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

Expedited Application of Pacific Gas and  
Electric Company Under the Power Charge  
Indifference Adjustment Trigger.

(U 39 E)

Application 20-09-014  
(Filed September 28, 2020)

Application of Pacific Gas and Electric  
Company for Adoption of Electric Revenue  
Requirements and Rates Associated with its  
2021 Energy Resource Recovery Account  
(ERRA) and Generation Non-Bypassable  
Charges Forecast and Greenhouse Gas Forecast  
Revenue Return and Reconciliation.

(U 39 E)

Application 20-07-002  
(Filed July 1, 2020)

**JOINT MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT OF PACIFIC  
GAS AND ELECTRIC COMPANY (U 39 E), CALIFORNIA COMMUNITY CHOICE  
ASSOCIATION, JOINT CCAS, AND THE UTILITY REFORM NETWORK**

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Dated: November 20, 2020

## TABLE OF CONTENTS

I.	INTRODUCTION .....	1
II.	PROCEDURAL BACKGROUND.....	3
	A.    PG&E 2021 ERRRA Forecast Application (A.20-07-002).....	3
	B.    PG&E 2020 PUBA Trigger Application (A.20-09-014).....	5
III.	SUMMARY OF SETTLEMENT TERMS.....	6
IV.	REQUEST FOR APPROVAL OF SETTLEMENT AGREEMENT .....	8
	A.    The Settlement Is Reasonable in Light of the Whole Record.....	8
	B.    The Settlement Is Consistent with the Law. ....	9
	C.    The Settlement Is in the Public Interest. ....	10
V.	THE COMMISSION SHOULD ACT IN AN EXPEDITED MANNER.....	11
VI.	THE COMMISSION SHOULD SHORTEN THE COMMENT PERIOD.....	11
VII.	CONCLUSION.....	12

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**JOINT MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E), CALIFORNIA COMMUNITY CHOICE ASSOCIATION, JOINT CCAS, AND THE UTILITY REFORM NETWORK**

**I. INTRODUCTION**

In accordance with Rules 12.1 and 1.8(d) of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, the California Community Choice Association (“CalCCA”) and the Joint CCAs<sup>1/</sup> (together, the “CCAs”), The Utility Reform Network (“TURN”), and Pacific Gas & Electric Company (“PG&E”) (collectively, “Settling Parties”), hereby jointly request that the Commission approve the Settlement Agreement, which is attached

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<sup>1/</sup> The Joint CCAs consist of Central Coast Community Energy, CleanPowerSF (the CCA for the City and County of San Francisco (“San Francisco”), which is operated by the San Francisco Public Utilities Commission; San Francisco is the Party to this proceeding), East Bay Community Energy, Marin Clean Energy, Peninsula Clean Energy Authority, Pioneer Community Energy, San José Clean Energy, Silicon Valley Clean Energy Authority, Sonoma Clean Power, and Valley Clean Energy Alliance.

to this Joint Motion (“Settlement Agreement”).<sup>2/</sup> The Settlement Agreement resolves all of the disputed issues in the Power Charge Indifference Adjustment Undercollection Balancing Account (“PUBA”) Trigger proceeding (A.20-09-14) as well as certain discovery and other disputes in the Energy Resource Recovery Account (“ERRA”) Forecast Application (A.20-07-002). All remaining issues for resolution by the Commission already have been briefed.

The Settlement Agreement is in the public interest, represents a fair and equitable resolution of the issues, and achieves the stated goal of mitigating rate volatility and rate design complexity while still supporting resolution of the Consolidated Proceedings in time to implement new rates on January 1, 2021. The consolidated proceedings are nearing completion: the matters are to be submitted today (November 20), with a Proposed Decision on December 7, Opening Comments on December 11, and Reply Comments on December 15. The Settling Parties respectfully submit that timely approval of the Settlement Agreement will reduce the number of outstanding issues that remain in dispute in the proceeding and eliminate a potential obstacle to January 1, 2021 rate implementation. Approval of the Settlement Agreement will also reduce the administrative and resource burden on the Commission and the Settling Parties in future years and is otherwise in the public interest. Thus, the Settlement Agreement should be timely approved by the Commission without modification.

In addition, all parties to the Consolidated Proceedings have agreed to shorten the comment period for the motion to approve the Settlement Agreement.<sup>3/</sup> The parties have

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<sup>2/</sup> Pursuant to Rule 1.8(d), PG&E represents that counsel for Joint CCAs, CalCCA, and TURN have authorized PG&E to file this motion on behalf of their respective organizations. Counsel for Direct Access Customer Coalition (“DACC”) authorized PG&E to represent that DACC does not oppose the Settlement Agreement. Counsel for Alliance for Retail Energy Markets (“AReM”) authorized PG&E to represent that AReM takes no position on the Settlement Agreement. Counsel for the Public Advocates Office authorized PG&E to represent that the Public Advocates Office does not oppose the Settlement Agreement.

