

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: November 14, 2019

Please find attached Keyes & Fox's October 2019 Regulatory Memorandum dated November 5, 2019, an informational summary of the key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC).

Attachment: Keyes & Fox Regulatory Memorandum dated November 5, 2019

Valley Clean Energy Alliance

Regulatory Monitoring Report

To: Valley Clean Energy Alliance (“VCE”) Board of Directors

From: Sheridan Pauker, Partner, Keyes & Fox, LLP
Tim Lindl, Partner, Keyes & Fox LLP
Ben Inskeep, Sr. Analyst, EQ Research, LLC

Subject: Regulatory Update

Date: November 5, 2019

Summary

Keyes & Fox LLP and EQ Research, LLC, are pleased to provide VCE’s Board of Directors with this monthly informational memo describing key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC). A Glossary of Acronyms used is provided at the end of this memo.

In summary, this month’s report includes regulatory updates on the following priority issues:

- **New: Investigation of PG&E Bankruptcy Plan:** the CPUC issued an Order Instituting Investigation (OII) to consider the ratemaking and other implications of PG&E’s proposed plan to resolve its pending Chapter 11 bankruptcy proceeding. PG&E filed a response summarizing restructuring plans, parties submitted comments on the scope and procedural aspects of this proceeding, and a prehearing conference was held.
- **PCIA Rulemaking:** The CPUC issued D.19-10-001, refining the method, data, and process requirements for the forecast and true up of the Market Price Benchmarks to be used in determining the PCIA rate. Working Groups 2 and 3 continued to meet.
- **Resource Adequacy Rulemaking:** The CPUC issued a D.19-10-021, affirming RA import rules, and CalCCA filed an Application for Rehearing and a Motion for Stay of the Decision. Numerous LSEs also requested waivers of penalties for failing to meet local RA requirements. CalCCA also filed a Petition for Modification of D.19-06-026, requesting a process for LSEs to file waivers of system and flexible capacity requirements. Parties filed comments and replies to a September motion by renewable and solar companies and advocates that requested a process and schedule be established to determine the capacity value of hybrid resources (i.e., energy storage paired with a generation resource). Parties also filed reply comments on the Settlement Agreement that would create an RA central procurement entity. The CPUC hosted a workshop on the RA central buyer proposals and Settlement Agreement.
- **IRP Rulemaking:** The CPUC issued a Revised Proposed Decision requiring the procurement of 4,000 MW of capacity statewide by all LSEs to ensure system reliability during the 2021-2023 period, and parties filed comments on the revised PD. Parties also filed comments and reply comments on a Ruling that requested comments on filing requirements for 2020 IRPs.
- **Investigation into PG&E Violations Related to Wildfires:** The ALJ issued an Amended Scoping Memo and Ruling that established a procedural schedule and made other

determinations about the scope of the proceeding. Parties filed opening and reply briefs. The ALJ issued an additional Amended Scoping Memo and Ruling to expand the scope of the proceeding to two additional wildfires (but not including the Camp Fire). An October 30, 2019, Email Ruling granted the CPUC Safety Enforcement Division's request for an extension of time to respond to file its response to PG&E's Attachment B Report.

- **Wildfire Fund Non-Bypassable Charge (AB 1054):** The CPUC issued D.19-10-056 that approves the imposition of a non-bypassable charge to fund the Wildfire Fund.
- **2018 Rate Design Window:** Parties filed Phase III reply briefs. A proposed decision is next.
- **Utility Wildfire Mitigation Plans Rulemaking:** The ALJ issued a Ruling requesting comments on Phase 2 workshops. The ALJ later granted an extension of time due to ongoing wildfires directly impacting parties in this proceeding. The Counties of Mendocino, Napa, and Sonoma, and the City of Santa Rosa (Joint Local Governments) filed a Motion requesting the CPUC reject PG&E's AL 5582-E that purported to implement a CPUC directive regarding PG&E's programs to share de-energization and wildfire-related information with its local public safety partners.
- **PG&E's 2020 ERRA Forecast:** Parties filed opening and reply briefs. The November Update will be filed November 8.
- **PG&E's Phase 1 GRC:** Evidentiary hearings began on September 23, 2019 and continued throughout October. Opening Briefs are due November 22.
- **PG&E's 2018 ERRA Compliance:** PG&E, Public Advocates Office, and the Joint CCAs (EBCE, PCE, and SVCE) filed a joint motion requesting approval of a settlement agreement.
- **RPS Rulemaking:** No updates this month.
- **Wildfire Cost Recovery Methodology Rulemaking:** No updates this month.
- **Investigation into PG&E's Organization, Culture and Governance:** No updates this month.
- **Other Regulatory Developments:**
 - **Annual Electric True-up:** On October 15, 2019, PG&E filed its preliminary annual electric true-up (Advice Letter [5661-E](#)).
 - **SB 237 Direct Access Rulemaking:** Parties including CalCCA submitted comments and reply comments in response to a Ruling kicking off Phase 2 of the implementation of expansion of direct access under SB 237, which addresses the requirement that the CPUC develop recommendations on re-opening direct access fully to all interested non-residential customers.

Investigation of PG&E Bankruptcy Plan

On October 4, 2019, the CPUC issued an Order Instituting Investigation (OII) to consider the ratemaking and other implications of PG&E's proposed plan to resolve its pending Chapter 11 bankruptcy proceeding. PG&E responded to the OII on October 11, 2019, with its most current reorganization plan and a table summarizing major actions and timelines for completion of the Chapter 11 proceeding. Other stakeholders, including several CCAs, the City and County of San Francisco, and the City of San Jose, filed responses to the OII by October 18, 2019, on procedural and scheduling issues (i.e., not the substance of the plan itself) and a prehearing conference was held October 23. On November 1, 2019, the Administrative Law Judge issued a Ruling directing PG&E to file a separate application requesting approval of certain hedging transactions.

- **Background:** On September 9, 2019, PG&E filed a proposed plan of reorganization in the United States Bankruptcy Court. A subsequent Ruling of the Bankruptcy Court terminated PG&E's exclusive right to file a plan of reorganization and permits the filing of an alternative plan (characterized as a "hostile takeover" by PG&E) proposed by the Ad Hoc Committee of Senior Unsecured Noteholders, led by Elliott Management Corporation and the Official Committee of

Tort Claimants. Under AB 1054, in order for PG&E to be eligible to participate in the Wildfire Fund, its plan must be “neutral, on average, to ratepayers” and PG&E must complete its bankruptcy restructuring by June 30, 2020.

