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**PUBLIC ADVOCATES OFFICE
CALIFORNIA PUBLIC UTILITIES COMMISSION**

MONITORING AND EVALUATION REPORT

**Pacific Gas and Electric Company's
Core Procurement Incentive Mechanism**

**CPIM Year 30
November 1, 2022 through October 31, 2023**

Application 26-06-025

Public Version

San Francisco, California
October 9, 2026

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CHAPTER 1

SUMMARY AND RECOMMENDATIONS

1.0 Introduction and Summary

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits this monitoring and evaluation report (Cal Advocates' Report) presenting its findings and conclusions following a review of Pacific Gas and Electric Company's (PG&E) Core Procurement Incentive Mechanism (CPIM) Annual Performance Report issued July 29, 2025 (CPIM Performance Report).

PG&E initially issued its CPIM Performance Report covering the period from November 1, 2022, through October 31, 2023, as an Advice Letter (AL). Then on March 5, 2026, the California Public Utility Commission (Commission) ordered PG&E to file CPIM Year 30 via a formal application¹. In light of the Commission's directive and in order to ensure a full and transparent record, Cal Advocates now submits its CPIM Performance Report in PG&E's CPIM Year 30 Application (A) 26-06-025.

Chapter 2 of Cal Advocates' Report presents the details and results of Cal Advocates' review and analysis of PG&E's CPIM. Cal Advocates' evaluation of PG&E's recorded natural gas costs confirms that PG&E's costs fell below the benchmark for CPIM Year 30, which resulted in ratepayer savings.

For CPIM Year 30, PG&E filed its application in June 2026.² With this filing, Cal Advocates is issuing its report within six months of PG&E's application, consistent with the Commission's request in D.26-02-058.³

Cal Advocates' examination of PG&E's recorded costs for CPIM Year 30 shows that PG&E's actual gas costs fell below the benchmark's lower tolerance band, which results in a reward of \$26,629,484 to PG&E's shareholders and a

¹ Decision (D) 26-02-058 (issued March 5, 2026) at 199, Ordering Paragraph (OP) 10.

² Cal Advocates ability to provide the report within six months of the application was assisted by PG&E's provision of materials to Cal Advocates in 2025.

³ D.26-02-058 at 3.

ratepayer saving benefit of \$170,216,533.⁴

1.1 Background

The CPIM program was originally approved by the Commission in D.97-08-055 and establishes the framework for utilities to recover core gas procurement and transportation costs through rates.⁵ Since the creation of the CPIM program, numerous changes and extensions have been made to modify and refine the structure and incentives.⁶ Recently, the Commission ordered a change to PG&E's CPIM shareholder reward process, directing PG&E to submit an application instead of following the previous advice letter process for shareholder rewards.⁷

The objective of the CPIM is to provide PG&E with a framework to help manage core customer assets, including the purchase and management of gas supplies, transportation, and storage.⁸ Under this framework, PG&E's actual performance will be evaluated against set benchmarks.

The CPIM structure establishes procedures for evaluation and reporting PG&E's gas procurement related costs and other procurement costs include pipeline volumetric transportation costs, natural gas storage costs, and hedge costs.⁹ The CPIM structure sets forth guidelines for standard operating conditions and for special circumstances.

The CPIM benchmark consists of five components: 1) fixed transportation

⁴ See the calculation in Cal Advocates CPIM Year 30 Report, Table 1-1.

⁵ See PG&E/ORA Post-1997 CPIM Agreement and PG&E's Supplemental Report describing the Post-1997 CPIM and PG&E's Supplemental Report Describing the Post 1997 CPIM.

⁶ See A.26-06-025 starting at 3 for a chronological discussion of nearly 15 years of modifications.

⁷ D.26-02-058 at 199, OP 10.

⁸ See D.97-08-055.

⁹ See Gas Preliminary Statement Part C, available at: https://www.pge.com/tariffs/assets/pdf/tariffbook/GAS_PRELIM_C.pdf.

costs which include interstate and intrastate transportation costs;¹⁰ 2) variable costs which include natural gas commodity costs and various volumetric transportation costs; 3) storage costs which include reservation charges and related variable costs; 4) hedging costs which include net realized gains or losses and related transactions costs (hedging costs include net realized gains or losses and related transaction costs for hedging the core customers portfolio); and 5) United States Customs and Border Protection; Merchandise Processing Fees (MPF).

PG&E totals the allowed monthly benchmark dollars over the annual CPIM period and compares them with actual costs for the year to determine PG&E's performance. A tolerance band surrounds the benchmark and defines a range of costs considered reasonable. If PG&E's actual gas costs, as measured against the CPIM benchmark, are between the specified upper and lower limit of the tolerance band, there is no shareholder reward or penalty for the CPIM period. If actual costs fall outside the tolerance band, the gains or losses that occur outside the tolerance band are shared by ratepayers and PG&E shareholders.¹¹ In Chapter 2 of this report, Cal Advocates presents detailed results of the tolerance band calculation.

