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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Pacific Gas and Electric Company	Docket Nos. ER22-619-001 ER22-620-001 ER20-2878-015 (Consolidated)
City and County of San Francisco	TX21-4-000 (not consolidated)

**JOINT OFFER OF SETTLEMENT AND
SETTLEMENT AGREEMENT**

**Article I
Introduction**

1. Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”),¹ Pacific Gas and Electric Company (“PG&E”) and the City and County of San Francisco (“San Francisco” or “CCSF”) (collectively, the “Settling Parties”) hereby submit this unopposed Joint Offer of Settlement and Settlement Agreement (“Settlement Agreement” or “Agreement”), including the accompanying exhibits. This Settlement Agreement fully resolves all but two outstanding issues as between the Settling Parties in the above-captioned proceedings. Specifically, in consolidated FERC Docket Nos. ER20-2878, ER22-619, and ER22-620 (the “WDT3 Proceeding”), this Agreement fully resolves, as between the Settling Parties, the following issues identified in the February 16, 2023, Joint Statement

¹ 18 C.F.R. § 385.602.

of Issues: Issues 1-4, Issue 7, and Issue 9. Only Issues 5 and 6 remain unresolved in the WDT3 Proceeding.² This Agreement fully resolves all issues in Docket No. TX21-4.

The Settlement Agreement incorporates and includes the following attachments:

- a. Attachment A – Revised WDT (clean tariff records);
- b. Attachment B – Revised WDT (redlined tariff records);
- c. Attachment C – Revised WDT SA No. 275 (clean tariff records);
- d. Attachment D – Revised WDT SA No. 275 (redlined tariff records); and
- e. Attachment E – Pro Forma Eligible Carrier Option Agreement.

2. San Francisco’s history as a publicly-owned utility traces back more than a century to the passage of the Raker Act, Pub. L. No 63-41, 38 Stat. 242 (1913). The Raker Act granted CCSF the right to develop a water and power supply system on federal lands in the Hetch Hetchy Valley. Though CCSF owns and operates its own generation and transmission facilities, it has not developed its own comprehensive distribution system throughout the entirety of the City and County of San Francisco. As a result, beginning in 1945, CCSF historically contracted with PG&E to use PG&E’s distribution system to deliver power from CCSF’s Hetch Hetchy System and the wholesale markets to CCSF’s end-use customers. Since 2015,³ San Francisco has obtained wholesale distribution service under PG&E’s Wholesale Distribution Tariff (“WDT”) and transmission service from the California Independent System Operator (“CAISO”) to

² Issues 8 and 10 were previously resolved via stipulation. *See* Ex. PGE-0058 (Joint Stipulation of Parties). A Partial Initial Decision addressing disputed Issues 5 and 6 was issued by Judge Hessler on May 17, 2024. *Pac. Gas & Elec. Co.*, 187 FERC ¶ 63,012 (2024).

³ Two San Francisco Points of Delivery at Hunter’s Point Naval Shipyard took service under the WDT beginning in 2007 and 2009. Points of delivery previously served under bilateral agreement with PG&E were transferred to the WDT in 2015.

deliver power to those customers. Though CCSF has primary voltage interconnections with PG&E, the vast a majority of CCSF's loads are small loads served via secondary voltage interconnections with PG&E.

3. Absent the resolution proposed in this settlement, the tariff provisions at issue in the WDT3 Proceeding would require CCSF to take primary voltage service for new interconnections and to modify some of its existing secondary voltage interconnections to primary voltage service if certain changes are made to the existing interconnection and CCSF wants to continue to take WDT service. This Settlement Agreement reflects consideration of this and other factors.

Article II Relevant Procedural History

4. On September 15, 2020, PG&E submitted its third WDT rate case filing in FERC Docket No. ER20-2878-000,⁴ proposing revisions to certain non-rate terms and conditions and revisions to rate terms, including changing from a stated rate to a formula rate. PG&E's WDT contains the rates, rate methodology, and terms and conditions by which PG&E provides eligible wholesale customers electric service over its distribution facilities. CCSF, among others, protested PG&E's filing in Docket No. ER20-2878.

