Decision 16-12-038 December 15, 2016

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 2017 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue and Reconciliation (U39E).	Application 16-06-003 (Filed June 1, 2016)

DECISION ADOPTING PACIFIC GAS AND ELECTRIC COMPANY'S 2017 ELECTRIC PROCUREMENT COST REVENUE REQUIREMENT FORECAST

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DECISION ADOPTING PACIFIC GAS AND ELECTRIC COMPANY'S 2017 ELECTRIC PROCUREMENT COST REVENUE REQUIREMENT FORECAST

Summary

This decision: 1) adopts a 2017 electric procurement cost revenue requirement forecast of $4,482.3 million for Pacific Gas and Electric Company (PG&E), which consists of $3,952.2 million for the Energy Resource Recovery Account (ERRA), $76.7 million for the Ongoing Competition Transition Charge, $245.9 million for the Power Charge Indifference Amount (PCIA), and $207.5 million for the Cost Allocation Mechanism; 2) approves PG&E's 2017 electric sales forecast and rate proposals associated with its electric procurement related revenue requirements to be effective in rates January 1, 2017; 3) adopts a 2017 Greenhouse Gas (GHG)-related forecast of $1.653 million for administrative and outreach expenses pertaining to implementation of GHG allowance proceeds return, $225.7 million net forecast proceeds return amount, and PG&E's proposal to return the proceeds to customers in rates in 2017; 4) adopts a 2017 semi-annual residential California Climate Credit of $17.40 per customer; and 5) finds 2015 recorded administrative and outreach expenses of $1.084 million pertaining to implementation of GHG allowance proceeds return, are reasonable.

In addition, the Commission adopts a process for including Community Choice Aggregation (CCA) load forecasts in future ERRA Forecast Applications for PG&E.

On November 7, 2016, the assigned Commissioner issued an amended scoping memorandum amending the scope and creating a second phase in this proceeding. We reserve our decision on the issue of negative indifference

associated with expired Department of Water Resources (DWR) contracts to the second phase of this proceeding.

1. Background

On June 1, 2016, Pacific Gas & Electric Company (PG&E) filed its Application for Adoption of Electric Revenue Requirements and Rates Associated with its 2017 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas (GHG) Forecast Revenue and Reconciliation (Application). In its Application, PG&E requested: 1) Adoption of its 2017 electric procurement cost revenue requirement forecast; 2) adoption of its forecasted electric sales and associated rate proposals for 2017; 3) adoption of its forecast of GHG revenues, revenue return, and administrative and customer outreach costs for 2017 and approval of PG&E's 2015 GHG administrative and customer outreach costs as reasonable; 4) retirement of the negative indifference amounts associated with pre-2009 Direct Access (DA) customers for California Department of Water Resources (DWR) contracts costs; and 5) adoption of PG&E's proposal for a process to include Community Choice Aggregation (CCA) load forecasts in future ERRA forecast applications.

On June 9, 2016, Resolution ALJ 176-3379 preliminarily determined that this proceeding was ratesetting and that hearings would be necessary. Protests to the Application were filed by The City and County of San Francisco (San Francisco), Sonoma Clean Power Authority (SCPA), Marin Clean Energy (MCE), Local Energy Aggregation Network (LEAN), and the Office of Ratepayer Advocates (ORA). Merced and Modesto Irrigations Districts jointly, and Direct Access Customer Coalition (DACC) and Alliance for Retail Energy Markets

(AReM) jointly filed responses. PG&E filed its reply to the protests and responses on July 18, 2016.

On August 8, 2016, a prehearing conference (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 and responses, several additional parties were granted party status at the PHC, including: 1) California Large Energy Consumers Association (CLECA); 2) California Farm Bureau Federation (CFBF); 3) Energy Users and Producers Coalition and 4) Agricultural Energy Consumers Association (AECA).

The Scoping Memorandum and Ruling of Assigned Commissioner (Scoping Memo) on the ERRA Application was issued August 19, 2016. Evidentiary hearings were held on September 13, 2016 at the Commission's San Francisco Office. PG&E, MCE, and San Francisco submitted opening briefs on September 16, 2016; PG&E and MCE submitted reply briefs on October 11, 2016.

