STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

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November 28, 2023

Agenda ID #22138
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 23-05-012 et al.:

This is the proposed decision of Administrative Law Judge Douglas Long. 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 December 14, 2023 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 to the proceeding may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure. Parties will have six days to file comments and a further three days to file replies.

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/ MICHELLE COOKE
Michelle Cooke
Chief Administrative Law Judge

MLC:smt

Attachment

Decision **PROPOSED DECISION OF ALJ LONG** (Mailed 11/28/2023)

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 2024 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation. (U39E)	Application 23-05-012
And Related Matters.	Application 23-07-012

DECISION ADOPTING THE ELECTRIC REVENUE REQUIREMENTS AND RATES ASSOCIATED WITH THE 2024 ENERGY RESOURCE RECOVERY ACCOUNT AND GENERATION NON-BYPASSABLE CHARGES FORECAST AND GREENHOUSE GAS FORECAST REVENUE RETURN AND RECONCILIATION AND THE 2024 ELECTRIC SALES FORECAST FOR PACIFIC GAS AND ELECTRIC COMPANY AS WELL AS THE RESOLUTION OF THE 2023 TRIGGER APPLICATION FOR AN UNDERCOLLECTION OF THE ENERGY RESOURCE RECOVERY ACCOUNT

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Summary

This decision adopts the 2024 Energy Resource Recovery Account (ERRA) and related energy costs, as well as the amortization of energy related balancing accounts, and the 2024 electric sales forecast to be used by Pacific Gas and Electric Company (PG&E) to recover these costs. The decision also adopts PG&E's 2024 forecast revenue requirements for greenhouse gas and climate-related costs. These costs were included in the scope of Application (A.) 23-05-012, the routine annual ERRA Forecast (2024 ERRA Forecast). The adopted 12-month revenue requirement is $2,711,285,000. For bundled full-service customers residential rates will increase by $0.0086/kWh, or 2.6%; CARE rates will increase by $0.0056/kWh, or 2.3%; and Non-CARE rates will increase by $0.0107/kWh, or 2.8%. For Direct Access and Community Choice Aggregator customers residential rates will decrease by $0.0042/kWh, or -2.1%; CARE rates will decrease by $0.0060/kWh, or -7.4%; and Non-CARE rates will decrease by $0.0037/kWh, or -1.7%.

A.23-07-012 was filed as a mandatory "Trigger" application (2023 Trigger) when the unamortized ERRA undercollected balance, net of the relevant forecasted bundled service customer Portfolio Allocation Balancing Account (PABA) balance, became more than five percent undercollected. The 2023

Trigger was consolidated with the 2024 ERRA Forecast. This decision authorizes PG&E to recover the 2023 Trigger undercollection over a six-month period.

During the course of the 2024 ERRA Forecast PG&E made corrections to its forecast, made adjustments based on the recommendations of the interested parties, and provided a "Fall Update" as required by the Commission. The Fall Update was also supplemented (Supplemental Fall Update) as a result of a ruling that deferred consideration of fixed generation cost issues to a Track 2. These amendments to the Fall Update are reflected in this decision. This decision resolves all remaining within-scope disputed issues raised by parties and discussed below. The decision otherwise adopts PG&E's requests as forecast in the Supplemental Fall Update, including PG&E's request to apply a Last-In-First-Out methodology to the use of excess prior year renewable energy credits. Finally, as with the prior 2023 ERRA Forecast application, this decision orders PG&E to hold workshops with interested parties in a continuing effort to improve the sales forecast methodology to increase its accuracy and reliability and to ensure the interested parties' perspectives are fully considered and understood.

These consolidated proceedings A.23-05-012 and A.23-07-012 remain open to address the outstanding issue of fixed generation costs in a separate Track 2.