1.2 Procurement and Sales

PG&E utilizes natural gas purchases and sales daily to help manage its assets and reduce gas costs. It purchases and sells gas supplies to comply with daily pipeline balancing requirements, responds to changes in core loads, and captures price arbitrage opportunities.

The actual commodity costs of gas are measured on an annual basis against the benchmark and the calculated tolerance band. The benchmark

¹⁰ These transportation costs include fixed transportation costs for Canadian and U.S. interstate, intrastate, and reservation charges.

¹¹ See Gas Preliminary Statement Part C, available at: https://www.pge.com/tariffs/assets/pdf/tariffbook/GAS_PRELIM_C.pdf.

commodity cost is based on the prevailing published natural gas price indices for gas delivered from natural gas production basins, borders, and PG&E's Citygate.

For the CPIM Year 30 period, PG&E recorded actual commodity gas costs (excluding transportation, hedging, and storage costs) for core customers totaling \$ [REDACTED], which associated with a net purchase volume of [REDACTED] Million British thermal units (MMBtu).¹² PG&E reported total gas sales revenue of ([REDACTED]) with an associated sales volume of ([REDACTED]) MMBtu.¹³

1.3 Financial Hedging Activities

In 2007, the Commission issued D.07-06-013 which approved PG&E's long term core hedge program. This decision provided guidelines for the long-term core hedging program as well as reporting requirements.

In 2010, the Commission issued D.10-01-023, which approved a policy incorporating winter hedging transactions into the CPIM. The winter hedging transactions executed on or after November 1, 2009, would be included in PG&E's CPIM calculation beginning on or after November 1, 2010. PG&E remains responsible for managing hedges proactively to ensure stability in customer rates. This includes implementing controls and selecting appropriate hedging instruments to mitigate derivative risks. PG&E is also required to take proactive steps by adjusting its hedging positions in response to changing market conditions. Specifically,¹⁴ eighty percent (80%) of winter hedging gains and losses and related transaction costs must be included in the CPIM benchmark.¹⁵ Also required, one hundred percent (100%) of winter hedging gains and losses and related transaction costs must be included in the CPIM actual commodity costs. These changes were incorporated starting in CPIM Year 18.

¹² See Cal Advocates CPIM Year 30, Appendix A, 2-5 and 2-16.

¹³ Id., Exhibits 2-7 and 2-17.

¹⁴ See D10-01-023, Appendix A, Settlement Agreement.

¹⁵ See D10-01-023, Appendix A, Settlement Agreement.

For CPIM Year 30, the total cost of winter hedges included in the CPIM was (\$ [REDACTED]), comprising \$ [REDACTED] in option premiums, (\$ [REDACTED]) in option and swap settlements, and \$ [REDACTED] in commissions and fees.¹⁶

1.4 Natural Gas Storage

PG&E is authorized to acquire incremental storage to meet a 1-day-in-10-year peak-planning standard for its core customers.¹⁷ The incremental storage costs are included in the benchmark and inventory schedules and are adjusted by the number of daily injections and withdrawals. This ensures PG&E tracks benchmark costs and adjusts the amount of daily actual incremental natural gas injections and withdrawals.

Under CPIM, PG&E uses a daily injection and withdrawal schedule for managing core customer demand and balancing purposes. For CPIM Year 30, beginning inventory including incremental storage was reported at [REDACTED] MMBtu, and ending inventory was [REDACTED] MMBtu.¹⁸

1.5 Core Intrastate and Interstate Capacity

Under the CPIM, PG&E's Core Gas Supply (previously named Core Procurement Department) recovers costs for firm reservation of intrastate backbone pipeline capacity.¹⁹ Adopted in 2015²⁰ and updated in 2019,²¹ the Commission approved an interstate pipeline capacity range for PG&E's core customers and also included those served by Core Transport Agents (CTAs). In the current CPIM, PG&E holds core intrastate capacity on Redwood Path and Baja Path. For interstate capacity, PG&E holds core capacity on NOVA Gas

¹⁶ See Cal Advocates CPIM Year 30, Appendix A,2-10.

¹⁷ See D.06-07-010 and D.07-06-013.

¹⁸ See calculation on Cal Advocates CPIM Year 30 Report, Table 2-5.

¹⁹ See D97-08-055 and Post-1997 CPIM Agreement.

²⁰ D.15-10-050.

²¹ D.19-09-025.

Transmission Ltd. (NGTL/NOVA), Foothills Pipelines, Ltd. (Foothills), Gas Transmission Northwest Corporation (GTN), El Paso Natural Gas Company L.L.C. (El Paso), and Ruby Pipeline, L.L.C. (Ruby).²²

1.6 Review of CPIM Performance

Table 1-1 below compares benchmark gas costs to actual costs of natural gas (including commodity, transportation, hedges, reservation, and storage costs) in total dollars.

