

ALJ/JSJ/smt

Date of Issuance 12/6/2021

Decision 21-12-006

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

Order Instituting Rulemaking to Set  
Wildfire Fund Non-Bypassable Charge  
in 2022 and 2023.

Rulemaking 21-03-001

**DECISION ADOPTING TIMING AND AMOUNT OF  
2022 WILDFIRE FUND NON-BYPASSABLE CHARGE**

**TABLE OF CONTENTS**

<b>Title</b>	<b>Page</b>
DECISION ADOPTING TIMING AND AMOUNT OF 2022 WILDFIRE FUND NON-BYPASSABLE CHARGE .....	1
Summary .....	2
1. Background .....	2
2. Issues Before the Commission.....	4
3. Discussion .....	5
3.1. History of the WF NBC.....	5
3.2. DWR’s 60-Day Notice for 2022 WF NBC .....	7
3.3. Analysis of DWR’s 60-Day Notice for 2022 WF NBC .....	10
3.4. Party Comments Regarding DWR’s .....	13
4. Comments on Proposed Decision.....	17
5. Assignment of Proceeding.....	17
Findings of Fact.....	17
Conclusions of Law .....	18
O R D E R .....	18

**DECISION ADOPTING TIMING AND AMOUNT OF  
2022 WILDFIRE FUND NON-BYPASSABLE CHARGE**

**Summary**

This decision adopts a \$0.00652/kWh rate amount for the Wildfire Fund Non-Bypassable Charge to collect a \$1,000,400,704 revenue requirement for January 1, 2022, through December 31, 2022.

This proceeding remains open.

**1. Background**

Assembly Bill (AB) 1054 (Ch. 79, Stats. 2019) was enacted as an urgency measure to address increased risk of catastrophic wildfires in California, the electric utilities'<sup>1</sup> exposure to financial liability, and ratepayer costs.<sup>2</sup> On July 12, 2019, the Governor signed AB 1054.<sup>3</sup> Public Utilities (Pub. Util.) Code Sections 1701.8 and 3280 *et seq.* define the Wildfire Fund, and Pub. Util. Code Section 3289 directed the California Public Utilities Commission (Commission) to consider whether it should exercise its authority to require certain electrical corporations to collect from ratepayers a non-bypassable charge to support California's new Wildfire Fund.

On July 26, 2019, in response to Pub. Util. Code Section 3289, the Commission issued Order Instituting Rulemaking (R.) 19-07-017. On October 24, 2019, as a result of the R.19-07-017 proceeding, the Commission adopted Decision (D.) 19-10-056. That decision found that the imposition of a Wildfire Fund Non-Bypassable Charge (WF NBC) as contemplated by AB 1054 was just and reasonable.

---

<sup>1</sup> In this decision, the terms "utility" and "electrical corporation" are used interchangeably.

<sup>2</sup> For the legislative intent of AB 1054 referred to here, *see* Stats. 2019, ch. 79, § 1(a).

<sup>3</sup> Companion bill AB 111 (Ch. 81, Stats. 2019) was also enacted.

On July 16, 2020, the Commission adopted D.20-07-014. That decision considered and approved servicing orders between the large electrical corporations and the California Department of Water Resources (DWR). The servicing orders approved by that decision allow the large electrical corporations to act as agents of DWR and collect and remit to DWR the proceeds of the WF NBC in order to assure that those monies will be available to carry out the uses outlined in AB 1054.

On September 24, 2020, the Commission adopted D.20-09-023, which considered and approved the amount of the initial WF NBC. The decision directed the large electrical corporations -- San Diego Gas & Electric Company (SDG&E), Pacific Gas and Electric Company (PG&E), and Southern California Edison Company (SCE) (jointly identified here as the Investor-Owned Utilities, or IOUs) -- to begin charging eligible electricity customers a WF NBC. The WF NBC rate for the year 2020, beginning October 1, 2020, and running through to December 31, 2020, was set in the amount of \$0.00580/kilowatt-hour (kWh).

On December 21, 2020, the Commission adopted D.20-12-024. That decision set the WF NBC rate amount for the year 2021, and also closed R.19-07-017. The decision set the WF NBC rate for the year 2021, beginning January 1, 2021, and running through to December 31, 2021, in the amount of \$0.00580/kWh for eligible electricity customers, and also directed a new Rulemaking proceeding be initiated to set the WF NBC rate amount in 2022 and 2023.

