

Fact Sheet

PUBLIC PARTICIPATION HEARING

Pacific Gas and Electric Company Gas Transmission and Storage Rate Case (A.17-11-009)

July 2018

The California Public Utilities Commission (CPUC) is evaluating Pacific Gas and Electric Company's (PG&E) request to increase rates to fund projects for the safety and reliability of its **natural gas transmission and storage system (GT&S)**. As part of its deliberative process, the CPUC strives to ensure that all rates are fair and justified, while weighing the amount of revenue the utility says it needs to serve customers. The source of this information was from PG&E testimony and data requests.

Under PG&E's proposal, the natural gas bill for a typical CARE residential customer in San Jose would see an average monthly bill increase of \$0.93 or 2.1 percent in 2019. A typical non-CARE residential customer would see a \$0.90 or 2.1 percent increase. CARE is the California Alternate Rates for Energy financial assistance program.

What Goes into PG&E's Gas Bills:

Residential and small commercial natural gas rates are made of three main components:

- **Commodity Costs:** What the utility spends to procure natural gas for its customers. The utility does not earn a profit on the actual natural gas except an incentive designed to keep those costs low for customers.
- **Transportation and Storage Costs:** Costs associated with the long-distance transmission, storage and distribution of natural gas to customers.
- **Public Purpose Programs:** Funds for programs such as the California Alternate Rates for Energy (CARE), Energy Savings Assistance (ESA) and low income energy efficiency for people needing assistance paying their bills.

What is Being Considered in PG&E's GT&S rate case:

PG&E is seeking \$1.564 billion for gas transmission and storage costs in 2019, an increase of \$264 million over 2018 costs (or 20.3%) if approved.

PG&E's request includes Operating & Maintenance costs and financing charges for new capital investments in pipelines, storage facilities and other infrastructure. Under state law, utilities are allowed to include in their capital costs depreciation, income taxes, property taxes, interest on borrowing, and a reasonable return on investment.

In addition to 2019, PG&E's GT&S application seeks a rate increase in 2020 through 2022 as well based on some of the same needs. This represents a cumulative increase of 46.8 percent over 2018 costs.

(\$ in millions)	2019		2020		2021		2022	
Requested Cost Increases	\$264	20.3%	\$130	8.3%	\$188	11.1%	\$26	1.4%