PG&E’s plan would result in up to \$8.4 billion in compensation to wildfire victims and certain public entities from a trust funded for their benefit; pays insurance subrogation claimants \$11 billion to settle their wildfire claims; pays certain public entities \$1 billion to settle their wildfire claims; assumes all power purchase agreement and community choice aggregation servicing agreements; provides for PG&E to participate in the Wildfire Fund;

- **Details:** The case will address regulatory review and approval of the plan, in particular the questions surrounding whether the plan meets the requirements AB 1054 imposes for PG&E to participate in the newly established Wildfire Fund, which is encumbered by a June 30, 2020 deadline. This proceeding will consider the ratemaking implications of the proposed plan and settlement agreement, whether the plan satisfactorily resolves claims for monetary fines or penalties for PG&E’s pre-petition conduct, whether to approve the governance structure of the utility and the appropriate disposition of potential changes to PG&E’s corporate structure and authorization to operate, whether to make any other approvals related to the confirmation and implementation of the plan, and any other findings necessary to approve a proposed settlement, including but not limited to whether doing so is in the public interest.

In their Response to the OII, the City and County of San Francisco and the City of San Jose argued that the scope of the proceeding should include consideration of alternate offers to PG&E, including San Francisco’s offer to purchase PG&E’s electric distribution and transmission assets serving San Francisco.

The November 1 Ruling orders PG&E to file a separate application to seek Commission approval of transactions intended to hedge interest rate risk.

- **Analysis:** This proceeding will allow the CPUC to approve a restructuring plan for PG&E, which ultimately must secure approval for the plan by the federal Bankruptcy Court. This proceeding may consider alternate plans offers, such as that made by VCE, relating to purchases of PG&E’s distribution and transmission assets and local municipalization efforts.
- **Next Steps:** The OII anticipates that hearings will commence no later than February 2020. The CPUC intends to complete the proceeding sufficiently in advance of the June 30, 2020 deadline in order to allow the bankruptcy court sufficient time to address and approve any changes to the plan that result from CPUC directives.
- **Additional Information:** [PG&E response](#) summarizing restructuring plans (October 11, 2019); [Order Instituting Investigation](#) (October 4, 2019); Docket No. [I.19-09-016](#).

PCIA Rulemaking

On October 17, 2019, the CPUC issued D.19-10-001, refining the method, data, and process requirements for the forecast and true up of the Market Price Benchmarks to be used in determining the PCIA rate. Working Group 3 held Workshop #3 on October 17, 2019, and Working Group 2 (Prepayment) workshop held Workshop #3 on November 4, 2019.

- **Background:** D.18-10-019 was issued on October 19, 2018, in Phase 1 of this proceeding and left the current PCIA in place, maintained the current brown power index, and adopted revised inputs to the benchmarks used to calculate the PCIA for energy RPS-eligible resources and resource adequacy capacity.

Phase 2 relies primarily on a working group process to further develop a number of PCIA-related proposals. Three workgroups examined three issues: (1) issues with the highest priority: Benchmark True-Up and Other Benchmarking Issues; (2) issues to be resolved in early 2020: Prepayment; and (3) issues to be resolved by mid-2020: Portfolio Optimization and Cost Reduction, Allocation and Auction.

- **Details:** D.19-10-001 resolves Scoping Memo Issues 1 through 7 and Issue 11 assigned to Working Group One. It will impact the PCIA VCE's customers will pay next year (2020), as implemented in this year's November Update. With respect to valuing RPS and RA products, the Decision adopts the forecasted values of RPS and RA products recommended by CalCCA and PG&E through the Working Group 1 process. However, it also adopts PG&E's approach to measuring the quantity of both forecasted and actual unsold RA. The quantity of actual unsold RPS will be anything not sold or used for compliance. It also adopts the utility's approach to value unsold RA and RPS at \$0. Finally, it adopts the Working Group 1 data collection templates, allow staff to ask LSEs quarterly for the data via the templates or supplement data requests, and give staff flexibility to modify the templates if needed.
- **Analysis:** D.19-10-001 impacts the PCIA VCE's customers will pay in 2020. PG&E's implementation of the PCIA cap via the ERRA forecast proceeding and Advice Letter 5624-E would mean that some customer classes could pay an increase in the PCIA that is slightly more than 0.5 cent per kWh and some customer classes could pay slightly less than the 0.5 cent per kWh increase. Advice Letter 5624-E also means the PCIA could increase mid-year if the amount of revenues that would have been collected but for the cap exceeds a certain trigger and threshold amount in what PG&E has called the PCIA Undercollection Balancing Account or PUBA. The PUBA trigger is an outgrowth of D.18-10-019. Phase 2 of this proceeding will further affect the PCIA paid by VCE's customers in future (post-2019) years, as well as other important PCIA issues that could impact CCAs such as prepayment.
- **Next Steps:** A separate PD is anticipated to be issued later in early Winter 2019 on other Working Group 1 issues. Parties may request evidentiary hearings by filing a motion within ten working days of a working group report being filed. If the PD is approved, changes will be implemented in this year's November Update in PG&E's ERRA Forecast proceeding.
- **Additional Information:** [D.19-10-001](#) (October 17, 2019); [AL 5624-E](#) establishing PCIA Undercollection Balancing Account and Trigger Mechanism (August 30, 2019). [Working Group One Report](#) on Brown Power, RPS and RA True-Up (May 31, 2019); [Phase 2 Scoping Memo and Ruling](#) (February 1, 2019); [D.18-10-019](#) Track 2 Decisions adopting the Alternate Proposed Decision (October 19, 2018); [D.18-09-013](#) Track 1 Decision approving PG&E Settlement Agreement (September 20, 2018); Docket No. [R.17-06-026](#).

RA Rulemaking

- On October 11, 2019, and October 15, respectively, parties filed comments and replies to a September motion by renewable and solar companies and advocates that requested a process and schedule be established to determine the capacity value of hybrid resources (i.e., energy storage paired with a generation resource). On October 14, 2019, parties filed reply comments on the Settlement Agreement that would create an RA central procurement entity. On October 17, 2019, the CPUC issued a D.19-10-021, affirming RA import rules. On October 24, 2019, CalCCA filed an Application for Rehearing of D.19-10-021 and also filed a Motion for Stay of that Decision. On October 29, 2019, the CPUC Energy Division rejected a letter request submitted by several joint CCAs for an extension of RA filing and compliance deadlines. On October 30, 2019, CalCCA filed a Petition for Modification of D.19-06-026, requesting a process for LSEs to file waivers of system and flexible capacity requirements, and a Motion to Shorten Time to Respond to the Petition. The motion to shorten time was granted on October 31, 2019. On October 31, 2019 and November 1, 2019 LSEs (including PG&E, SDG&E and many CCAs) filed requests for waivers of penalties for failing to meet local RA requirements. On November 1, 2019, the CPUC hosted a workshop on the RA central buyer proposals and Settlement Agreement.
- **Background:** This proceeding has three tracks, and is currently focused on remaining central buyer issues in Track 2. [Track 1](#) addressed 2019 local and flexible RA capacity obligations and several near-term refinements to the RA program and is closed.