1. Background

1.1. Issues Raised in the Applications, Protest, and Response

Pacific Gas and Electric Company's (PG&E) 2024 Energy Resource Recovery Account (ERRA) Forecast Application (A.) 23-05-012 (2024 ERRA Forecast) seeks authority to recover or adopt:

(1) PG&E's forecast 2024 energy procurement revenue

requirements to become effective in rates on January 1, 2024, including:

a) disposition of PG&E's forecast December 31, 2023 year-end balancing account balances, subject to adjustments in the Annual Electric True-up process, except for disposition of balances recorded to the Modified Cost Allocation Mechanism Balancing Account (MCAMBA);

b) disposition of recorded Voluntary Allocation Market Offer Memorandum Account (VAMOMA) balances; and

c) approval of PG&E's methodology to include pre-2024 renewable energy credits (RECs) toward the 2024 Power Charge Indifference Adjustment (PCIA) revenue requirement calculation and to allocate the value of such RECs to benefit bundled and departing load customers responsible for applicable Portfolio Allocation Balancing Account (PABA) vintage costs;

(2) PG&E's proposed forecasted electric sales for 2024;

(3) PG&E's forecast of greenhouse gas (GHG) revenues, revenue return, and administrative, programmatic, and customer outreach costs for 2024;

(4) PG&E's 2022 GHG administrative and customer outreach costs as reasonable; and

(5) PG&E's rate design proposals associated with its proposed total electric procurement revenue requirements to be effective in rates on January 1, 2024, including Green Tariff Shared Renewables (GTSR) rates.

The Direct Access Customer Coalition (DACC)[1] filed a timely Response and expressed concern that the proceeding address:

(6) the correct determination of the calculation of the revenue requirements and rates for the PCIA, the Competition Transition Charge (CTC), and the Cost Allocation Mechanism (CAM); and

(7) ensuring that the calculations in this application are conducted properly and are consistent with Decision (D.) 21-05-030, D.23-06-006, as well as prior related decisions.

The California Community Choice Association (CalCCA)[2] raised several issues in its Protest:

(8) that PG&E has not demonstrated the relief it requests is just and reasonable, is in compliance with all applicable rules, regulations, resolutions and decisions for all customer classes, including but not limited to D.18- 10-019, D.19-10-001, D.20-12-038, and D.23-06-066, and prevents illegal cost shifts between bundled and unbundled ratepayers;

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[1] DACC is a regulatory advocacy group comprised of educational, governmental, commercial, and industrial customers that utilize direct access for all or a portion of their electrical energy requirements. (DACC's Response at 1.)

[2] CalCCA represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy (EBCE), Energy for Palmdale's Independent Choice, Lancaster Choice Energy, Marin Clean Energy (MCE), Orange County Power Authority, Peninsula Clean Energy (PCE), Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy (SJCE), Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy. (CalCCA's Protest at 1.)

(9) In detail, CalCCA expressed concern over the following items:

a) whether PG&E's proposal to change the approved methodology for allocating Electric Supply Administration (ESA) costs, and allocate those costs based on gross generation authorized costs (as opposed to allocation on net authorized revenue requirements), is reasonable and in compliance with all applicable rules, regulations, resolutions and decisions;

b) whether PG&E's proposal to include pre-2024 RECs—including RECs generated prior to the current (2021- 2024) Renewables Portfolio Standard (RPS) compliance period—toward the 2023 PCIA revenue requirement calculation; its proposal to use a "last-in first-out" approach to meet REC deficits after applying 2021 and 2022 RECs towards its forecasted shortfall; its decision not to apply over 4 million MWh in UnsoldRPS in 2023 towards its forecasted shortfall; and its proposal to allocate the value of pre-2024 RECs to benefit customers responsible for the applicable PABA vintage is reasonable and in compliance with all applicable rules, regulations, resolutions and decisions;

c) whether PG&E's proposal to amortize any year-end 2023 residual balance in the PCIA Undercollection Balancing Account (PUBA) in 2024 rates (through PUBA rate adders) is reasonable;

d) whether PG&E is correctly calculating the reduction in its PCIA revenue requirement resulting from the removal of Diablo Canyon Power Plant (DCPP) Unit 1 from the PCIA (upon that Unit's retirement on November 2, 2024);

e) whether PG&E is correctly implementing D.19-11-016 and D.22-05-015 to ensure appropriate accounting treatment for both bundled and unbundled customers related to the forecasted cost recovery of system reliability Modified CAM contracts;

f) whether PG&E's Indifference Calculation inputs and sources are appropriate and comply with D.18-10-019 and D.21-03-051;

g) whether PG&E's proposed accounting for Local Resource Adequacy resources forecasted to be shown or sold to the Central Procurement Entity in 2024 is reasonable and in compliance with prior Commission decisions;

h) whether PG&E's forecast of Retained RPS, Excess RPS, Sold RPS, and Unsold RPS energy is reasonable and in compliance with prior Commission decisions; and

i) whether PG&E's funding set asides for the Disadvantaged Community Green Tariff (DAC-GT) program and the Community Solar – Green Tariff (CS-GT) programs are consistent with the budgets requested by the particular Community Choice Aggregators.

