

Decision 15-12-022 December 17, 2015

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 2016 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue and Reconciliation (U39E).

Application 15-06-001
(Filed June 1, 2015)

**DECISION ADOPTING PACIFIC GAS AND ELECTRIC COMPANY'S 2016
ELECTRIC PROCUREMENT COST REVENUE REQUIREMENT FORECAST**

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**DECISION ADOPTING PACIFIC GAS AND ELECTRIC COMPANY'S 2016
ELECTRIC PROCUREMENT COST REVENUE REQUIREMENT FORECAST**

Summary

Today's decision: 1) Adopts a 2016 electric procurement cost revenue requirement forecast of \$4,826.7 million for Pacific Gas and Electric Company (PG&E), which consists of \$4,275.3 million for the Energy Resource Recovery Account (ERRA), \$234.7 million for the Ongoing Competition Transition Charge, \$135.7 million for the Power Charge Indifference Amount (PCIA), and \$181.0 million for the Cost Allocation Mechanism; 2) Approves PG&E's 2016 electric sales forecast and rate proposals associated with its electric procurement related revenue requirements to be effective in rates January 1, 2016; 3) Adopts a 2016 Greenhouse Gas (GHG)-related forecast of \$0.95 million for administrative and outreach expenses pertaining to implementation of GHG allowance proceeds return, \$317.3 million net forecast proceeds return amount, and PG&E's proposal to return the proceeds to customers in rates in 2016; 4) Adopts a 2016 semi-annual residential California Climate Credit of \$28.14 per customer; and 5) Finds 2014 recorded administrative and outreach expenses of \$1.05 million pertaining to implementation of GHG allowance proceeds return, are reasonable.

The Commission also orders that a workshop be held in the first quarter of 2016, in Phase 2 of A.14-05-024, PG&E's 2015 ERRA Forecast proceeding, by the Commission's Energy Division, to address the methodologies and inputs used for calculating the PCIA. Notice of this workshop shall be provided to the service lists of all currently open ERRA proceedings, both forecast and compliance for the three large electric utilities (PG&E, Southern California Edison, and San Diego Gas & Electric Company).

1. Background

On June 1, 2015, PG&E filed its Application for Adoption of Electric Revenue Requirements and Rates Associated with its 2016 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue and Reconciliation (Application).

On June 11, 2015, Resolution ALJ-176-3358 preliminarily determined that this proceeding was ratesetting and that hearings would be necessary. On June 30, 2015, a protest was filed by Sonoma Clean Power (SCP). On July 2, 2015, protests were filed by Marin Clean Energy (MCE), and the Office of Ratepayer Advocates (ORA). Responses to the Application were filed on July 3, 2015 by Alliance for Retail Energy Matters/Direct Access Customer Coalition (AReM/DACC) and Modest Irrigation District/Merced Irrigation District (Merced/Modesto). PG&E filed its reply to the protests and responses on July 13, 2015.

On June 17, 2015, the assigned Administrative Law Judge (ALJ) issued an electronic-mail (e-mail) ruling, giving notice of a Prehearing Conference (PHC). On July 28, 2015, a PHC took place in San Francisco to establish the service list, discuss the scope, and develop a procedural timetable for the management of this proceeding.

In addition to the parties that filed protests, several more parties were added as parties at the PHC, including: 1) California Large Energy Consumers Association (CLECA); 2) California Farm Bureau Federation (CFBF); 3) Lean Energy USA (Lean); and 4) Agricultural Energy Consumers Association (AECA).

The Scoping Memorandum and Ruling of Assigned Commissioner (Scoping Memo) on the ERRA Application was issued August 5, 2015. On September 9, 2015, PG&E informed the assigned ALJ via electronic mail (e-mail)

that all parties to the ERRA Application agreed that evidentiary hearings (EHs) would not be required. On that same date, the assigned ALJ issued an e-mail ruling removing EHs set for September 10, 2015 from the Commission's calendar. PG&E, Lean, MCE, and SCP filed their opening briefs on September 21, 2015. PG&E, SCP, MCE, and AReM/DACC filed reply briefs on October 1, 2015.