In Track 2, the CPUC adopted multi-year Local RA requirements and declined to adopt a central buyer mechanism (D.19-02-022 issued March 4, 2019). A pending settlement agreement, filed by CalCCA among other parties (but not PG&E), would create an RA Central Procurement Entity ("RA-CPE"), unidentified in the Settlement Agreement, to procure residual collective RA for all CPUC-jurisdictional LSEs that is not met by individual LSEs. Individual LSEs may choose to procure their share of the collective RA requirement, or they may allow the RA-CPE to procure their share on default. Costs will be allocated ex post based on cost causation principles.

In Track 3, D.19-06-026 adopted CAISO's recommended 2020-2022 Local Capacity Requirements and CAISO's 2020 Flexible Capacity Requirements and made no changes to the System capacity requirements. It established an IOU load data sharing requirement, whereby each non-IOU LSE (e.g., CCAs) will annually request data by January 15 and the IOU will be required to provide it by March 1. It also adopted a "Binding Load Forecast" process such that an LSE's initial load forecast (with CEC load migration and plausibility adjustments based on certain threshold amounts and revisions taken into account) becoming a binding obligation of that LSE, regardless of additional changes in an LSE's implementation to new customers.

Finally, a currently pending PG&E Petition for Modification argues that the establishment of the separate RA zones for the PG&E Other Zone, which was adopted in D.19-02-022, is likely to create considerable RA compliance issues for affected LSEs and requests that it be modified to establish an alternative compliance option to an after-the-fact penalty waiver.

- **Details:** D.19-10-021 makes a series of determinations relating to unspecified RA imports (i.e., not tied to a specific unit), as follows:
 - An import product that is only available when called upon in the CAISO day-ahead market or residual unit commitment does not satisfy the non-curtailable for economic reasons requirement.
 - Non-resource specific RA imports must self-schedule into the CAISO markets consistent with the time frame in the governing contract.
 - Any imports should be reflected in the maximum cumulative capacity (MCC) buckets, which function as limits on certain types of resources according to system needs.
 - LSEs are encouraged to utilize the MCC buckets and self-schedule during the availability assessment hour window of 4 - 9 p.m. in order to avoid periods of negative pricing.

CalCCA's Application for Rehearing of D.19-10-021 contends that rather than just "affirming" existing RA rules governing import resources (as the Decision states it does), D.19-10-021 actually establishes new requirements. The rehearing request alleges that the CPUC made numerous errors in D.19-10-021, noting that this is the first time the CPUC has distinguished between resource specific and non-resource specific resources. CalCCA states that the CPUC should first acknowledge that the new requirements modify rather than affirm prior decisions and re-open the record to appropriately tailor and establish a phase-in schedule for the new requirements, including grandfathering for existing contracts. CalCCA also requests that the Commission modify the adopted rules to clarify that resource-specific contracts include all contracts that specify a resource ID, a portfolio that will be available to meet the need for energy, or a balancing authority backed by operating reserves or a supplied by an Asset Controlling Supplier, as well as clarify that non-resource specific contracts must ensure delivery at a time consistent with CAISO operational needs. CalCCA's Motion for Stay of D.19-10-021 asks that the effect of the Decision be stayed until the Commission rules on the Application for Rehearing. CalCCA's letter to CPUC staff requested an extension of the filing requirement from October 31, 2019 to January 1, 2020, and this request was denied.

CalCCA's Petition for Modification of D.19-06-026 asks the Commission to grant Energy Division Staff the authority to grant waivers of system and flexible RA requirements, beginning with the 2020 compliance year, to individual LSEs that meet Staff-developed criteria and apply for a waiver through a Tier 2 Advice Letter process (to be due by November 15, 2019 for the 2020

showing). CalCCA requested expedited consideration of this Petition and separately submitted a Motion to Shorten Time to Respond to this Petition, which was granted by the ALJ.

- **Analysis:** This proceeding affects VCE's Local RA compliance obligations beginning in 2020, for the first time requiring procurement over a three-year period instead of an annual period. The most significant impacts of D.19-10-021 will be felt by CCAs with unspecified imports currently under contract. The settlement agreement, if approved by the CPUC, would resolve central buyer issues other than the identity of the central buyer. Moving to a central procurement entity as proposed in the settlement agreement would impact VCE's RA procurement and compliance, including eliminating the need for monthly RA showings and associated penalties and/or waiver requests from individual LSEs. VCE could choose to procure its share of RA or allow that to be done by the central buyer and pay for its share of such procurement. CalCCA's Petition for Modification, if granted, would provide CCAs with the potential for a waiver of system and flexible RA requirements (in addition to the existing waiver process for local RA). The disaggregation of the PG&E Other Zone is likely to complicate VCE's RA procurement efforts, so if the PG&E PFM is approved by the CPUC, it could provide alternative compliance options to VCE and additional flexibility.
- **Next Steps:** Responses to CalCCA's Application for Rehearing are due November 8, 2019. Responses to CalCCA's Petition for Modification of D.19-06-026 are due November 12, 2019. A final decision regarding the central buyer is anticipated for Q4 2019.
- **Additional Information:** [Petition for Modification](#) of D.19-06-026 by CalCCA (October 30, 2019); [Motion for Stay](#) of D.19-10-021 by CalCCA (October 24, 2019) [Application for Rehearing](#) of D.19-10-021 by CalCCA (October 24, 2019); [D.19-10-021](#) affirming RA import rules (October 17, 2019); [Joint Motion](#) to establish schedule on hybrid resources (September 27, 2019); [D.19-09-054](#) extending statutory deadline (September 26, 2019); [PG&E PFM](#) regarding PG&E Other disaggregation (September 11, 2019); [Ruling](#) issuing RA State of the Market (September 3, 2019); [Joint Motion](#) to adopt a settlement agreement for a residual central procurement entity (August 30, 2019); [D.19-06-026](#) adopting local and flexible capacity requirements (July 5, 2019); Docket No. [R.17-09-020](#).

IRP Rulemaking

On October 14, 2019, and October 25, 2019, respectively, parties filed comments and reply comments on a Ruling that requested comments on filing requirements for 2020 IRPs. On October 21, 2019, the CPUC issued a Revised Proposed Decision requiring the procurement, by LSEs on a statewide basis, of 4,000 MW of incremental capacity to ensure system reliability during the 2021-2023 period. Parties filed comments on the revised PD on October 31, 2019.

- **Background:** In the CPUC's IRP process, it adopts a Preferred System Portfolio (PSP) to be used in statewide planning and future procurement. VCE submitted its IRP on August 1, 2018, and its next IRP filing is due May 1, 2020.

In May 2019, the CPUC issued D.19-04-040, which rejected an aggregation of each of the LSEs' IRPs (the Hybrid Conforming Portfolio) as the statewide PSP, adopting instead a modified version of the Reference System Plan adopted in D.18-02-018 as its PSP. D.19-04-040 opened a new "procurement track" of the proceeding to determine how LSEs are to procure resources to satisfy the PSP by 2030. Specifically, the Decision clarified that the priorities for this track will be to (1) develop mechanisms for a "backstop" procurement in the event an LSE or LSEs fail to procure resources identified in their IRPs, and (2) address procurement that may require collective action.

