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

In The Matter of Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2022 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation.

(U 39 E)

Application 21-06-001
(Filed June 1, 2021)

PACIFIC GAS AND ELECTRIC COMPANY (U-39 E), THE DIRECT ACCESS CUSTOMER COALITION, JOINT CCAS AND THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION, AND THE PUBLIC ADVOCATES OFFICE PARTY STATEMENTS CONCERNING ADDITIONAL ERRA-MAIN DATA

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Dated: January 6, 2022

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I. INTRODUCTION AND BACKGROUND

Pursuant to the December 17, 2021 Ruling of Administrative Law Judge Lee ordering Pacific Gas and Electric Company ("PG&E") to file additional data concerning the amortization of PG&E's Year-End Energy Resource Recovery Account ("ERRA")-Main balance, and directing parties to meet-and-confer concerning such additional data ("Ruling"), PG&E, the California Community Choice Association ("CalCCA"), the Direct Access Customer Coalition ("DACC"),[1/] Joint CCAs,[2/] and the Public Advocates Office at the California Public Utilities Commission ("Cal Advocates") offer party statements to the California Public Utilities Commission ("Commission") through this pleading for consideration.[3/]

1/ DACC is a regulatory advocacy group comprised of educational, governmental, commercial and industrial customers that utilize direct access for all or a portion of their electrical energy requirements.

2/ The "Joint CCAs" consist of Central Coast Community Energy, the City and County of San Francisco, East Bay Community Energy, Marin Clean Energy, Peninsula Clean Energy Authority, Pioneer Community Energy, San José Clean Energy, Silicon Valley Clean Energy Authority, and Sonoma Clean Power Authority.

3/ Pursuant to Rule 1.8 (d) of the Commission's Rules of Practice and Procedure counsel for Cal Advocates, CalCCA, DACC, and the Joint CCAs have authorized PG&E to file this pleading on their behalf.

On December 28, 2021 PG&E filed and served its Fifth Supplemental Testimony, marked as Exhibit PGE-9, in compliance with the Ruling. PG&E's Fifth Supplemental Testimony provided updated revenue requirements, rate impacts, and bill impacts associated with amortizing over 18 months and over 24 months the forecast end-of-the year ERRA-Main balance, as filed in the December Update, that PG&E requests to be transferred to the 2021 Portfolio Allocation Balancing Account ("PABA") subaccount.[4/] In PG&E's December Update, PG&E presented updated revenue requirements, rate impacts, and bill impacts that amortize the forecast end-of-the year ERRA-Main balance over 12 months. The December Update used recorded accounting close balances up to and including November 30, 2021 and used energy market forecasts as of November 30, 2021 for December 2021 balances.

On January 4, 2021, parties to PG&E's 2022 ERRA Forecast proceeding participated in a remote meet-and-confer meeting concerning the additional data and amortization scenarios. All parties to Application (A.) 21-06-001 were present at the remote meeting, with representatives of the Applicant PG&E and the following parties were present:

- Agricultural Energy Consumers Association;
- California Community Choice Association;
- California Farm Bureau Federation;
- California Large Energy Consumers Association;
- Direct Access Customer Coalition;
- Joint CCAs; and
- Public Advocates Office at the California Public Utilities Commission

II. PARTY STATEMENTS

In this below section, PG&E and certain individual parties to A. 21-06-001 offer individual party statements concerning the additional data and amortization scenarios presented

4/ PG&E's December Update was filed and served on December 14, 2021 and was marked as Exhibit PGE-7.

in PG&E's Fifth Supplemental Testimony. Each subsection was developed by the party specified therein, without subsequent modification by PG&E.

A. Pacific Gas and Electric Company

PG&E has considered the additional data provided in the Fifth Supplemental Testimony as part of the development of this party statement. Based on the additional information and data, PG&E respectfully requests that the Commission issue a Proposed Decision authorizing a 12-month amortization of the forecast year-end 2021 balance, as set forth in the rate proposals in Appendix B to PG&E's December Update. Pursuant to the rate proposals set forth in PG&E's December Update, PG&E amortizes the forecast year-end balance in 2022 rates. Amortization of the ERRA-Main balance over 12-months is consistent with the past recoveries of both undercollections and overcollections of PG&E's ERRA-related balancing account and provides for timely recovery of PG&E's electric procurement costs incurred pursuant to a Commission-approved procurement plan, consistent with California Public Utilities Code Section 454.5 (d)(3). PG&E's Assembly Bill 57 framework provides for a mechanism to adjust bundled customer generation rates in 2022 if necessary. PG&E's 2022 ERRA balances would inform whether PG&E would need to file an ERRA Trigger application in 2022 to adjust rates.

As described in December 28 Testimony, the adoption of an 18- or 24-month amortization period year-end balance introduces costs and risk to PG&E and its customers. Timely cost recovery of PG&E's incurred procurement costs is an important credit rating consideration. A longer amortization period for PG&E's ERRA-Main costs in this proceeding would result in delays to cost recovery of PG&E's incurred costs and would have negative credit implications for PG&E. PG&E's customers are negatively impacted by adverse credit events because such events can result in lower credit ratings and higher borrowing costs for PG&E, ultimately resulting in higher costs to customers.