<sup>3/</sup> Counsel for DACC, AReM, Modesto Irrigation District, Merced Irrigation District, Agricultural Energy Consumers Association, California Farm Bureau Federation, Sunrun, and the Public Advocates Office have authorized PG&E to represent that they either support or do not oppose the shortened comment period.

agreed to file any comments on the Settlement Agreement no later than Tuesday, November 24, 2020, with any reply comments due on Wednesday, November 25, 2020.<sup>4/</sup>

## **II. PROCEDURAL BACKGROUND**

### **A. PG&E 2021 ERRRA Forecast Application (A.20-07-002).**

PG&E filed its 2021 ERRRA Forecast Application on July 1, 2020, requesting that the Commission adopt its forecasted 2021 electric sales and peak load forecasts, revenue requirements and rate proposals, greenhouse gas (“GHG”) allowance revenue return proposal, and the reasonableness review of GHG administrative and outreach costs incurred in 2019 and forecasted for 2021. PG&E amended its Application on August 14, 2020, and provided Supplemental Testimony on July 17, 2020, to correct a known electric load forecast error and the impacted revenue requirement calculations presented in its July 1, 2020 Application.

On August 5, 2020, the Commission received responses or protests from DACC, the Joint CCAs (except the City and County of San Francisco), CalCCA, Merced Irrigation District and Modesto Irrigation District (the “Districts”), and the Public Advocates Office (“CalPA”).

On August 12, 2020, Sunrun, Inc. (“Sunrun”) moved for party status, which Administrative Law Judge (“ALJ”) Wang granted at the prehearing conference.

A prehearing conference in A.20-07-002 was held on August 13, 2020, and the Scoping Memo was issued on September 10, 2020.

PG&E filed its reply to the protests and responses on August 17, 2020.

On September 14, 2020, the Agricultural Energy Consumers Association (“AECA”) moved for party status, which ALJ Wang granted on September 14, 2020.

On September 22, 2020, the City and County of San Francisco moved for party status, which ALJ Wang granted on September 23, 2020.

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<sup>4/</sup> To the movants’ knowledge, no party has indicated that it intends to file comments on, or otherwise oppose, the Settlement Agreement.

On September 24, 2020, the Joint CCAs, Sunrun, and AECA submitted intervenor testimony.

On October 2, 2020, PG&E served a Joint Case Management Statement.

On October 8, 2020, PG&E submitted its Rebuttal Testimony.

On October 13, 2020, ALJ Wang issued an e-mail ruling cancelling evidentiary hearings.

PG&E served an updated load forecast on October 26, 2020.

On October 30, 2020, PG&E, the Joint CCAs, Sunrun, and AECA submitted Opening Briefs.

On November 5, 2020, Commissioner Guzman Aceves issued an *Assigned Commissioner's Scoping Memo and Ruling* (“Amended Scoping Memo”), consolidating Application 20-09-014 with Application 20-07-002 and assigning both proceedings to ALJ Wang.

PG&E, the Joint CCAs, Sunrun, and AECA submitted Reply Briefs on November 9, 2020.

PG&E also served updated testimony on November 9, 2020 (“the November Update”). The November Update updated market price and load information, described changes to PG&E’s portfolio that occurred since the Application was filed, and included market price benchmark information calculated by the Energy Division for use in the PCIA and Ongoing CTC calculations.<sup>5/</sup>

PG&E served an Amended November Update on November 18, 2020, to correct certain errors in the November Update.

Pursuant to the Scoping Memo, parties will file comments on the November Update by November 20, 2020.<sup>6/</sup>

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<sup>5/</sup> See D.12-12-008 at pp. 9-10 (describing the types of information included in PG&E’s 2013 ERRRA Forecast application update).

<sup>6/</sup> Scoping Memo, p. 5.

**B. PG&E 2020 PUBA Trigger Application (A.20-09-014).**

On September 28, 2020, PG&E filed its first expedited application under the PCIA Trigger (A.20-09-014). The PCIA “cap and trigger” mechanism acts to limit the change in the PCIA rate from one year to the next, but also establishes an expedited application process to protect against excessive undercollections.<sup>7/</sup> In A.20-09-014, PG&E requests authorization to amortize the undercollected balance in the PCIA Undercollection Balancing Account (“PUBA”) over a 12-month period beginning January 1, 2021 and concluding December 31, 2021, and to simultaneously refund bundled customers that same amount with interest.

The Joint CCAs, CalCCA, DACC, AReM, TURN, and CalPA filed responses or protests to the application prior to the October 19, 2020 deadline, raising issues regarding the allocation of responsibility for the PUBA balance and arguing for an extended amortization period. On October 23, PG&E filed its reply to the protests and responses.

A prehearing conference in A.20-09-014 was held on October 30, 2020.