PG&E filed its November Update on November 2, 2016. MCE, SCPA and San Francisco jointly filed comments on the November Update on November 4, 2016. PG&E filed a motion to strike the joint comments on the November Update on November 7, 2016.

On November 7, 2016, the assigned Commissioner issued an amended scoping memorandum reserving the limited issue of negative indifference amounts associated with pre-2009 DWR contracts costs for resolution in Phase 2 of this proceeding.

2. Issues and Discussions

2.1. Uncontested issues

After reviewing PG&E's application, supporting workpapers, and conducting discovery/settlement negotiations, parties generally agreed with or did not contest the following PG&E requests:

1. PG&E's proposed total revenue requirement of $4,482.3 million, which consists of Energy Resource Recovery Account (ERRA) revenue requirement of $3,952.2 million, Ongoing Competition Transition Charge (CTC) of $76.7 million, Power Charge Indifference Adjustment (PCIA) of $245.9 million, and Cost Allocation Mechanism (CAM) revenue requirement of $207.5 million;
2. PG&E's 2017 forecast of electric sales;
3. PG&E's rate proposals associated with its proposed total electric procurement related revenue requirements to be effective in rates on January 1, 2017;
4. PG&E's proposed 2017 Greenhouse Gas (GHG) related forecasts and expenses of: a) GHG administrative and outreach expense of $1.653 million, b) the net GHG revenue return of $225.7 million, and c) the semiannual residential California climate credit of $17.40;
5. PG&E's 2015 recorded administrative and outreach expenses of $1.084 million related to the 2015 GHG revenue return to be found as reasonable; and
6. PG&E's 2017 forecast of direct and indirect GHG emissions and related costs to be found as reasonable and consistent with Commission and state policies and laws.

2.1.1. PG&E's 2017 ERRA Forecast Requests

PG&E's application requests Commission approval of several procurement related revenue requirement forecasts which are not disputed by the parties. With its November Update, PG&E requests approval of the 2017 ERRA forecast revenue requirement of $3,952.2 million, ongoing CTC of $76.7 million, PCIA of

$245.9 million and Cost Allocation Mechanism (CAM) revenue requirement of $207.5 million.

The ERRA forecast revenue requirement represents procurement-related costs including purchased energy and capacity, fuel costs for PG&E-owned facilities as well as facilities subject to tolling agreements and other procurement-related costs such as hedging and collateral.[1] CTCs are established by statute for the "above market costs associated with eligible contract arrangements entered into before December 20, 1995, and Qualifying Facility contract restructuring costs."[2] Parties raised concerns regarding PG&E's proposed PCIA and CAM charges based on their amount but did not allege incorrect calculation. The PCIA and CAM are discussed in Section 2.2 of this decision. PG&E proposes to recover these revenue requirements through rates to be implemented on January 1, 2017, and no parties have disputed these proposals.

2.1.2. PG&E's Electric Sales Forecast

PG&E's electric sales forecast is based on econometric models that consider customer demand using individual regression equations.[3] PG&E also makes post-regression adjustments to account for factors such as distributed generation, energy efficiency, electric vehicles and line losses.[4] PG&E then calculated departing customer load by using historic information for departing load, and for DA or for CCAs with less historic load information, by working with CCAs to develop load forecasts.

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1 *See* PG&E Prepared Testimony(*Ex*. PG&E-1) Chapter 3-8.

2 *See* Decision (D.) 12-12-008 at 5.

3 *Ex*. PG&E-1 at 2-4 to 2-5.

4 Ex. PG&E-1 at 2-6 to 2-7.

The CFBF initially submitted testimony regarding PG&E's new methodology for forecasting agricultural electricity sales and recommended changes to address current hydrological conditions in California. PG&E and CFBF were able to resolve these issues and entered a joint stipulation submitted with PG&E's opening brief.[5] PG&E has agreed to provide actual sales data for the agricultural class to CFBF on a timely basis and discuss those data with CFBF following data provision.