A June 2019 Ruling kicked off the procurement track and prioritized procurement by resource type/attribute, as follows: (1) near to medium-term integration and reliability (high priority, defined later as needed in 2019-2024); (2) renewables (medium priority); and (3) long-term reliability (low priority).

- **Details:** The Revised PD contains substantial revisions relative to the initial PD. As in the initial PD, the Revised PD recommends meeting the potential capacity shortage through two tranches. Tranche 1 consists of a recommendation that the retirement dates for several existing generation facilities that use once-through cooling (OTC) systems be extended. Tranche 2 consists of a mandatory procurement of additional capacity from resources incremental to baseline capacity included in the 2022 PSP. The revised PD increases the reliability procurement requirement from 2,500 MW to 4,000 MW to account for potential capacity losses associated with revisions to the PD's recommendation for temporarily extending the retirement dates for OTC units. Given that the capacity deficiency is at the system level, the Revised PD changes the procurement obligation to apply to all LSEs, including VCE, rather than just those operating with the SCE transmission zone. At least 60% of resources must be on-line by August 1, 2021, 80% by August 1, 2022, and 100% by August 1, 2023.
- **Analysis:** The procurement track of this proceeding could potentially diminish VCE's authority and control over its resource procurement decisions, although the scope of centralized procurement is now limited to establishing a procurement backstop mechanism and procurement of resources requiring collective action. The revised PD would require that VCE procure an additional 15.2 MW of incremental procurement to VCE over the baseline. of resource adequacy, and along with other LSEs, collectively provide a progress report by February 15, 2020, as well as individually provide progress information in its 2020 IRP filing due May 1, 2020, including a list of projects, capacities, online dates, and a demonstration that the projects are incremental.

In addition to this procurement track, this proceeding is focused on addressing other issues that relevant to VCE's 2020 IRP filing. The new standing data requests that would be required by the revised PD will be data-heavy and similar to the data request VCE responded to on August 16, 2019 in this docket. VCE would be required to disclose additional contractual and development status of its resource choices in its 2020 IRP filing, as well a section describing its plans to address the retirement of the Diablo Canyon Generation Plant and the characteristics of its energy output, including flexible baseload and/or firm low-emission energy.

- **Next Steps:** The CPUC may consider adopting the revised PD, at the earliest, at its November 7, 2019, meeting.
- **Additional Information:** [Revised PD](#) (October 21, 2019); [Ruling](#) requesting comments on Staff Proposal (September 20, 2019); [Ruling](#) (June 20, 2019); [D.19-04-040](#) on 2018 IRPs and 2020 IRP requirements (May 1, 2019); Docket No. [R.16-02-007](#).

Investigation into PG&E Violations Related to Wildfires

On October 9, 2019, the ALJ issued an Amended Scoping Memo and Ruling that established a procedural schedule and made other determinations about the scope of the proceeding. On October 14, 2019, and October 28, 2019, respectively, parties filed opening and reply briefs. On October 28, 2019, the ALJ issued an additional Amended Scoping Memo and Ruling to expand the scope of the proceeding to two additional wildfires (but not including the Camp Fire). An October 30, 2019, Email Ruling granted the CPUC Safety Enforcement Division's request for an extension of time to respond to file its response to PG&E's Attachment B Report.

- **Background:** The CPUC opened this formal investigation to determine whether PG&E violated any laws, rules, or other applicable requirements pertaining to the maintenance and operation of electric facilities involved in igniting fires in its service territory in 2017. The CPUC's Safety and Enforcement Division (SED) issued a Fire Report on June 13, 2019 that found deficiencies in PG&E's vegetation management practices and procedures and equipment operations in severe conditions. CAL FIRE also found that PG&E's electrical facilities ignited all but one of the fires addressed in this investigation. This investigation addresses fire incidents from the October 2017 Fire Siege investigated by SED and will determine whether PG&E's practices have been unsafe and in violation of the law. This investigation orders PG&E to take immediate corrective actions to come into compliance with CPUC requirements. The scope of the proceeding will include

violations of law by PG&E with respect to the 2017 wildfires, and possibly also the 2018 Camp Fire, what penalties should be assessed, what remedies or corrective actions should occur, and what if any systemic issues contributed to the ignition of the wildfires.

- **Details:** The first Ruling stated that there is not sufficient information at this time to include the Camp Fire within the scope of this proceeding, but directed SED to file a motion to amend the scope of this proceeding to address the Camp Fire violations at the time SED's report and specific allegations as to PG&E violations concerning the Camp Fire can be provided.

The second Ruling grants SED's unopposed motion to amend the scope of the proceeding to include issues concerning the Lobo and McCourtney Fires.

The parties to this proceeding are engaged in ongoing settlement discussions. To date, there is no proposed settlement or stipulation as to undisputed facts.

- **Analysis:** This investigation could result in sanctions against PG&E and require additional corrective actions to mitigate future wildfire risk, potentially impacting the quality of service experienced by VCE customers and costs paid by VCE and other distribution customers. Monetary penalties would ultimately be handled in the Bankruptcy Court. Prepetition liabilities must be resolved in this proceeding so that PG&E can emerge from bankruptcy within the time frame provided in AB 1054 (i.e. June 30, 2020).
- **Next Steps:** Intervenor testimony is due November 8, 2019, and PG&E reply testimony is due November 18, 2019. SED's response to PG&E's Attachment B report is now due November 15, 2019. SED rebuttal testimony is due November 27, 2019, and evidentiary hearings are scheduled for December 9-13, 2019. Opening and closing briefs, respectively, are due January 7, 2020, and January 17, 2020.
- **Additional Information:** [Amended Scoping Memo and Ruling](#) (October 28, 2019); [Amended Scoping Memo and Ruling](#) (October 9, 2019); [Ruling](#) directing briefs (September 6, 2019); GO 95 [Rule 31.1](#); GO 95 [Rule 35](#); GO 95 [Rule 38](#); [Order Instituting Investigation](#) (June 27, 2019); Docket No. [I.19-06-015](#).

Wildfire Fund Non-Bypassable Charge (AB 1054)

On October 24, 2019, the CPUC issued D.19-10-056 that approves the imposition of a non-bypassable charge to fund the Wildfire Fund.