Subsequently, on November 5, 2020, the Amended Scoping Memo consolidated A.20-07-002 and A.20-09-014, noting that the administrative simplicity of handling these applications in a consolidated manner outweighs any potential burden of consolidation.

A technical workshop to discuss A.20-09-014 was held on November 12, 2020.

PG&E and the Joint CCAs each filed Opening Briefs in A.20-09-014 on November 17, 2020.

On November 17, 2020, counsel for the Joint CCAs served a notice of Notice of Settlement Conference Pursuant to Rule 12.1 on all parties in the Consolidated Proceedings and obtained the consent of all parties to the Tuesday, November 18, 2020, settlement conference. As such, all parties have stipulated to reduce the time for notice or have waived the need for service. The settlement conference was held on November 18, 2020.<sup>8/</sup>

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<sup>7/</sup> D.18-10-019, Finding of Facts 19 and 24.

<sup>8/</sup> Non-settling parties participating in the Settlement Conference included Cal Advocates.

### III. SUMMARY OF SETTLEMENT TERMS

The Settlement Agreement resolves all outstanding issues in A.20-09-014, as well as certain issues in A.20-07-002. The remaining disputed issues in A.20-07-002 have already been fully briefed or the subject of comments, and the matter is submitted as of November 20, 2020. A description of the key terms of the Settlement Agreement, embodied in various paragraphs of the Settlement Agreement and not necessarily under these specific headings or order, are highlighted here.

Timing. Maintaining the current schedule for the proceeding is of the utmost importance to the Settling Parties. In the Settlement Agreement, the parties each acknowledge the importance of implementing rates on January 1, 2021, to mitigate rate volatility and rate design complexity for 2021 and beyond. The Settling Parties agree not to seek modifications to the adopted procedural schedule in the Consolidated Proceedings. Each Settling Party also agrees to refrain from raising as part of its comments on the November Update in PG&E's 2021 ERRRA Forecast case issues for the Commission to resolve that have not been raised in the proceeding to date. In addition, each Settling Party agrees to implementation of PG&E's 2021 ERRRA Forecast requests and the return of the PUBA balance via a Tier 1 advice letter. Finally, the Settling Parties acknowledge that delay of a final decision in A.20-07-002 and A.20-09-014 beyond December 17, 2020, would invalidate the basis for the proposal, which is premised on implementation of rates on January 1, 2021.

Amortization Period for PUBA Balance. The Settling Parties agree that, unless certain enumerated events occur, the forecast year-end 2020 PUBA balance should be amortized over three calendar years beginning upon approval of the settlement in 2021, with one-third (1/3) of the year-end 2020 PUBA balance being collected in each of 2021, 2022, and 2023.<sup>9/</sup> This extended amortization period, when combined with other provisions of the Settlement Agreement relating to PCIA rates for 2021, will provide increased rate certainty and reduced rate

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<sup>9/</sup> PG&E's PUBA Trigger Application (A.20-09-014) had proposed to amortize the year-end 2020 PUBA balance over a 12-month period.

volatility for the affected Settling Parties in the coming years, while simultaneously lowering the likelihood of, if not eliminating, the need for future PCIA trigger applications and disputes around the return of the PUBA balance to bundled customers.

Petition for Modification. The Settling Parties agree that it is in their mutual interest to permanently eliminate the PCIA cap and trigger mechanism. Accordingly, the Settling Parties agree to affirmatively support the termination of the entire PCIA cap-and-trigger framework via a joint Settling Parties' petition for modification ("PFM") of D.18-10-019 to be filed in early 2021.

Uncapped PCIA Rates for 2021. The Settling Parties request that the Commission waive application of the PCIA rate cap for 2021, pending resolution of the forthcoming PFM (*i.e.*, the cap would not be applied in the calculation of the 2021 PCIA Base Rate for PCIA-eligible departing load). Instead, if the Settlement Agreement is approved by the Commission, the 2021 PCIA Total Rate for PCIA-eligible departing load would be the sum of two items: the 2021 PCIA Base Rate and the 2021 PCIA Rate Adder. The 2021 PCIA Base Rate is based on uncapped 2021 revenue requirements. The 2021 PCIA Rate Adder amortizes one third of the forecasted year-end 2020 PUBA in the year 2021. This aspect of the Settlement Agreement, when combined with other provisions of the Settlement Agreement relating to the amortization period for the current PUBA balance, will provide increased rate certainty and reduced rate volatility for affected Settling Parties in the coming years, while simultaneously lowering the likelihood of, if not eliminating, the need for future PCIA trigger applications and disputes around the return of the PUBA balance to bundled customers.