5. On November 13, 2020, the Commission accepted PG&E's September 15, 2020 filing in Docket No. ER20-2878, including the formula rate and associated distribution

⁴ Contemporaneous with the filing in Docket No. ER20-2878-000, PG&E submitted eight filings to amend and align the terms of the revised WDT with the service agreements of six wholesale load distribution customers—CCSF, the Port of Oakland, Power and Water Resources Pooling Authority ("PWRPA"), Shelter Cove, Western Area Power Administration ("WAPA"), and the Westside Power Authority—in sub-Dockets ER20-2878-001 through -008.

revenue requirement, suspending the rates for five months, to become effective on April 15, 2021, subject to refund, and established hearing and settlement judge procedures.⁵

6. On August 20, 2021, CCSF submitted an application pursuant to Federal Power Act sections 210 and 211,⁶ in Docket No. TX21-4, requesting that the Commission order PG&E to continue providing FERC-jurisdictional service to CCSF's unmetered load. On May 13, 2022, CCSF filed a motion requesting that the Commission hold that proceeding in abeyance until after a Commission order on the initial decision is issued in Docket No. ER20-2878.

7. On December 13, 2021, PG&E filed a Notice of Termination of Appendix E of CCSF's WDT SA (Service Agreement No. 275) in Docket No. ER22-619-000. Appendix E is the appendix of CCSF's WDT SA under which PG&E provides wholesale distribution service to CCSF's small unmetered street loads.

8. On December 13, 2021, PG&E also filed a proposed new Appendix G to the CCSF's WDT SA (Service Agreement No 275) in Docket No. ER22-620-000, which would provide interim service to certain of CCSF's small unmetered street loads that were previously served pursuant to Appendix E.⁷

9. On January 31, 2021, the Commission accepted PG&E's Notice of Termination in Docket No. ER22-619-000 and proposed revisions to the WDT Service Agreement in

⁵ *Pac. Gas & Elec. Co.*, 173 FERC ¶ 61,140 (2020).

⁶ 16 U.S.C. §§ 824i, 824j.

⁷ PG&E filed subsequent revisions to Appendix G in Docket No. ER22-2022, which was not consolidated with Docket Nos. ER20-2787, ER22-619, and ER22-620, and was resolved via a letter order approving an uncontested offer of settlement. *Pac. Gas & Elec. Co.*, 186 FERC ¶ 61,141 (2024).

Docket No. ER22-620-000, suspended them for five months, to become effective July 11, 2022, and July 12, 2022, respectively, subject to refund, and established hearing and settlement judge procedures.

10. On November 25, 2020, the Honorable Steven Glazer was assigned as settlement judge to Docket No. ER20-2878.⁸ The participants to the proceeding resolved a substantial number of issues in two partial settlements that were submitted to and accepted by the Commission. These two partial settlements narrowed the disputed issues to ten issues.

11. On February 8, 2022, the Honorable Steven Glazer was assigned as settlement judge to Docket Nos. ER22-619 and ER22-620. Those dockets were consolidated with Docket No. ER20-2878 by the Chief Administrative Law Judge on May 19, 2022.⁹

12. On August 18, 2022, PWRPA, Calaveras Public Power Agency (“CPPA”), Tuolumne Public Power Agency (“TPPA”), and WAPA filed a Motion for Partial Summary Disposition of Issue 7 set for hearing in the consolidated proceeding. On September 2, 2022, PG&E, CCSF, and Trial Staff filed answers to the Motion. Oral argument was held on September 7, 2022. On December 8, 2022, Presiding Administrative Law Judge Hessler determined that PWRPA, CPPA, TPPA, and WAPA had failed to demonstrate that there is no genuine issue of material fact regarding Issue 7, denied the partial summary disposition motion, and deferred consideration of Issue 7 until after hearing.

⁸ Order of Chief Judge Designating Settlement Judge and Denying Request to Order Section 2.17 Procedures, eLibrary No. 20201125-3039.

⁹ *Pac. Gas & Elec. Co.*, 179 FERC ¶ 63,015 (2022).