2. Party Positions

2.1. PG&E

2.1.1. Application

In its Application, PG&E requested the following: 1) Adoption of its 2016 electric procurement cost revenue requirement forecast of \$4,772.0 million, which consists of \$4,277.7 million for the ERRA, \$187.3 million for the Ongoing Competition Transition Charge (CTC), \$118.7 million for the Power Charge Indifference Amount (PCIA), and \$188.3 million for the Cost Allocation Mechanism (CAM); 2) Approval PG&E's 2016 electric sales forecast and rate proposals associated with its electric procurement related revenue requirements to be effective in rates January 1, 2016; 3) Adoption of PG&E's 2016 GHG-related forecasts of \$0.8 million for administrative and outreach expenses pertaining to implementation of GHG proceeds return, \$311.1 million net forecast proceed return amount, and PG&E's proposal to return the proceeds to customers in rates in 2016; 4) Adoption of PG&E's 2016 semi-annual residential California Climate Credit of \$20.94; and 5) Determination that adoption of PG&E's 2014 recorded administrative and outreach expenses of \$1.05 million pertaining to implementation of GHG proceeds return, are reasonable.

2.1.2. PG&E's Reply to Protests

Parties voiced concern about PG&E's methodology for calculating the CTC, CAM, and PCIA. As noted in Decision (D.) 13-08-023, the Commission will

continue to consider the application and overall fairness, on an as-applied basis, of the Commission's cost allocation methodologies in an ongoing fashion. However, challenges to the Commission's existing policy and/or rules are beyond the scope of this proceeding and must be raised via a Petition for Modification of the decision that established the policy and/or rule in question. Also, many of the policy issues raised by parties would impact California's other Investor-Owned Utilities (IOUs), which are not parties in this proceeding. This proceeding is limited to a year ahead forecast for a single utility and thus is not the appropriate venue for addressing broad policy issues that impact all of California's IOUs. Therefore, this issue was not considered in this proceeding.

2.1.3. Rebuttal Testimony and Briefs

In its rebuttal testimony, PG&E addresses the concerns raised by MCE and SCP in their testimony. In particular, PG&E posits that:

1. MCE's and SCP's concerns regarding the PCIA and CAM methodologies are policy issues that go beyond the scope of the current proceeding; and
2. MCE's proposal to freeze PCIA rates for 2016 at 2015 levels should be rejected because it violates prior Commission decisions and would shift costs to PG&E's bundled customers, possibly causing those bundled customer financial harm.

In its briefs, PG&E reiterates its positions regarding MCE's and SCP's concerns, and added that it believes MCE and SCP ignored a number of factors, some of which are outside PG&E's control, that have caused PG&E's forecasted PCIA to increase, including: 1) The expiration of the California Department of Water Resources contracts; 2) Decreases in market prices, which have the effect of lowering the market price benchmark and increasing stranded costs associated with contracts entered into on behalf of departing customer; 3) Changes in

PG&E's portfolio mix; 4) Other factors such as a reduction in Department of Energy Litigation funds.

MCE believes that the increase in customer bills, resulting from PG&E's PCIA request, is unfair and anti-competitive. In response, PG&E states that it calculated the PCIA using Commission authorized methodologies, and that MCE does not consider possible mitigating factors regarding 2016 rates, such as lower market prices for power.

MCE and SCP also raise concerns regarding the effect of the increased PCIA on CCA California Alternate Rates for Energy (CARE) customers. PG&E posits that CCA CARE customers are not disproportionately impacted regarding the increased PCIA than PG&E's own bundled CARE customers are.

In response to MCE's proposal that PG&E offset the increased PCIA, PG&E states that:

1. Freezing rates would unjustly burden bundled customers, violate Pub. Util. Code §366.2(a)(4) and (d) which requires the Commission to ensure bundled customer indifference, and result in CCA customers not paying their fair share; and
2. Offsetting the PCIA increase with the negative indifference amount associated with above-market costs arising from Department of Water Resources contracts, prior to 2009, is in violation of Commission decisions.¹ In particular because the negative indifference amount was accrued by DA customers, this negative indifference amount should not be used by a different group of departing load customers.

