



PCIA Update

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Summary

- On March 13, 2020 PG&E filed Advice 5781-E, establishing their final PCIA rates for the 2020 cycle
- Staff estimates that PCIA in the Advice Letter will increase the average PCIA charged to EBCE customers by 46% and increase PG&E gen rates by 1%
- PCIA and Rate changes are anticipated to go into effect May 1, 2020
- A range of scenarios are possible related to how the CPUC rules on the management of the PCIA Undercollection Balancing Account (PUBA), which takes form through the undercollection trigger, cap, and recovery timeframe
- Further influencing this is PCIA Working Group 3, which will provide guidelines on the future disposition of assets
- Softer energy prices in 2020 due to COVID-19 result in a benefit to 2020 but could result in offsetting PCIA and rate changes in 2021.

Revenue Scenarios (FY2020-2021)

- PCIA increase is limited to \$0.005/KWh, which results in an undercollection in 2020
- Undercollection cap set at 7% is expected to be reached in Dec 2020 timeframe
- We assume a supplemental filing in Jan 2021 resulting in an increase to the PCIA
- In one scenario the PUBA balance is maintained at 7% and in the other scenario PCIA is fully recovered
- 2021 PCIA rate changes will also go into effect and are assumed to be delayed into the next fiscal year, so are not accounted for under these projections

	7% Undercollection Cap is Maintained	PCIA Fully Recovered
Projected 2020-2021 Revenue	\$387MM	\$372MM
Undercollection \$'s that are deferred	\$16MM	\$0

Note: Projections do not include new communities or load impacts from COVID-19. Totals may vary due to rounding

Projected Margin (FY2020-2021)

- Total Projected Expenses: \$396MM
 - Energy: \$361MM (Energy market volatility can reasonably impact expenses +/- \$20MM)
 - Overhead/Local Development: \$33MM
 - Uncollectibles: \$2MM
- Cost Mitigation Strategies
 - Power content adjustments and nuclear/hydro allocation: \$5-15MM expense reduction
 - Overhead/Local Development: \$2-5MM expense reduction
- Revenue Enhancement Strategies:
 - Reduce Bright Choice discount: \$3-8MM revenue increase
 - Increase Brilliant 100 rate: \$1-5MM revenue increase

Fiscal Year 2020-2021	7% Undercollection Cap is Maintained	PCIA Fully Recovered
Projected Revenue	\$387MM	\$372MM
Project Expenses	\$396MM	\$396MM
Project Margin	(\$9MM)	(\$24MM)