PG&E and ORA also submitted a joint stipulation related to future ERRA forecast applications.[6] PG&E has agreed to provide a description of assumptions and justifications for the forecast value of post-regression adjustments in the load forecasts used in PG&E's forecast; to meet with ORA to discuss the assumptions and justifications; to provide a description of the source of differences in load forecasts between the most recent California Energy Commission Integrated Energy Policy Report and the forecasts used in PG&E's forecast; and to provide confidential versions of all workpapers related to the ERRA forecast application within three business days of the initial application date.

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[5] *See* Attachment B to PG&E's Opening Brief filed on September 27, 2016 (PG&E's Opening Brief).

[6] *See* Attachment A to PG&E's Opening Brief.

2.1.3. Greenhouse Gas Issues

PG&E records GHG allowance revenues, expenses, and corresponding revenue return to customers in its GHG Revenue Balancing Account. In its testimony, PG&E described how it intended to distribute GHG allowance revenues in accordance with the methodologies adopted by the Commission in D.12-12-033 and D.14-02-037.[7] PG&E also provided detailed explanations of how it calculated the semi-annual residential climate credit and specific expense items and amounts for both administrative and outreach expenses. PG&E forecasts for 2017 net GHG revenue return of $225.7 million, a semi-annual residential California Climate Credit of $17.40 and Administrative and Outreach expenses of $1.653 million. For 2015, PG&E recorded administrative and outreach expenses of $1.084 million, a reduction from the forecasted expenses of $1.892 million. No party to this proceeding has opposed PG&E's proposal.

In its November Update, the net GHG revenue return was reduced from $311.7 million to $225.7 million, resulting in the reduction of the semi-annual Residential California Climate Credit from $27.86 to $17.40 for each customer. Under the GHG revenue return method approved by the Commission, the amount of revenue allocated to Emissions-Intensive and Trade-Exposed (EITE) customers affects the amount available for residential customers. D.12-12-033 requires that GHG allowance revenues be used first to compensate the EITE customers, and next to offset rate impacts to small businesses, before distributing the rest as the semi-annual California Climate Credit to eligible residential customers.[8]

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7 *See* Ex. PG&E-1 at 14-5 to 14-8.

8 *See* D.12-12-033, OP1, Appendix A.

In D.14-12-037, the Commission tasked Energy Division with collecting information and performing calculations necessary to implement the EITE return by Investor Owned Utilities (IOUs). At the time PG&E filed its Prepared Testimony, the EITE return was not yet made available to PG&E. As a proxy, PG&E assumed that EITE customers would receive revenues that match their cents-per-kilowatt (kWh) cap-and-trade unit cost.[9] Energy Division provided its final calculation of PG&E's California Industry Assistance Credits for 2013-2016 and the size of the EITE return is significantly larger than PG&E's forecast. This resulted in lower revenue allowance available to residential customers.

For the purposes of this decision, the amount of GHG allowance revenue that PG&E forecast to be used for the Multifamily Program in 2017 responds to the March 18, 2016 ALJ Ruling in R.14-07-002. The 2017 forecast can be trued-up in a future PG&E ERRA proceeding based upon the actual amount approved in R.14-07-002.

2.2. Contested issues

Parties raised the following issues in their protests, responses, opening and reply briefs: 1) The amount of non-bypassable charges, with specific references to the Power Charge Indifference Adjustment (PCIA); 2) PG&E's proposal to retire the negative indifference amount associated with expired DWR contracts; 3) PG&E's proposal to include CCA load in future ERRA forecast proceedings; and 4) ORA's proposal to change the timing for the filing of the November Update.

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[9] *See* PG&E's November Update (*Ex.* PG&E-6) at 9.

2.2.1. Non-bypassable charges

All parties to the proceeding sought to ensure that calculations related to PG&E's ERRA forecast application are in compliance with all applicable resolutions, rulings and decisions for all customer types. San Francisco, MCE, and SCPA[10] raised specific concerns related to non-bypassable charges including CAM and the PCIA.