¹ See explanation of the negative indifference in D.06-07-030 and D.14-12-053 at 11-12.

PG&E also states in its briefs that no party has disputed compliance with Commission authorized methodologies in the calculation of its requests.

2.1.4. PG&E's Updated Request

PG&E filed its November 5, 2015 update of its requested 2016 ERRA forecast. The figures adopted herein reflect PG&E's November 5, 2015 update. PG&E's November update indicates an increase of \$54.7 million in the total 2016 electric procurement cost revenue requirement forecast, over the original request in A.15-06-001.²

In its update, PG&E requests the following updated figures: 1) 2016 electric procurement cost revenue requirement forecast of \$4,826.7 million, which consists of \$4.275.3 million for ERRA, \$234.7 million for the CTC, \$135.7 million for the PCIA, and \$181.0 million for the CAM; 2) 2016 GHG-related forecast of \$0.95 million for administrative and outreach expenses pertaining to implementation of GHG allowance proceeds return, \$317.3 million net forecast proceeds return amount; 3) 2016 semi-annual residential California Climate Credit of \$28.14 per customer; and 4) 2014 recorded administrative and outreach expenses of \$1.05 million pertaining to implementation of GHG allowance proceeds return.

2.2. Sonoma Clean Power

In its protest, SCP stated that its primary interests in this proceeding are the reasonableness of PG&E's proposed revenue requirement for Community

² \$4,826.7 - \$4,772.0 = \$54.7 increase.

Choice Aggregation (CCA) customers, in particular, for CCA residential customers; and the calculation of the PCIA and CAM.

SCP states that even though PG&E appears to have applied the PCIA and CAM methodologies accurately, the results of these calculations have a detrimental effect on CCA customers, and warrant a reevaluation of the methodologies in a separate proceeding with the next year, possibly including a workshop. SCP also raises concerns regarding the effect of the increased PCIA on CCA customers, that participate in the California Alternate Rates for Energy (CARE) program and that this further supports reexamination of the PCIA methodology.

2.3. Marin Clean Energy

In its protest, MCE states that the PCIA in PG&E's service territory is anti-competitive for CCAs and is fundamentally unfair for CCA customers, particular small usage customers such as residential, small commercial and especially CARE eligible customers. Based upon MCE's initial analysis of the current application, if PG&E's request was adopted, the PCIA would increase by 72% for residential customers participating in CCA programs that have a 2015 customer vintage. PCIA charges presently represent approximately 15% of the generation-side charges on MCE's customers' bills, meaning MCE must procure power at less than 85% of PG&E's generation costs to remain competitive. The proposed increase in this proceeding would mean that MCE and other CCAs would have to procure power at less than 74% of PG&E's generation costs. MCE proposed that PG&E's application be rejected; and if it is not rejected, close attention should be paid to the issues raised by MCE.

In its testimony and briefs, MCE proposes that: 1) PG&E's proposed increase in the PCIA will result in a significant burden on CCA customers,

especially residential and CARE customers; 2) PG&E should not retire the negative indifference amount without Commission authority; 3) PG&E should be required to freeze the PCIA at its current level and use its negative indifference balance to mitigate PG&E's proposed increase to the PCIA; 4) If additional time is necessary to examine whether and how to use PG&E's negative indifference balance, the Commission could establish a second phase to this proceeding; and 5) PG&E should update its departing load forecast to account for CCA programs that PG&E acknowledges in its GRC will be established in 2016.

In particular, MCE states that in a data response, PG&E stated that the negative indifference amount would "simply go away,"³ raising concerns regarding its disposition. MCE proposes that as an alternative to offsetting the PCIA increase with the negative indifference amount - that CCAs have the option to amortize a PCIA under-collection balance over 30 months, capping any increase in the PCIA at 15% per year, allowing customers to adapt to this change in costs.