On March 10, 2021, the Commission issued Order Instituting Rulemaking R.21-03-001. This current R.21-03-001 proceeding is responsive to the D.20-12-024 order to set the WF NBC rate amount for 2022 and 2023. On June 8, 2021, the assigned Commissioner issued a scoping memo in this proceeding that set forth

the issues and schedule for this proceeding and determined that an evidentiary hearing was not necessary.

In a document dated September 6, 2021, DWR sent the Commission a 90-Day Notice regarding the 2022 WF NBC. DWR asked the Commission to adopt a 2022 WF NBC rate in the amount of \$0.00660/kWh, to be charged by the IOUs to eligible electricity customers, beginning January 1, 2022, and running through December 31, 2022. On September 8, 2021, the assigned Administrative Law Judge (ALJ) issued an email Ruling, with the DWR 90-Day Notice attached, seeking party comment as to its contents, including as to the proposed rate amount of the 2022 WF NBC.

On October 1, 2021, party opening comments were served and filed by SDG&E, The Utility Reform Network (TURN), and the Utility Consumers' Action Network (UCAN). On October 8, 2021, party reply comments were filed by TURN and UCAN, and a Joint Reply was filed by PG&E, SDG&E, and SCE.

On October 18, 2021, DWR sent the Commission a 60-Day Notice regarding the 2022 WF NBC. DWR amended its calculations found in the 90-Day Notice and asked the Commission to adopt a 2022 WF NBC in the amount of \$0.00652/kWh, to be charged by the IOUs to eligible customers, beginning January 1, 2022, and running through December 31, 2022.

## **2. Issues Before the Commission**

As defined in the scoping memo, this proceeding is solely intended to consider the amount of the WF NBC in 2022 and 2023. For this year's iteration of the proceeding, and in keeping with the DWR Notices, the consideration is of the revenue requirement and rate amount of the WF NBC for 2022.

### 3. Discussion

#### 3.1. History of the WF NBC

The imposition of the WF NBC was found to be just and reasonable by the Commission in D.19-10-056.<sup>4</sup> That decision held that the WF NBC is to be collected on a dollar per kWh basis to ensure consistency with AB 1054,<sup>5</sup> and that the combined annual revenue requirement for the WF NBC is to be \$902.4 million.<sup>6</sup> D.19-10-056 also adopted a Rate Agreement between the Commission and DWR that bound the Commission to calculate, revise from time to time, and impose a WF NBC sufficient to fund at all times the \$902.4 million annual revenue requirement.

D.19-10-056 directed a process to enable an annual proceeding to establish an annual WF NBC determination process.<sup>7</sup> For the purpose of considering the 2022 WF NBC, this decision adopts a process similar to that used to consider the 2021 WF NBC, namely the submission of DWR Notices to the Commission before the imposition of the WF NBC in 2022, which contain the following elements:

- The revenue requirement for the WF NBC for the year 2022.
- The electricity sales forecast for all anticipated participating large electrical corporations for 2022.
- DWR's calculation of the resulting 2022 WF NBC rate amount for eligible electricity customers subject to the WF NBC pursuant to D.19-10-056.

The process outlined above is a reasonable way to calculate and approve the amount of the WF NBC for 2022 (and in future years). This proceeding will

---

<sup>4</sup> D.19-10-056, Conclusion of Law 21.

<sup>5</sup> D.19-10-056 at 25.

<sup>6</sup> D.10-10-056, Ordering Paragraph 3.

<sup>7</sup> D.19-10-056 at 32.

consider this year's DWR 90-Day Notice and 60-Day Notice. The 60-Day Notice fits the description provided in the paragraph above and provides adequate information to determine the appropriate rate amount for the 2022 WF NBC.

Generally stated, DWR calculates the annual WF NBC rate to achieve the annual \$902.4 million revenue requirement based both on submissions from the IOUs and on its own information regarding its actual WF NBC collections. DWR also tracks under-collection or over-collection amounts remitted to it for each year, and uses this information as an additional component of its proposed WF NBC rate amount for the ensuing year. Based upon all of this information, DWR then calculates and proposes the WF NBC rate amount for the ensuing year, as stated in its annual 90-Day Notice and 60-Day Notice to the Commission and to the Service List in this proceeding.