PG&E's application A.23-07-012 (2023 Trigger) added the following issues:

(10) The 2023 Trigger's forecasted unamortized ERRA undercollected balance, net of the relevant forecasted bundled service customer Portfolio Allocation Balancing Account (PABA) balance, is more than five percent undercollected. As of the date of filing the 2023 Trigger, PG&E forecasts that its undercollection will not self-correct below the four percent statutory trigger point within 120 days, will continue to exceed the four percent trigger point through the remainder of 2023, and will be five percent undercollected by December 2023.

Therefore, to timely recover the undercollection PG&E proposes a rate increase in November 2023 to amortize the recorded September 2023 Incremental ERRA Trigger Balance, with a forecast September 2023 balance of $256 million, plus applicable Revenue Fees and Uncollectibles (RF&U), over a six-month period. Parties must address and the Commission must decide the reasonableness of this request. The Commission must therefore determine whether to allow for the amortization of the undercollection in the six-months' period proposed by

> PG&E, or some other more appropriate period including, for example, the 12-month period to be used for the 2024 ERRA Forecast.[3]

2. Procedural Background

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed a motion for, and has been granted, party status and it appeared at the 2024 ERRA Forecast Prehearing Conference (PHC) for A.23-5-012. Small Business Utility Advocates (SBUA) and CalCCA filed motions for, and have been granted, party status and appeared at the 2024 ERRA Forecast PHC. They were automatically parties to the 2023 Trigger application when it was consolidated with the 2024 ERRA Forecast.

An August 3, 2023 Scoping Memo was issued addressing the 2024 ERRA Forecast as filed and after input from the parties. A PHC for the 2023 Trigger was held on September 7, 2023. On September 17, 2023 an Amended Scoping Ruling added issue 10, above, and consolidated the 2024 ERRA Forecast and 2023 Trigger.

An August 1, 2023 Ruling required parties to comment on investor-owned utility generation costs recovered through the Energy Resource Recovery Account (ERRA) Balancing Account that do not change based on the amount of electricity customers use or the amount of operating time associated with the electricity generation (Fixed Generation Costs). This issue of Fixed Generation Costs, including deferral of PG&E's proposal to change the methodology for allocating ESA costs, was deferred to a second track in another ruling dated October 9, 2023, and is not addressed further in this decision.

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[3] The Commission has directed that the amortization period should be no less than 90-days, however, it set no maximum. *See* D.02-10-062 at 65-66.

By common practice and necessity, the schedule for testimony and briefs is very tight for an ERRA Forecast proceeding. Testimony was timely filed by the intervenors on September 6, 2023, and PG&E timely served rebuttal on September 27, 2023. Parties waived hearings. Opening Briefs were filed by PG&E, CalCCA, and SBUA on October 13, 2023 and Reply Briefs were filed by PG&E, CalCCA, and SBUA on October 23, 2023. Cal Advocates did not serve testimony or file either opening or closing briefs.

PG&E timely served its Fall Update Testimony on October 16, 2023 and ten days later served Supplemental Fall Update Testimony on October 26, 2023. Comments on the Supplemental Fall Update were filed by CalCCA and SBUA on November 1, 2023 and Replies by PG&E on November 6, 2023, again the time reduced by practice and necessity. Cal Advocates did not file comments or a reply to the Fall Update or Supplemental Fall Update.

By timely rulings exhibits by the parties were received into the record and consistent with Commission practice several exhibits were admitted as confidential pursuant to Public Utilities (Pub. Util.) Code Section 454.5(g).

3. Jurisdiction and Burden of Proof

The Commission has long-established ratesetting jurisdiction for PG&E's energy procurement costs. The burden of proof for this proceeding is the preponderance of evidence standard.

4. Energy Resource Recovery Account (ERRA)

As required by Pub. Util. Code Section 454.5(d)(3), the Commission established the ERRA in D.02-10-062 to allow an electric utility, like PG&E, to recover its procurement costs, including expenses for fuel and purchased power, utility retained generation, California Independent System Operator related costs, and the costs of the residual net short procurement requirements necessary to serve bundled customers. The reasonableness of these costs will be reviewed in a separate annual compliance proceeding.