In its current GRC, A.15-09-001, PG&E expects that the City and County of San Francisco (SF) and Alameda County (AC) will initiate CCA programs in 2016. Based on this expectation, MCE proposes that PG&E should adjust its PCIA calculation for inclusion of these estimated departing load customers.

³ MCE Opening Brief at 8.

2.4. Agricultural Energy Consumers Association

AECA filed no protest and served no testimony in this proceeding.

2.5. CFBF

CFBF filed no protest and served no testimony in this proceeding.

2.6. Alliance for Retail Energy Markets and Direct Access Customer Coalition

AReM and DACC did not file testimony but, in their response to the Application, expressed concerns in the calculation and rate treatment of costs charged to Direct Access (DA) customers including calculation of the PCIA, the CTC and the CAM charge.

In its briefs, AReM/DACC posit that:

1. The negative indifference amount belongs solely to pre-2009 DA customers and should not be used to reduce PCIA generally;
2. PG&E should not be allowed to retire the negative indifference amount, but should be required to use it for the benefit of DA customers;
3. Freezing the current PCIA or amortizing the balance of the under-collection over 30 months may have unforeseen consequences, such as:
 - a. Significant accounting issues; or
 - b. Freezing the PCIA by a utility in a future proceeding when the PCIA decreases;
4. Any rate stabilization proceeding must address the interests of all departing load customers, both DA and CCA; and
5. A separate phase to consider PCIA-related and rate stabilization issues should be commenced.

2.7. Merced Irrigation District and Modesto Irrigation District

MID did not file testimony, but in their response to the Application, explained that they sought to: 1) Ensure that Ongoing CTC and CAM are properly calculated; 2) Clarify the nature and extent of any New System Generation Charge PG&E proposes to impose on incremental Transferred Municipal Departing Load (MDL); and 3) Reiterate the need to set an end date or develop a plan for phasing out Ongoing CTC.⁴

2.8. California Large Energy Consumers Association

CLECA filed no protest and served no testimony in this proceeding. In its motion of September 16, 2015, CLECA requested that a PG&E response to CLECA Data Request Set #1 be admitted into the record of this proceeding. The information clarifies that, unlike some other non-bypassable charges, the ongoing Competition Transition Charge is not a vintaged rate.

2.9. Office of Ratepayer Advocates

In its protest, ORA indicates that its examination would concentrate on PG&E's estimates of underlying natural gas prices, load, and other cost inputs to PG&E's model used in determining the forecast revenue requirement.

⁴ Pursuant to the August 5, 2015 Scoping Memo, "I do not include Merced/Modesto's Issue 4 - whether the Ongoing CTC should continue indefinitely or terminate as of a date certain, as a scoped issue. Pursuant to D.13-08-023, Conclusion of Law Number 5, "Certain departing load charges, for example the CTC, are required by state statute and, without legislative action, cannot be discontinued until the specified costs are recovered." Therefore, termination of the CTC can only be performed by legislation, not Commission actions."

2.10. Lean

Lean filed no protest and served no testimony in this proceeding. In its brief, Lean agrees with MCE that PG&E's proposed PCIA should be mitigated by amortization over 30 months with a 15% increase cap per year. Lean also posits that PG&E's PCIA proposal is inconsistent with state law⁵ stating that CCAs should be protected from anti-competitive marketing that might stifle CCA development and inhibit fair competition.

3. Discussion and Conclusion

No concerns were raised regarding PG&E's request, except in regards to the PCIA. PG&E followed adopted PCIA and CAM methodologies, but MCE, SCP, and Lean all say the resulting charge is too high, the PCIA should either be frozen, offset with a negative PCIA balance, and/or the process should be reviewed in the second phase of this proceeding.

