



August 15, 2013

Advice 4265-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Update to PG&E's 2013 Revenue Requirement for the Photovoltaic Program and for the Smart Grid Pilot Deployment Project

Purpose

Pacific Gas and Electric Company ("PG&E") submits this Tier 1 advice letter to update its electric generation revenue requirements for the Photovoltaic Program ("PV Program") for Program Year ("PY") 3 sites (West Gates, Gates and Guernsey) and for the Smart Grid Pilot Deployment Project in the Utility Generation Balancing Account ("UGBA") base amount effective June 6, 2013.

Background

Photovoltaic

On April 22, 2010, the Commission issued Decision ("D.")10-04-052, which adopted PG&E's Photovoltaic ("PV") Program in Application ("A.") 09-02-019. The Decision adopts a five-year solar PV program to develop up to 500 Megawatts (MW) of solar PV facilities. The Decision provides for the development of solar facilities through both Utility-owned generation ("UOG") and power purchase agreements. Under the UOG portion of the PV Program, PG&E is authorized to install up to 250 MWs of UOG facilities at a rate of 50 MW per year. Pursuant to Ordering Paragraph ("OP") 4 of the Decision:

"Pacific Gas and Electric Company is authorized to recover up to \$1.45 billion in capital costs for the Utility-owned generation portion of its Photovoltaic Program via cost-of service ratemaking as follows:

- a.) Pacific Gas and Electric Company may book the authorized revenue requirement in its Utility Generation Balancing Account."

In compliance with the Decision, PG&E is recording the authorized revenue requirements in the UGBA. The revenue requirement recorded in the UGBA each month is calculated by multiplying the total amount of capacity in service for the month in MWs by the adopted revenue requirement per MW.

Below PG&E provides the PY 3 PV sites that were placed into operation in 2013, as well as the corresponding operative dates and 1st annual revenue requirements by site:

(Amounts in millions)			
<u>PY 3 Site</u>	<u>Operative Date</u>	<u>MWs</u>	<u>1st Annual RRQs</u>
West Gates	6/6/2013	10	\$8.800
Gates	6/7/2013	20	17.600
Guernsey	7/31/2013	20	17.600
Total			\$44.000
\$ Per MW			\$0.880

On May 24, 2013, PG&E filed advice letter 4228-E to update PG&E's 2013 revenue requirement for the PY 2 PV sites (Cantua, Huron and Giffen) 2nd annual revenue requirements. In advice 4228-E, PG&E describes PG&E's request made in Advice 4160-E to terminate the UOG portion of the PV Program following completion of the PY 3 PV sites, and PG&E's request made in Advice 4161-E seeking authority to utilize the Renewable Auction Mechanism ("RAM") Program to accommodate the procurement of 252 MW of solar PV generation originally authorized for PG&E's PV Program. As of the date of this advice filing, the Commission has not approved advice letters 4228-E, 4160-E and 4161-E.

Smart Grid Pilot Deployment Project

On March 27, 2013, The Commission issued D.13-03-032 approving four out of the six Smart Grid Pilot Projects proposed by PG&E in A.11-11-017. Approved projects are listed in the table below.

Project	Line of Business
Smart Grid Sensor Pilot Project	Distribution
Smart Grid Voltage and Reactive Power Optimization (Volt/VAR) Pilot Project	Distribution
Smart Grid Detect and Locate Distribution Line Outages and Faulted Circuit Conditions Project	Distribution
Smart Grid Short Term Demand Forecasting Pilot Project	Generation

Pursuant to OP 10 of the Decision, on May 1, 2013 PG&E met with the Energy Division to discuss and develop details regarding the Pilot Implementation Plan for the four approved projects. Subsequently, pursuant to OP 11 of the Decision, PG&E filed Advice Letter 4227-E to provide a Pilot Implementation Plan for each Smart Grid Pilot Project. Advice 4227-E was approved by the Commission on July 8, 2013 and made effective on June 21, 2013.

In A.11-11-017, PG&E requested “a cost recovery methodology where the Commission approves forecasted costs, and recovery of the costs through a one-way balancing account in which revenue requirements are set not to exceed the cost cap and the revenue requirements are trued-up to actual costs if lower than forecasted.”¹ PG&E also requested that “the costs of the Smart Grid Pilot Deployment Project be allocated to all customers in PG&E’s Distribution Revenue Adjustment account.”² Pursuant to Conclusions of Law 31 in D.13-03-032,

“PG&E’s cost recovery methodology for the four Smart Grid pilots approved in this decision is reasonable.”