San Francisco alleges that PG&E's non-bypassable charges are unreasonably high as compared to other IOUs in California and urges the Commission to determine the "overall fairness, on an as-applied basis," of the cost allocation methodologies presented in PG&E's application. San Francisco also proposes to make the PCIA subject to refund pending market sensitive information becoming publicly available.

MCE believes that the PCIA rate as proposed by PG&E is unreasonable and is intended to create a competitive advantage for PG&E. MCE alleges that PG&E has failed to account for load growth in its Green Tariff Shared Renewables (GTSR) program, and that it skews the PCIA calculation. MCE recommends that PG&E provide additional information in future ERRA applications about the applicability of the PCIA to GTSR customers.[11]

Sonoma Clean Power Authority (SCPA) raised general concerns regarding the calculation and reasonableness of the rates and charges PG&E proposes to impose on CCA customers. In particular, SCPA is concerned that the PCIA and CAM proposed by PG&E is higher than the company's actual stranded above-market generation costs.

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[10] San Francisco, MCE, and SCPAare jointly referred to in this decision as CCA parties.

[11] *See* MCE Opening Brief at 4.

In their joint comments to the November Update, the CCA parties again raised concerns with PCIA increases. CCAs states that the increases in PCIA makes it difficult for them to remain competitive against the IOU and is detrimental to rate stability.[12]

Besides expressing concerns about the amount of the non-bypassable charges, the CCA parties do not claim that the PCIA and other non-bypassable charges were calculated incorrectly. There were also no claims that PG&E failed to follow existing Commission approved methodologies. Many of the above-market contracts in PG&E's portfolio are for renewable resources procured in the early years of California's Renewable Portfolio Standard (RPS) program and were relatively higher cost because the technologies and programs were developing. Contracts signed by PG&E were reviewed and approved by the Commission and were found to be just and reasonable at the time they were entered into. This early contracting, as required by legislation and approved by the Commission, served its intended purpose and promoted the development of a robust renewable resource market. Californians now enjoy lower renewable energy costs in part due to these early contracts. These early contracts were entered into on behalf of all customers of PG&E at the time, and departing customers should pay their share of the costs rather than shifting them to bundled customers. Since PG&E has complied with Commission decisions, resolutions and methodologies in its calculation of non-bypassable charges, including the PCIA, we approve its proposals as submitted in the November update.

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[12] *See* CCA Parties' Comments to November Update at 5-7.

As a market participant, San Francisco does not have direct access to confidential, market sensitive information in PG&E's prepared testimony. In its opening brief, San Francisco proposed making the PCIA subject to refund once the market sensitive information becomes publicly available after three years.[13] We reject this proposal based on several different grounds. Pursuant to California Public Utilities (Cal. Pub. Util.) Code § 454.5(g), market sensitive procurement information is maintained as confidential in Commission proceedings. This confidential information is accessible by non-market participant parties or outside experts that execute a Commission approved Non-Disclosure Agreement. PG&E followed Commission confidentiality rules in submitting its testimony, provided confidential versions of its testimony to non-market participant parties including ORA and CFBF, and furthermore made that information available to an expert retained by SCPA. The fact that San Francisco elected not to retain an expert willing to execute the Non-Disclosure Agreement, does not mean that the Commission cannot determine that the PCIA was properly calculated. As such, we do not adopt San Francisco's proposal to make the PCIA subject to refund.

The Commission ordered the formation of a PCIA working group in D.16-09-044. The working group is tasked with improving transparency and certainty on PCIA related issues. Proposed policy changes affecting the structure of the PCIA are best determined in that forum.

The CAM revenue requirement is intended to recover costs for procurement under the Qualifying Facility and Combined Heat and Power

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[13] *See* San Francisco's Opening Brief at 3-4.

Settlement approved by the Commission in D.10-12-035, as well as resources that provide system-wide benefits for DA, CCA, and bundled customers. DA and CCA customers receive an allocation of the Resource Adequacy value associated with CAM-eligible facilities in exchange for bearing a portion of the CAM costs. SCPA has not alleged any mistake in the calculation of CAM, and PG&E has submitted substantial evidence in its Prepared Testimony.