We adopt PG&E's November 5, 2015 updated request, except PG&E's confidential California Climate Credit for residential customers. Instead, we adopt the public \$28.14 per customer amount of the Climate Credit that was appropriately calculated in Table 13-1 (Template D-1) of the November update. D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, established the methodologies for the electric utilities to, among other things, calculate the residential California Climate Credit. D.14-10-033 directed the utilities to use a public proxy price to forecast GHG allowance proceeds available for return to customers (D.14-10-033 Ordering Paragraph 1) and provided a template (Template D-1 in Attachment D) that the utilities should use to calculate the

⁵ See Assembly Bill 117 (2002), Senate Bill 790 (2011) and D.12-12-036.

allowance proceeds and residential California Climate Credit as part of their ERRRA forecast application. Therefore, in accordance with D.14-10-033, we adopt the \$28.14 per customer Climate Credit calculated, that uses the public proxy price and the formulas in Template D-1 of PG&E's November Update.

We recognize MCE's, SCP's, and Lean's concerns regarding PG&E's proposed PCIA, but because PG&E calculated it pursuant to currently authorized methodologies, PG&E is not out of compliance with current Commission rules and decisions. As discussed below, the Commission will address revision of the currently authorized PCIA methodologies and inputs in the first quarter of 2016.

Because PG&E followed adopted PCIA and CAM methodologies, we adopt PG&E's proposed PCIA and CAM. Because the negative indifference belongs to DA customers, not CCA customers, we do not offset PG&E's proposed PCIA with the negative indifference. Because freezing the PCIA rates would harm bundled ratepayers, violating applicable law, we do not freeze the PCIA rates at 2015 levels.

Even though PG&E states in its GRC (A.15-09-001) that it expects SF and AC to initiate CCA programs in 2016, this does not mean that this will actually happen.

Since both bundled and CCA CARE customers are affected by the PCIA, it is not reasonable to only adjust CCA customers' PCIA rates and not those of bundled customers as well. Therefore we will make no adjustment to either customer groups' PCIA.

MCE proposes that the PCIA under-collection balance be amortized over 30 months, capping any increase in the PCIA at 15% per year, allowing customers to adapt to this change in costs. AReM/DACC posits that amortizing

the PCIA over 30 months may have unforeseen consequences, such as significant accounting issues. The Commission rejects MCE's proposal, and finds that amortization of the PCIA over any period of time could interfere with matching costs and the customers that incurred those costs, could result in higher costs given the possible application of interest on any amortized balance, and would result in CCA customers paying for prior year's PCIA as well as PCIA costs incurred during the years of that make up the 30 months of the amortization.

PG&E shall request authority for its disposition/retirement of the negative indifference amounts associated with pre-2009 DA, in its next ERRA forecast application.

Except for PG&E, parties that served testimony and briefs agree that either a second phase or a workshop should be held to review the currently authorized PCIA and CAM methodologies and inputs. We order that a workshop shall be held, in Phase 2 of A.14-05-024, PG&E's 2015 ERRA Forecast proceeding, by the Commission's Energy Division, within the first quarter of 2016, to address the methodologies and inputs used for calculating the PCIA. Notice of this workshop shall be provided to the service lists of all currently open ERRA forecast and compliance proceedings, for the three large electric utilities. Because the CAM is addressed in the Long-Term Procurement proceeding (LTPP), we will not address the CAM methodology in our upcoming workshop. In particular, the scope of the workshop will address:

1. The methodology for calculating the PCIA;
 - a. Whether the calculation of the PCIA should be different for DA and CCA entities, and if so, what those different methodologies should be;
2. The inputs to the calculation of the PCIA; and

3. Ensuring that all proposals are in compliance with existing Public Utilities Code Sections, including but not limited to ensuring no bias or harm to DA, CCA, or bundled customers.

Because Commissioner Florio is currently the assigned Commissioner to all ERRA proceedings, we assign him to be the Commissioner overseeing this effort to re-evaluate the PCIA calculation. MCE voice concerns (in their Opening Comments to the proposed decision) that the workshop ordered herein be part of a formal proceeding. Because the second phase of A.14-05-024 (PG&E's 2015 ERRA forecast proceeding) is already open and considering another aspect of the PCIA, we order that the workshop ordered herein be processed as part of the second phase of A.14-05-024.