5. Market Price Updates for the Fall Update

An essential step in the ERRA Forecast is for the utility to file and serve an update to the application. Beginning with the prior 2023 ERRA Forecast application, the update is now to be filed in October rather than November, with the intention of providing more time for the parties to review the update and the Commission to prepare a timely decision.

Pursuant to D.22-01-023, the Commission's Energy Division provides the current values for the PCIA Forecast and True Up, which PG&E had to use for its October Update. The PCIA calculations incorporate Market Price Benchmarks (MPB) – the Energy Index, RPS Adder, and Resource Adequacy (RA) Adder – as defined by D.18-10-019 and revised by D.19-10-001 and D.22-01-023. Most recently, D.22-01-023 directed Energy Division to calculate and distribute these values by the first business day in October each year. Energy Division timely served the required data on PG&E on October 2, 2023, and thus ensured the proceeding remained on schedule.

PG&E 2023 Final Market Price Benchmarks

- System Resource Adequacy Adder: $ 14.37 /kW-month
- Local Resource Adequacy Adder: $ 8.38 /kW-month
- Flexible Resource Adequacy Adder: $ 7.82 /kW-month
- Renewable Portfolio Standard Adder: $ 30.30 /kW-month

PG&E 2024 Forecast Market Price Benchmarks

- Energy Index On-Peak: $ 72.88 /MWh
- Energy Index Off-Peak: $ 65.77 /MWh
- System Resource Adequacy Adder: $ 15.23 /kW-month
- Local Resource Adequacy Adder: $ 9.52 /kW-month

- Flexible Resource Adequacy Adder: $ 9.12 /kW-month
- Renewable Portfolio Standard Adder: $ 31.73 /kW-month

6. Requested and Adopted 2024 ERRA Revenue Requirement

As a result of the analysis and recommendations of the parties, and changes made by or agreed to by PG&E, and after the Commission's own review, we adopt the 2024 ERRA Forecast Revenue Requirements as shown in Table 1, below.

Table 1

2024 ERRA Application Revenue Requirement

Description	Application	Fall Update	Supplemental Fall Update
Cost Allocation Mechanism (a)	$157,864,000	$486,602,000	$487,521,000
Modified Cost Allocation Mechanism	$7,127,000	$4,904,000	$4,904,000
Voluntary Allocation Market Offer Memorandum Account (a)	$534,000	$901,000	$905,000
Power Charge Indifference Adjustment (a)	($296,785,000)	$89,718,000	$30,141,000
Ongoing Competition Transition Charge	$67,107,000	$77,396,000	$77,396,000
Energy Resource Recovery Account (a)	$4,183,673,000	$4,372,654,000	$4,431,361,000
Power Charge Indifference Amount Undercollection Balancing Account	$7,422,000	$9,866,000	$9,866,000
Public Policy Charge Procurement (a)	$2,784,000	$2,320,000	$2,271,000
Tree Mortality Non-bypassable Charge	($451,000)	$21,737,000	$21,737,000
Bioenergy Market Adjusting Tariff	$17,941,000	$8,020,000	$8,020,000
Revenue Requirements for Ratesetting	$4,147,216,000	$5,074,118,000	$5,074,122,000
Adjustments from Other Proceedings			
Utility-Owned Generation Related Costs	($2,247,660,000)	($2,230,233,000)	($2,230,233,000)
Modified Cost Allocation Mechanism	($7,127,000)	($4,904,000)	($4,904,000)
Power Charge Indifference Adjustment Financing Subaccount	$67,000	$124,000	$124,000
Power Charge Indifference Amount Undercollection Balancing Account	($7,422,000)	($9,866,000)	($9,866,000)
Risk Transfer Balancing Account Electric	($74,490,000)	($76,164,000)	($76,164,000)
Residential Uncollectibles Balancing Account Electric	($14,098,000)	($41,794,000)	($41,794,000)
Toal Adjustments	($2,350,730,000)	($2,362,837,000)	($2,362,837,000)
2024 ERRA Application Revenue Requirement Request	$1,796,486,000	$2,711,281,000	$2,711,285,000

(a) Changes to Supplemental Fall Update

7. Rebuttal Testimony

PG&E agreed in its rebuttal testimony[4] to the following adjustments proposed by CalCCA:

1. Extending the PUBA rate adder in 2024, with modifications; and
2. Adjusting PG&E's Indifference Amount calculation by:
    a. Reducing the General Rate Case (GRC) revenue requirement included in the Indifference Amount because it is based on PG&E's 2020 GRC and does not reflect the San Francisco General Office (SFGO) sale; and
    b. Adjusting the market value of capacity in the Indifference Amount to remove [Diablo Canyon Power Plant Unit 1] DCPP Unit 1 (sic) [from the] November 2024 Resource Adequacy (RA).