Table 1-1 Pacific Gas and Electric Company CPIM Year 30 Gas Costs Comparison November 1, 2022 - October 31, 2023		
Benchmark Gas Costs	\$ 2,086,136,236	
Actual Gas Costs	\$ 2,282,982,253	
Cal Advocates Audited Total Savings		\$ (196,846,017)
PG&E Reported Savings		(196,846,016)
Variance		(1)
Rounding		1
Total Variance		\$ -
Savings and Rewards		
Ratepayer Savings with Cap 1.5% of commodity costs		\$ 170,216,533
Shareholder Rewards with Cap 1.5% of commodity costs		\$ 26,629,484
CPIM Savings		\$ 196,846,017

Source: See Cal Advocates CPIM Report, Appendix B, .xlsx Tab 2-1.

²² See PG&E Annual Performance Report, Year 30, page 13.

For CPIM Year 30, Cal Advocates found no material variance between PG&E reported savings and Cal Advocates' audited total savings. For this period, the total savings are \$196,846,017. PG&E's shareholder received a reward of \$26,629,484, and the ratepayer benefit associated with the total savings is \$170,216,533.

1.7 Conclusion

Based on the foregoing, Cal Advocates verified that PG&E's \$26.63 million shareholder reward for CPIM Year 30 is appropriate to be recovered through PG&E's Purchased Gas Account. Cal Advocates will continue to monitor and evaluate the CPIM and identify any modifications needed to enhance the CPIM's effectiveness.

CHAPTER 2 MONITORING AND EVALUATION AUDIT

2.0 Cal Advocates' CPIM Reward Evaluation

PG&E submitted its CPIM Application (A.) 26-06-025 on June 30, 2026.²³ The Year 30 CPIM Performance Report covers natural gas procurement results for the period from November 1, 2022, through October 31, 2023. Cal Advocates reviewed and evaluated PG&E's accompanying performance report. The results of this evaluation include Cal Advocates' compiled workpapers, which are incorporated as exhibits in Appendix B.

The CPIM report summarizes gas costs, tolerance band limits, and performance results that compare actual costs with the benchmark²⁴. The CPIM benchmark consists of five components: a) variable costs, which include commodity costs, Canadian and U.S. interstate, and California intrastate pipeline fuel and volumetric capacity costs; b) fixed transportation costs, which include Canadian, U.S. interstate, and California intrastate reservation costs; c) storage costs, including fixed reservation charges and variable costs; d) hedging costs, which included 80% of net realized gains or losses and associated transaction costs of winter hedges; and e) the United States Customs and Border Protection's Merchandise Processing Fee (MPF). The total combined cost of these five components serves as the benchmark for comparison with the actual costs.

PG&E's CPIM Year 30 performance, as set forth in Table 2-1, shows total benchmark costs of \$2,282,982,253 and PG&E's total actual costs of \$2,086,136,236. The difference between the total benchmark costs and PG&E's total actual costs is \$196,846,017 in natural gas procurement savings. The

²³ PG&E previously filed its CPIM Performance Report, Year 30, on July 29, 2025 in compliance with the Gas Accord Decision (D.) 97-08-055. After PG&E's filing, D.26-02-058 directed PG&E to resubmit CPIM Year 30 as an application.

²⁴ See Gas Preliminary Statement Part C, available at: https://www.pge.com/tariffs/assets/pdf/tariffbook/GAS_PRELIM_C.pdf.

calculation of the shared savings between PG&E's customers and shareholders is shown in Table 2-1.

TABLE 2-1 Pacific Gas & Electric Company Ratepayer Savings and Shareholder Award Calculation CPIM 30 November 1, 2022 Through October 31, 2023	
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CPIM Reward Calculation

Total Benchmark Costs	\$ 2,282,982,253
Total Actual Costs	\$ 2,086,136,236
Under/(Over)	\$ 196,846,017
Upper Tolerance Band (Benchmark + 2% of Commodity Cost)	\$ 2,322,409,542
Lower Tolerance Band (Benchmark - 1% of Commodity Cost)	\$ 2,263,268,608
Cap On Shareholder Reward=1.5% of commodity costs:	
Total Commodity Costs	\$ 1,775,298,914
CPIM Year 30 Shareholder Award After 1.5% Cap	\$ 26,629,484
Total Shareholders' share without Cap:	\$ 35,426,475
Total Ratepayers' share without Cap:	\$ 161,419,543
Total Savings without Cap:	\$ 196,846,017
Total Shareholders' share with Cap	\$ 26,629,484
Total Ratepayers' share with Cap	\$ 170,216,533
Total Savings with Cap:	\$ 196,846,017

Source: See Cal Advocates CPIM Report, Appendix B, .xlsx Tab 2-1.

2.1 Summary of Benchmark and Actual Costs

The overall annual results comparing the actual commodity costs with the benchmark commodity costs of gas operation are summarized in Table 2-2. Cal Advocates examined and reconciled all gas commodity costs, hedging costs, and transportation reservation charges that were reported in the current CPIM period. Natural gas sales and miscellaneous costs and revenues are included in the

actual costs as costs or credits depending on the result of natural gas operations. The following sections in this chapter provide a detailed review and breakdown of these related costs.