2.2.2. Retirement of the Negative Indifference Amount Associated with the DWR Contracts

As stated in the amended scoping ruling issued on November 7, 2016, the issue of the negative indifference amount will be decided in the second phase of this proceeding. The timely issuances of decisions in ERRA forecast proceedings are necessary so that revenue requirements and rate proposals can be consolidated with revenue requirements approved in other proceedings so that there is a consolidated rate change on January 1, 2017 for each utility. In order to afford sufficient time to consider the issues related to the negative indifference amount associated with pre-2009 DA customers, we reserve this limited issue to be resolved in the second phase of this proceeding.

2.2.3. Process to Include CCA Load Forecasts

In its Application, PG&E proposed to include CCA load forecasts in its future ERRA proceedings.[14] Under the proposal, PG&E and each CCA would exchange their load forecasts for that CCA in advance of the initial ERRA forecast filing in June and then again for the November Update. CCAs are not required to submit the requested information to PG&E. If a CCA elects not to submit any forecast data, PG&E will use the best available information to

[14] *See ex*. PG&E-1 at 2-12.

forecast that CCA's energy sales, peak demand and customer forecast. PG&E reserves the right to submit in the ERRA forecast application and the November Update CCA forecasts that PG&E believes are the most accurate and up to date if PG&E and the CCA is not able to agree on a forecast number. According to PG&E, it worked with the CCA parties in advance of submitting the application so that the parties were able to agree on the details of the proposal.[15]

MCE raised concerns with the proposal in its Opening Brief and in its comments to the November Update. MCE wants to ensure that the Commission view PG&E's proposal as an "informal, collaborative process that is reflective of the joint interest held by PG&E and CCAs to properly forecast departing load."[16] MCE would like to ensure that the process 1) does not negatively affect the ability of CCAs to engage in discovery after PG&E files its application; and 2) does not modify PG&E's obligation to forecast departing load from all reasonable sources.

PG&E responded to MCE's concerns in its reply brief and agreed to modify its proposal to state that it is not intended to limit discovery or change PG&E's departing load forecast obligations.[17]

The Commission is pleased that PG&E and CCA parties have agreed to a process intended to improve the accuracy of forecasts and adopt the proposal as requested to include CCAs in future PG&E ERRA forecast applications.

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[15] *See* PG&E Opening Brief at 21.

[16] *See* MCE Opening Brief at 16.

[17] *See* PG&E Reply Brief at 10.

2.2.4. Timing of the Update

In its protest, ORA proposed changing the schedule so that PG&E's update is filed in early October rather than November.[18] In D.06-07-030, the Commission determined that updated market price benchmark, used for calculating the CTC and PCIA charges, would be based on cost quotes from the period October 1 to October 31.[19] Since PG&E is required to use October cost quotes for its updated market price benchmark, ORA's proposal is not feasible. Furthermore, in Resolution E-4475, the Commission adopted a process for calculating the updated Green Adder that is included in the PCIA based on October pricing information. The Green Adder is finalized by the Energy Division in early November for all three utilities.[20] While we appreciate ORA's desire for sufficient time to evaluate PG&E's update, the current proceeding is not the appropriate forum. We urge ORA to consider filing a petition to modify relevant Commission decisions and resolutions to change the timing of the update.

3. PG&E's Updated Request

PG&E filed its November 2, 2016 update of its requested 2017 ERRA forecast. The figures adopted herein reflect PG&E's November 2, 2016 update. PG&E's November update indicates an increase of $186.6 million in the total 2017 electric procurement cost revenue requirement forecast, over the original request in A.16-06-003.[21]

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[18] *See* ORA Protest at 6.

[19] *See* D.06-07-030 at 9-11.

[20] *See* Resolution E-4475 at 8.

[21] $4,482.3 - $4,295.7 = $186.6 increase.