These two adjustments were made in PG&E's Fall Update served on October 16, 2023.

PG&E's rebuttal testimony responded to and disputed two other proposals:

1. SBUA's proposal that

    "PG&E's load forecast should assume lasting shifts in electricity usage due to the Coronavirus (COVID-19) pandemic lockdown and stay-at-home orders, which may persist as people become accustomed to working from home; and that the commercial sales forecast is overstated while residential customer demand is understated."

2. CalCCA's following recommendations[5] to:
    a. "Modify PG&E's methodology regarding its minimum retained Renewables Portfolio Standard (RPS) credit

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[4] PG&E Rebuttal Testimony at 2.

[5] PG&E Rebuttal Testimony at 1.

proposal for Power Charge Indifference Adjustment (PCIA) ratemaking purposes; and

b. Defer PG&E's proposed modification to its Energy Supply Administration (ESA) Common Cost Allocation Methodology to a second phase of this proceeding, or otherwise reallocate two months of Diablo Canyon Power Plant (DCPP) Unit 1 costs in the calculation to a different balancing account."

We adopt and order further sales forecast workshops to address the first issue above. We do not adopt the retained RPS credit proposal, and we agree we should defer the ESA question to Track 2. As discussed in the 2024 Sales Forecast section we order more workshops for the parties to work with PG&E to ensure the sales forecast reasonably recognizes lasting changes to consumption patterns and the rate of change of those patterns. We adopt the use of the Last In First Out (LIFO) method for the renewable energy credits' allocation as proposed by PG&E. And finally, we have deferred consideration of the Energy Supply Administration (ESA) Common Cost Allocation Methodology to the second track of this proceeding.

8. 2024 Sales Forecast

PG&E was ordered to conduct a workshop before filing this application to work with stakeholders and to consider any input they may propose prior to filing its next annual sales forecast to examine how to reasonably determine and reflect any COVID-19 impacts on PG&E's 2024 sales forecast.[6] PG&E timely held a workshop and asserts that it incorporated the input of the workshop into the 2024 Sales Forecast proposed in this proceeding.

[6] D.22-12-044 Ordering Paragraph 5.

CalCCA raised issues about the sales forecast data and methodology again this year after the workshop. CalCCA argues that PG&E has not made a genuine effort to fully reflect lasting changes in consumption as a result of lasting societal changes after the peak of the Covid crisis.[7] PG&E argues in rebuttal that it has made some changes and that CalCCA's proposal was not shown to be superior. CalCCA requests that we should order two more workshops before the 2025 ERRA Forecast is filed.

9. 2025 Sales Forecast Workshops

In this decision we order the adoption of PG&E's proposed 2024 Sales forecast based at least in part on the prior workshop. We now direct PG&E to conduct a new series of workshops ahead of preparing its 2025 Sales Forecast. We acknowledge and appreciate that PG&E complied with our prior directive, but we see the additional workshops as a recognition of the need to continue to refine the data, methodology, and assumptions used to forecast sales in PG&E's service territory.

We see this second round of workshops as a means of discussing the issues surrounding the forecast process generally, with any of the interested parties in an informal non-binding fashion. PG&E remains obligated to develop, propose, and justify a reasonable 2025 sales forecast. We also see it as an opportunity for the parties to informally examine the data available at the time of the workshops regarding actual sales compared to the forecasts for the last full year, 2023, and the several months of 2024 data that will be available. It is likely that further workshops will help to reduce the conflicts and disagreements (rather than increase them) regarding the most reliable and realistic forecast for the 2025

[7] Covid 19 is still endemic and mutating, and vaccines continue to be updated.

ERRA Forecast application. Finally, we do not necessarily see this as a permanent ongoing requirement for annual workshops but as a reasonable continuation for now of the workshop exercise.