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13. The hearing on all outstanding issues commenced on March 9, 2023, and ended on March 13, 2023.
14. All parties reached stipulations to resolve Issues 8 and 10, which are reflected in hearing Exhibit PGE-0058.
15. From August 2023 through the submission of this Settlement Agreement, formal and informal settlement discussions and conferences were held periodically between PG&E and CCSF.
16. As a result of the discussions conducted at the settlement negotiations, PG&E and CCSF reached a Settlement Agreement resolving Issues 1-4, 7, and 9, which represent all of the outstanding issues in the WDT3 Proceeding except Issues 5 and 6.¹⁰ This Settlement Agreement resolves all claims raised by CCSF in the WDT3 Proceeding except for those related to Issues 5 and 6.
17. This Settlement Agreement is filed with the Commission as part of an Offer of Settlement submitted in accordance with 18 C.F.R. § 385.602. In accordance with 18 C.F.R. § 385.602(c)(1)(ii), such filing shall contain an Explanatory Statement which is not intended to, and does not, alter any of the provisions of this Settlement Agreement. In the event of any inconsistency between the Explanatory Statement and this Settlement Agreement, this Settlement Agreement shall control.
18. Attached as Attachments A and B to this Settlement Agreement are the relevant sections of the currently effective WDT, FERC Electric Tariff Volume No. 4, reflecting changes agreed upon by the Settling Parties in both clean and redline, respectively.

¹⁰ A partial Initial Decision on Issues 5 and 6 was issued by Judge Hessler on May 17, 2024. *Pac. Gas & Elec. Co.*, 187 FERC ¶ 63,012 (2024).

19. Attached as Attachments C and D to this Settlement Agreement are the relevant sections of the currently effective WDT Service Agreement No. 275, under PG&E's WDT, FERC Electric Tariff Volume No. 4, reflecting the changes agreed upon by the Settling Parties in both clean and redline, respectively.

Article III
Resolution of Docket No. TX21-4 Issues

20. CCSF agrees to file to withdraw its Application for Order Directing Transmission Service and Interconnection of Facilities in Docket No. TX21-4. This Settlement Agreement represents a full resolution of Docket No. TX21-4.

Article IV
Resolution of Issues 1-4 from the WDT3 Proceeding

21. This Settlement Agreement fully resolves San Francisco's protest regarding Issues 1-4 in the WDT3 Proceeding. Notwithstanding anything to the contrary in the WDT, during the Appendix I Term (as defined in Attachment C), CCSF will be eligible to obtain secondary voltage and/or unmetered FERC-jurisdictional distribution service from PG&E, at the effective and applicable rate stated in PG&E's WDT, pursuant to and subject to the requirements of new Appendix I to WDT Service Agreement No. 275, which is set forth in Attachment C to this Settlement Agreement.

22. During the Appendix I Term (as defined in Attachment C), CCSF agrees not to seek non-tariff (*i.e.*, outside of PG&E's WDT and the WDT Service Agreement No. 275, as modified by this Settlement Agreement) secondary voltage and/or unmetered FERC-jurisdictional distribution service. This prohibition includes, but is not limited to, any outstanding requests for secondary voltage and/or unmetered FERC-jurisdictional distribution service that San Francisco has submitted to PG&E pursuant to 16 U.S.C. § 824j(a) and 18 C.F.R. § 2.20; provided, however, that San Francisco can separately

seek service for such projects under this Settlement Agreement if they are eligible under the terms of this Settlement Agreement. In addition, under this Settlement Agreement both Parties waive any claims for damages or make-whole payments, as described in Appendix G to CCSF's Service Agreement.

23. PG&E will provide a written notice to CCSF and each Eligible Carrier with an effective Eligible Carrier Option Agreement (as these terms are defined in Attachment E to this Settlement Agreement), between 12-15 months prior to the termination of the Appendix I Term, stating whether PG&E would require all new and modified CCSF WDT service points of delivery to be metered and to interconnect at primary voltage after the Appendix I Term ends.

24. Notwithstanding Paragraph 23 of this Settlement Agreement, CCSF reserves its right to make filing(s) at FERC during the Appendix I Term that seek new, and permit modified, wholesale distribution interconnections at secondary voltage and/or unmetered FERC-jurisdictional distribution service to be provided by PG&E after the Appendix I Term (whether under the WDT or outside of the WDT), including with respect to New DAS, Existing DAS, and Modified DAS (as these terms are defined in Appendix I), provided that such a filing is made no earlier than nine (9) months before the end of the Appendix I Term.

25. This Settlement Agreement includes certain revisions to Appendix G of CCSF's Service Agreement, codified in Attachment C, which reflect resolution of Issue 4 in the WDT3 Proceeding.

**Article V
Resolution of Issue 7 from the WDT3 Proceeding**

26. This Settlement Agreement fully resolves San Francisco's protest regarding Issue 7 in the WDT3 Proceeding. Pursuant to this Settlement Agreement, CCSF agrees to the as-filed language and agrees that PG&E is not required under this Settlement Agreement to make any changes to section 8 of the WDT Protocols.