Master Data Request. PG&E and the CCAs have engaged in ongoing disagreements and discovery disputes over the past several ERRA cycles, primarily related to the timing and breakdown of actual recorded balances provided in the ERRA Forecast proceeding. To resolve those disputes, PG&E has agreed to provide, as part of a Master Data Request ("MDR") response in each of its future ERRA Forecast proceedings, certain specified information to the Settling Parties' reviewing representatives within a reasonable timeframe after each of PG&E's

monthly ERRA/PABA/PUBA activity reports are submitted to the Commission during the pendency of the applicable ERRA Forecast proceeding. The Settling Parties further agree that the purpose of the MDR is to support an aggregated review of PG&E's recorded entries to the PABA; the detailed review and audit of recorded entries in the balancing accounts will continue to be performed in connection with the ERRA Compliance Review proceeding (not in PG&E's ERRA Forecast proceeding).

Settlement Not Approved. As noted above, timely resolution of this proceeding is a critical component of the Settlement Agreement. However, if the Commission rejects the Settlement Agreement because of substantive concerns with its terms or is unable to issue its decision on the Settlement Agreement for rate implementation on January 1, 2021, the Settlement Agreement reflects the parties support for collecting the entire forecasted year-end 2020 PUBA balance in 2021, as proposed by PG&E in A.20-09-014.

The full text of the Settlement Agreement is provided as Attachment A.

#### **IV. REQUEST FOR APPROVAL OF SETTLEMENT AGREEMENT**

The Commission will approve a settlement if it finds the settlement "reasonable in light of the whole record, consistent with law, and in the public interest."<sup>10/</sup>

##### **A. The Settlement Is Reasonable in Light of the Whole Record.**

The Settling Parties are knowledgeable and experienced regarding the issues in the Consolidated Proceedings and represent distinct and affected interests:

- PG&E, which is responsible for procuring power to serve its bundled customers and whose stranded procurement costs are recovered through the PCIA;
- Joint CCAs, which represent ten community-based energy suppliers serving PG&E unbundled customers that pay the PCIA;
- CalCCA, which represents the interests of California's community choice electricity providers statewide;

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<sup>10/</sup> Rule 12.1(d).

- TURN, which is an independent statewide utility ratepayer advocacy organization and the original sponsor of the PCIA cap and trigger mechanism;

The Joint CCAs, in particular, have been active parties in PG&E's ERRA Forecast and ERRA Compliance proceedings for many years.

The Settling Parties reached agreement after the submission of lengthy testimony, extensive discovery, careful analysis of issues, and settlement discussions. With respect to the overall agreement by the Settling Parties regarding A.20-09-014, including agreement on both the amortization period and PUBA amounts, all disputed issues have been resolved. Moreover, the evidence in the proceeding, including the differences in capped and uncapped PCIA rates for 2021, the forecasted PUBA balances for 2021, and the likelihood of a PUBA trigger application next year—all which are eliminated if the Commission adopts the Settlement Agreement—demonstrate that it is in Settling Parties' mutual interest to adopt the Settlement Agreement. The fact that PG&E, CalCCA, Joint CCAs, and TURN were able to find common ground in areas where they originally (and historically) differed indicates that the Settlement Agreement is reasonable in light of the whole record and reflects a reasonable balance of the various interests affected by these proceedings.

**B. The Settlement Is Consistent with the Law.**

In agreeing to the terms of the Settlement Agreement, the Settling Parties considered the relevant statutes, rules and Commission decisions. Procedurally, the settlement process was conducted in accordance with Rule 12 of the Commission's Rules of Practice and Procedure. Notice of a settlement conference was provided, as required by Rule 12.1(b), and a settlement conference was conducted by the Joint Parties on November 18, 2020.

Substantively, the Settling Parties believe that the terms of the Settlement Agreement comply with all applicable statutes. Applicable statutes include Public Utilities Code § 451, which requires that utility rates must be just and reasonable, Public Utilities Code § 454, which prevents a change in public utility rates unless the Commission finds such an increase justified; Public Utilities Code § 454.5, which provides for timely recovery of procurement costs incurred

pursuant to an approved procurement plan and requiring the commission establish rates based on forecasts of such procurement costs; and Public Utility Code §§ 366.1 and 366.2, which require the Commission to make sure that customers leaving utility service do not burden remaining utility customers with costs which were incurred to serve them. Moreover, the Commission has the authority to waive application of a principle announced in a prior decision, particularly where all affected parties to the proceeding are either Settling Parties or have indicated their non-opposition to the Settlement Agreement.

**C. The Settlement Is in the Public Interest.**

The Commission has a “long-standing policy favoring settlements.”<sup>11/</sup> As the Commission has stated, the “Commission favors settlements because they generally support worthwhile goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing parties to reduce the risk that litigation will produce unacceptable results.”<sup>12/</sup> Furthermore, the Commission has held that a settlement that “commands broad support among participants fairly reflective of the affected interests” is an important factor in the “public interest” criterion.<sup>13/</sup> Furthermore, Commission policy “weighs against the Commission’s alteration of agreements reached through negotiation.”<sup>14/</sup>

Here, the Settlement Agreement is consistent with the Commission’s policy in support of settlement. Adoption of the Settlement Agreement will conserve the Commission’s resources and achieve a final resolution of this proceeding in less time, and at less cost, to the public and the Settling Parties than would be the case if this matter were to be fully litigated. Perhaps as important, the Settlement Agreement will avoid the need for PG&E to file a PUBA Trigger Application in 2021 and, depending on the Commission’s decision on the contemplated PFM, in

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<sup>11/</sup> D.10-06-038 at p. 46.