- **Background:** This rulemaking implemented AB 1054 and extended a non-bypassable charge on ratepayers to fund the Wildfire Fund. The scope of this proceeding was limited to consideration of whether the CPUC should authorize ratepayer funding of the Wildfire Fund established by AB 1054, enacted in July 2019, via the continuation of an existing non-bypassable charge (Department of Water Resources bond charge) that would have otherwise expired by the end of 2021. On August 26, 2019, the Bankruptcy Court tentatively granted PG&E's request to participate in the Wildfire Fund.
- **Details:** D.19-10-056 approves the establishment of a non-bypassable charge on IOU customers to provide revenue for the newly established state Wildfire Fund pursuant to 2019 AB 1054. The charge will only be assessed on customers of utilities that participate in the Wildfire Fund (i.e., PG&E, SCE, and SDG&E), and will expire at the end of 2035. The Decision also provides that once a large IOU commits to Wildfire Fund participation, it may not later revoke its participation. The annual revenue requirement for the charge among the large IOUs will total \$902.4 million, allocated at \$404.6 million for PG&E, \$408.2 million for SCE, and \$89.6 million for SDG&E. (There is a June 30, 2020, deadline for PG&E to satisfactorily complete its insolvency proceeding under AB 1054, and therefore become eligible to participate in the Wildfire Fund.) The revenue requirement for a given year will not be updated for over- or under-collections from prior periods through the initial duration of the authorization through 2035.

The Wildfire Fund NBC will be collected on a \$/kWh basis, with the revenue requirement allocated based on each class's share of energy sales. Residential CARE and medical baseline customers are exempt. Large IOU continuous direct access customers and all customers exempt from paying the DWR Bond Charge are exempt. Net metering customers will pay the charge based on net usage over a year, while NEM Successor Tariff customers will pay the charge based on net usage within a metered interval (i.e., one hour for residential customers and 15 minutes for non-residential customers). The Wildfire Fund NBC cannot take effect until the DWR Bond charge sunsets (i.e., full repayment achieved), which may take place as early as the second half of 2020. For the 2020 charge, the DWR is requested to propose a charge in July 2020 (or earlier) for party comment and a proposed decision. The process for updating the charge for future years will be considered in future decisions. The Decision also adopts a rate agreement between DWR and the CPUC.

- **Analysis:** This proceeding established a new non-bypassable charge on VCE customers beginning as early as the second half of 2020 to fund the Wildfire Fund under AB 1054. Whether customers in PG&E's territory will be subject to the charge will be determined only after its Bankruptcy proceeding is complete. The Decision leaves the proceeding open to later consider the annual revenue requirement and sales forecast for the Wildfire Fund non-bypassable charge in 2020.
- **Next Steps:** The non-bypassable charge will go into effect as early as the second half of 2020.
- **Additional Information:** [D.19-10-056](#) approving a non-bypassable charge (October 24, 2019); [Scoping Memo and Ruling](#) (August 14, 2019); [Order Instituting Rulemaking](#) (August 2, 2019); Docket No. [R.19-07-017](#). See also [AB 1054](#).

2018 Rate Design Window

On October 14, 2019, parties filed Phase III reply briefs.

- **Background:** The IOUs' RDW applications have been consolidated into one proceeding. This proceeding is divided into three phases, with the second phase further bifurcated. A May 2018 [Phase I Decision](#) granted PG&E approval to begin transitioning eligible residential customers to TOU rates beginning in October 2020. A December 2018 [Phase IIA Decision](#) addressed PG&E's restructuring of the CARE discounts into a single line item percentage discount to the customer's total bill. The July 2019 [Phase IIB Decision](#) made determinations regarding PG&E's rate design under its default TOU roll out beginning in October 2020 and established a process for a CCA wishing to have its customers defaulted to TOU generation rates. The proceeding is now focused on [Phase III](#), which considers the IOUs' proposals for fixed charges and/or minimum bills.
- **Details:** N/A.
- **Analysis:** This proceeding will impact the timing, details, and implementation of residential TOU rates for bundled PG&E customers as well as VCE customers via rate design changes to the distribution component of customer bills. It could affect the level of VCE's rates compared to PG&E's, and to the extent VCE mirrors PG&E's residential rate design, lead to changes in the way VCE structures its residential rates. CCAs are not obligated to default their customers to TOU generation rates, but regardless of whether a CCA offers TOU generation rates, CCA customers will be subject to default TOU distribution rates.
- **Next Steps:** A Proposed Decision is expected in Q1 2020. PG&E's Phase 2 rate case is anticipated to be filed on November 22, 2019.
- **Additional Information:** [D.19-07-004](#) in Phase IIB (July 19, 2019); PG&E Phase III [Revised Testimony](#) on fixed charges (April 12, 2019, and March 29, 2019); [D.18-12-004](#) on Phase IIA Issues (December 21, 2018); [Ruling](#) clarifying scope (July 31, 2018); [D.18-05-011](#) (Phase I) on the timing of a transition to default TOU rates (May 17, 2018); [Amended Scoping Memo](#) (April 10,

2018); PG&E Rate Design Window Application & Testimony (December 20, 2017); Docket No. [A.17-12-011](#) (consolidated).

Utility Wildfire Mitigation Plans Rulemaking

On October 10, 2019, the ALJ issued a Ruling requesting comments on Phase 2 workshops and later granted an extension of time due to ongoing wildfires directly impacting parties in this proceeding. On October 14, 2019, the Counties of Mendocino, Napa, and Sonoma, and the City of Santa Rosa (Joint Local Governments) filed a Motion requesting the CPUC reject PG&E's AL 5582-E that purported to implement a CPUC directive regarding PG&E's programs to share de-energization and wildfire-related information with its local public safety partners. On October 21, 2019, a group of senior unsecured noteholders ("Ad Hoc Committee of Senior Unsecured Noteholders") filed a Motion for Party Status, and PG&E filed a response on October 23, 2019. Also on October 23, CPUC Executive Director Alice Stebbins authorized the IOUs to share PSPS data with local and tribal governments. On October 25, 2019, the IOUs filed reports on their PSPS events. PG&E filed a Response to the Joint Local Governments' Motion on October 29, 2019.

- Background:** This proceeding implements electric utility Wildfire Mitigation Plans pursuant to SB 901 (2018). PG&E's Wildfire Mitigation Plan, approved with modifications in June 2019 (D.19-05-037), provided an expanded use by PG&E of its Public Safety Power Shutoff (PSPS) program to prevent wildfires from occurring during extreme weather events and dry vegetation conditions, with the number of electric customer premises potentially impacted by PSPS events increasing year-over-year from 570,000 to 5.4 million. The CPUC's separate 2019 Guidance Decision (D.19-05-036), addressing issues that are common to all of the Wildfire Mitigation Plans, ordered all IOUs to collect data and file reports on this year's Wildfire Mitigation Plans, initiated a process to establish metrics to evaluate the Wildfire Mitigation Plans, and established a process for 2020 Wildfire Mitigation Plans.
- Details:** The Ruling seeks comment related to metrics to determine whether the utilities' wildfire mitigation measures are effective in reducing the risk of catastrophic wildfire; the process for handling future Wildfire Mitigation Plans pursuant to AB 1054 and 111 (2019); the process for hiring and using an Independent Evaluator to track utilities' work pursuant to Wildfire Mitigation Plans; and in-language outreach to communities before, during and after wildfires.

The Joint Local Governments' Motion asserts that PG&E's plan is not only inadequate to meet the needs of PG&E's local public safety partners, but it does not comply with the CPUC's directives in D.19-05-037. The local governments request the CPUC direct PG&E to develop a new proposal in cooperation with local public safety partners and submit the new plan as a Tier 3 Advice Letter, asserting that "This is not a matter on which PG&E is competent to make its own decisions."