**Article VI
Resolution of Issue 9 from the WDT3 Proceeding**

27. As resolution of Issue 9 under the Settlement Agreement, PG&E shall make the following changes to its WDT:

- a. The second paragraph of WDT § 14.6.2 shall be revised to read as follows:

Engineering and design work shall be performed by the Distribution Provider either (1) under an E&P Agreement requested by the Distribution Customer pursuant to Section 14.6; or, (2) if no E&P Agreement has been requested, after receipt of the executed Service Agreement and the associated payment. The Distribution Provider will schedule such engineering and design work as it would a Native Load Customer. Anytime during the engineering and design process the Distribution Provider may request additional information from the Distribution Customer. The Distribution Customer will provide such requested information within forty-five (45) business days. The Distribution Provider and the Distribution Customer will work cooperatively during the engineering and design process.

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Upon receipt of the executed Service Agreement and associated payment, the Distribution Provider will use due diligence to complete the engineering and design work within a one hundred and eighty (180) calendar day period. If the Distribution Provider is unable to complete the engineering and design work in the allotted time period, it shall provide the Distribution Customer with an updated estimated completion date at least fifteen (15) calendar days prior to the end of the one hundred and eighty (180) calendar days period, along with an explanation of the reasons that additional time is required to complete the study. As soon as practicable after beginning engineering and design work, the Distribution Provider shall inform the Distribution Customer of the location of the point of common coupling and the equipment to be installed at that location. The Distribution Provider shall promptly inform the Distribution Customer of any changes to this information.

- b. The following addition shall be made to last sentence of WDT § 13.7:
 - i. Tariff milestones include: Application completeness determination; the review of availability of distribution capacity; tendering System Impact Study plan, if necessary; tendering the System Impact Study report, if necessary; tendering the Facilities Study plan, if necessary; tendering the Facilities Study report, if

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necessary; **completion of engineering and design work**; and tendering a Service Agreement.

- c. The following revision shall be made to WDT § 13.8:
 - i. No later than twenty-four (24) months after the Distribution Provider's ~~project design is complete and has been delivered to the Distribution Customer~~ **completes the Engineering and Design Work in Section 14.6.2**, the Distribution Customer shall initiate construction and be ready to take Distribution Service immediately upon construction completion to ensure efficient use of facilities and system capacity, avoid permit re-application costs due to permit expiration and material and labor cost increases, and avoid conflicts that may arise with design standard changes. If the Distribution Customer fails to initiate construction demonstrating substantive progress and to provide the Distribution Provider a reasonable estimated completion date within twenty-four (24) months of the Distribution Provider's ~~project design~~ **completion of Engineering and Design Work in Section 14.6.2**, the Distribution Provider will notify the Distribution Customer that the Agreement will be terminated pending FERC acceptance of such termination. Nothing in this provision prohibits the Distribution Customer from re-submitting an Application for service pursuant to the terms of this Tariff.

**Article VII
Effective Date**

28. This Settlement shall become effective upon issuance of a Final Order approving the Settlement without modification or condition, or with modification or condition agreed to in writing by the Settling Parties pursuant to Paragraph 34 of this Settlement Agreement. For purposes of this Settlement Agreement, a Final Order is deemed to have occurred as of the date on which: (1) an order of the Commission or a court of competent jurisdiction approving the Settlement becomes final and non-appealable; or (2) the Settling Parties have agreed, in writing, to modifications to the Settlement and the Commission and/or a court of competent jurisdiction has approved the modifications through final and non-appealable action. Upon approval of this Settlement, the effective date for the Revised WDT and Revised WDT SA No. 275 tariff records shall be April 15, 2021.

**Article VIII
General Settlement Terms**

29. Scope: If approved by the Commission, this Settlement will represent, as to the Settling Parties, a complete and final resolution to the following issues in the WDT3 Proceeding, as identified in the February 16, 2023, Joint Statement of Issues: Issues 1-4, Issue 7, and Issue 9. This Settlement, however, does not resolve Issues 5-6 in the WDT3 Proceeding, which have been addressed in a Partial Initial Decision.¹¹ This Agreement also fully resolves all issues in Docket No. TX21-4, and CCSF agrees to withdraw its application in that proceeding and seek dismissal of the proceeding at the Commission.

¹¹ As noted above (footnote 2) and in the Joint Statement of Issues, Issues 8 and 10 in the WDT3 Proceeding were previously resolved through joint stipulations.