<sup>12/</sup> D.10-12-035 at p. 87; D.10-11-035 at p. 17.

<sup>13/</sup> *See Decision Approving Settlement Agreement for Southern California Edison Company’s and Pacific Gas and Electric Company’s Economic Development Rate Program* (D.10-06-015), dated June 3, 2010 at 11-12, citing 1992 Cal. PUC LEXIS 867 at 16.

<sup>14/</sup> D.06-06-014 at p. 12.

perpetuity. Avoiding the need for PUBA Trigger Applications in 2021 and beyond would significantly reduce the administrative and resource burden of the Settling Parties and the Commission in the coming years, promote rate stability, and save customers money in the process. This Settlement Agreement is also in the public interest because it resolves lingering disputes around data access that have lasted over several ERRA cycles, thus ending further litigation time and costs for the Settling Parties and the Commission in future ERRA Forecast proceedings.

The Settlement Agreement is sponsored by the PG&E, CalCCA, the Joint CCAs, and TURN, and therefore is supported, or not opposed, by participants who fairly reflect the affected interests, and it does not contravene statutory provisions, as discussed above.<sup>15/</sup> All Settling Parties seek a fair and balanced resolution of this matter and support adoption of the Settlement Agreement as such. Together, the Settling Parties' collective agreement to recommend adoption of the Settlement Agreement supports the notion that the settlement is in the public interest.

#### **V. THE COMMISSION SHOULD ACT IN AN EXPEDITED MANNER**

The Settling Parties request that the Commission consider this motion on an expedited basis to ensure timely implementation of 2021 rates. As noted above, if the Commission does not approve the Settlement Agreement and issue a final decision in the consolidated cases by December 17, 2020, the Settling Parties acknowledge this would invalidate the basis for the proposal, which is premised on implementation of rates on January 1, 2021. Thus, expedited action is essential.

#### **VI. THE COMMISSION SHOULD SHORTEN THE COMMENT PERIOD**

In recognition of the need for prompt action to maintain the proceeding's current schedule, all parties to both proceedings support a shortened comments period on the Settlement Agreement. All parties to the Consolidated Proceedings have agreed to file any comments on the

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<sup>15/</sup> As noted above, DACC, which advocates on behalf of direct access interests, does not oppose the settlement.



## **ATTACHMENT A**

**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 2021 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation (U 39 E)

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Application No. 20-07-002  
(Filed July 1, 2020)

Expedited Application of Pacific Gas and Electric Company Under the Power Charge Indifference Adjustment Trigger. (U 39 E)

Application No. 20-09-014  
(Filed September 28, 2020)

(Consolidated)

**SETTLEMENT AGREEMENT BETWEEN PACIFIC GAS AND ELECTRIC COMPANY (U 39 E), THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION, THE JOINT COMMUNITY CHOICE AGGREGATORS, AND THE UTILITY REFORM NETWORK**

Pacific Gas and Electric Company (“PG&E”), the California Community Choice Association (“CalCCA”), the Joint Community Choice Aggregators (“Joint CCAs”),<sup>1</sup> and The Utility Reform Network (“TURN”), (collectively, the “Settling Parties”) enter into this Settlement Agreement as a compromise of their respective litigation positions to resolve all disputed issues raised in the *Expedited Application of Pacific Gas and Electric Company Under the Power Charge Indifference Adjustment Trigger (U 39 E)* (“PCIA Trigger Application”) and

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<sup>1/</sup> The Joint CCAs consist of Central Coast Community Energy, CleanPowerSF (the CCA for the City and County of San Francisco (“San Francisco”), which is operated by the San Francisco Public Utilities Commission; San Francisco is the Party to this proceeding), East Bay Community Energy, Marin Clean Energy, Peninsula Clean Energy Authority, Pioneer Community Energy, San José Clean Energy, Silicon Valley Clean Energy Authority, Sonoma Clean Power, and Valley Clean Energy Alliance.

certain disputed issues raised in the *Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2021 Energy Resource Recovery Account (“ERRA”) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation (U 39 E)* (“ERRA Forecast Application”) before the California Public Utilities Commission (“CPUC” or “Commission”).