Parties may refer to the record of the current proceeding in their review of the PCIA methodology, scoped herein, and may conduct discovery in advance of the workshop.

4. Procedural Issues

4.1. Categorization and Need for Hearings

In Resolution ALJ 176-3358, dated June 11, 2015; the Commission preliminarily categorized this proceeding as ratesetting, and preliminarily determined that hearings were necessary. As noted above, on September 9, 2015, PG&E informed the assigned ALJ via e-mail that all parties to the ERRA Application agreed that EHs would not be required. On that same date, the assigned ALJ issued an e-mail ruling removing EHs set for September 10, 2015 from the Commission's calendar.

Given these developments, we make a final determination herein that a public hearing were not necessary in this proceeding.

4.2. Motions for Confidential Treatment

Pursuant to D.06-06-066, D.08-04-023, and D.14-10-033, Rule 11.5, Pub. Util. Code §§ 454.5(g) and 583, and General Order (GO) 66-C, PG&E requests leave to treat as confidential its Exhibit PGE-1C. PG&E states that these documents contain information that complies with the confidentiality requirements of the above listed decisions, Rule, and GO, and should therefore be treated confidentially. No party commented on PG&E's request.

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

PG&E has been granted similar requests in previous ERRA recovery decisions. We agree that the information contained in these exhibits is market sensitive electric procurement-related information. Therefore, we grant PG&E's request to treat as confidential its Exhibit PGE-1C, as detailed in OP 10, of this decision.

4.3. Admittance of Exhibits into the Record

Since EHs were not held in this proceeding, there was no opportunity to enter prepared testimony and exhibits into the record. In order to fairly assess

the record, it is necessary to include all testimony and exhibits served by PG&E,⁶ MCE,⁷ SCP,⁸ and CLECA.⁹

Pursuant to Rule 13.8(c): 1) PG&E requested that the Commission receive the public and confidential versions of its Exhibits PG&E-1 through 6 into the record of A.15-06-001; 2) MCE requested that the Commission receive its Exhibits MCE-1 through 7 into the record of A.15-06-001; and 3) SCP requested that the Commission receive its Exhibit SCP 1 into the record of A.15-06-001. We identify and receive into the record the public and confidential versions of PG&E's exhibits, and the public versions of MCE's and SCP's Exhibits.

In its motion of September 16, 2015, CLECA requested that a PG&E response to CLECA Data Request Set #1 be admitted into the record of this proceeding. The information clarifies that, unlike some other non-bypassable charges, the ongoing CTC is not a vintaged rate. The information in this exhibit was prepared by PG&E, and PG&E and CLECA have stipulated to the admission of the facts in this exhibit. We identify and receive into the record the Exhibit CLECA-1.

5. Compliance with the Authority Granted Herein

In order to implement the authority granted herein, PG&E must file a Tier 1 Advice Letter (AL) within 30 days of the date of this decision. The tariff sheets filed in these ALs shall be effective on or after the date filed subject to the

⁶ Motion requesting receipt of testimony into record filed on September 15, 2015.

⁷ Motion requesting receipt of testimony into record filed on September 16, 2015.

⁸ Motion requesting receipt of testimony into record filed on September 15, 2015.

⁹ Motion requesting receipt of testimony into record filed on September 16, 2015.

Commission's Energy Division determining they are in compliance with this decision.

6. Comment Period

The Proposed Decision of the ALJ in this matter was mailed to the parties 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 December 3, 2015 by PG&E, MCE, SCE, and Lean. Reply comments were filed on December 8, 2015 by PG&E and AReM/DACC. The comments have been considered herein.

7. Assignment of Proceeding

Michel Peter Florio is the assigned Commissioner and Seaneen M. Wilson is the assigned ALJ in this proceeding.

