



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lori Mitchell

SUBJECT: 2022 POWER MIX AND RATES

DATE: December 9, 2021

Approved

Date

12/9/2021

SUPPLEMENTAL

REASON FOR THE SUPPLEMENTAL

This supplemental memorandum is being issued to provide an update on the California Public Utility Commission (CPUC) delay in adopting the Pacific Gas and Electric Company (PG&E) 2022 electric revenue requirements and rates associated with PG&E's 2022 Energy Resource Recovery Account Forecast. This will delay PG&E's implementation of 2022 generation and Power Charge Indifference Adjustment (PCIA) rates beyond January 1, 2022.

BACKGROUND

The CPUC target date for authorizing investor-owned utility revenue requirements and rate updates is January 1, 2022. The CPUC has held numerous workshops to discuss the importance of timely January 1 investor-owned utility generation and PCIA rate implementation due to the large amounts of utility revenue and customer rate impacts at stake and the importance of managing annual accounts in a timely manner.

On November 24, 2021, CPUC Administrative Law Judge (ALJ) Lee issued an Email Ruling ordering PG&E to provide additional cost updates in the 2022 PG&E Energy Resource Recovery Account Forecast proceeding (A.21-06-001) and amended the schedule for this proceeding, including setting January 13 as the date for the CPUC's final decision. This November 24 ALJ Order will *delay implementation of 2022 PG&E generation and PCIA rates beyond the targeted January 1, 2022 deadline.*

Specifically, ALJ Lee ordered PG&E to provide supplemental testimony that includes PG&E account balances for their September and November close and to revise their 2022 revenue requirements based on more recent energy market forecasts. ALJ Lee also ordered PG&E to provide supplemental testimony on the PG&E Green Tariff Shared Renewable Balance Account should the CPUC adopt the November 11, 2021 Proposed Decision in this proceeding. The ALJ

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ordered PG&E to update their 2022 rate and bill impacts based on these updated forecast and actuals as part of the newly required October and December updates.

ANALYSIS

In the 2022 Power Mix and Rates memorandum dated November 29, 2021, SJCE recommends that Council allow SJCE to set interim rates (Plan B) should there be a delay in the CPUC's approval of PG&E's generation rate and PCIA changes. The proposed interim rates are defined as Plan B in the 2022 Rates and Power Mix memorandum, provided that SJCE implement its recommended rates and power mix, as defined as Plan A in the memorandum, as soon as is practically reasonable after PG&E's rate change and PCIA change are implemented. SJCE recommends adopting interim rates to strengthen its financial resiliency and avoid reaching the \$95 million cap on Commercial Paper Notes. SJCE revenues have been negatively impacted by increases in the PCIA.

/s/

LORI MITCHELL, Director
Community Energy Department

For questions, please contact Joe Flores, Deputy Director, Community Energy Department, at (408) 535-3814.