On October 18, 2021, DWR sent its 60-Day Notice to the Commission and to this proceeding's Service List. It proposes that the 2022 WF NBC be set at a level of \$0.00652 per kWh to collect a 2022 revenue requirement of \$902.4 million and to catch-up for prior under-collections (dating back to 2020, as well as 2021).<sup>8</sup> The \$0.00652 per kWh rate proposal is an increase from the \$0.00580 per kWh rate set in 2020 and 2021. DWR provided a detailed explanation for the basis for the increase.

---

<sup>8</sup> DWR's 90-Day Notice proposed setting the 2022 WF NBC rate amount as \$0.0066/kWh, while the October 18, 2021, 60-Day Notice proposed setting the rate amount as \$0.00652/kWh. In comparing the 90-Day Notice to the 60-Day Notice, the former reported collections through July 31, 2021, while the latter reported collections through September 30, 2021. As a result, DWR's projected total 2020-2021 receipt collection went from \$1.019 billion (90-Day Notice) to \$1.030 billion (60-Day Notice), and DWR's projected total 2020-2021 under-collection went from \$108.9 million (90-Day Notice) to \$98 million (60-Day Notice). Consequently, based upon its more accurate knowledge of actual collections, DWR was able to more accurately calculate its projected 2021 receipt collection and total under-collection, and produced a reduced proposed 2022 WF NBC rate amount.

### **3.2 DWR's 60-Day Notice for 2022 WF NBC**

The following are excerpts from DWR's 60-Day Notice:

#### Background on Assembly Bill 1054 (AB 1054)

...AB 1054 also effectuates the end of the Bond Charge for the Power Supply Revenue Bonds (PSRB). It institutes the Wildfire NBC by directing the CPUC, through the IOUs, to impose Wildfire NBCs and collect Wildfire NBCs for deposit into the DWR Charge Fund in the same manner as the Bond Charge for the PSRBs. The new Wildfire NBC revenue requirement should equal the average annual amount of Bond Charges for the PSRBs collected from January 1, 2013, through December 31, 2018, which is \$902.4 million per year...

#### Revenue Sufficiency

In respect to the Wildfire NBCs, DWR agrees, in the Wildfire Rate Agreement, to cooperate with and assist the CPUC in its determination, at least annually, of the Wildfire NBCs.

Pursuant to Section 3289 of the Pub. Util. Code, the CPUC is required to impose Wildfire NBCs in an amount sufficient to fund the Revenue Requirement for each Revenue Requirement Period, or the first and last Revenue Requirement Period, which is the pro rata portion thereof for such period...

For the period of October 1, 2020, through December 31, 2020, DWR had given notice to the CPUC adopting a mechanism to direct the IOUs to impose and collect \$5.80/MWh (\$0.0058/kWh) and to collect \$225.6 million, which is the pro rata portion of the 2020 Revenue Requirement (25 percent of \$902.4 million) as required by the Act and described in CPUC D.19-10-056. Additionally, notice was provided to the CPUC to direct the IOUs to implement a 2021 Wildfire NBCs of \$5.80 per megawatt (MWh) (\$0.0058/kWh) of billed electrical usage in each IOU service area. This charge is projected to collect, for 2021, \$902.4 million as required by the Act and described in CPUC D.19-10-056.

Overall, the \$225.6 million for the prorated portion of 2020 and the \$902.4 million for the calendar year 2021, (totaling \$1.128 billion for the period of October 1, 2020, through



December 31, 2021), are not projected to be received by DWR by the end of 2021. Using actual collections through September 30, 2021, and projecting collections using IOU load information for the remainder of 2021, the Department is projected to receive \$1.030 billion resulting in an under-collection of \$98 million.

The revenue projections compared to actuals are illustrated in the chart and table below. [footnote: The chart in 2022 represents the receipt of the under-collected revenues in prior periods and projected 2022 NBC revenues.] As seen in the table below, \$85 million of the \$98 million under-collection occurred between October 2020 and December 2020 and was caused by the time lag between the initial imposition of NBCs on customer bills and the customer cash remittances received by DWR...

