPLICATION

This Application requests Commission authorization of the following:

- Cost Recovery of actual regulatory asset-related revenue requirements associated with up to \$17.224 million of expenditures for zonal electrification of the CSU Decarbonization Project, phases one through four that are determined to be cost-effective, through a balancing account (Decarbonization Balancing Account) as described in Chapter 4. These costs will be offset by the avoided gas pipeline replacement capital revenue requirements included in PG&E’s 2023 General Rate Case (GRC) totaling \$2.4 million that would be credited back to customers through the balancing account.
- Commission approval of PG&E’s proposal by the Summer of 2023 so that PG&E may begin implementation of the CSU Decarbonization Project in Fall of 2023. Approval of this Application on an expedited basis to avoid higher greenhouse gas emissions and higher overall costs with foregoing the zonal electrification project if not authorized in a timely manner.

³ Parts of PG&E’s Amended Application including procedural requests, such as the request for expedited schedule and proposed procedural schedule, are unchanged from PG&E’s Original Application. PG&E believes these areas are subject to the rulings in the Scoping Memo.

A. Context of Expedited Application in Light of State Policy Goals⁴

In 2018, Governor Brown signed Assembly Bill (AB) 3232 into law, which required the California Energy Commission, in collaboration with the Commission, to develop an assessment for reducing the emissions associated with California’s buildings to 40 percent below 1990 levels by 2030.⁵ One of PG&E’s strategies to achieve a net zero energy system and reduce CO₂ includes retirement of gas pipelines where electrification is both cheaper and a better environmental and safety outcome for customers. This pilot project will help meet California’s climate goals while promoting long-term affordability for customers. The CSU Decarbonization Project would be the largest such project and learnings will be applied to future electrification projects.

As Energy and Environmental Economics (E3) points out in *The Challenge of Retail Gas in California’s Low-Carbon Future*, “a managed gas transition would likely require some amount of targeted or zonal electrification, to enable a reduction in the gas distribution infrastructure. Without a managed gas transition and without any effort to target electrification, it would be difficult to reduce the size or scale of gas system investments and costs.”⁶ The cost to maintain the existing gas system will remain relatively fixed, however, as the majority of gas system costs are related to safety and reliability standards rather than based on customer load. As an increasing number of gas appliances are replaced with electric appliances, the cost of the existing gas system will be spread across fewer customers and create upward rate pressure on remaining customers. Higher gas rates would be particularly impactful to low-income customers who may not be able to afford the upfront costs associated with electrification of their homes or businesses. The “managed transition” approach recommended by E3 can help mitigate the affordability and equity challenges of decarbonization: in some situations, electrification can

⁴ See fn. 3.

⁵ Pub. Resources Code section 25403.

⁶ California Energy Commission, *The Challenge of Retail Gas in California’s Low-Carbon Future*, (Apr. 2020) at p. 6.

eliminate or reduce the need for a gas system project. When targeted in this way, electrification can result in avoided gas system costs and help promote customer affordability.

PG&E has already taken steps to advance zonal electrification, offering dozens of customers the opportunity to cease gas service as an alternative to continuing to operate and maintain the gas facilities necessary to provide service to their property. In June 2022, PG&E issued our Climate Strategy Report, which established our commitment to achieve a net zero energy system in 2040—five years ahead of the California carbon neutrality goal established in Executive Order B-55-18—and includes a goal to “execute zonal electrification and create a repeatable model on how to do it.”⁷ Current opportunities to scale zonal electrification, are limited, however, given regulatory and financial barriers. In the prepared testimony supporting this Application, PG&E describes activities to date and the need for an expedited decision to enable the CSU Decarbonization Project. Approval of this Application could provide a model for zonal electrification enablement for other customers that could be incorporated into the planning for future projects and utilized in Long-Term Gas System Planning Order Instituting Rulemaking (OIR) (R.20-01-007).