The Settling Parties have negotiated the terms and conditions of this Settlement Agreement to resolve (1) all disputed issues in A.20-09-014, including the amortization of the forecasted year-end 2020 Power Charge Indifference Amount (“PCIA”) Undercollection Balancing Account (“PUBA”) balance, (2) the issue of whether PCIA rates will be capped as a result of the ERRA Forecast Application, (3) the issue of whether PG&E has supported its proposed rates in the ERRA Forecast Application with substantial evidence<sup>2</sup>, and (4) the issue of PG&E providing more data to parties in the ERRA Forecast Application. The remaining disputed issues in the ERRA Forecast Application have already been briefed by the parties, and may be addressed further in comments on November 20, 2020 in the limited manner described herein, for resolution by a Commission decision.

Any undisputed proposals or requests for relief in the ERRA Forecast Application and ERRA Trigger Application shall be deemed unopposed by CalCCA, the Joint CCAs, and TURN. The Settling Parties request that the Commission approve those proposals and requested relief as presented.

## **I. SETTLEMENT PROCESS**

On November 17, 2020, the Joint CCAs provided Notice of Settlement Conference to the service list pursuant to Commission Rules of Practice and Procedure (Rule) 12.1(b). The Settlement Conference was conducted remotely via web conference at 4 p.m. on November 18, 2020. Settling Parties participating in the Settlement Conference included PG&E, the Joint CCAs, CalCCA, and TURN. Non-settling parties participating in the Settlement Conference

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<sup>2</sup> TURN’s support for the settlement extends only to the disputed issues raised in A.20-09-014 and does not constitute support for the overall reasonableness of proposed rates in the ERRA forecast application.

included Cal Advocates, the Direct Access Customer Coalition, and the Alliance for Retail Energy Markets, and the Public Advocates Office at the California Public Utilities Commission.

The Joint CCAs, CalCCA, and TURN have reviewed PG&E's PCIA Trigger Application and ERRA Forecast Application and all applicable testimony, workpapers, and responses to discovery requests, and conclude that the Commission's final decision in this proceeding should approve all of the relief requested in PG&E's applications, except as expressly provided in this Settlement Agreement and except for the issues in the ERRA Forecast Application that have been addressed in briefing, will be addressed in comments on the November Update, remain in dispute, are unresolved by this Settlement Agreement, and are reserved for Commission decision.

## **II. SETTLEMENT AGREEMENT TERMS AND CONDITIONS**

The Settling Parties agree to the following terms and conditions:

1. The Settling Parties each acknowledge the importance of implementing rates on January 1, 2021, to mitigate rate volatility and rate design complexity. Each Settling Party agrees to support, and CalCCA agrees to cause its members to support (or not oppose), the adopted procedural schedule in the 2021 ERRA Forecast proceeding, i.e., no further requests for modification. TURN agrees not to propose changes to the schedule. In addition, each Settling Party agrees to implementation of PG&E's 2021 ERRA Forecast Application and the return of the PUBA balance via a Tier 1 advice letter.
2. To facilitate implementation of the settlement agreement in a timely manner, each Settling Party agrees to support, and CalCCA agrees to cause its members to support (or not oppose), that PG&E's year-end 2020 Portfolio Allocation Balancing Account ("PABA") balance in PG&E's 2021 ERRA Forecast Application is supported by substantial evidence. TURN agrees not to oppose this finding. Each Settling Party also agrees to refrain from raising as part of its comments on the November Update in PG&E's 2021 ERRA Forecast Application issues for the Commission to resolve that have not been raised in the proceeding to date.

3. PG&E agrees to provide to any party to the proceeding as part of a Master Data Request (“MDR”) response in each of its future ERRA Forecast proceedings, the following:
  - a. Confidential versions of the monthly ERRA/PABA/PUBA activity reports.
  - b. Additional detail supporting the monthly PABA reports, including subcategories for summarized line items such as Utility-Owned Generation (“UOG”) costs and Contracts (e.g., provide by resource type, and whether Renewable Portfolio Standard (“RPS”) or non-RPS eligible).
  - c. Actual volumetric quantities underlying each relevant dollar figure; such categories include UOG generation, power purchases and sales, California Independent System Operator market sales, and retail customer sales.
  - d. Monthly volumes of Actual Sold, Retained, and Unsold Resource Adequacy capacity.
  - e. Monthly volumes of Actual Sold, Retained, and Unsold RPS-eligible energy.

Non-confidential information will be provided to all parties to the proceeding that request a copy of the MDR response. A party’s access to confidential information within the MDR will require its reviewing representative to sign a nondisclosure agreement. PG&E will provide the specified information to the Settling Parties’ reviewing representatives within a reasonable timeframe after each of PG&E’s monthly ERRA/PABA/PUBA activity reports is submitted to the Commission during the pendency of the applicable ERRA Forecast proceeding.

4. PG&E agrees to update the relevant actual recorded components of the MDR within a reasonable timeframe after each of its monthly ERRA/PABA/PUBA reports is filed during the pendency of the applicable ERRA Forecast proceeding. The Settling Parties agree that the purpose of the MDR is to support a Settling Party’s aggregated review of PG&E’s recorded entries to the PABA. The detailed review and audit of recorded entries in the balancing accounts is performed in connection with the ERRA Compliance Review proceeding and not in PG&E’s ERRA Forecast proceeding.