Year	Projected and Actuals NBCs (\$millions)	Revenue Requirement NBCs (\$millions)	NBC rates
2020	140.6	225.6	\$5.80 per MWh
2021	889.4	902.4	\$5.80 per MWh
2022	1,000.4	902.4	\$6.60 per MWh

Calculation of Wildfire NBC

In this 60-Day Notice, DWR is conveying to the CPUC its calculation of the Wildfire NBC for 2022 with the following estimated information: 1) the under-collection of the Revenue Requirement for 2020 and 2021 consistent with D.19-10-056, the Wildfire Rate Agreement, and AB 1054; 2) the electricity sales forecast for all IOUs for the remaining months in 2021; 3) the electricity sales forecast for the calendar year 2022; 4) DWR's calculation of the resulting 2022 Wildfire NBCs for customers subject to the Wildfire NBCs pursuant to D.19-10-056...

For the period beginning January 1, 2022, through December 31, 2022, DWR requests that the CPUC adopt a mechanism to direct the IOUs to impose and collect a

Wildfire NBC of \$6.52/MWh (\$0.00652/kWh) to collect the \$902.4 million revenue requirement pursuant to D.19-10-056, plus the under-collected amount of \$98 million, for a total of \$1.0004 billion, as required by the Act and described in D.19-10-056. For the 2022 Revenue Requirement Period, this charge is projected to collect \$1.0004 billion as required by the Act and described in D.19-10-056. For the 2022 Revenue Requirement Period, this charge is projected to collect \$1.004 billion as required by the Act and defined in D.19-10-056. DWR is providing this 60-day Notice to the CPUC by November 1<sup>st</sup> with its projection for the 2022 Wildfire NBC as required by the Act.

**TABLE 2  
DWR Charge Revenue**

	Cash Receipts (30-day lag)	Revenue Requirement	Difference
<b>2020</b>	\$140,593,468	\$225,600,000	\$(85,006,532)
<b>2021</b>	\$889,405,828	\$902,400,000	\$(12,994,172)
<b>2022</b>	\$1,000,400,704	\$902,400,000	\$98,000,704
<b>Total</b>	\$2,030,400,000	\$2,030,400,000	

Data Used in Calculating the Wildfire NBC

DWR sent data requests to the IOUs on June 1, 2021 and received responses to their data requests from the IOUs on or about June 22, 2021. The responses provide forecasted load at the customer meter for bundled load, direct access load, and community choice aggregation load with additional details for the load in these categories that would not be exempt from the Wildfire NBCs. Additionally, the IOUs were requested to provide an estimate of other departing loads such as municipal departing load, customer-generated departing load, and other departing load that would be classified as distributed generation. DWR reviewed these forecasts and compared them with the actual loads supporting the collection of the previously issued [PSRB]...

To determine the Wildfire NBCs needed, DWR used a collection curve methodology. The collection curve

methodology accounts for the lag between the time of the imposition of NBCs on customer bills and the customer cash remittances received by DWR. The monthly non-exempt loads forecasted to be billed to customers each month are multiplied by an assumed Wildfire NBC, resulting in a forecasted remittance accrual. This accrual amount is then reduced by a forecasted uncollectible factor. On average, the time between the imposition of charges and the collection curve and the uncollectable factor, the Department then calculated the NBC that produces \$902.4 million plus any over or under-collection in prior periods that is projected to be sufficient, on a cash basis, to meet the Revenue Requirement in the Act.

#### Revenue Sufficiency

As previously noted, DWR concurs in the Wildfire Rate Agreement respective to the Wildfire NBCs to cooperate with and assist the CPUC in its determination, at least annually, of the Wildfire NBCs. Under Section 3289 of the Pub. Util. Code, the CPUC is required to impose Wildfire NBCs in an amount sufficient to fund the Revenue Requirement for each Revenue Requirement Period, or the first and last Revenue Requirement Period, the pro rata portion thereof for such period.

### **3.3. Analysis of DWR's 60-Day Notice for 2022 WF NBC**

In review of the detailed contents of DWR's 60-Day Notice, it is clear that DWR projected the 2022 WF NBC amount using estimates of the eligible kWh sales expected during 2022 (and accounted for projected under-collections expected during 2022) and added additional charges to collect sufficient revenue so as to have the 2022 WF NBC fully "catch-up" with all past WF NBC under-collections. Thus, the effort is to address, in 2022, the need to establish a WF NBC amount that provides a sufficient revenue requirement by the end of 2022, as intended by Pub. Util. Code Section 3289.