Table 2-2 Pacific Gas & Electric Company Summary of Benchmark and Actual Costs CPIM 30 November 1, 2022 Through October 31, 2023			
	Actual Costs	Benchmark Costs	Under/(Over)
Purchased Gas Costs	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Volumetric Transportation Costs	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Gas Sales	\$ [REDACTED]	\$ -	\$ [REDACTED]
Other Costs and Revenues	\$ [REDACTED]	\$ -	\$ [REDACTED]
Hedge Costs	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Reservation Charges	\$ [REDACTED]	\$ [REDACTED]	\$ -
Custom and Border Protection Fee	\$ [REDACTED]	\$ [REDACTED]	\$ -
Discount	\$ [REDACTED]	\$ -	\$ [REDACTED]
Capacity Release Revenues	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Storage Costs	\$ [REDACTED]	\$ [REDACTED]	\$ -
Total	\$ 2,086,136,236	\$ 2,282,982,253	\$ 196,846,017

Source: See Cal Advocates CPIM Report, Appendix B, .xlsx Tab 2-2.

2.2 Review of Benchmark Commodity and Reservation Charges

The total benchmark commodity costs consist of three main components, benchmark gas costs, other costs, and benchmark reservation costs. Table 2-3 shows a breakdown for total benchmark costs of \$2,282,982,253. Cal Advocates confirmed the total benchmark commodity costs of \$ [REDACTED], the other costs of (\$ [REDACTED]), and total benchmark reservation charges of \$311,617,785.

TABLE 2-3
Benchmark Commodity Costs and Reservation Charges
CPIM Year 30
November 1, 2022 Through October 31, 2023

Benchmark Purchased Gas Costs - by Pipelines:		Market	
		Benchmark	Reference
Ruby	\$		2-14
Nova	\$		2-14
El Paso	\$		2-14
Malin	\$		2-14
Topock	\$		2-14
Citygate	\$		2-14
Total Benchmark Commodity Costs:	\$		
Other Costs:			
80% of Winter Hedging Cost	\$		2-15
MPF	\$		2-19
Total Other Costs	\$		
Benchmark Reservation Charges:			
El Paso Natural Gas Company	\$		2-8
Gas Transmission Northwest Corp	\$		2-8
Pacific Gas and Electric Company	\$		2-8
Ruby Pipeline	\$		2-8
Transcanada Foothills Pipelines Ltd	\$		2-8
Transcanada Nova Gas Transmission Ltd	\$		2-8
Storage	\$		2-13
Total Benchmark Reservation Charges:	\$	311,617,785	
Total Benchmark Costs:	\$	2,282,982,253	

Source: See Cal Advocates CPIM Report, Appendix B.

2.3 Actual Natural Gas Costs

A review of the actual costs for commodity purchases and reservation charges reported by PG&E is summarized in Table 2-4. In its natural gas operation, PG&E routinely sells its unused assets during daily business. The net sale is treated as a credit to the procurement costs. In addition to the calculation of actual commodity costs under the CPIM, one hundred percent of winter hedging realized gains or losses and associated transaction costs are included in the actual costs. Reservation charges include intrastate and interstate charges for PG&E's California Gas Transmission, El Paso Natural Gas Company LLC,

Foothills Pipe Line Ltd., Nova Gas Transmission, Ltd., Gas Transmission Northwest Corporation, and Ruby Pipeline LLC,²⁵

PG&E's net total actual commodity costs are \$2,086,136,236, which include interstate and intrastate purchased gas costs of \$ [REDACTED], total other costs of (\$ [REDACTED]), and reservation charges of \$ [REDACTED].

TABLE 2-4 Summary of Actual Commodity Costs & Reservation Charges CPIM Year 30 November 1, 2022 Through October 31, 2023		
Actual Purchased Gas Costs - by Pipeline:	Actual Costs	Reference
CGT - Citygate	\$ [REDACTED]	2-5
CGT	\$ [REDACTED]	2-5
El Paso	\$ [REDACTED]	2-5
GTN	\$ [REDACTED]	2-5
Nova	\$ [REDACTED]	2-5
Ruby	\$ [REDACTED]	2-5
WFS	\$ [REDACTED]	2-5
Kern	\$ [REDACTED]	2-5
Volumetric Transportation Cost	\$ [REDACTED]	2-6
Gas Sale	\$ [REDACTED]	2-7
Total Purchased Gas Costs:	\$ [REDACTED]	
Other Costs:		
100% Winter Hedging Cost	\$ [REDACTED]	2-10
MPF	\$ [REDACTED]	2-19
Miscellaneous Costs & Revenues	\$ [REDACTED]	2-9
Total Other Costs:	\$ [REDACTED]	
Actual Reservation Charges:		
El Paso Natural Gas Company LLC	\$ [REDACTED]	2-8
Gas Transmission Northwest Corp	\$ [REDACTED]	2-8
Ruby Pipeline	\$ [REDACTED]	2-8
PG&E's California Gas Transmission	\$ [REDACTED]	2-8
Transcanada Foothill Ltd.	\$ [REDACTED]	2-8
Transcanada Nova Gas Transmission Ltd.	\$ [REDACTED]	2-8
Storage Costs	\$ [REDACTED]	2-13
Discount Demand Charges	\$ [REDACTED]	2-11
Capacity Release Revenue	\$ [REDACTED]	2-12
Total Reservation Charges:	\$ [REDACTED]	
Rounding:	\$ [REDACTED]	
Net Actual Commodity Costs:	\$ [REDACTED]	