In its update, PG&E requests the following updated figures: 1) 2017 electric procurement cost revenue requirement forecast of $4,482.3 million, which consists of $3,952.2 million for ERRA, $76.7 million for the CTC, $245.9 million for the PCIA, and $207.5 million for the CAM; 2) 2017 GHG-related forecast of $1.653 million for administrative and outreach expenses pertaining to implementation of GHG allowance proceeds return, $225.7 million net forecast proceeds return amount; 3) 2017 semi-annual residential California Climate Credit of $17.40 per customer; and 4) 2015 recorded administrative and outreach expenses of $1.084 million pertaining to implementation of GHG allowance proceeds return.

On November 4, 2016, the CCA parties submitted joint comments to the November Update. The comments attempt to raise issues beyond the scope of the proceeding and to enter information that was not previously in the record. The November Update provides updated forecasts of ERRA revenue requirements, GHG data, departing load data and is intended update information already presented with more current information. The purpose of allowing party comments to the Update is to address factual, legal or technical errors in the Update, rather than allowing introduction of new issues or information not previously in the record. To the extent that the CCA parties' comments were within scope, we have addressed them in this decision where appropriate.

We adopt PG&E's November 2, 2016 updated request.

4. Procedural Issues

4.1. Categorization and Need for Hearings

In Resolution ALJ 176-3379, dated June 9, 2016, the Commission preliminarily categorized this proceeding as ratesetting, and preliminarily determined that hearings were necessary. Pursuant to the scoping memo, we held evidentiary hearings on September 13, 2016. We affirm the preliminary categorization.

4.2. Motions for Confidential Treatment

PG&E filed a motion for confidential treatment of its November Update 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 states that these documents contain information that complies with the confidentiality requirements of the above listed Decisions, Rule, Codes 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 address 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 Forecast Applications. We agree that the information contained in the November Update is market sensitive electric procurement-related information. PG&E identified its November Update as PG&E-5 and PG&E-5C in its motion. These designations are duplicative of our e-mail ruling dated September 16, 2016, identifying and entering into the record pages of PG&E workpapers as PG&E-5. We identify PG&E's November Update--Public Version as PG&E-6, and PG&E November Update--Confidential Version as PG&E-6C. We grant PG&E's request to treat as confidential its Exhibit PGE-6C, as detailed in OP 6, of this decision.

All other pending motions are denied.

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

6. Comment Period

The Proposed Decision of the Administrative Law Judge (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. On December 5, 2016, MCE and SCPA jointly, PG&E, and San Francisco filed comments to the proposed decision; On December 12, 2016, PG&E and DACC filed reply comments.

This Decision has been revised where appropriate in response to parties' comments and reply comments.

7. Assignment of Proceeding

Michel Peter Florio is the assigned Commissioner and S. Pat Tsen is the assigned ALJ in this proceeding.

Findings of Fact

1. By Resolution ALJ 176-3379, dated June 9, 2016, A.16-06-003 was categorized as ratesetting with hearings needed.

2. In A.16-06-003, PG&E requests, pursuant to its Application, and Update, that the Commission: 1) approve PG&E's 2017 electric procurement cost revenue requirement forecast of $4,482.3 million, which consists of $3,952.2 million for ERRA, $76.7 million for the CTC, $245.9 million for the PCIA, and $207.5 million

for the CAM; 2) approve 2017 GHG-related forecast of $1.653 million for administrative and outreach expenses pertaining to implementation of GHG allowance proceeds return, $225.7 million net forecast proceeds return amount; 3) approve the 2017 semi-annual residential California Climate Credit of $17.40 per customer; and 4) find that 2015 recorded administrative and outreach expenses of $1.084 million pertaining to implementation of GHG allowance proceeds return to be reasonable.

3. ORA, SCPA, San Francisco, MCE and LEAN filed protests in A.16-06-003.

4. DACC/AReM and Merced/Modesto Irrigation Districts filed responses to A.16-06-003.

5. PG&E filed a reply to the responses and protests to A.16-06-003.

6. San Francisco, MCE and SCPA filed joint comments to the Update.

7. CCAs are expanding in PG&E's territory, and a collaborative process between PG&E and CCAs may lead to more accurate forecasts of departing load and result in better resource management.

8. The proposed process to include CCAs in future ERRA Forecast Applications does not replace CCAs' ability to conduct discovery or modify PG&E's obligations to forecast departing load from all reasonable sources.