B. Near-Term Cost-Effective Zonal Electrification Represents an Opportunity to Avoid Gas Infrastructure Investments

The CSU Decarbonization Project is unique in that it represents a zonal electrification “non-pipeline alternative” to planned gas investments that are included in PG&E’s 2020 and 2023 General Rate Cases. PG&E has been performing enhanced leak survey since September 2020 and PG&E Gas Operations determined that future safe, reliable gas service to the area requires replacing the approximately 32,000 feet of distribution pipeline beginning in 2023 and continuing through 2025. As shown in Chapter 3 of the prepared testimony, PG&E estimates that the present value of this electrification alternative is more cost-effective than the gas repair work, and thus ratepayers would save by PG&E implementing the

⁷ PG&E Climate Strategy Report June, 2022), p. 10, <https://www.pge.com/pge_global/common/pdfs/about-pge/environment/what-we-are-doing/pge-climate-goals/PGE-Climate-Strategy-Report.pdf> (as of Aug. 2, 2022).

CSU Decarbonization Project.⁸ In essence, approval of this Application will reduce prospective gas-related distribution revenue requirements subsequent to the 2020 and 2023 General Rate Cases (GRCs) that would have been expended to repair existing gas distribution infrastructure at CSU Monterey Bay and replace those investments with an electrification alternative that helps meet California’s climate goals while promoting long-term affordability for our ratepayers.

While we anticipate working with the Commission and other stakeholders within the Long-Term Gas System Planning OIR to define the meaning of “cost effective” in the context of zonal electrification projects and the mechanisms for submittal and review of such projects,⁹ the CSU Decarbonization Project represents a near-term and cost-effective opportunity to advance zonal electrification at a previously un-tested scale on a beneficial pilot basis.

C. Precedent for Expedited Applications in Transportation Electrification Framework.¹⁰

PG&E submits this Expedited Application to treat the CSU Decarbonization Project as a cost-effective example from which the Commission and other stakeholders can learn to inform the Long-Term Gas System Planning OIR. The Commission has offered expedited treatment to proposals that offered guidance and a framework for near-term utility investments in infrastructure so as to meet California’s climate goals. In particular, the Commission’s Decision Setting Near-Term Priorities for Transportation Electrification Investments by the Electrical Corporations (R.18-12-006) prioritized near-term transit electrification projects that “address equity” and include a “clear justification for ratepayer investment (i.e., near-term priority

8 The net present value of cash costs of electrification for Phases 1 through 4 of the Project have a value of \$14.4 million, and the value of the benefits of the Project (i.e. avoided costs of conventional gas pipe replacement) are approximately \$15.4 million, resulting in a net benefit of approximately \$1.0 million to customers.

9 *Assigned Commissioner’s Amended Scoping Memo and Ruling* (Jan. 5, 2022) R. 20-01-007.

10 Parts of PG&E’s Amended Application including procedural requests, such as the request for expedited schedule and proposed procedural schedule, are unchanged from PG&E’s Original Application. PG&E believes these areas are subject to the rulings in the Scoping Memo.

proposal should not propose new investment in areas where the market shows signs of private sector engagement).”¹¹

In the recent Proposed Decision in the Order Instituting Rulemaking Regarding Building Decarbonization (R.19-01-001), Commissioner Clifford Rechtschaffen described California’s decarbonization goals as “urgent” and highlighted the “need to reduce gas rates to ensure affordability, and the long term need to minimize future stranded investment.”¹² Commissioner Rechtschaffen also affirmed the need to pursue carbon neutrality with “unprecedented urgency and commitment as California is already behind in meeting its 2030 emission reduction targets.”¹³

Where the present value costs to retire a pipeline system and electrify the associated meters is less than the comparable costs to repair and/or replace the pipeline, it is in the best interest of ratepayers that the Gas Utility be able to pursue electrification as an alternative to the planned gas pipeline project. For this particular project, PG&E proposes net present value and the present value of revenue requirements as the measurements of financial viability, as described in Chapter 3 of the supporting testimony. The ratepayer savings associated with the electrification alternative in this Application demonstrate the need for an accelerated application in order to “resolve a financial matter expeditiously to avoid ratepayer harm,” per CPUC Rule of Practice and Procedure 2.9(c).