Source: See Cal Advocates CPIM Report, Appendix B

²⁵ PG&E Annual Performance Report, CPIM Year 30, page 13.

2.4 Natural Gas Storage Costs

PG&E reports on its managed core customer storage so that impacts to CPIM metrics can be attained while ensuring adequate capacity is available for reliability. PG&E also uses a schedule to establish daily benchmark allocations of injections and withdrawals and to ensure distributions are allocated evenly throughout the period. When it becomes necessary to balance portfolio supplies with core loads, PG&E will generally make exceptions from its planned schedules to meet interstate and intrastate pipeline tolerances, balancing rules, and most importantly, conservation of gas for storage and peak requirements.²⁶

Table 2-5 summarizes the status of physical storage inventory (in MMBtu), including beginning and ending balances for core customers. PG&E reported beginning storage inventory levels as of November 1, 2022, at [REDACTED] MMBtu and ending inventory as of October 31, 2023 at [REDACTED] MMBtu.

TABLE 2-5			
Pacific Gas and Electric Company			
Summary of Storage Inventory Injections and Withdrawals			
CPIM Year 30			
November 1, 2022 Through October 31, 2023			
Gas Storage Providers	Beginning Inventory 11/01/22 (MMBtus)	Ending Inventory 10/31/23 (MMBtus)	
Firm Storage CGT	[REDACTED]	[REDACTED]	
Incremental Storage	[REDACTED]	[REDACTED]	
Total Storage Inventory	[REDACTED]	[REDACTED]	

Source: See Cal Advocates CPIM Report, Appendix B, .xlsx Tab 2-20.

²⁶ See PG&E Annual Performance Report, Year 30, p.15-16.

2.5 Review of Purchase Gas Account (PGA)

PG&E submitted a data request response for the reconciliation of its regulatory balancing account, the Purchase Gas Account (PGA).²⁷ For the reporting period, PG&E's accounting entries represent amounts expected to be received from, or refunded to, PG&E's customers through authorized adjustments within a twelve-month period. The PGA tracks gas related costs and revenues for recovery. The under- or over-collected position of this account is dependent upon the seasonality and volatility in gas volumes. Table 2-6 below illustrates net commodity costs, which show an immaterial timing difference with supporting documentation presented in PG&E's Performance Report, for actual natural gas purchases.²⁸

As part of the PGA audit, Cal Advocates selected three months in the CPIM period, December 2022, January 2023, and October 2023, to review PG&E's supporting records. PG&E provided copies of supporting documents and purchase invoices for the purpose of verification. Cal Advocates traced the costs of these purchase invoices to the monthly statement and then to the annual report and determined that the selected purchase invoices reconciled with recorded amounts in the annual report.

²⁷ See PG&E August 29, 2025, Response to Cal Advocates Data Request CPIM Year 30 Q6 issued August 15, 2025.

²⁸ See PG&E August 29, 2025, Response to Cal Advocates Data Request CPIM Year 30 Q6 issued August 15, 2025.

TABLE 2-6
Pacific Gas and Electric Company
Purchase Gas Account Review
CPIM Year 30

November 1, 2022 through October 31, 2023

CPIM Purchase Costs	Commodity Purchases	Volumetric Transportation	Subtract True-up	Add True-up	Total CPIM
CPIM Costs:					
Purchases and Sales:	\$	\$			\$
Cochrane Extraction Rev	\$				\$
SubTotal	\$	\$	\$ -	\$ -	\$
Misc. Revenues and Expenses	\$				\$
Total	\$	\$	\$ -	\$ -	\$
SAP Journal Entries:					
SAP Total	\$	\$	\$	\$	\$
Total PGA	\$	\$	\$	\$	\$
Timing Difference	\$	\$	\$	\$	\$

Source: See Cal Advocates CPIM Report, Appendix B, PG&E August 29, 2025, Response to Cal Advocates Data Request CPIM Year 30 Q6 issued August 15, 2025.