The 2022 sales estimates were based upon the results of data provided by the IOUs. The responses to the data requests provide forecasted load at the customer meter for bundled load, direct access load, and community choice aggregation load with additional details for the load in these categories that would not be exempt from the WF NBC.

DWR calculated the amount of the WF NBC in 2022 by using a “collection curve methodology.” DWR reported that it took the estimated eligible kWh sales for 2022 provided to DWR by the IOUs, and then multiplied that figure by an assumed WF NBC amount to determine a forecasted remittance accrual, and then reduced this accrual amount by a forecasted uncollectible factor. The resulting net remittance accrual amount was then projected to be received as cash 30 days later by DWR.

DWR also took into consideration past under-collections from 2020 and 2021. That \$98 million shortfall accounts for the bulk of the increase in the proposed 2022 WF NBC rate amount as compared to the prior year rate amount.

DWR’s 60-Day Notice makes clear the basis for its proposed increased \$0.00652/kWh rate amount for the 2022 WF NBC, as compared to the prior WF NBC rate amount ((\$0.00580/kWh). Essentially, the reason for this proposed increase is that DWR demonstrates a relatively minor collection shortfall of \$12,994,172 for 2021, but a considerable collection shortfall of \$85,006,532 for 2020 (due largely to a lag in initiating and remitting IOU collections for the WF NBC to DWR at the outset of the WF NBC’s existence). Therefore, because of this total \$98,000,704 under-collection in 2020 and 2021, the 2022 WF NBC is obliged to collect not only 2022’s necessary revenue requirement of \$902,400,000 but also 2020 and 2021’s total under-collection of \$98,000,704, for a total 2022 revenue requirement of \$1,000,400,704.

While it is not expressly stated as such by DWR, the basis for the 2020 under-collection was an over-collection of the “DWR Bond Charge” that is being addressed in R.15-02-012. The decisions in D.20-09-005 and D.20-09-023 implemented the legislative intent regarding AB 1054, which is to require the 2020 WF NBC to essentially take over the electricity consumer’s R.15-02-012 2020 DWR Bond Charge billing line with an identical charge (so that eligible electricity customers would experience a seamless charge transition from one DWR fund account to another DWR fund account). Yet, there was a lag in the mechanics of enabling the switchover in the IOUs’ billing lines to cease transfer from one DWR account and then initiate transfer to the other DWR account. Therefore, in net effect, while the R.15-02-012 DWR Bond Charge proceeding presents a decision addressing the 2022 refunding of a considerable 2020 over-collection, at the same time in this DWR WF NBC proceeding this decision addresses the increased 2022 WF NBC to “catch up” on a considerable 2020 under-collection -- with the expectation that from the eligible electricity customer’s perspective, there will be neither a significant increase nor decrease in the billing line’s net rate amount.<sup>9</sup>

In its 60-Day Notice, DWR restated its obligation under the Rate Agreement to notify the Commission each year regarding the annual collections received by DWR with respect to the WF NBC revenue requirement and the amount of excess or deficiency in collections above or below the revenue requirement. The 60-Day Notice also points out that under the terms of the Rate Agreement, the Commission will undertake within 60 days to adjust the WF NBC in the subsequent year to reflect any excess or deficiency reported by

---

<sup>9</sup> For a fuller exploration of the interplay between R.15-02-012 and R.21-03-001, *see* Appendix 1.

DWR.<sup>10</sup> In short, the Commission must act promptly in issuing this decision to provide the necessary direction regarding the setting of the 2022 WF NBC.

**3.4. Party Comments Regarding DWR's  
90-Day Notice for 2022 WF NBC**

On September 8, 2021, parties were provided opportunity to comment upon DWR's 90-Day Notice. (Due to time constraints such that parties do not have opportunity to comment upon the October 18, 2021, 60-Day Notice prior to the requirement for the Commission to act upon this decision, parties were offered the opportunity to comment upon the 90-Day Notice.) DWR's 90-Day Notice follows a similar analysis as the 60-Day Notice, but the more refined 60-Day Notice analysis resulted in a reduced WF NBC rate amount proposal.

The comments received from TURN and UCAN were critical of DWR's 90-Day Notice 2022 WF NBC rate amount proposal. Separately and together, they assert that DWR should alter its accounting practices, that DWR should take into consideration other potential funding streams, and that the WF NBC should employ a different process for increasing its rate amount.