III. ORGANIZATION OF SUPPORTING TESTIMONY

Concurrent with the filing of this Amended Application, PG&E is serving supporting Amended Prepared Testimony demonstrating why this Application for approval of its CSU Decarbonization Project is reasonable and should be approved:

11 D.21-07-028, p. 17.

12 *Commissioner Rechtschaffen’s Proposed Phase III Decision Eliminating Gas Line Extension Allowances, Ten-Year Refundable Payment Option, and Fifty Percent Discount Payment Option Under Gas Line Extension Rules* (R. 19-01-011), pp. 27, 49, 74.

13 *Id.* at p. 36.

Chapter 1 – Customer Requested Decarbonization Pilot Project Overview

Chapter 2 – Project Cost Estimate

Chapter 3 – Net Present Value of Cashflow Comparison

Chapter 4 – Cost Recovery

This Amended Prepared Testimony demonstrates why PG&E’s Application is reasonable and should be approved.

IV. SUMMARY OF RELIEF AND AUTHORITY SOUGHT

A. Estimated Gas Revenue Requirements

Table 1 sets forth PG&E’s estimated gas revenue requirements associated with the estimated \$17.224 million in CSU Decarbonization Project expenditures:

TABLE 1
TOTAL REGULATORY ASSET-RELATED REVENUE REQUIREMENT

Line No.	Project Phase	Scope of Work in Phase	Estimated Costs	Total Regulatory -Asset Related Revenue Requirement
1	1	Electrification of 154 Customers	\$4,224,990	\$7,286,758
2	2	Electrification of 260 Customers	7,133,100	12,273,508
3	3	Electrification of 206 Customers	5,651,610	9,747,290
4	4	Retire Existing Gas Pipeline	<u>213,800</u>	<u>(a)</u>
5		Total	\$17,223,500	\$29,307,556

(a) There are no incremental costs associated with retiring existing gas pipelines since recovery of those expenditures are included in the 2023 GRC.

These gas revenue requirements would be offset by the \$2.45 million of avoided gas pipeline capital revenue requirement amounts included in the 2023 GRC that would be credited back to customers.

B. Cost Recovery

PG&E requests that the Commission adopt its ratemaking proposal for the CSU Decarbonization Project. PG&E proposes that the cost-effective non-pipeline alternative project phases should be recovered over a 15-year period from gas distribution ratepayers,

including “behind-the-meter” electrification costs, as a regulatory asset. This allows the electrification non-pipeline alternative to have a similar financial treatment to planned gas capital projects, greatly increasing the scope and scale of non-pipeline projects that PG&E can accomplish. Under a regulatory asset structure, PG&E would not take ownership of the behind-the-meter equipment. As explained in Chapter 4, PG&E requests to establish a cost cap of \$17.224 million for the total incremental behind-the-meter electrification expenditures and establish a new balancing account to record the proposed regulatory asset-related revenue requirements associated with the behind-the-meter electrification expenditures, and record the credit to customers for the avoided gas pipeline replacement capital revenue requirements adopted as part of PG&E’s 2023 GRC application. PG&E proposes regulatory asset treatment for the behind-the-meter electrification expenditures that includes a rate of return based on PG&E’s currently adopted cost of capital for timely recovery in rates of the reasonable costs for this project.

V. STATUTORY AND PROCEDURAL REQUIREMENTS¹⁴

PG&E files this Application pursuant to Sections 451 and 454 of the Public Utilities Code.

A. Legal Name and Principal Place of Business (Rule 2.1(a))

The legal name of the Applicant is Pacific Gas and Electric Company. PG&E’s principal place of business is 77 Beale Street, San Francisco, California, 94105. PG&E is duly organized under the State of California.