2.6 Review of Core Pipeline Demand Charge Account (CPDCA)

As part of the CPIM Year 30 filing, PG&E submitted its reconciliation for regulatory balancing account, Core Pipeline Demand Charge Account (CPDCA).²⁹ This account is used to record costs associated with backbone transmission, interstate capacity, and Canadian capacity for core procurement. Cal Advocates reviewed PG&E's documentation³⁰ showing total demand charges by pipeline for the CPIM to be \$ [REDACTED] and journal entries were \$ [REDACTED].

While Cal Advocates identified difference between the reported CPIM demand costs³¹ and the journal entries, PG&E was able to explain most of these

²⁹ See PG&E August 29, 2025, Response to Cal Advocates Data Request CPIM Year 30 Q7 issued August 15, 2025.

³⁰ Id.

³¹ See Table 2-12 below.

differences were due to timing, reclassification of demand cost to volumetric cost, and exchange rate variance.³² Cal Advocates did not identify any material differences.

TABLE 2-7 Pacific Gas and Electric Company CPDCA and CFSA Accounts Review CPIM Year 30 November 1, 2022 through October 31, 2023				
CPIM Demand Costs	Demand Charges	Subtract True-up	Add True-up	Total CPIM
Foothills Pipe Lines Ltd	\$			\$
California Gas Transmission	\$			\$
Firm Storage Costs	\$			\$
El Pas Natural Gas	\$			\$
Ruby Pipeline	\$			\$
Third Party Gas Storage	\$			\$
NOVA Gas Transmission	\$			\$
Gas Transmission NW	\$			\$
Transwestern Pipeline Company	\$			\$
Total Demand Charges:	\$	-	\$ -	\$
SAP Journal Entries				
Total SAP Entries	\$			
Total CPDCA:	\$			
Timing Difference:	\$	\$	\$	\$

Source: PG&E August 29, 2025, Response to Cal Advocates Data Request CPIM Year 30 Q7 issued August 15, 2025.

2.7 Review of Miscellaneous Costs and Revenues

Table 2-8 shows a summary of miscellaneous costs and revenues from PG&E's Annual Performance Report for the period. The revenues in this section also offset reported procurement costs and assist management in controlling net costs that impact CPIM performance. Results show total annual miscellaneous costs and revenues of (\$). This amount consists of Cochrane

³² See PG&E August 29, 2025, Response to Cal Advocates Data Request CPIM Year 30 Q7 issued August 15, 2025.

extraction revenue of (\$ [REDACTED]), non-winter hedge costs and revenues of (\$ [REDACTED]), and miscellaneous costs and revenues of (\$ [REDACTED]).

TABLE 2-8
Pacific Gas and Electric Company
Miscellaneous Costs and Revenues
CPIM Year 30
November 1, 2022 through October 31, 2023

Miscellaneous Items	Costs/Revenues	Reference
Cochrane Extraction Revenue	\$ [REDACTED]	2-9
Non-Winter Hedge Cost and Revenues	\$ [REDACTED]	2-9
Miscellaneous Costs and Revenues	\$ [REDACTED]	2-9
Total Miscellaneous Costs and Revenues	\$ [REDACTED]	

Source: See Cal Advocates CPIM Report, Appendix B.

2.8 Examination of Financial Derivatives

In 2007 the Commission authorized PG&E's Annual Core Hedge Implementation Plan for 2008 for long term hedging for purchases of call options and swaps for a three-year period.³³ D.07-06-013 provided guidelines for the long-term core hedging program as well as reporting requirements.

In 2010 the Commission approved a policy incorporating winter hedging transactions into the CPIM.³⁴ The winter hedging transactions executed on or after November 1, 2009, would be included in PG&E's CPIM calculation

³³ D.07-06-013.

³⁴ D.10-01-023.

beginning on or after November 1, 2010. CPIM Year 18 was the first year to include the winter hedging costs and this change was adopted for future CPIM calculations. The financial results for the winter 2022-2023 are summarized in Table 2-9.

PG&E reported revenues of (\$ [REDACTED]) in CPIM Year 30 for actual winter hedging costs. The total option premiums costs are \$ [REDACTED], Option and Swap Settlement are (\$ [REDACTED]), and commission and fees are \$ [REDACTED].

Table 2-9 Pacific Gas and Electric Company Winter Hedge Costs CPIM Year 30 November 1, 2022 - October 31, 2023		
Hedging	Costs/Revenues	Reference
Option Premiums	\$ [REDACTED]	2-10
Option and Swap Settlements	\$ [REDACTED]	2-10
Commissions and Fees	\$ [REDACTED]	2-10
Winter Hedge Cost Total	\$ [REDACTED]	

Source: See Cal Advocates CPIM Report, Appendix B, .xlsx Tab 2-10.

2.9 Review of Sales and Volume Transactions

Table 2-10 shows PG&E's total sales of (\$ [REDACTED]), and total reported volume of ([REDACTED]) MMBtu.