TURN argued that DWR's 90-Day Notice failed to provide adequate information regarding under-collections and sought to have the IOUs provide additional comment as to how the California Arrearage Payment Program (CAPP), which is intended to reduce COVID 19-related energy bill delinquencies, will impact past WF NBC under-collections. TURN sought for the Commission to not approve any increase in the WF NBC rate until the IOUs provided additional information. TURN also sought to have the Commission order DWR to provide it with the data DWR received from the IOUs to calculate the WF NBC

---

<sup>10</sup> DWR 60-Day Notice at 4.

rate.<sup>11</sup> Later, TURN argued that a WF NBC rate increase should be amortized over a three-year period, and also argued that the 2020-2021 under-collections should instead be re-evaluated when the 2023 WF NBC is considered a year from now, based upon the impact of CAPP.<sup>12</sup>

UCAN also argued that the 90-Day Notice provided inadequate information regarding under-collections. Further, UCAN argued that DWR's cash-based accounting was inferior to its proposed accrual-based accounting methodology.<sup>13</sup> Later, UCAN argued that DWR should not be entitled to correct for the 2020 under-collection because doing so "leads to increased rate volatility" and that "all the utility has to do is wait for its collections to be received." UCAN further argued that there will be a need to return over-collections to ratepayers, but that this will not happen until 2036.<sup>14</sup>

In their Joint Reply, the IOUs pointed out that DWR calculated its proposed WF NBC based upon IOU submissions and its own calculations and projections. The IOUs argued that it was not possible to know the effect of CAPP on under-collections, but that the impact could be small (noting that "As an example, for PG&E, the revenue requirement associated with the existing Wildfire Fund Charge comprises approximately 3% of the total authorized revenue requirement in rates as of August, 1, 2021"<sup>15</sup>), and that in any event CAPP monies would be distributed to customers after January 1, 2022, at the earliest, and therefore the program's impact cannot be known at this time as to

---

<sup>11</sup> TURN Comments at 2-4.

<sup>12</sup> TURN Reply Comments at 2.

<sup>13</sup> UCAN Comments at 2-6.

<sup>14</sup> UCAN Reply Comments at 2-4.

<sup>15</sup> Joint Reply of IOUs at 3.

how it might affect the 2022 WF NBC rate amount calculations. Lastly, they argue that the sales forecasts of the IOUs are outside the scope of this proceeding.<sup>16</sup>

We recognize TURN and UCAN's opposition to the increased WF NBC for 2022, but we disagree with their analysis and position. At the outset, it is necessary to understand that, by operation of Pub. Util. Code Section 3289 and D.19-10-056, the Commission must direct the annual collection of the WF NBC, and therefore there must be a decision issued at this time for the authorization of the 2022 WF NBC collection rate amount. The Commission cannot wait to see the impact of different programs as they may play out in the future: a rate for 2022 must be approved now. Of critical note, the Rate Agreement directs how under-collections and over-collections are to be managed, and we find DWR's Notices to be consistent with the Rate Agreement.<sup>17</sup> Parties have not presented any convincing reason for us to question calculations by DWR, which has provided sufficient accounting and calculations in the past and for the purpose of this decision.

---

<sup>16</sup> Joint Reply of IOUs at 2-4.

<sup>17</sup> D.19-10-056 attached the Rate Agreement, whose Section 4.1(c) reads in pertinent part as follows: "The Department shall, at least annually, and more frequently as deemed reasonably necessary or appropriate by the Department or the Commission, conduct a review and determine if the amount collected by the Nonbypassable Charges is forecasted to be sufficient to meet the Revenue Requirement. If any such annual or more frequent review indicates that collections received by the Department with respect to the Revenue Requirement are, or will be, insufficient to meet the Revenue Requirement, and the Department so notifies the Commission, the Commission shall take necessary action to cure or avoid any such deficiency, including adjustment of existing, and the calculation and imposition of additional, Nonbypassable Charges. The Department shall notify the Commission each year by November 1st of the annual collections received by the Department with respect to the Revenue Requirement and the amount of excess or deficiency in collections above or below the Revenue Requirement and the Commission will undertake within 60 days to adjust the Nonbypassable Charges in the subsequent year to reflect any excess or deficiency."