Findings of Fact

1. By Resolution ALJ 176-3358, dated June 11, 2015, A.15-06-001 was categorized as ratesetting with hearings needed.
2. In A.15-06-001, PG&E requests, pursuant to its Application, and Update, that the Commission: 1) Adopt a total 2016 electric procurement forecast of \$4,826.7 million, consisting of PG&E's 2016 ERRRA revenue requirement forecast of \$4,275.3 million, an Ongoing CTC revenue requirement forecast of \$234.7 million, a PCIA revenue requirement of \$135.7 million, and \$181.0 million for the CAM; 2) approve PG&E's 2016 electric sales forecast and rate proposals associated with its electric procurement related revenue requirements to be effective in rates January 1, 2016; 3) adopt 2016 GHG-related forecasts of \$0.95 million for administrative and outreach expenses pertaining to implementation of GHG allowance proceeds return, \$317.3 million net forecast allowance proceeds amount, and PG&E's proposal to return the allowance proceeds to

customers in rates in 2016; 4) adopt a 2016 semi-annual residential California Climate Credit of \$28.14 per customer; ; and 5) find PG&E's 2014 recorded administrative and outreach expenses of \$1.05 million pertaining to implementation of GHG allowance proceed return, are reasonable.

3. ORA, SCP, and MCE filed protests A.15-06-001.

4. AReM/DACC and Merced/Modesto filed responses to A.15-06-001.

5. PG&E filed a reply to the responses and protests to A.15-06-001.

6. PG&E's November update reflects an increase of \$54.7 million in the 2016 electric procurement cost revenue requirement forecast, over the original request in A.15-06-001.

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

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

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

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

11. The second phase of A.14-05-024 (PG&E's previous ERRA forecast proceeding) is already open and considering another aspect of the PCIA.

Conclusions of Law

1. PG&E's updated 2016 ERRA forecast should be adopted/approved, as follows: 1) total 2016 electric procurement forecast of \$4,826.7 million, consisting of PG&E's 2016 ERRA revenue requirement forecast of \$4,275.3 million, Ongoing CTC revenue requirement forecast of \$234.7 million, PCIA revenue requirement of \$135.7 million, and \$181.0 million for CAM; 2) PG&E's 2016 electric sales

forecast and rate proposals associated with its electric procurement related revenue requirements to be effective in rates January 1, 2016; 3) 2016 GHG-related forecasts of \$0.95 million for administrative and outreach expenses pertaining to implementation of GHG allowance proceeds return, \$317.3 million net forecast allowance proceeds return amount, and PG&E's proposal to return the proceeds to customers in rates in 2016; 4) 2016 semi-annual residential California Climate Credit of \$28.14 per customer; and 5) PG&E's 2014 recorded administrative and outreach expenses of \$1.05 million pertaining to implementation of GHG allowance proceed return, are reasonable.

2. .D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, established the methodologies for the electric utilities to, among other things, calculate the residential California Climate Credit. D.14-10-033 directed the utilities to use a public proxy price to forecast GHG allowance proceeds available for return to customers (D.14-10-033 Ordering Paragraph 1) and provided a template (Template D-1 in Attachment D) that the utilities should use to calculate the allowance proceeds and residential California Climate Credit as part of their ERRA forecast application.

3. A workshop should be held, in Phase 2 of A.14-05-024, by the Commission's Energy Division, within the first quarter of 2016, to address the methodologies and inputs used for calculating the PCIA. Notice of this workshop shall be provided to the service lists of all currently open ERRA proceedings, both forecast and compliance.

4. The scope of the PCIA workshop should address:
 - a. The methodology for calculating the PCIA;
 - b. Whether the calculation of the PCIA should be different for DA and CCA entities, and if so, what those different methodologies should be;