Table 2-10 Pacific Gas and Electric Company Gas Sales and Volumes CPIM Year 30 November 1, 2022 through October 31, 2023		
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Sale by Pipeline:	Volume (MMBtu)	Dollars
CGT Citygate	[REDACTED]	\$ [REDACTED]
CGT - All	[REDACTED]	\$ [REDACTED]
El Paso	[REDACTED]	\$ [REDACTED]
GTN	[REDACTED]	\$ [REDACTED]
Kern	[REDACTED]	\$ [REDACTED]
Nova	[REDACTED]	\$ [REDACTED]
Ruby	[REDACTED]	\$ [REDACTED]
WFS	[REDACTED]	\$ [REDACTED]
Total:	[REDACTED]	\$ [REDACTED]
Rounding:	[REDACTED]	\$ [REDACTED]
		\$ [REDACTED]
*Reference	2-17	2-7

Source: See Cal Advocates CPIM Report, Appendix B.

2.10 Review of Volumetric Transport Costs

Table 2-11 provides a summary of PG&E's reported volumetric transportation costs by pipelines. The total volumetric transport costs were

\$ [REDACTED] down by pipeline as follows: PG&E CGT \$ [REDACTED], El Paso \$ [REDACTED], GTN \$ [REDACTED], Ruby Pipeline \$ [REDACTED], WFS \$ [REDACTED], and ISP \$ [REDACTED]. These costs are included in the CPIM and are part of the reconciliation of the PGA balancing account.

TABLE 2-11 Pacific Gas and Electric Company Commodity Volumetric Transport Costs CPIM Year 30 November 1, 2022 through October 31, 2023
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Pipeline		Costs	Reference
PG&E CGT	\$	[REDACTED]	2-6
El Paso	\$		
GTN	\$		
Ruby Pipeline	\$		
Transwestern	\$		
WFS	\$		
ISP	\$		
Rounding	\$		
Total Volumetric Transport Costs:	\$		

Source: See Cal Advocates CPIM Report, Appendix B.

2.11 Review of Reservation Charges

To identify any variances, Cal Advocates performed a reconciliation of the benchmark reservation charges to the actual reservation charges reported in PG&E's Annual Performance Report for the subject period. Table 2-12 provides a summary of adjustments that were offset against the benchmark. The results show no discrepancies. The reconciliation account for actual reservation charges was \$310,837,322, which included total actual demand charges of \$ [REDACTED], demand charges discount of (\$ [REDACTED]), capacity release

revenue of (\$ [REDACTED]), and storage costs of \$ [REDACTED].

TABLE 2-12		
Pacific Gas and Electric Company		
Reconciliation of Reservation Charges		
CPIM Year 30		
November 1, 2022 through October 31, 2023		

Actual Demand Charges by Pipeline System:		Benchmark Demand Charges: Reference
El Paso Natural Gas Company	\$ [REDACTED]	[REDACTED]
Gas Transmission Northwest Corporation	\$ [REDACTED]	[REDACTED]
Ruby Pipeline	\$ [REDACTED]	[REDACTED]
Transcanada-Nova Gas Transmission Ltd.	\$ [REDACTED]	[REDACTED]
Transcanada-Foothills pipelines Ltd.	\$ [REDACTED]	[REDACTED]
PG&E Transmission	\$ [REDACTED]	[REDACTED]
Total Actual Demand Charges:	\$ [REDACTED]	[REDACTED] 2-8
Discount Demand Charges:		
El Paso Natural Gas Company	\$ [REDACTED]	[REDACTED]
Ruby Pipeline	\$ [REDACTED]	[REDACTED]
Demand Charge Discount Subtotal:	\$ [REDACTED]	[REDACTED] - 2-11
Capacity Release Revenue:		
Interstate Pipeline	\$ [REDACTED]	[REDACTED]
Total Capacity Release Revenue:	\$ [REDACTED]	[REDACTED] - 2-12
Storage Cost:		
California Gas Transmission Firm Storage	\$ [REDACTED]	\$ [REDACTED]
Other Storage Costs	\$ [REDACTED]	\$ [REDACTED]
Storage Cost Subtotal:	\$ [REDACTED]	[REDACTED] 2-13
Reconciliation of Reservation Charges:	\$ 310,837,322	\$ 311,617,785

Source: See Cal Advocates CPIM Report, Appendix B.

2.12 Review of Benchmark Commodity Indices

The benchmark gas price indices are published by various natural gas publications. Each index is then adjusted with fuel costs from supplying regions to PG&E's Citygate, and the adjusted gas indices are used to calculate the monthly commodity costs benchmark.

In addition, Canadian benchmark commodity indices are established using the exchange rates in effect when the indices are issued prior to the availability of closing currency exchange rates. However, the final indices, which determine the actual gas supply prices, reflect closing exchange rates.

For the reporting period, PG&E's gas operations applied a pipeline sequencing methodology for purposes of purchasing gas at the lowest cost. PG&E has the discretion to change the sequence to select a different pipeline at any time to meet reliability requirements.