As a practical matter, even if this proceeding were being considered in a different context, the rate difference of \$0.00072/kWh is insufficient to necessitate a response regarding the assertion that this constitutes an electricity customer rate shock, when compared to the complexity of assessing customer rate impacts broadly and our narrowly-defined task of implementing the statutorily required WF NBC.

Lastly, regarding UCAN's discussion of DWR's use of a cash-based accounting system and its position that DWR must be directed to replace it with an accrual-based accounting system, we find that the record fails to establish that there is anything amiss with the use of a cash-based accounting system. On the contrary, DWR has been providing a similar service to the CPUC using a similar methodology for approximately 20 years related to DWR Bond Charges, and no party has shown any history of rate volatility or accounting problems. Furthermore, as previously discussed, DWR's accounting is not the cause of the under-collection: instead, the major cause was a time lag between when customers were billed and when the related cash was remitted to DWR, which is to be offset by the time-lag related refund in R.15-02-012, mitigating rate volatility for the WF NBC line item in 2022.

DWR's 60-Day Notice provides the revenue requirement for the WF NBC for the year 2022, the electricity sales forecast for the IOUs for 2022, and DWR's calculation of the resulting 2022 WF NBC rate amount for eligible customers subject to the WF NBC pursuant to D.19-10-056. Therefore, DWR's 60-Day Notice provides the Commission with sufficient information to set the WF NBC rate amount for 2022. In light of the reasonableness of the information submitted by DWR, this decision finds that it is reasonable to set the 2022 WF NBC rate amount as \$0.00652/kWh, and the IOUs shall charge this WF NBC rate amount

during 2022 to eligible customers subject to the WF NBC as defined in D.19-10-056.

By no later than December 31, 2021, each of the IOUs shall file a Tier 1 Advice Letter with the Commission's Energy Division to implement the 2022 Wildfire NBC rate amount as defined by this decision.

#### **4. Comments on Proposed Decision**

The proposed decision in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. On November 18, 2021, comments were timely received from party UCAN. No reply comments were received.

UCAN's comments repeat its prior positions, and we make no changes.<sup>18</sup>

#### **5. Assignment of Proceeding**

Clifford Rechtschaffen is the assigned Commissioner and Jason Jungreis is the assigned ALJ in this proceeding.

#### **Findings of Fact**

1. The annual revenue requirement for the WF NBC is \$902.4 million.
2. The under-collection for the WF NBC in the year 2020 was \$85,006,532, and the under-collection for the WF NBC in the year 2021 is projected to be \$12,994,172.
3. The total 2022 WF NBC collection revenue requirement is \$1,000,400,704.
4. The data provided by DWR to calculate the 2022 WF NBC may be relied upon by the Commission to adopt the 2022 WF NBC and set the 2022 WF NBC rate amount to be collected from eligible electricity customers.

---

<sup>18</sup> We remind UCAN of the requirements in Rule 14.3 of Commission's Rules of Practice and Procedure when filing comments on a PD.

5. DWR has proposed a 2022 WF NBC rate amount of \$0.00652/kWh, to be collected from January 1, 2022, to December 31, 2022, which DWR projects to be sufficient to balance DWR's WF NBC account by the end of 2022.

**Conclusions of Law**

1. The imposition of the WF NBC was found to be just and reasonable by the Commission in D.19-10-056.

2. The WF NBC is to be collected from eligible electricity customers on a dollar per kWh basis to ensure consistency with AB 1054.

3. DWR's 60-Day Notice provides the Commission with sufficient information to set the revenue requirement for the WF NBC for 2022.

4. It is reasonable to set the WF NBC rate amount as \$0.00652/kWh for 2022.

5. This proceeding is to remain open.

**O R D E R**

**IT IS ORDERED** that:

1. Southern California Edison Company shall charge the Wildfire Fund Non-Bypassable Charge to eligible customers as defined by Decision 19-10-056 from January 1, 2022, to December 31, 2022, in the amount of \$0.00652 per kilowatt-hour.

2. Southern California Edison Company shall file a Tier 1 Advice Letter with the Commission's Energy Division implementing the 2022 Wildfire Fund Non-Bypassable Charge as defined by this decision no later than December 31, 2021.

3. San Diego Gas & Electric Company shall charge the Wildfire Fund Non-Bypassable Charge to eligible customers as defined by Decision 19-10-056 from January 1, 2022, to December 31, 2022, in the amount of \$0.00652 per kilowatt-hour.