B. Correspondence, Communications, and Service (Rule 2.1(b))

All correspondence, communications, and service of papers regarding this Application should be directed to:

14 Parts of PG&E’s Amended Application including procedural requests, such as the request for expedited schedule and proposed procedural schedule, are unchanged from PG&E’s Original Application. PG&E believes these areas are subject to the rulings in the Scoping Memo.

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C. Proposed Categorization and Need for Hearings (Rule 2.1(c))

PG&E proposes that this Application be categorized as a ratesetting proceeding.

D. Need for Hearings (Rule 2.1(c))

PG&E anticipates that evidentiary hearings may be requested by other parties to this proceeding, but the need for evidentiary hearings will depend on the degree to which and grounds on which other parties might contest the proposals contained in this Application. While PG&E hopes to resolve the issues raised in this Application without hearings, such as through more informal procedures including discovery, evidentiary hearings may be necessary.

Issues to be Considered (Rule 2.1(c))

The principal issue presented in this Application is whether the Commission should approve PG&E's request for approval of its CSU Decarbonization Project as reasonable, supported by facts and in the public interest, including approval of its forecast capital and revenue requirement changes, in compliance with the requirements of the Public Utilities Code and Commission decisions, orders and resolutions.

E. Relevant Safety Consideration (Rule 2.1(c))

In D.16-01-017, the Commission amended Rule 2.1(c) requiring an applicant to identify all relevant safety considerations implicated by an Application to which the assigned Commissioners and presiding officer could refer to during the proceeding. As demonstrated in this application and the prepared testimony, PG&E's proposals in this proceeding support the safety and reliable provision of gas service and establish predictable rates, all of which can help facilitate public safety.

F. Procedural Schedule (Rule 2.1(c))

PG&E proposes the following expedited procedural schedule for this Application to enable PG&E to implement the CSU Decarbonization Project which will allow for electrification non-pipeline alternatives in lieu of pipeline repair or replacement. The expedited schedule will enable PG&E to avoid the phases of gas replacement alternative and implement decarbonization through this zonal electrification pilot safely and affordably by the Fall of 2023.

Activity	Date
PG&E files Application	August 10, 2022
Protests and Responses filed and served	30 days after Daily Calendar Notice
Reply filed and served	10 days after Protests and Responses
Notice of PHC	September 9, 2022
Prehearing Conference	September 22, 2022
Scoping Memo	October 10, 2022
Intervenor Reply Testimony	November 16, 2022
PG&E Rebuttal Testimony	January 17, 2023
Evidentiary Hearings, if needed	February 2023
Concurrent Opening Briefs	March 3, 2023
Concurrent Reply Briefs	April 3, 2023
Proposed Decision	Within 12 months of application filing date (June 2023)
Final Decision	July 2023

G. Articles of Incorporation (Rule 2.2)

PG&E is, and since October 10, 1905, has been, an operating public utility corporation organized under California law. It is engaged principally in the business of furnishing electric and gas services in California. A certified copy of PG&E’s Amended and Restated Articles of Incorporation, effective June 22, 2020, was filed with the Commission on July 1, 2020, with PG&E’s Application 20-07-002. These articles are incorporated herein by reference pursuant to Rule 2.2 of the Commission’s Rules.

H. Balance Sheet and Income Statement (Rule 3.2(a)(1))

Attachment B of this Application presents PG&E's balance sheet and income statement for the period ending September 30, 2022.

I. Statement of Presently Effective Rates (Rule 3.2(a)(2))

PG&E's presently effective gas rates were filed with the Commission on August 10, 2022, in A.21-08-003.

J. Statement of Proposed Changes and Results of Operation at Proposed Rates(Rule 3.2(a)(3))

Approval of this Application would increase gas rates for distribution customers by less than one percent; therefore, a statement setting forth PG&E's proposed increases or changes to gas rates in not needed.