We expect PG&E to be open to re-examining its data, methodologies, and assumptions and we expect the intervening parties to be equally forthright and offer constructive input and be able to justify their suggestions by presenting their data, methodologies, and assumptions as well.

10. Amortization of 2023 Trigger Balance

The parties dispute the appropriate amortization period of the outstanding $256 million undercollected ERRA balance. PG&E proposed a six-month amortization period whereas CalCCA argues for a full year, 12-month amortization. We see differing but valid reasons for both options. The six-month option reduces accrued carrying costs (interest) on the balancing account and enhances PG&E's liquidity position. The 12-month option allows the costs to be more evenly spread across the ebbs and flows of both seasonal consumption patterns and seasonal energy cost fluctuations.

At this time, we will adopt the six-month cycle and grant PG&E's preference. We do not intend the adoption of this amortization period as precedential. Rather, we see this as being an issue which can be revisited in subsequent ERRA Trigger applications based on then-current circumstances including the size of the balance and other influences on energy costs.

11. Use of Excess Prior Year Renewable Energy Credits

We approve PG&E's proposal to apply excess RECs from prior years to meet its Minimum Retained RPS obligations for the 2024 forecast year; its proposal to charge bundled customers for those RECs in 2024; and its proposal to credit applicable PABA vintages for those RECs at the 2024 RPS Adder. This is supported by CalCCA.

We adopt PG&E's proposal to use the newest, most recent vintages of RECs first, a so-called Last-In First-Out (LIFO) methodology. We decline at this time to adopt CalCCA's alternative proposal that we should apply the RECs in the order in which they accrued, *i.e.*, use the oldest first, or a First-In First-Out (FIFO) methodology. We adopt PG&E's LIFO proposal because this method is consistent with prior decisions and the very recent Southern California Edison Company 2024 ERRA Forecast proposed decision. This issue is still pending in the petition to modify (PFM) D.23-06-006. We direct PG&E to continue to use the LIFO methodology in its next ERRA Forecast application, until or unless a decision is reached in the PFM of D.23-06-006 before PG&E's 2025 ERRA Forecast application is due to be filed in May 2024.

12. Other Adjustments

CalCCA supports PG&E's proposal to extend the PUBA rate adder in 2024 and find that it is reasonable for PG&E to close the PUBA rate adder once the balance in that account reaches $1 million, or at the end of 2024, whichever is sooner, via a Tier 1 Advice Letter. This is a reasonable solution, and we adopt it here.

13. Fall Update and Supplemental Fall Update

PG&E served a Supplemental Fall Update ten days after serving its required Fall Update. This was reasonable given the timing of the rulings on Track 2. These changes:

i) Reflect the New System Generation Charge (NSGC), PCIA and ERRA forecast revenue requirement changes resulting from the October 9, 2023 Administrative Law Judge (ALJ) Ruling Regarding Fixed Generation Costs;

ii) Correct certain minor errors in the computation of the Voluntary Allocation Market Offer Memorandum Account (VAMOMA) and Public Purpose Charge Procurement (PPCP) subaccount revenue requirements; and

iii) Correct an error in the computation of the 2024 Semi-Annual Residential/Small Business California Climate Credit (CCC) amount, updating it to $55.17 per household/customer.

14. Fixed Generation Costs

We reaffirm the October 9, 2023, Ruling that deferred consideration of the fixed generation costs issues identified in the August 1, 2023, Ruling to a Track 2 to commence after this decision is final. As a result, these consolidated proceedings will remain open to address fixed generation costs issues in Track 2.

15. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. There were 62[8] public comments on the Docket Card in these consolidated proceedings uniformly opposed any increase in PG&E's customer rates and they were also broadly critical of other PG&E-related ratesetting and service issues beyond the scope of this proceeding, including, for example, anger over service outages, fires, rate volatility, changes to net energy metering, and other grievances.

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[8] Commission Docket Cards for both applications as of November 22, 2023.

16. Reduction of Comment Period on Proposed Decision

The proposed decision of ALJ Douglas M. Long was served on parties for a shortened review. This is an expedited matter where the Commission's process for an ERRA Forecast proceeding requires a decision before January 1, 2024. This was recognized in the Scoping memo and the adopted schedule provided for extremely short deadlines for briefs, the Fall Update, Comments on the Fall Update, including a Supplemental Fall Update, and very brief time for comments and replies on a proposed decision. Accordingly, as provided in Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day public review and comment period for this decision is modified so that parties shall have until December 5, 2023, to file and serve Opening Comments and shall have until December 8, 2023, to file and serve Reply Comments.