- c. The inputs to the calculation of the PCIA; and
 - d. Ensuring that all proposals are in compliance with existing Public Utilities Code Sections, including but not limited to ensuring no bias or harm to DA, CCA, or bundled customers.
5. Parties may refer to the record in A.15-06-001 in their review of the PCIA method and inputs as scoped herein, and may conduct discovery in advance of the workshop.
6. PG&E should request authority for its disposition/retirement of the negative indifference amounts associated with pre-2009 DA customers, in its next ERRA forecast application.
7. The exhibits of PG&E, MCE, SCP, and CLECA, should be identified and received into evidence.
8. PG&E's request to seal the confidential version of its testimony should be granted, as detailed herein.
9. This decision should be effective immediately so that it may be reflected in rates effective January 1, 2016.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company's (PG&E) requests in Application 15-06-001 are adopted as follows: 1) Total 2016 electric procurement forecast of \$4,826.7 million, consisting of PG&E's 2016 Energy Resource Recovery Account revenue requirement forecast of \$4,275.3 million, Ongoing Competition Transition Charge revenue requirement forecast of \$234.7 million, Power Charge Indifference Amount revenue requirement of \$135.7 million, and \$181.0 million Cost Allocation Mechanism; 2) PG&E's 2016 electric sales forecast and rate

proposals associated with its electric procurement related revenue requirements shall be effective in rates January 1, 2016; 3) PG&E's 2016 Greenhouse Gas (GHG)-related forecasts of \$0.95 million for administrative and outreach expenses pertaining to implementation of GHG allowance proceeds return, \$317.3 million net forecast allowance proceeds return amount, and PG&E's proposal to return the proceeds to customers in rates in 2016; 4) PG&E's 2016 semi-annual residential California Climate Credit of \$28.14 per customer; and 5) PG&E's 2014 recorded administrative and outreach expenses of \$1.05 million pertaining to implementation of GHG proceeds return are reasonable.

2. Pacific Gas and Electric Company's requested 2016 forecast of electric sales and associated rates are adopted, subject to the Annual Electric True-up process.

3. A workshop shall be held, in Phase 2 of Application 14-05-024, by the Commission's Energy Division, within the first quarter of 2016, to address the methodologies and inputs used for calculating the Power Charge Indifference Amount. Notice of this workshop shall be provided to the service lists of all currently open Energy Resource Recovery Account proceedings, both forecast and compliance.

4. The scope of the Power Charge Indifference Amount (PCIA) workshop shall address:

- a. The methodology for calculating the PCIA;
- b. Whether the calculation of the PCIA should be different for Direct Access (DA) and Community Choice Aggregation (CCA) entities, and if so, what those different methodologies should be;
- c. The inputs to the calculation of the PCIA; and
- d. Ensuring that all proposals are in compliance with existing Public Utilities Code Sections, including but not limited to

ensuring no bias or harm to DA, CCA, or bundled customers.

5. Pacific Gas and Electric Company shall request authority for the disposition/retirement of the negative indifference amounts associated with pre-2009 Direct Access customers, in its next Energy Resource Recovery Account forecast application.

6. Pacific Gas and Electric Company's request for receipt of the public and confidential versions of its Exhibits PGE-1 and -1C into the record is approved.

7. Marin Clean Energy's request for receipt of the public versions of its Exhibits MCE-1 through -7 into the record is approved.

8. Sonoma Clean Power's request for receipt of the public version of its Exhibit SCP-1 into the record is approved.

9. California Large Energy Consumers Association's (CLECA's) request for receipt of the public versions of its Exhibit CLECA-1 into the record is approved.

10. Pacific Gas and Electric Company's (PG&E) request to treat as confidential, its Exhibit PG&E-1C, is granted. This exhibit shall remain sealed and confidential for a period of three years after the date of this order, and shall not be made accessible or disclosed to anyone other than the Commission staff or on further order or ruling of the Commission, the assigned Commissioner, the assigned Administrative Law Judge (ALJ), the Law and Motion Judge, the Chief ALJ, or the Assistant Chief ALJ, or as ordered by a court of competent jurisdiction. If PG&E believes that it is necessary for this information to remain under seal for longer than three years, PG&E may file a new motion stating the justification of further withholding of the information from public inspection. This motion shall be filed at least 30 days before the expiration of this limited protective order.

11. Application 15-06-001 is closed.

This order is effective today.

Dated December 17, 2015, at San Francisco, California.

MICHAEL PICKER
President
MICHEL PETER FLORIO
CARLA J. PETERMAN
LIANE M. RANDOLPH
Commissioners

I dissent.

/s/ CATHERINE J. K. SANDOVAL
Commissioner