PG&E's Response to the Joint Local Governments' Motion acknowledges that "the October 9-12 PSPS Event had various, and in some cases extreme, shortcomings" but argues that the Commission should approve its advice letter and instead address remedies relating to the October 9-12 PSPS Event in R.18-12-005 (the De-Energization Proceeding) and that PG&E already has an obligation to provide weekly updates to the Commission. We note that the link to PG&E's PSPS report provided in PG&E's October 25, 2019, email to the service list did not return a result for such a report.

The Ad Hoc Committee of Senior Unsecured Noteholders is the entity that holds approximately \$10 billion in unsecured PG&E credit and has filed the alternative bankruptcy plan in PG&E's case in the Bankruptcy Court. Their intervention in this docket is similar to other recent interventions in PG&E-related cases at the CPUC. PG&E filed a Response opposing the Ad Hoc Committee's Motion.

- Analysis:** PG&E's Wildfire Mitigation Plan established its management approach to preventing wildfires in the future and included provisions impacting the quality of service experienced by VCE customers (e.g., PG&E's procedures for de-energizing electrical lines) and costs paid by

VCE customers (e.g., PG&E's expenditures related to maintaining its transmission and distribution systems are paid by all distribution customers, including VCE customers). While wildfire plans can influence the approach and investments made by utilities like PG&E to mitigate the risk of catastrophic wildfires, cost recovery issues are generally outside the scope and will be separately addressed through utility GRCs.

- **Next Steps:** Comments on the Ruling are due November 6, 2019, and replies are due November 18, 2019. The Joint Local Governments' reply to PG&E's Response to their motion is due November 8.
- **Additional Information:** [Ruling](#) granting extension of time (October 25, 2019); Motion by local governments requesting rejection of AL [5582-E](#) (October 14, 2019); [Ruling](#) requesting comments on Phase 2 workshops (October 10, 2019); [Scoping Ruling on Phase 2](#) (September 18, 2019); [AL 5555-E](#) establishing Wildfire Plan Memorandum Account (August 8, 2019); [Ruling](#) launching Phase 2 of proceeding (June 14, 2019); [D.19-05-037](#) PG&E-specific decision on 2019 Wildfire Mitigation Plan (June 4, 2019); [D.19-05-036](#) Guidance Decision on 2019 Wildfire Mitigation Plans (June 3, 2019); [PG&E Second Amendment to Wildfire Mitigation Plan](#) (April 25, 2019); [PG&E Wildfire Mitigation Plan](#) (February 6, 2019); [Order Instituting Rulemaking](#) (October 25, 2018); Docket No. [R.18-10-007](#).

PG&E's 2020 ERRA Forecast

On October 21, 2019, and October 31, 2019, parties filed opening and reply briefs, respectively.

- **Background:** ERRA forecast proceedings establish the amount of the PCIA and other non-bypassable charges for the following year, as well as fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates.

In its July Supplement, PG&E said it would reflect its proposed application of the PCIA rate cap or a CPUC approved PCIA rate cap in the PCIA rates presented as part of PG&E's November Update. PG&E's July Supplement showed an increase in several of its forecasted costs compared to initial filing, as follows:

- Increasing the 2020 ERRA revenue requirement from \$2.908 billion to \$3.184 billion.
- Increasing the PCIA from \$2.549 billion to \$2.996 billion.
- Increasing the Competition Transition Charge (CTC) from \$62.2 million to \$81.5 million.
- Increasing the Cost Allocation Mechanism from \$147.4 million to \$147.8 million.
- Maintaining the Tree Mortality Non-Bypassable Charge at \$92.6 million.
- Maintaining the utility-owned generation revenue requirement forecast at \$2.368 billion.
- **Details:** The Joint CCAs filed opening and reply briefs requesting the Commission:
 - Only approve the PABA undercollection once PG&E has provided gross data regarding monthly revenues, costs and quantities of energy and capacity sold and consumed to date. Only these data allow the Commission and parties to substantiate PG&E's year-end PABA forecast and understand the causes of the enormous under-collection therein;
 - Slightly modify PG&E's proposal to return the CAM dollars so that it uses the utility's 2020 load forecast for calculating the vintaged rate refunds. Further, the implementation of PG&E's ratemaking proposal should occur in this proceeding, either directly within the final decision or via an ordering paragraph allowing the 2020 PCIA rates to be revised once PG&E's 2018 ERRA Compliance proceeding, A.19-02-018, concludes;
 - Prevent a cost shift to CCA customers and PG&E's bundled customers by allocating a portion of the cost of PG&E's unsold RA capacity to pre-2009 vintage customers and customers subject to the CTC;

- Implement the \$0.005/kWh cap authorized in D.18-10-019 using the capped rates presented in the Joint CCAs' testimony;
 - Forecast the 2020 Total Portfolio Cost using the UOG costs approved in PG&E's 2017 GRC, adjusted for the 2017 TCJA;
 - Reflect the savings to be refunded to customers in 2018 and 2019 from the TCJA calculated in PG&E's now-effective Advice Letter 5636-E; and
 - Identify the right forum for parties to discuss increasing transparency between the AET and the ERRA forecast proceedings.
- **Analysis:** This proceeding will establish the amount of the PCIA for VCE's 2020 rates and the level of PG&E's generation rates for bundled customers. The PCIA revenue requirement detailed above is now shared between bundled and unbundled customers. PG&E's requested increase in the PCIA revenue requirement for unbundled customers only for this year is approximately \$650 million, an increase of over two-thirds of the final revenue requirement for unbundled customers from last year.
 - **Next Steps:** On November 8, 2019, PG&E will update its 2020 ERRA Forecast revenue requirements, forecasted end of year balancing account balances, and electric sales forecast, after which parties will have 10 days to file comments. A proposed decision is anticipated by December 2, 2019, with comments and reply comments, respectively, due 10 and 15 days thereafter, followed by a final decision on December 19, 2019.
 - **Additional Information:** [Scoping Memo and Ruling](#) (August 22, 2019); [Application](#) (June 3, 2019); [Testimony](#) available on PG&E's regulatory webpage (June 3, 2019); Docket No. [A.19-06-001](#).

PG&E Phase 1 GRC

Evidentiary hearings began on September 23, 2019 and continued throughout October.

- **Background:** PG&E's three-year GRC covers the 2020-2022 period. For 2020, it has requested an additional \$1.058 billion (from \$8.518 billion to \$9.576 billion), or a 12.4% increase over its 2019 authorized revenue requirement, comprised of increases related to its gas distribution (\$2.097 billion total, or a \$134 million increase), electric distribution (\$5.113 billion total, or a \$749 million increase), and generation (\$2.366 billion total, or a \$175 million increase) services. If approved, it would increase a typical monthly residential electric (500 kWh) and natural gas (34 therms) customer bill by \$10.57, or 6.4%, comprised of an electric bill increase of \$8.73 and a gas bill increase of \$1.84. For 2021 and 2022, PG&E requested total increases of \$454 million and \$486 million, respectively. PGE's GRC does not include a request for cost recovery related to 2017 and 2018 wildfire liabilities.