5. Each Settling Party agrees to affirmatively support, and CalCCA agrees to cause its members to support (or not oppose), the termination of the entire PCIA cap-and-trigger framework via a joint Settling Parties' petition for modification ("PFM") of D.18-10-019 to be filed in early 2021.
6. The Settling Parties agree to seek the Commission's waiver of the PCIA rate increase cap in 2021 (*i.e.*, the cap would not be applied in the calculation of the 2021 PCIA Base Rate for PCIA-eligible departing load). The 2021 PCIA Base Rate does not include amortization of the forecasted year-end 2020 PUBA balance, which is addressed in Paragraphs 7-9.
7. The Settling Parties agree, in determining the 2021 PCIA Total Rate for PCIA-eligible departing load, to combine the final uncapped 2021 ERRRA Forecast revenue requirement adopted in A.20-07-002 (PCIA Base Rate) and, upon approval of this settlement, one-third (1/3) of the forecasted year-end 2020 PUBA balance for recovery in 2021 (2021 PUBA Rate Adder). The 2021 PCIA Total Rate for PCIA-eligible departing load would be the sum of the 2021 PCIA Base Rate and the 2021 PCIA Rate Adder.
8. Except as provided below, the forecasted year-end 2020 PUBA balance will be amortized over three calendar years beginning upon approval of the settlement in 2021, with one-third (1/3) of the forecasted year-end 2020 PUBA balance being collected in each of 2021, 2022, and 2023.
9. Amortization of the year-end 2020 PUBA balance over 2021, 2022, and 2023 is contingent on the Settling Parties' joint PFM of D.18-10-019 being filed in early 2021, supported by the Settling Parties, and the members of CalCCA (or its members do not oppose it), and approved in 2021.
  - a. If the Settling Parties fail to support (or not oppose) the PFM, the remaining 2/3 amortization of the year-end 2020 PUBA balance is collected in 2022, and amortization of any residual year-end 2021 PUBA balance will be collected in 2022. In this circumstance, if PG&E "triggers" due to the PUBA accruing in 2021, PG&E agrees to propose disposition of the PUBA balance in connection

with its 2022 ERRA Forecast proceeding (*i.e.*, PG&E will not seek to implement a mid-year 2021 rate increase to address the PUBA balance).

- b. The Settling Parties agree to use all reasonable efforts to obtain approval of the PFM in 2021. If the PFM is still pending on the date by which the November Update must be submitted in 2021, the Settling Parties agree to seek the Commission's waiver of the PCIA rate increase cap in 2022 (*i.e.*, the cap will not be applied in the calculation of the 2022 PCIA Base Rate for PCIA-eligible departing load).
10. Each Settling Party agrees to work with PG&E in good faith to secure prompt Commission approval of this settlement and to not oppose – and CalCCA agrees to cause its members to not oppose – the settlement or any terms of the settlement in any proceeding.
11. This settlement will be binding on the parties except as specified in Paragraph 19.
12. If the CPUC rejects the settlement, as specified in Paragraph 19, amortization of the entire forecasted year-end 2020 PUBA balance will be collected in 2021 as proposed by PG&E in A.20-09-014, and amortization of any year-end 2021 PUBA balance will be collected in 2022. In this circumstance, if PG&E “triggers” due to the PUBA accruing in 2021, PG&E agrees to propose disposition of the PUBA balance in connection with its 2022 ERRA Forecast proceeding (*i.e.*, PG&E will not seek to implement a mid-year 2021 rate increase to address the PUBA balance).
13. This settlement agreement resolves all outstanding issues in A.20-09-014 and the issues identified above in Paragraphs 1-4 and 6 in A.20-07-002. All other outstanding issues in A.20-07-002 remain unresolved.
14. The Settling Parties agree to file a motion for approval of this settlement by the Commission no later than November 20, 2020, *provided that* all parties to A.20-07-002 and A.20-09-014 agree to shortened opening and reply comment periods on any settlement. Moreover, the settling parties each agree that, consistent with CPUC Rule 12(c), the motion for approval of this settlement shall state that delay of a final decision

in A.20-07-002 and A.20-09-014 beyond December 17, 2020, would invalidate the basis for the proposal and shall also clearly state the timing urgency for a final decision.

