The Basic Idea

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

TOTAL PORTFOLIO COST \[=\] PORTFOLIO MARKET VALUE \[=\] INDIFFERENCE AMOUNT
The 2020 ERRA Forecast

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

<table>
<thead>
<tr>
<th>System Average 2020 Increase from 2019 ($/kwh)</th>
<th>PG&amp;E’s proposal</th>
<th>With CCA changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capped Increase: All vintages</td>
<td>0.00500</td>
<td>Same</td>
</tr>
<tr>
<td>Uncapped Increases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017 Vintage (cents/kWh)</td>
<td>0.01827</td>
<td>0.01056</td>
</tr>
<tr>
<td>2018 Vintage (cents/kWh)</td>
<td>0.01843</td>
<td>0.01035</td>
</tr>
</tbody>
</table>
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