Overall, more than half of PG&E's proposed increase in this GRC is directly related to wildfire prevention, risk reduction, and additional safety enhancements. Specifically, PG&E proposes expanding its integrated wildfire mitigation strategy, the Community Wildfire Safety Program, which PG&E established following the October 2017 North Bay wildfires to mitigate wildfire threats, with plans to spend an incremental \$5 billion between 2018-2022. PG&E is also requesting a two-way balancing account for insurance premiums and other financial-risk transfer instruments, under which it would be permitted to recover up to \$2 billion in insurance costs.

Significantly, PG&E is proposing to shift substantial hydroelectric generation costs into a non-bypassable charge, arguing that its hydro facilities provide benefits beyond electricity generation. PG&E proposes to shift costs associated with these alleged public benefits from its generation rates (applicable only to bundled customers) to a non-bypassable charge (e.g., the Electric Public Purpose Programs charge). Examples of current and future costs that would be recovered through the non-bypassable charge include, but are not limited to: (1) protection of the natural habitat of fish, wildlife, and plants; (2) outdoor public recreation; (3) protection of historic

resources; (4) compliance with conservation easements on the watershed lands; (5) post-decommissioning activities that are a result of FERC orders. PG&E estimates that the unrecovered historic costs that it would shift to the non-bypassable electric charge are \$83.1 million for fish and wildlife and recreation values, plus tens of millions in forecasted future costs, with new license compliance (~\$59 million in 2021-2022) expected as the largest subcategory of future expenses.

- **Details:** N/A.
- **Analysis:** PG&E's GRC proposals include shifting substantial costs associated with its hydroelectric generation from its generation rates (applicable only to its bundled customers) into a non-bypassable charge affecting all of its distribution customers, including VCE customers, which would negatively affect the competitiveness of VCE's rates relative to PG&E's.
- **Next Steps:** A hearing is scheduled for November 6, 2019. Briefs and reply briefs, respectively, are due November 22, 2019, and December 20, 2019. A proposed GRC Phase 1 decision is targeted for Q1 2020. PG&E will propose its cost allocation and rate design in its 2020 GRC Phase 2 proceeding, which PG&E plans to file by November 22, 2019.
- **Additional Information:** [Ruling](#) setting public participation hearings (May 7, 2019); [Scoping Memo and Ruling](#) (March 8, 2019); [Joint CCAs' Protest](#) (January 17, 2019); [Application](#) and [PG&E GRC Website](#) (December 13, 2018); Docket No. [A.18-12-009](#).

PG&E's 2018 ERRA Compliance

On September 30, 2019, PG&E, Public Advocates Office, and the Joint CCAs (EBCE, PCE, and SVCE) filed a joint motion requesting approval of a settlement agreement.

- **Background:** ERRA compliance review proceedings review the utility's compliance in the preceding year regarding energy resource contract administration, least-cost dispatch, fuel procurement, and the ERRA balancing account. In its application, PG&E requested that the CPUC find that it 2018 PG&E complied with its CPUC-approved Bundled Procurement Plan (BPP) in the areas of fuel procurement, administration of power purchase contracts, greenhouse gas compliance instrument procurement, and least-cost dispatch of electric generation resources, as well as that it managed its utility-owned generation (UOG) facilities reasonably. PG&E also requested recovery of \$4.7 million for Diablo Canyon seismic study costs.
- **Details:** The Settlement Agreement resolves all disputed issues raised by parties to this proceeding. The Joint CCAs agreed to withdraw their recommendation that PG&E be required to provide more details on the timing and methodology used to distribute over-collected funds via PCIA, determining that the July 29, 2019 Supplemental Testimony submitted in PG&E's 2020 ERRA Forecast Application (A.19-06-001) contains sufficient information to determine that both bundled and unbundled customers will see simultaneous rate adjustments addressing the prior misallocation of Cost Allocation Mechanism-related costs through the PCIA component of their respective rates. Those adjustments to the PCIA will occur through the Portfolio Allocation Balancing Account to avoid a situation where now-departed customers pay twice for the same energy and capacity. PG&E agreed to participate in a workshop with other California IOUs in order to develop and standardize renewable and storage resource reporting requirements and to certain modest cost disallowances.
- **Analysis:** This proceeding will address whether PG&E correctly calculated and accounted for the actual costs it incurred in 2018 and whether it managed its portfolio of contracts and UOG in a reasonable manner.
- **Next Steps:** Parties have reached a settlement in this proceeding. A Proposed Decision was scheduled for Q1 2020 but may come sooner.

- **Additional Information:** [Scoping Memo and Ruling](#) (June 3, 2019); [Notice of Prehearing Conference](#) (April 17, 2019); [Response](#) of EBCE and PCE (April 5, 2019); [Resolution](#) categorizing proceeding as ratesetting (March 14, 2019); [PG&E Application](#) (February 28, 2019); Docket No. [A.19-02-018](#).

RPS Rulemaking

No updates this month.

- **Background:** This proceeding addresses ongoing or remaining RPS issues not addressed in the previous RPS rulemaking proceeding. VCE filed its 2019 RPS Procurement Plan on June 21, 2019, and its 2018 RPS Compliance Report on August 1, 2019.
- **Details:** N/A.
- **Analysis:** D.19-09-007, as well as recent D.19-08-007 on RPS enforcement actions for two ESPs, reinforce the CPUC's increasing scrutiny of CCAs and their compliance obligations, and the potentially large penalties associated with non-compliance. D.19-09-043 impacts utilities' valuation of various renewable and renewable-paired storage resources for their RPS procurements and directs IOUs to analyze 4-hour duration batteries in ELCC studies.

Remaining issues to be addressed in this proceeding could also impact RPS compliance obligations and above-market costs for the PCIA calculation. For instance, the April 2019 Ruling proposed a process that would allow LSEs like VCE to forgo filing a separate RPS Procurement Plan in 2020 by using its 2020 IRP filing instead.

- **Next Steps:** According to the updated scoping Ruling, a PD and decision on 2019 RPS Procurement Plans is anticipated for Q4 2019.
- **Additional Information:** [D.19-09-043](#) on ELCC modeling (September 26, 2019); [D.19-09-007](#) on new CCAs' 2018 RPS Procurement Plans (September 18, 2019); [D.19-08-007](#) on RPS enforcement actions (August 7, 2019); [D.19-06-023](#) on implementing SB 100 (May 22, 2019); [Ruling](#) extending procedural schedule (May 7, 2019); [Ruling](#) identifying issues, schedule and 2019 RPS Procurement Plan requirements (April 19, 2019); [PG&E Final, Conforming 2018 RPS Procurement Plan](#) (March 15, 2019); [D.19-02-007](#) (February 28, 2019); [Scoping Ruling](#) (November 9, 2018); Docket No. [R.18-07-003](#).