30. Definitions: Unless specified, all capitalized terms used in this Settlement Agreement shall have the meanings assigned under the WDT or WDT Service Agreement No. 275, as applicable and as amended by this Settlement Agreement.

31. No Precedential Effect: It is specifically understood and agreed that the Settlement represents a negotiated agreement for the purpose of resolving only the applicable issues identified herein in the context of the captioned dockets. This Settlement is non-precedential with respect to any other proceeding, subsequent circumstances or disputes, and its terms may not be referred to or relied upon in any proceeding before the Commission, the California Public Utilities Commission, or any court or other forum for the purpose of discussing, supporting, or opposing any specific approach to any issue or dispute. Notwithstanding the foregoing, the Settling Parties may enforce their rights and obligations under this Settlement in any proceeding and, in such circumstances, this Offer of Settlement shall be referred to or introduced for the sole purpose of its enforcement.

32. Applicable Standard of Review: The standard of review for any modifications to this Settlement by a party in this proceeding, without the written agreement of all other parties in this proceeding, shall be the “public interest” application of the just and reasonable standard of review, as explained in *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County*, 554 U.S. 527 (2008) and *NRG Power Marketing, LLC v. Maine Public Utilities Commission*, 558 U.S. 165 (2010). The standard of review for any modifications to this Settlement requested in proceedings under section 206 of the FPA, 16 U.S.C. § 824e, by anyone other than a party in this

proceeding, including the Commission acting *sua sponte*, shall be the ordinary “just and reasonable” standard.

33. Modification or Conditions by the Commission:

- a. In the event of a Commission order requiring any modification or condition to this Settlement Agreement, or to this Settlement Agreement as it may be revised by the Parties pursuant to Paragraph 34.b below, any Settling Party may provide written notice to the other parties to the above-captioned proceeding within fifteen (15) business days of any such order that such modification or condition is unacceptable. If such notice is provided, this Settlement Agreement, including all of the Exhibits thereto, shall be null and void twenty (20) business days after delivery of such notice unless extended as provided under Paragraph 33.b. In the absence of written notice that the modification or condition is unacceptable, the Settling Parties shall be deemed to have accepted this Settlement Agreement as modified or conditioned. Nothing in this Paragraph 33.a shall be construed to limit or prejudice the right of any party in the above-captioned proceedings to seek rehearing of any such modification or condition imposed by the Commission.
- b. Settling Parties may agree in writing, within twenty (20) business days of a notice that a modification or condition is unacceptable under Paragraph 34.a above, to modifications acceptable to the Settling Parties that are consistent with any modification and condition imposed by Commission order or a court of competent jurisdiction. The Settling Parties shall submit

a revised Settlement Agreement incorporating these modifications to the Commission for approval pursuant to 18 C.F.R. § 385.602. The Settling Parties agree not to oppose the right of any party in the above-captioned proceedings to submit comments or protests with respect to such revised Settlement Agreement. If such modifications are approved in a final Commission order no longer subject to rehearing, they shall become part of this Settlement Agreement. The twenty (20) business day time limit for the Settling Parties to reach agreement on modifications pursuant to this Paragraph 34.b may be extended by written agreement between the Settling Parties.

34. Admissibility of Settlement Agreement: This Settlement Agreement is submitted pursuant to Rules 602(e) and 606 of the Commission's Rules of Practice and Procedure.¹² Unless and until the Settlement Agreement becomes effective pursuant to its terms, the Settlement Agreement shall be of no effect and shall not be admissible in evidence before any court or regulatory body (except in comments on the Settlement Agreement submitted in the above-captioned dockets). In addition, the discussions that produced this Settlement Agreement have been conducted with the understanding, pursuant to Rule 602(e), that all offers of settlement, and any discussions and communications relating thereto (including any documents and materials exchanged), are and shall be privileged and confidential, shall be without prejudice to the position of any party or participant, and are not to be used in any manner in connection with the captioned dockets or any other

¹² 18 C.F.R. §§ 385.602(e) and 385.606.

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proceeding, except to the extent necessary to enforce the terms of this Settlement Agreement or to construe the meaning of the terms used herein.

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IN WITNESS THEREOF, the Settling Parties have, by signature of their duly authorized representative(s) shown below, caused this Agreement to be executed on the date(s) set forth below.

[PG&E Signature Block]

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[DATE]