



Regulatory - PCIA Update

December 18 2019



The Basic Idea

Portfolio cost minus portfolio value/revenues equals a PCIA revenue requirement (the “indifference amount”)



The 2020 ERRRA Forecast

PCIA rates will rise substantially: 30% with the “cap,” 60% without.

System Average 2020 Increase from 2019 (\$/kwh)	PG&E's proposal	With CCA changes
Capped Increase: All vintages	0.00500	Same
Uncapped Increases		
2017 Vintage (cents/kWh)	0.01827	0.01056
2018 Vintage (cents/kWh)	0.01843	0.01035

We are Hitting the “Cap”

PCIA rates will be “capped” for some time

- The cap is \$.005/kwh/year maximum increase
- Even with changes we seek at CPUC the rate change >\$.005/kwh/year
- Calculated on a system average basis – some rate classes may see a greater or lesser change

PCIA Rate Increase Drivers

The PCIA is going up for multiple reasons

- Utility-owned generation costs increased
- Utility forecasts of sales and prices were off
- There were one-time charges in the transition to the new rate structure from D.18-10-019

We are Challenging the Increase

Comments on 2020 ERRA Forecast Filed at the CPUC 12/6/20

- Asking for a reduction in the indifference amount of ~\$400 million
- Even with the reduction the otherwise-applicable PCIA rate will still exceed the “cap”.

The Cap May Be Temporary

- **If PG&E undercollections get too high, PG&E can raise rates**
- The cap is associated with a “trigger” level of undercollections
- No one knows yet how the trigger will work