In addition to the potential credit implications associated with 18- or 24-month amortization, a longer amortization period will increase costs to customers in two direct ways: first, customers must pay interest on the balancing account undercollections for the longer period that they would be outstanding relative to a 12-month amortization. Second, a delay in recovering PG&E's ERRA-Main undercollection was not contemplated in the sizing of PG&E's liquidity facilities that support short-term financing. As such, PG&E may need to seek incremental lending capacity to support electric procurement costs. The cost of the bank fees associated with that incremental capacity would be passed through to customers as well. Accordingly, customers would ultimately face higher costs if a longer amortization period for the ERRA-Main balance is adopted by the Commission, either directly through higher short-term interest and bank facility fees or indirectly if a longer amortization period contributed to a ratings downgrade. PG&E urges the Commission to maintain timely cost recovery based on 12-months of billed revenues to provide PG&E timely cost recovery of its costs incurred pursuant to a Commission-approved procurement plan, and to avoid negative financial consequences for the utility and its customers.

B. California Community Choice Association and the Joint CCAs

CalCCA and the Joint CCAs support a 12-month amortization of the revenue requirements presented in the December Update. Both parties also continue to endorse and hereby incorporate the statements made in the Joint CCAs' December 20, 2022 comments in response to the December Update.[5/] As more fully explained in those comments, the Commission should approve PG&E's proposed forecasted revenue requirements and associated rates in its December Update because those proposals are reasonable and are in compliance with all applicable rules, regulations, resolutions and decisions for all customer classes. Moreover, the Commission should avoid any further delay in the implementation of 2022 rates because such delays will harm all customers by increasing rate volatility. Lastly, the Commission should not take any action on the October Update because it reflects actual costs and revenues from only nine months out of the year and therefore does not comply with statute or Commission precedent.

5/ A.20-06-001, *Comments of the Joint Community Choice Aggregators*, p. 2 (Dec. 20, 2021).

C. Direct Access Customer Coalition

DACC concurs with PG&E that the amortization of the ERRA-Main balance over 12-months is consistent with the past recoveries of both undercollections and overcollections of PG&E's ERRA-related balancing account and provides for timely recovery of PG&E's electric procurement costs incurred pursuant to a Commission-approved procurement plan, consistent with California Public Utilities Code Section 454.5 (d)(3).

D. Cal Advocates

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) does not oppose Pacific Gas and Electric Company's (PG&E) proposed 12-month amortization period for the approved 2022 Energy Resource Recovery Account (ERRA) Forecast Application (A.)21-06-001 (2022 ERRA Forecast) revenue increase.

Recovering the proposed 2022 ERRA Forecast revenue increase over 18 or 24 months would not appreciably reduce rates and bills for PG&E customers in 2022. If an extended recovery period of 18 or 24 months is approved, only a portion of the revenue contained within the main ERRA balancing account would be amortized over either extended period. Cal Advocates estimates recovery over an 18-month amortization period would reduce bundled residential and small commercial average rates by less than 2% compared to rates calculated over a 12-month recovery period. Further, amortizing recovery over 24 months would reduce bundled residential and small commercial average rates by slightly more than 2% compared to rates calculated over a 12-month recovery period. The balance of revenues not recovered in 2022 under the extended amortization periods would instead be recovered from customers in 2023.

Recovering the proposed 2022 ERRA Forecast revenue increase over 18 or 24 months would only provide temporary rate relief, because rate recovery of the remaining ERRA Forecast balance in 2023 would coincide with significant, additional, rate increases from other pending applications. Concurrently in 2023, PG&E customers may see rate increases from the following currently pending applications: (1) PG&E's Test Year (TY) 2023 General Rate Case Phase 1

(A.21-06-021); (2) PG&E's 2020 and 2021 Wildfire Mitigation and Catastrophic Events (A.20-09-019, A.21-09-008); and (3) PG&E's 2018 Catastrophic Event Memorandum Account (A.18-03-015). There may also be additional unforeseen revenue and rate changes in 2023 from future applications not yet filed, such as PG&E's 2023 ERRA Forecast Application. Recovery of the 2022 ERRA Forecast balance under the 18- and 24-month amortization scenarios, in addition to the previously listed applications, will result in larger, cumulative 2023 rates for all customers. Conversely, recovering the full 2022 ERRA Forecast revenue increase over 12 months would mitigate the potential cumulative rate increases PG&E customers are expected to face in 2023 by minimizing the anticipated overlapping recovery period.

III. CONCLUSION

PG&E and the parties represented herein request that the Commission consider the foregoing party statements in the development of a Proposed Decision addressing PG&E's 2022 ERRA Forecast rate requests.

Respectfully Submitted,

By: *\/s\/ Maria V. Wilson*
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