4. San Diego Gas & Electric Company shall file a Tier 1 Advice Letter with the Commission's Energy Division implementing the 2022 Wildfire Fund Non-Bypassable Charge as defined by this decision no later than December 31, 2021.

5. Pacific Gas and Electric Company shall charge the Wildfire Fund Non-Bypassable Charge to eligible customers as defined by Decision 19-10-056 from January 1, 2022, to December 31, 2022, in the amount of \$0.00652 per kilowatt-hour.

6. Pacific Gas and Electric Company shall file a Tier 1 Advice Letter with the Commission's Energy Division implementing the 2022 Wildfire Fund Non-Bypassable Charge as defined by this decision no later than December 31, 2021.

7. Rulemaking 21-03-001 remains open.

This order is effective today.

Dated December 2, 2021, at San Francisco, California.

MARYBEL BATJER

President

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

DARCIE HOUCK

Commissioners

## APPENDIX 1

Here is a fuller exploration of the interplay between this R.21-03-001 proceeding's under-collection of the WF NBC and the R.15-02-012 proceeding's refund of over-collected Bond Charges.

On September 10, 2020, the Commission adopted D.20-09-005 in proceeding R.15-02-012, ordering the IOUs to cease imposition of the existing \$0.00580/kWh Bond Charge on September 30, 2020. On September 24, 2020, the Commission issued D.20-09-023 in proceeding R.19-07-017, adopting the WF NBC from October 1, 2020, through December 31, 2020, and directing the IOUs to impose a rate of \$0.00580/kWh (the identical rate amount is not a coincidence, as maintaining the Bond Charge rate amount is an intent of AB 1054).

Because the Bond Charge \$0.00580/kWh rate amount that ceased on September 30, 2020, was replaced with the identical WF NBC \$0.00580/kWh rate amount that started on October 1, 2020, from the customer bill perspective, there was a seamless transition between the two charges. However, due to technical billing cycle limitations, from DWR's perspective, accounting for the transition between the two charges was not quite as seamless. The technical billing cycle limitations resulted in a lag (referenced in the 60-Day Notice discussion of the "collection curve") between the time a customer uses a kWh and the time the charge for that kWh is remitted by the IOUs to DWR.

The result of the collection lag was that although the IOUs were ordered to cease imposition of the Bond Charge on September 30, 2020, customer bills containing Bond Charges for kWh usage that occurred through September 30, 2020, would continue to be collected by the IOUs and remitted to DWR for approximately four weeks after the cessation of the charge. (This time lag is in the normal course of billing and remittance activities, and does not account for additional lag items such as late customer payments or IOU billing system issues.) The result of the cessation lag on the Bond Charge collection was the over-collection of the Bond Charge in 2020.

Similarly, due to the collection lag, the charges related to the new WF NBC, effective October 1, 2020, would not actually be collected by the IOUs and remitted to DWR until approximately four weeks after October 1, 2020. (As mentioned, during this time period, the equivalent Bond Charge was still being collected by the IOUs and remitted to DWR.) The result of the collection lag on the WF NBC was an under-collection of \$85 million in 2020.

On August 5, 2021, in R.15-02-012, DWR sent a Notice to the Commission that there were “excess amounts” of \$170.7 million available to be returned to electricity customers, related in part to the cessation lag of the Bond Charge in 2020. DWR’s Notice stated that “Consistent with Decision 20-09-005, the IOUs ceased to impose the [Bond Charge] on customers after September 30, 2020, but the Department continued to receive previously imposed [Bond Charges] as they are collected by the IOUs and submitted to DWR.”

On September 6, 2021, in this R.21-03-001 proceeding, DWR’s Notice informed the Commission that it had an under-collection of \$85 million for 2020.

It is worth noting that the WF NBC 2020 under-collection of \$85 million, leading to the related rate increase determined in this Commission decision, is more than offset by the total \$170.7 million over-collection and refund of excess Bond Charges that has been determined in the Commission decision being issued in R.15-02-012. Although we authorize DWR’s proposed WF NBC rate amount increase (just for the year 2022), when the increase is considered simultaneously with the R.15-02-012 refund of \$170.7 million, the result is a total net rate decrease in 2022 for electricity customers’ WF NBC billing line (through which the R.15-02-012 refund will be effected).