17. Assignment of Proceeding

John Reynolds is the assigned Commissioner and Douglas M. Long is the Presiding Officer and assigned ALJ in this proceeding.

Findings of Fact

1. PG&E has presented via its Supplemental Fall Update a complete 2024 ERRA forecast.
2. PG&E's 2024 sales forecast did evaluate the impacts of COVID-19 after conducting a workshop with interested parties.
3. It is likely that further workshops will further reduce the conflicts and disagreements regarding the most reliable and realistic forecast for the 2025 ERRA Forecast application.
4. PG&E's proposal for a six-month amortization of the ERRA Trigger balance will reduce carrying costs and result in a timely rate recovery.

5. The use of the LIFO method, using the newest RECs first is consistent with prior Commission decisions.

Conclusions of Law

1. PG&E filed the 2024 ERRA Forecast in compliance with the requirements for an ERRA forecast proceeding set forth in the Pub. Util. Code and prior Commission decisions.

2. PG&E filed the 2023 Trigger in compliance with the requirements for an ERRA forecast proceeding set forth in the Pub. Util. Code and prior Commission decisions.

3. The evidentiary record in this proceeding is sufficient to establish the Findings of Fact set forth above by a preponderance of the evidence.

4. The 2024 sales forecast proposed by PG&E is reasonable based on the evidentiary record.

5. It is reasonable and within the Commission's discretion to order further workshops on the sales forecast data, methodologies, and assumptions before PG&E files the 2025 ERRA forecast application.

6. It is reasonable and within the Commission's discretion to order PG&E to apply the newest RECs first using the LIFO methodology, consistent with prior Commission decisions on this issue.

7. It is reasonable to use the Last-In-First-Out methodology to the use of excess prior year RECs.

8. It is reasonable to adopt the final PG&E 2024 ERRA forecast for net revenue requirements.

9. It is reasonable to grant confidential treatment of specific information as requested by PG&E.

10. This proceeding should remain open to address Fixed Generation Costs in Track 2.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company (PG&E)'s application in this proceeding is approved, and PG&E is authorized to recover a total net 2024 Energy Resource Recovery Account Forecast Revenue Requirement of $2,711,285,000.

2. The following Pacific Gas and Electric Company 2023 greenhouse gas and other climate-related program costs are adopted:

   (a) The 2024 forecast of greenhouse gas-related costs of $68,203,027;

   (b) The climate credit total of $110.34; to be returned to small business and residential customers in twice annual climate credits of $55.17;

   (c) The Emission-Intensive and Trade Exposed California Industry Assistance amount of $43,242,000 to eligible customers;

   (d) Clean Energy and Energy Efficiency Costs of $33,208,000 and

   (e) Outreach and Administration expenses of $695,000.

3. Pacific Gas and Electric Company's 2024 sales forecast as presented in its Fall Update is adopted.

4. Pacific Gas and Electric Company (PG&E) shall provide notice to all parties to this proceeding and shall conduct two or more workshops on or before March 31, 2024, regarding the sales forecast methodology to be used for PG&E's 2025 Energy Resource Recovery Account (ERRA) forecast application to examine how to reasonably determine and reflect continuing changes in customer consumption in its sales forecast. PG&E shall include a description of its

presentation and the discussion with the parties to the workshops in its testimony supporting the 2025 sales forecast in its 2025 ERRA forecast application.

5. Pacific Gas and Electric Company shall apply a Last-In-First-Out methodology to the use of excess prior year renewable energy credits.

6. Pacific Gas and Electric Company shall amortize the Energy Resource Recovery Account's undercollected balance over a six-month period beginning January 1, 2024.

7. Within 30 days of this decision's effective date, Pacific Gas and Electric Company shall file a Tier 1 Advice Letter to implement this decision.

8. All rulings granting motions for confidential treatment of certain documents and exhibits are affirmed and this material shall remain under seal for the period of time requested in those motions.

9. Application 23-05-012 and Application 23-07-012 remain open to consider fixed generation costs.

This order is effective today.

Dated _________________, at San Francisco, California.