K. General Description of PG&E's Property and Equipment (Rule 3.2(a)(4))

Because this submittal is not a general rate application, this requirement is not applicable.

L. Summary of Earnings (Rule 3.2(a)(5) and (6))

A summary of recorded year 2021 revenues, expenses, rate bases, and rate of return for PG&E's Electric and Gas departments was filed with the Commission on July 22, 2022, in A.21-06-021 and is incorporated herein by reference.

M. Statement of Election Method of Computing Depreciation Deduction for Federal Income Tax (Rule 3.2(a)(7))

Because this submittal is not a general rate application, this requirement is not applicable.

N. Most Recent Proxy Statement (Rule 3.2(a)(8))

Because this submittal is not a general rate application, this requirement is not applicable.

O. Type of Rate Change Requested (Rule 3.2(a)(10))

Results of operations at proposed rates are not required because the proposed rates do not exceed one percent.

P. Notice to Governmental Entities (Rule 3.2(b))

Within twenty days of filing this application, PG&E will mail or send electronically a notice stating in general terms the proposed revenues, rate changes, and ratemaking mechanisms requested in this Application to parties listed in Attachment C, including the State of California and cities and counties served by PG&E.¹⁵

Q. Publication (Rule 3.2(c))

Within twenty days of filing this Application, PG&E will publish in newspapers of general circulation in each county in its service territory a notice of filing.¹⁶

R. Notice to Customers (Rule 3.2(d) and (e))

PG&E is serving this Amended Application and its Amended Prepared Testimony on the service list in this proceeding pursuant to Ordering Paragraph 7 of the Scoping Memo.). PG&E will include notices with the regular bills mailed or emailed to all customers affected by the proposed changes. Within twenty days of completion of mailing, PG&E will file proof of compliance pursuant to Rule 3.2(e).¹⁷

VI. CONCLUSION AND REQUEST FOR COMMISSION ORDERS

PG&E respectfully requests that the Commission expeditiously issue appropriate orders pursuant to Sections 451 and 454 of the Public Utilities Code:

1. Approving PG&E's Zonal Electrification Pilot Program Application as reasonable and in the public interest;
2. Approving as reasonable PG&E's proposed ratemaking mechanisms and forecasted revenue requirements to support the CSU Decarbonization Project in accordance with this Application including the following:
 - a. A balancing account to record the regulatory asset-related revenue requirements based on actual expenditures up to proposed \$17.224 million estimated expenditures and to record the credit to customers of

¹⁵ On December 16, 2022, PG&E submitted an emailed motion for an extension of the Rule 3.2 notice deadline for the Amended Application under Rule 11.6. As of the date of this filing, this motion is still pending.

¹⁶ See fn. 15.

¹⁷ See fn. 15.

VERIFICATION

I, the undersigned, say:

I am an officer of Pacific Gas and Electric Company, a corporation, and am authorized, pursuant to Rule 2.1 and Rule 1.11 of the Rules of Practice and Procedure of the CPUC, to make this Verification for an on behalf of said Corporation, and I make this Verification for that reason. I have read the foregoing Amended Application, and I am informed and believe that the matters therein concerning Pacific Gas and Electric Company are true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed on December 19, 2022, at Oakland, California.

By: /s/ Christine Cowsert
Christine Cowsert
Senior Vice President, Gas Engineering

PACIFIC GAS AND ELECTRIC COMPANY

ATTACHMENT A

REQUEST FOR EXPEDITED SCHEDULE¹⁸

PG&E respectfully requests that the Commission consider this *Application for Approval of Zonal Electrification Pilot Project* (Application) on an expedited basis to enable the proposed zonal electrification project requested by its customer, California State University Monterey Bay (CSU Monterey Bay), to move forward prior to the identified need to repair or replace PG&E's existing pipeline distribution system. The opportunity for this size and scale zonal electrification project warrants expedited review. The proposed zonal electrification pilot project will replace the current gas distribution service with retail electricity service, thereby significantly reducing greenhouse gas emissions (GHGs) at a reasonable cost to PG&E electric and gas customers. A delay in approving the Application could result in the need to replace the existing gas pipeline distribution system for safety and reliability reasons. PG&E estimates that the present value of this electrification alternative is more cost-effective than the gas repair work. To capture all of the benefits, PG&E seeks a decision before moving to the second phase of the project. This also allows for time to work collaboratively with CSU management on reaching resolution on items required for electrification.