Cal Advocates reviewed and verified the gas price in each publication that PG&E used to compute the benchmark and no discrepancies were identified.

2.13 Review of Benchmark Storage and Transportation Costs

Cal Advocates reviewed PG&E's reported benchmark reservation (demand) and fixed storage charges and identified any changes in activity in the report. The total transportation and storage costs are \$ [REDACTED], consisting of Canadian pipeline demand charges of [REDACTED], U.S. interstate pipeline reservation costs of \$ [REDACTED], intrastate pipeline costs of \$ [REDACTED], and storage costs of \$ [REDACTED]. Table 2-13 provides a summary of these costs.

TABLE 2-13
Pacific Gas and Electric Company
Summary of Fixed Transport and Storage Costs
CPIM Year 30
November 1, 2022 through October 31, 2023

Benchmark Demand Charges			Reference
<u>Canadian</u>			
Foothills Pipelines Ltd.	\$		
Nova Gas Transmission Ltd.	\$		
Canadian Subtotal	\$		
<u>Interstate</u>			
Gas Transmission Northwest Corporation	\$		
El Paso Natural Gas Company	\$		
Ruby Pipeline	\$		
Interstate Subtotal	\$		
<u>Intrastate</u>			
PG&E California Gas Transmission	\$		
Intrastate Subtotal	\$		
Total Dem and Charges	\$		2-8
<u>CA Intrastate Storage Costs:</u>			
California Gas Transmission Firm Storage	\$		
Other Storage Costs	\$		
Total Storage Costs	\$		2-13
Total Transportation & Storage Costs:	\$		

Source: See Cal Advocates CPIM Report, Appendix B.

2.14 Utilization of Firm Interstate and Intrastate Pipeline Assets

PG&E has short and long-term contracts to meet core gas demand for purchases of natural gas resources transported from Canadian, U.S. interstate, and California intrastate pipeline systems. During CPIM Year 30, PG&E transported natural gas resources using firm transportation contracts. PG&E estimates its utilization proportionally based on capacity available to transport supplies and/or releases to other parties. The summary in Table 2-15 below shows PG&E's estimated utilization for the period and notes changes in contract activity from prior years.³⁵

³⁵ PG&E Annual Performance Report, CPIM Year 30, Attachment, page 19.

Table 2-14
Pacific Gas and Electric Company
Core Gas Supply - Utilization of Interstate, Intrastate and Canadian Pipeline Assets
CPIM Year 30
November 1, 2022 through October 31, 2023

Pipeline Capacity:	Contract Expiration Date	Utilization Rate
TransCanada Pipelines		
NGTL	10/31/2027	
	10/31/2027	
Total NOVA:		93%
Foothills-BC System		
	10/31/2027	
	10/31/2027	
Total Foothills-BC System:		93%
Interstate Pipelines		
Gas Transmission Northwest	10/31/2027	
Seasonal	10/31/2027	
Total Gas Transmission Northwest:		97%
EI Paso Natural Gas (Nov-Mar)		
Total EI Paso Natural Gas:	3/31/2023	66%
Ruby		
Total Ruby:	10/31/2026	92%
PG&E Core Gas Supply- Intrastate Pipelines		
Redwood Path		
Annual		
Seasonal (Nov-Jan)		
Seasonal (Feb-Mar)		
Total Redwood:		99%
Baja Path		
Seasonal (Dec-Feb)		
Total Baja:		88%

Source: PG&E Annual Performance Report, CPIM Year 30, Attachment, page 19.

APPENDIX A
WITNESS QUALIFICATIONS

QUALIFICATIONS OF MICHAEL TAN

Q.1 Please state your name and business address.

A.1 My name is Michael Tan. My business address is 505 Van Ness Avenue, San Francisco, California, 94102.

Q.2 By whom are you employed and in what capacity?

A.2 I am employed as a Financial Examiner in the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), Energy Cost of Service and Natural Gas Branch.

Q.3 Briefly describe your educational background and work experience.

A.3 I have a Bachelor of Arts Degree in Economics and Bachelor of Arts Degree in Sociology – specializing in Organizational Study, from University of California, Davis. Prior to joining the Commission, I worked at the California State Board of Equalization under Sale and Used Tax Division as a Tax Auditor. My primary duty was to conduct business sales and use tax audits in different fields.

Since joining the Commission in 2013, my responsibilities have included review of gas cost incentive mechanism applications, various energy advice letters, other gas procurement matters, and general rate cases. I have prepared Monitoring and Evaluation Reports on behalf of Cal Advocates numerous times since 2013.

Q.4 What portion of the Cal Advocates Monitoring and Evaluation Report are you sponsoring in this proceeding?

A.4 I am sponsoring chapter 1 and chapter 2.

Q.5 Does that complete your prepared testimony?

A.5 Yes, it does.

APPENDIX B

PUBLIC ADVOCATES OFFICE WORKPAPERS

(Due to file format and size, the Confidential Workpapers
will be made available upon request as appropriate)