9. The timely issuances of decisions in ERRA forecast proceedings are necessary so that revenue requirements and rate proposals can be consolidated with revenue requirements approved in other proceedings so that there is a consolidated rate change on January 1, 2017 for each utility.

10. The issues related to negative indifference amounts associated with pre-2009 vintages should be afforded sufficient time and consideration.

11. PG&E's November Update reflects an increase of $186.6 million in the 2017 electric procurement cost revenue requirement forecast, over the original request in A.16-06-003.

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

13. 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.

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

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

Conclusions of Law

1. PG&E's updated 2017 ERRA forecast should be adopted/approved, as follows: 1) 2017 electric procurement cost revenue requirement forecast of $4,482.3 million for Pacific Gas and Electric Company (PG&E), which consists of $3,952.2 million for the Energy Resource Recovery Account (ERRA), $76.7 million for the Ongoing Competition Transition Charge, $245.9 million for the Power Charge Indifference Amount (PCIA), and $207.5 million for the Cost Allocation Mechanism; 2) 2017 Greenhouse Gas (GHG)-related forecast of $1.653 million for administrative and outreach expenses pertaining to implementation of GHG allowance proceeds return, $225.7 million net forecast proceeds return amount, and PG&E's proposal to return the proceeds to customers in rates in 2017; 3) 2017 semi-annual residential California Climate Credit of $17.40 per customer; and 4) 2015 recorded administrative and outreach expenses of $1.084 million pertaining to implementation of GHG allowance proceeds return are reasonable.

2. PG&E's updated 2017 electric sales forecast and rate proposals associated with its electric procurement-related revenue requirements should be approved to be effective in rates January 1, 2017.

3. The Commission should adopt a process for including CCA load forecasts in future ERRA Forecast Applications for PG&E as proposed by PG&E and modified in this Decision.

4. The issue related to the disposition/retirement of the negative indifference amounts associated with pre-2009 DA customers, should be reserved for Commission resolution in phase two of this proceeding.

5. PG&E's exhibits PG&E-6 and PG&E-6C should be identified and received into the evidentiary record.

6. PG&E's request to seal the confidential version of its testimony should be granted, as detailed herein.

7. This decision should be effective immediately so that it may be reflected in rates effective January 1, 2017.

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) adopts a 2017 electric procurement cost revenue requirement forecast of $4,482.3 million for PG&E, which consists of $3,952.2 million for the Energy Resource Recovery Account (ERRA), $76.7 million for the Ongoing Competition Transition Charge, $245.9 million for the Power Charge Indifference Amount (PCIA), and $207.5 million for the Cost Allocation Mechanism; 2) adopts a 2017 Greenhouse Gas (GHG)-related forecast of $1.653

million for administrative and outreach expenses pertaining to implementation of GHG allowance proceeds return, $225.7 million net forecast proceeds return amount, and PG&E's proposal to return the proceeds to customers in rates in 2017; 3) adopts a 2017 semi-annual residential California Climate Credit of $17.40 per customer; and 4) finds 2015 recorded administrative and outreach expenses of $1.084 million pertaining to implementation of GHG allowance proceeds return are reasonable.

2. Pacific Gas and Electric Company's (PG&E) updated 2017 electric sales forecast and rate proposals associated with its electric procurement related revenue requirements is approved to be effective in rates January 1, 2017, subject to the Annual Electric True-up process.

3. PG&E and CCAs in its territory should exchange their respective load forecast before the filing of Energy Resource Recovery Account forecast applications and the November Updates, starting with the 2018 forecast cycle. Such collaboration does not affect CCAs' ability to conduct discovery and does not modify PG&E's obligation to perform departing load forecasts from all reasonable sources.

4. The Commission reserves disposition/retirement of the negative indifference amounts associated with pre-2009 Direct Access customers, to phase two of this proceeding.

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

6. Pacific Gas and Electric Company's (PG&E) request to treat as confidential, its Exhibit PG&E-6C 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.

7. Phase one of Application 16-06-003 is closed.

This order is effective today.

Dated December 15, 2016, at San Francisco, California.

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