An expedited application process is warranted under Rule 2.9 to avoid ratepayer harm by acting on this opportunity to address customer safety needs, higher greenhouse gas emissions, and higher overall costs with foregoing the zonal electrification project if not authorized in a timely manner. If the Application is granted expedited treatment, it will be able to be implemented by Fall of 2023.

18 PG&E's Original Application requested an Expedited Schedule. The Scoping Memo at Ordering Paragraph 2 determined that PG&E's request for expedited schedule under Rule 2.9 is denied.

PACIFIC GAS AND ELECTRIC COMPANY

ATTACHMENT B

PACIFIC GAS AND ELECTRIC COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in millions)

	(Unaudited)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Operating Revenues				
Electric	\$ 3,895	\$ 4,181	\$ 11,743	\$ 11,527
Natural gas	1,499	1,284	4,567	3,869
Total operating revenues	5,394	5,465	16,310	15,396
Operating Expenses				
Cost of electricity	1,032	1,133	2,314	2,570
Cost of natural gas	257	176	1,177	670
Operating and maintenance	2,248	2,793	7,565	7,705
SB 901 securitization charges, net	—	—	40	—
Wildfire-related claims, net of recoveries	9	94	153	261
Wildfire Fund expense	118	162	353	399
Depreciation, amortization, and decommissioning	1,002	801	2,915	2,540
Total operating expenses	4,666	5,159	14,517	14,145
Operating Income	728	306	1,793	1,251
Interest income	42	—	71	17
Interest expense	(458)	(342)	(1,175)	(1,032)
Other income, net	127	133	415	390
Reorganization items, net	—	—	—	(12)
Income Before Income Taxes	439	97	1,104	614
Income tax provision (benefit)	(51)	1,139	(516)	1,039
Net Income (Loss)	490	(1,042)	1,620	(425)
Preferred stock dividend requirement	3	3	10	10
Income (Loss) Attributable to Common Stock	\$ 487	\$ (1,045)	\$ 1,610	\$ (435)

See accompanying Notes to the Condensed Consolidated Financial Statements.

PACIFIC GAS AND ELECTRIC COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)	(Unaudited)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net Income (Loss)	\$ 490	\$ (1,042)	\$ 1,620	\$ (425)
Other Comprehensive Income				
Pension and other post-retirement benefit plans obligations (net of taxes of \$0, \$0, \$0, and \$0, respectively)	—	—	1	—
Net unrealized losses on available-for-sale securities (net of taxes of \$5, \$0, \$7, and \$0, respectively)	(12)	—	(17)	—
Total other comprehensive loss	(12)	—	(16)	—
Comprehensive Income (Loss)	\$ 478	\$ (1,042)	\$ 1,604	\$ (425)

See accompanying Notes to the Condensed Consolidated Financial Statements.

PACIFIC GAS AND ELECTRIC COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)