### **III. GENERAL PROVISIONS**

15. Unless the Commission expressly provides otherwise, and except as otherwise expressly provided herein, such Commission adoption of the Settlement Agreement does not constitute approval or precedent for any principle or issue in this or any future proceeding.
16. The Settling Parties agree that nothing contained in this Settlement Agreement is to be construed as an admission of liability, fault, or improper action by any Settling Party.
17. The Settling Parties agree that this Settlement Agreement is subject to approval by the Commission. As soon as practicable after the Settling Parties have signed this Settlement Agreement, the Settling Parties shall jointly file a motion for Commission approval and adoption of the Settlement Agreement. The Settling Parties will furnish such additional information, documents, and/or testimony as the ALJ or the Commission may require in granting the motion adopting this Settlement Agreement.
18. The Settling Parties agree to recommend that the Commission approve and adopt this Settlement Agreement in its entirety without change.
19. The Settling Parties agree that, if the Commission fails to adopt this Settlement Agreement in its entirety and without modification, the Settling Parties shall convene a Settlement Agreement conference within two (2) business days thereof to discuss whether they can resolve the issues raised by the Commission's actions. If the Settling Parties cannot mutually agree to resolve the issues raised by the Commission's actions, the Settlement Agreement shall be rescinded, and the Settling Parties shall be released from their obligation to support the Settlement Agreement. Thereafter, the Settling Parties may pursue any action they deem appropriate but agree to cooperate in establishing a procedural schedule.

20. The Settling Parties agree to actively and mutually defend the Settlement Agreement if its approval and adoption is opposed by any other party.

21. This Settlement Agreement constitutes a final Settlement Agreement of:

- a. All disputed issues in the PCIA Trigger Application, A.20-09-014,
- b. The issue of whether PCIA rates will be capped as a result of the 2021 ERRA Forecast Application;
- c. The issue of whether PG&E has supported its proposed rates in the ERRA Forecast Application with substantial evidence<sup>3</sup>, and
- d. The issue of PG&E providing more data to parties within future ERRA Forecast Applications.

The few remaining disputed issues in the ERRA Forecast Application have already been briefed for resolution by a Commission decision and may be addressed in comments on the November Update on November 20, 2020 in the limited manner described herein.

22. This Settlement Agreement constitutes the Settling Parties' entire Settlement Agreement, which cannot be amended or modified without the express written and signed consent of all the Settling Parties hereto.

#### **IV. MISCELLANEOUS PROVISIONS**

23. The Settling Parties agree that no signatory to the Settlement Agreement or any employee thereof assumes any personal liability as a result of the Settlement Agreement.

24. If any Settling Party fails to perform its respective obligations under the Settlement Agreement, any other Settling Party may come before the Commission to pursue a remedy including enforcement.

25. The provisions of this Settlement Agreement are not severable. If the Commission, or any competent court of jurisdiction, overrules or modifies as legally invalid any material provision of the Settlement Agreement, the Settlement Agreement may be considered

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<sup>3</sup> TURN's endorsement of the Settlement does not constitute support for the overall reasonableness of proposed rates in the ERRA Forecast Application.

rescinded as of the date such ruling or modification becomes final, at the discretion of the Settling Parties.

26. The Settling Parties acknowledge and stipulate that they are agreeing to this Settlement Agreement freely, voluntarily, and without any fraud, duress, or undue influence by any other party. Each Settling Party states that it has read and fully understands its rights, privileges, and duties under the Settlement Agreement, including each Settling Party's right to discuss the Settlement Agreement with its legal counsel and has exercised those rights, privileges, and duties to the extent deemed necessary.
27. In executing this Settlement Agreement, each Settling Party declares and mutually agrees that the terms and conditions are reasonable, consistent with law, and in the public interest.
28. No Settling Party has relied, or presently relies, upon any statement, promise, or representation by any other Settling Party, whether oral or written, except as specifically set forth in this Settlement Agreement. Each Settling Party expressly assumes the risk of any mistake of law or fact made by such Settling Party or its authorized representative.
29. This Settlement Agreement may be executed in separate counterparts by the different Settling Parties hereto with the same effect as if all Settling Parties had signed one and the same document. All such counterparts shall be deemed to be an original and shall together constitute one and the same Settlement Agreement.
30. This Settlement Agreement shall become effective and binding on the Settling Parties as of the date it is approved by the Commission in a final and non-appealable decision.
31. This Settlement Agreement shall be governed by the laws of the State of California as to all matters, including but not limited to, matters of validity, construction, effect, performance, and remedies.

The Settling Parties mutually believe that, based on the terms and conditions stated above, this Settlement Agreement is reasonable in light of the whole record, consistent with the

law, and in the public interest. The Settling Parties' authorized representatives have duly executed this Settlement Agreement on behalf of the parties they represent.

PACIFIC GAS AND ELECTRIC  
COMPANY



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Robert S. Kenney  
Vice President, Regulatory and External  
Affairs

Date: 11/20/20

CALIFORNIA COMMUNITY CHOICE  
ASSOCIATION

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Evelyn Kahl  
General Counsel

Date: \_\_\_\_\_

JOINT COMMUNITY CHOICE  
AGGREGATORS

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Tim Lindl  
Attorney for the Joint CCAs

Date: \_\_\_\_\_

THE UTILITY REFORM NETWORK

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Matthew Freedman  
Attorney for TURN

Date: \_\_\_\_\_

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Date: 11/2/20