



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

FILED

10/19/20
04:59 PM

Application of Pacific Gas and Electric
Company for Wildfire Mitigation and
Catastrophic Events Interim Rates (U39E).

Application 20-02-003

Not Consolidated

Application of Pacific Gas and Electric
Company (U39M) for recovery of recorded
expenditures related to wildfire mitigation
and catastrophic events, as well as other
recorded costs.

Application 20-09-019

Not Consolidated

Application of Pacific Gas and Electric
Company for Authority, Among Other Things,
to Increase Rates and Charges for Electric
and Gas Service Effective on January 1,
2020. (U39M)

Application 18-12-009

**PACIFIC GAS AND ELECTRIC COMPANY
NOTICE OF EX PARTE COMMUNICATIONS**

Pursuant to Rule 8.4 of the California Public Utility Commission's Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) hereby gives notice of the following *ex parte* communications in the above captioned proceedings.

Erik Jacobson, Director, Regulatory Relations, PG&E, initiated the following oral communications by teleconference:

- On Wednesday, October 14, 2020 at approximately 9:00 AM with Leuwam Tesfai, Chief of Staff, and Mary Claire Brown, Advisor to Commissioner Genevieve Shiroma; at approximately 9:30 AM with Jonathan Koltz, Chief of Staff to Commissioner Martha Guzman Aceves; and at approximately 10:30 AM with Anand Durvasula and Suzanne Casazza, Advisors to Commissioner Liane Randolph.
- On Thursday, October 15, 2020 at approximately 1:00 PM with Brian Korpics, Advisor to President Marybel Batjer; and Sean Simon, Chief of Staff to Commissioner Clifford Rechtschaffen.

David Thomason, Vice President, Controller and Utility CFO also participated on behalf of PG&E.

PG&E requested that the Proposed Decision (PD) be revised to grant interim rate relief of \$891 million. This interim rate increase would be subject to refund pending a full reasonableness review in PG&E's Wildfire Mitigation and Catastrophic Events (WMCE) application filed on September 30, 2020 (A.20-09-019). Increasing the amount of interim cost recovery beyond that proposed in the PD will promote fairness, minimize cost to ratepayers, and avoid a larger rate increase in the future.

PG&E explained why interim relief is critical to maintaining its credit ratings and financial health. Although PG&E filed its request for interim relief prior to emerging from Chapter 11, the need for interim relief has not changed. PG&E has a total of \$2.5 billion in costs currently pending recovery in memo

accounts, including the costs for which it is seeking interim relief. The additional debt PG&E is carrying to finance these costs creates headwind for our credit ratings. Standard and Poor's recently lowered the outlook for all three California utilities from "stable" to "negative" and indicated that they could potentially downgrade PG&E if its FFO (Funds from Operations)/Debt ratio were to drop below 13%. As indicated in its February 7 declaration, PG&E's FFO/Debt ratio would be about 13% without interim rate relief and without consideration of the negative impacts of the COVID pandemic on cash flow. Authorizing only half of PG&E's interim rate relief request as recommended in the PD increases the risk of pushing PG&E's credit metrics into downgrade territory. Approval of PG&E's full request is also qualitatively important and would send a positive signal to the rating agencies and financial community.

PG&E stated that the PD inappropriately excludes CEMA-eligible costs from any interim rate relief. PG&E said that D.07-07-041 found that PG&E's costs were ineligible for CEMA recovery because the disasters had not been "declared" by the Governor of California or the President of the United States. This is not an issue for the CEMA costs for which PG&E is seeking recovery in this case. This case is more analogous to PG&E's 2018 CEMA proceeding for which PG&E was granted interim rate relief in 2019.

PG&E said that the alternative recommendations by TURN and the Public Advocates Office to allow interim rate relief of only 25% of the costs are unsubstantiated and far below historical recovery ranges. PG&E's interim rate recovery proposal based on 85% is much more in line with appropriate historical

precedents. The low level of recovery proposed in the PD will result in higher rate increases in the future. PG&E discussed the attached handout which was provided electronically on October 14, 2020 to Commissioner offices and served on all parties. It shows the electric rate and bill impacts that would result from PG&E's proposal in comparison to the PD for both the Interim Rate Relief and MWCE applications. PG&E's proposal results in a better trajectory and mitigates the need for larger rate increases in the future.

Respectfully submitted,

/s/ Erik B. Jacobson

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Interim Rate Relief

October 2020

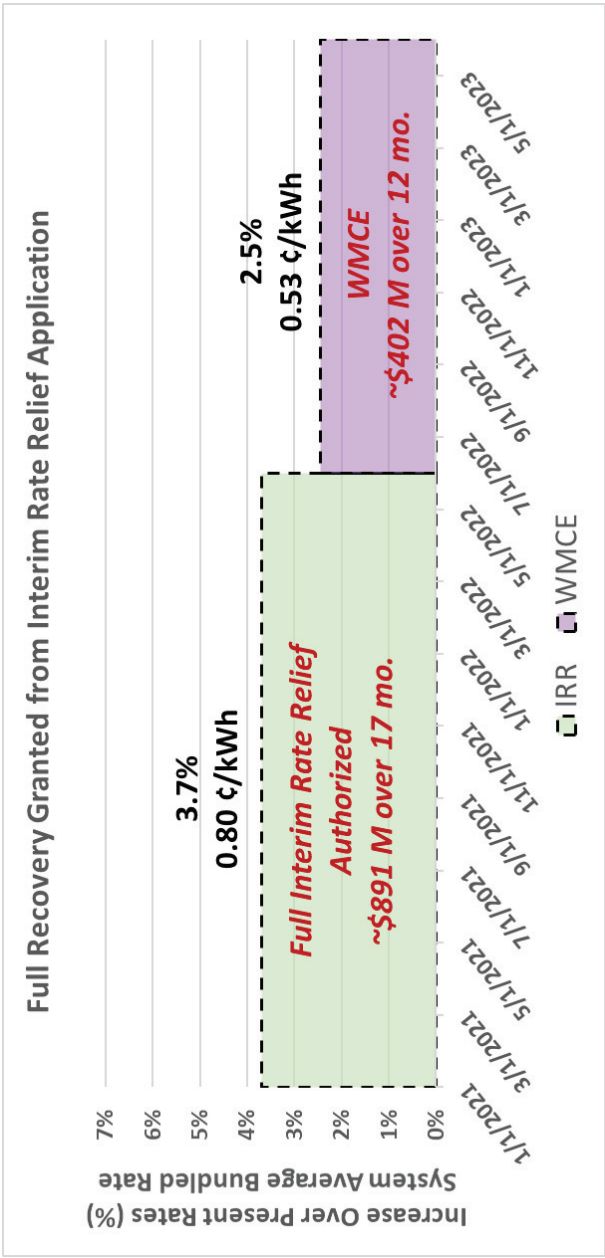




Electric Rate & Bill Impacts

Full Recovery from Interim Rate Relief

- Residential Avg. Monthly Bill Impact (Bundled, Non-CARE):
 - a) IRR (1/1/21 – 6/1/22): **+\$5.70**
 - b) WMCE (6/1/22 – 6/1/23): **+\$3.55**



Partial Recovery from Interim Rate Relief (PD)

- Residential Monthly Bill Impact (Bundled, Non-CARE):
 - a) IRR (1/1/21 – 6/1/22): **+\$3.03**
 - b) WMCE (6/1/22 – 6/1/23): **+\$7.64**