	(Unaudited)	
	Balance At	
	September 30, 2022	December 31, 2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 107	\$ 165
Restricted cash (includes \$134 million and \$4 million related to VIEs at respective dates)	145	16
Accounts receivable		
Customers (net of allowance for doubtful accounts of \$192 million and \$171 million at respective dates) (includes \$2.29 billion and \$2.06 billion related to VIEs, net of allowance for doubtful accounts of \$192 million and \$171 million at respective dates)	2,726	2,345
Accrued unbilled revenue (includes \$992 million and \$1.09 billion related to VIEs at respective dates)	1,150	1,207
Regulatory balancing accounts	3,037	2,999
Other	1,991	1,932
Regulatory assets	317	496
Inventories		
Gas stored underground and fuel oil	82	44
Materials and supplies	666	552
Wildfire Fund asset	461	461
Other	1,091	869
Total current assets	11,773	11,086
Property, Plant, and Equipment		
Electric	73,647	69,482
Gas	27,725	25,979
Construction work in progress	4,122	3,480
Financing lease	18	18
Total property, plant, and equipment	105,512	98,959
Accumulated depreciation	(30,438)	(29,131)
Net property, plant, and equipment	75,074	69,828
Other Noncurrent Assets		
Regulatory assets	16,448	9,207
Customer credit trust	874	—
Nuclear decommissioning trusts	3,149	3,798
Operating lease right of use asset	1,199	1,232
Wildfire Fund asset	4,967	5,313
Income taxes receivable	7	7
Other (includes noncurrent accounts receivable of \$36 million and \$187 million related to VIEs, net of noncurrent allowance for doubtful accounts of \$3 million and \$15 million at respective dates)	2,948	2,706
Total other noncurrent assets	29,592	22,263
TOTAL ASSETS	\$ 116,439	\$ 103,177

See accompanying Notes to the Condensed Consolidated Financial Statements.

PACIFIC GAS AND ELECTRIC COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except share amounts)

	(Unaudited)	
	Balance At	
	September 30, 2022	December 31, 2021
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ 1,795	\$ 2,184
Long-term debt, classified as current (includes \$128 million and \$18 million related to VIEs at respective dates)	1,003	4,455
Accounts payable		
Trade creditors	2,962	2,853
Regulatory balancing accounts	1,718	1,121
Other	590	648
Operating lease liabilities	327	467
Interest payable (includes \$107 million and \$3 million related to VIEs at respective dates)	413	430
Wildfire-related claims	2,194	2,722
Other	2,506	2,430
Total current liabilities	13,508	17,310
Noncurrent Liabilities		
Long-term debt (includes \$9.54 billion and \$1.82 billion related to VIEs at respective dates)	43,265	33,632
Regulatory liabilities	16,921	11,999
Pension and other postretirement benefits	575	764
Asset retirement obligations	6,223	5,298
Deferred income taxes	3,568	3,409
Operating lease liabilities	996	810
Other	4,660	4,345
Total noncurrent liabilities	76,208	60,257
Shareholders' Equity		
Preferred stock	258	258
Common stock, \$5 par value, authorized 800,000,000 shares; 264,374,809 shares outstanding at respective dates	1,322	1,322
Additional paid-in capital	28,713	28,286
Reinvested earnings	(3,545)	(4,247)
Accumulated other comprehensive loss	(25)	(9)
Total shareholders' equity	26,723	25,610
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 116,439	\$ 103,177

See accompanying Notes to the Condensed Consolidated Financial Statements.

PACIFIC GAS AND ELECTRIC COMPANY

ATTACHMENT C

SERVICE OF NOTICE OF APPLICATION

In accordance with Rule 3.2(b), Applicant will mail a notice to the following, stating in general terms its proposed change in rates.

State of California

To the Attorney General and the Department of General Services.

State of California
Office of Attorney General
1300 I St Ste 1101
Sacramento, CA 95814

and

Department of General Services
Office of Buildings & Grounds
505 Van Ness Avenue, Room 2012
San Francisco, CA 94102

Counties

To the County Counsel or District Attorney and the County Clerk in the following counties:

Alameda	Mariposa	Santa Clara
Alpine	Mendocino	Santa Cruz
Amador	Merced	Shasta
Butte	Modoc	Sierra
Calaveras	Monterey	Siskiyou
Colusa	Napa	Solano
Contra Costa	Nevada	Sonoma
El Dorado	Placer	Stanislaus
Fresno	Plumas	Sutter
Glenn	Sacramento	Tehama
Humboldt	San Benito	Trinity
Kern	San Bernardino	Tulare
Kings	San Francisco	Tuolumne
Lake	San Joaquin	Yolo
Lassen	San Luis Obispo	Yuba
Madera	San Mateo	
Marin	Santa Barbara	