Wildfire Cost Recovery Methodology Rulemaking

On October 22, 2019, the Ad Hoc Committee of Senior Unsecured Noteholders filed a Motion for Party Status, and PG&E filed a response on October 24, 2019. An August 7, 2019, PG&E Application for Rehearing remains pending regarding the CPUC's recent Decision establishing criteria and a methodology for wildfire cost recovery, which has been referred to as a "Stress Test" for determining how much of wildfire liability costs that utilities can afford to pay (D.19-06-027).

- **Background:** SB 901 requires the CPUC to determine, when considering cost recovery associated with 2017 California wildfires, that the utility's rates and charges are "just and reasonable." In addition, and notwithstanding this basic rule, the CPUC must "consider the electrical corporation's financial status and determine the maximum amount the corporation can pay without harming ratepayers or materially impacting its ability to provide adequate and safe service."

D.19-06-027 found that the Stress Test cannot be applied to a utility that has filed for Chapter 11 bankruptcy protection (i.e., PG&E) because under those circumstances the CPUC cannot determine essential components of the utility's financial status. In that instance, a reorganization plan will inevitably address all pre-petition debts, include 2017 wildfire costs, as part of the bankruptcy process. The framework proposed for adoption in the PD is based on an April 2019

Staff Proposal, with some modifications. The framework requires a utility to pay the greatest amount of costs while maintaining an investment grade rating. It also requires utilities to propose ratepayer protection measures in Stress Test applications and establishes two options for doing so.

PG&E's application for rehearing challenges the CPUC's prohibition on applying the Stress Test to utilities like itself that have filed for Chapter 11 bankruptcy. PG&E's rationale is that SB 901 requires the CPUC to determine that the stress test methodology to be applied to all IOUs. Several parties filed responses to PG&E's application for rehearing disagreeing with PG&E.

- **Details:** N/A.
- **Analysis:** This proceeding established the methodology the CPUC will use to determine, in a separate proceeding, the specific costs that the IOUs (other than PG&E) may recover associated with 2017 or future wildfires.
- **Next Steps:** The only matter remaining to be resolved in this proceeding is PG&E's application for rehearing. This proceeding is otherwise closed.
- **Additional Information:** [PG&E Application for Rehearing](#) (August 7, 2019) [D.19-06-027](#) (adopted June 27, 2019); [Assigned Commissioner's Ruling](#) releasing Staff Proposal (April 5, 2019); [Scoping Memo and Ruling](#) (March 29, 2019); [Order Instituting Rulemaking](#) (January 18, 2019); Docket No. [R.19-01-006](#). See also [SB 901](#), enacted September 21, 2018.

Investigation into PG&E's Organization, Culture and Governance (Safety OII)

No updates this month. On October 22, 2019, the Ad Hoc Committee of Senior Unsecured Noteholders of PG&E filed a Motion for Party Status, to which PG&E responded on October 24, 2019. On October 31, 2019, PG&E filed its quarterly report on safety culture and governance.

- **Background:** On December 21, 2019, the CPUC issued a Scoping Memo opening the next phase of an ongoing investigation into whether PG&E's organizational culture and governance prioritize safety. This current phase of the proceeding is considering alternatives to current management and operational structures for providing electric and natural gas in Northern California.

In June 2019, D.19-06-008 ordered PG&E to report on the safety experience and qualifications of the PG&E Board of Directors and establishes an advisory panel on corporate governance. The brief Decision required PG&E to provide a variety of information on each PG&E and PG&E Corporation Board member involving safety training, related work experience, previous positions held, and current professional commitments.

- **Details:** N/A.
- **Analysis:** This proceeding could have a range of possible impacts on CCAs within PG&E's territory and their customers, given the broad issues under investigation pertaining to PG&E's corporate structure and governance.
- **Next Steps:** TBD.
- **Additional Information:** [Motion for Party Status](#) of the Ad Hoc Committee of Senior Unsecured Noteholders of PG&E (October 22, 2019); [Ruling](#) on proposals to improve PG&E safety culture (June 18, 2019); [D.19-06-008](#) directing PG&E to report on safety experience and qualifications of board members (June 18, 2019); [Scoping Memo](#) (December 21, 2019); Docket No. [I.15-08-019](#).

Other Regulatory Developments

- **Annual Electric True-up:** On October 15, 2019, PG&E filed its preliminary annual electric true-up (Advice Letter [5661-E](#)). PG&E is forecasting a 7% increase in PG&E’s system bundled average electric rate and a 12% increase in PG&E’s system average rate for Direct Access and CCA customers, effective January 1, 2020. The rate increase would result in a typical bundled residential customer’s bill increasing by \$8.93, local media [reported](#). Protests of PG&E’s Advice Letter were due November 4. A group of CCAs, including VCE, filed a response to the AET highlighting inconsistencies in the data PG&E presented and on-going transparency and consistency issues between the AET and the ERRA forecast proceeding.
- **SB 237 Direct Access Rulemaking:** On September 20, 2019, the CPUC issued a Ruling kicking off Phase 2 of its implementation of expansion of direct access under SB 237, which addresses the requirement that the CPUC develop recommendations on re-opening direct access fully to all interested non-residential customers (Docket No. [R.19-03-009](#)). The recommendations will be based on an Energy Division study. Parties including CalCCA submitted comments and reply comments, respectively, on September 30, 2019, and October 7, 2019. CalCCA comments recommended a more comprehensive analysis than the Commission’s prior deliberations on DA expansions, including consideration of how DA expansion could potentially destabilize decarbonization goals, as well as result in cost-shifting.

Glossary of Acronyms

AB	Assembly Bill
AET	Annual Electric True-up
ALJ	Administrative Law Judge
CAISO	California Independent System Operator
CAM	Cost Allocation Mechanism
CARB	California Air Resources Board
CEC	California Energy Commission
CPUC	California Public Utilities Commission
CTC	Competition Transition Charge
GRC	General Rate Case
ELCC	Effective Load Carrying Capacity
ERRA	Energy Resource and Recovery Account
IEPR	Integrated Energy Policy Report
IRP	Integrated Resource Plan
IOU	Investor-Owned Utility
LSE	Load-Serving Entity
PABA	Portfolio Allocation Balancing Account
PD	Proposed Decision
PG&E	Pacific Gas & Electric
PFM	Petition for Modification
PCIA	Power Charge Indifference Adjustment

RA	Resource Adequacy
RDW	Rate Design Window
RPS	Renewables Portfolio Standard
SCE	Southern California Edison
SED	Safety and Enforcement Division (CPUC)
SDG&E	San Diego Gas & Electric
TCJA	Tax Cuts and Jobs Act of 2017
UOG	Utility-Owned Generation
WMP	Wildfire Mitigation Plan