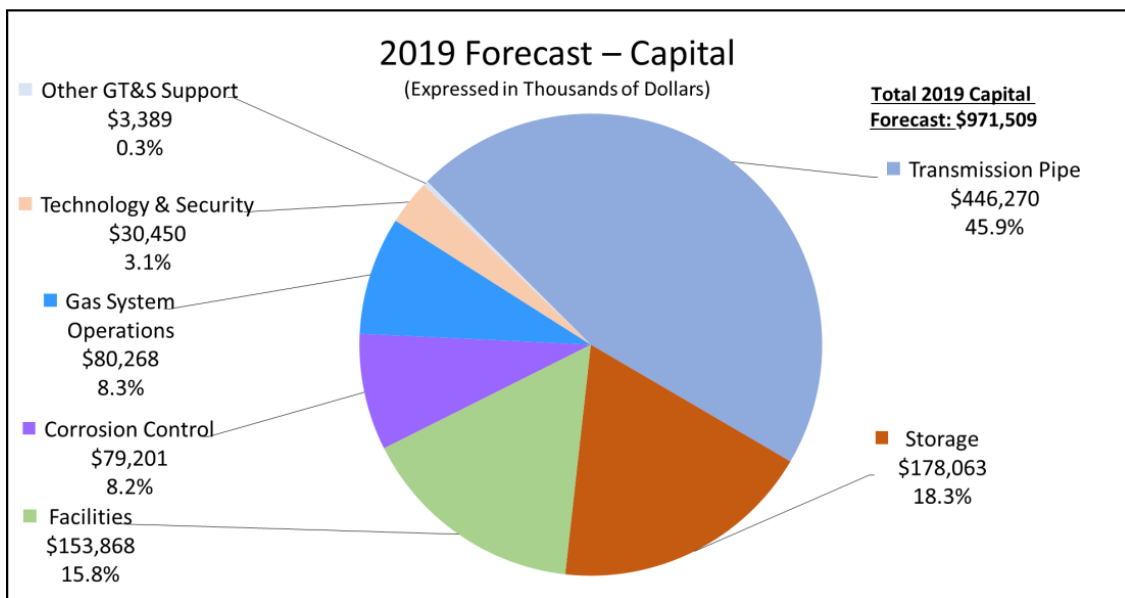
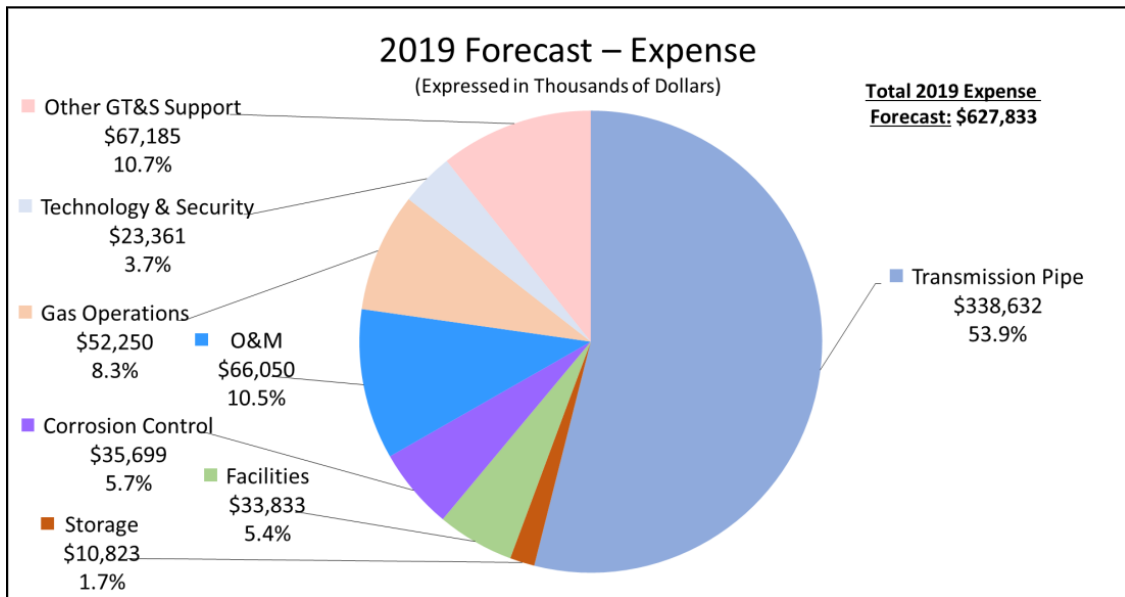
Individual Components of PG&E's Request:

PG&E says it is requesting funds for a variety of programs and projects intended to maintain the safety and reliability of its natural gas transmission and storage facilities, including the following:

- Additional testing to ensure pipes can operate at safe pressures, replacing older pipe with pipe manufactured to current safety standards, and inspecting pipe interiors using mechanical devices to find any defects.
- Gas System Operation costs including fuel to operate compressors, equipment, and software to monitor system reliability, and capacity projects to meet future demand.

- Decommissioning costs to close two existing natural gas storage fields and modify another.
- Corrosion control costs including equipment used to prevent or limit pipe corrosion.
- Funds for inspecting and retrofitting natural gas storage wells to make sure their integrity is not compromised.

Local proposed projects include hydrostatic pipe testing, automating valves, and replacing old pipe.



Further Information on Proceeding:

To review PG&E’s proposal and testimony in detail go to:

<https://pgera.azurewebsites.net/Regulation/search> and scroll to “GTS Rate Case 2019 (A.17-11-009)”

To review Office of Ratepayer Advocates testimony, go to: www.ora.ca.gov

Additional information on this proceeding is posted at CPUC’s website at:

www.cpuc.ca.gov/General.aspx?id=6442457850