Municipal Corporations

To the City Attorney and the City Clerk of the following municipal corporations:

Alameda	Colusa	Hanford
Albany	Concord	Hayward
Amador City	Corcoran	Healdsburg
American Canyon	Corning	Hercules
Anderson	Corte Madera	Hillsborough
Angels Camp	Cotati	Hollister
Antioch	Cupertino	Hughson
Arcata	Daly City	Huron
Arroyo Grande	Danville	Ione
Arvin	Davis	Isleton
Atascadero	Del Rey Oakes	Jackson
Atherton	Dinuba	Kerman
Atwater	Dixon	King City
Auburn	Dos Palos	Kingsburg
Avenal	Dublin	Lafayette
Bakersfield	East Palo Alto	Lakeport
Barstow	El Cerrito	Larkspur
Belmont	Elk Grove	Lathrop
Belvedere	Emeryville	Lemoore
Benicia	Escalon	Lincoln
Berkeley	Eureka	Live Oak
Biggs	Fairfax	Livermore
Blue Lake	Fairfield	Livingston
Brentwood	Ferndale	Lodi
Brisbane	Firebaugh	Lompoc
Buellton	Folsom	Loomis
Burlingame	Fort Bragg	Los Altos
Calistoga	Fortuna	Los Altos Hills
Campbell	Foster City	Los Banos
Capitola	Fowler	Los Gatos
Carmel	Fremont	Madera
Ceres	Fresno	Manteca
Chico	Galt	Maricopa
Chowchilla	Gilroy	Marina
Citrus Heights	Gonzales	Mariposa
Clayton	Grass Valley	Martinez
Clearlake	Greenfield	Marysville
Cloverdale	Gridley	McFarland
Clovis	Grover Beach	Mendota
Coalinga	Guadalupe	Menlo Park
Colfax	Gustine	Merced
Colma	Half Moon Bay	Mill Valley

Millbrae
Milpitas
Modesto
Monte Sereno
Monterey
Moraga
Morgan Hill
Morro Bay
Mountain View
Napa
Newark
Nevada City
Newman
Novato
Oakdale
Oakland
Oakley
Orange Cove
Orinda
Orland
Oroville
Pacific Grove
Pacifica
Palo Alto
Paradise
Parlier
Paso Robles
Patterson
Petaluma
Piedmont
Pinole
Pismo Beach
Pittsburg
Placerville
Pleasant Hill
Pleasanton
Plymouth
Point Arena
Portola
Portola Valley
Rancho Cordova
Red Bluff
Redding
Redwood City
Reedley
Richmond

Ridgecrest
Rio Dell
Rio Vista
Ripon
Riverbank
Rocklin
Rohnert Park
Roseville
Ross
Sacramento
Saint Helena
Salinas
San Anselmo
San Bruno
San Carlos
San Francisco
San Joaquin
San Jose
San Juan Bautista
San Leandro
San Luis Obispo
San Mateo
San Pablo
San Rafael
San Ramon
Sand City
Sanger
Santa Clara
Santa Cruz
Santa Maria
Santa Rosa
Saratoga
Sausalito
Scotts Valley
Seaside
Sebastopol
Selma
Shafter
Shasta Lake
Soledad
Solvang
Sonoma
Sonora
South San Francisco
Stockton
Suisun City

Sunnyvale
Sutter Creek
Taft
Tehama
Tiburon
Tracy
Trinidad
Turlock
Ukiah
Union City
Vacaville
Vallejo
Victorville
Walnut Creek
Wasco
Waterford
Watsonville
West Sacramento
Wheatland
Williams
Willits
Willows
Windsor
Winters
Woodland
Woodside
Yountville
Yuba City