Furthermore, pursuant to Conclusions of Law 32 and 33

32) “The costs for the Distribution Projects approved in this decision should be recovered through distribution rates.”

33) “The Short Term Demand Forecasting pilot costs should be recovered through generation rates.”

The Commission adopted year 2013 Smart Grid Pilot Deployment Project electric generation revenue requirements for the Short Term Demand Forecasting pilot costs are \$593,736. In compliance with the Decision, PG&E is recording the authorized revenue requirements for this project in the UGBA effective June 21, 2013. There are no year 2013 revenue requirements for the electric distribution related projects. PG&E will file future advice letters to update PG&E’s electric generation and distribution base revenue requirements for years 2014 through 2016 as they become effective.

¹ D.13-03-032, p. 69.

² D.13-03-032, p. 70.

Attachment 1 of this filing shows the cumulative adjustments to the base revenue requirements through September 26, 2013.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than September 4, 2013, which is 20 days after the date of this filing. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

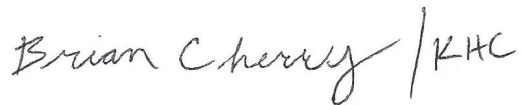
Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

PG&E submits this advice letter as a Tier 1 filing. PG&E requests that this advice letter become effective on **June 6, 2013**.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the service lists for A. 09-02-019 and A.11-11-017. Address changes to the General Order 96-B service list and all electronic approvals should be directed to PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs/>.



Vice President – Regulatory Relations

cc: Service List A. 09-02-019 and A.11-11-017

Attachment 1: Rolling Revenue Requirements from 2011 GRC Through 2013

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 E)**

Utility type:

☒ ELC

☐ GAS

☐ PLC

☐ HEAT

☐ WATER

Contact Person: Kingsley Cheng

Phone #: (415) 973-5265

E-mail: k2c0@pge.com and PGETariffs@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **4265-E**

Tier: **1**

Subject of AL: **Update to PG&E's 2013 Revenue Requirement for the Photovoltaic Program and for the Smart Grid Pilot Deployment Project**

Keywords (choose from CPUC listing): Compliance, Agreements

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.10-04-052 and D.13-03-032

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: ☐ Yes ☐ No

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: _____

Resolution Required? ☐ Yes ☒ No

Requested effective date: **June 6, 2013**

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission

Energy Division

EDTariffUnit

505 Van Ness Ave., 4th Flr.

San Francisco, CA 94102

E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian Cherry

Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

ATTACHMENT 1

Rolling Revenue Requirements From 2011 GRC through 2013 in thousands

	Electric Distribution	Electric Generation	Gas Distribution	Total
2011 Adopted GRC RRQ	3,358,335	1,667,848	1,154,351	6,180,534
less: Other Operating Revenue	97,880	11,608	22,922	132,410
less: FERC jurisdictional amount	16,722	37		16,759
2011 Base Revenue Amount (Eff. 1/1/11)	3,243,733	1,656,203	1,131,429	6,031,365
2011 Taxes on Retired Meters Revenue	4,850			4,850
2011 Pension	70,751	34,754	35,009	140,514
2011 Pension Adjustment	(100)	324	(313)	(89)
2011 Cornerstone	12,926			12,926
2011 Diablo Canyon Seismic Studies		2,658		2,658
2011 Base Revenue Amount (Eff. 1/1/11)	3,332,160	1,693,939	1,166,125	6,192,224
2011 Colusa Performance Incentive Payment		376		376
2011 Base Revenue Amount (Eff. 2/8/11)	3,332,160	1,694,315	1,166,125	6,192,600
2011 Fuel Cell Project - All 3 Units		5,677		5,677
2011 Base Revenue Amount (Eff. 8/17/11)	3,332,160	1,699,992	1,166,125	6,198,277
2011 Solar PV Program - Westside 15 MWs		14,865		14,865
2011 Base Revenue Amount (Eff. 8/31/11)	3,332,160	1,714,857	1,166,125	6,213,142
2011 Solar PV Program - Five Points 15 MWs		14,865		14,865
2011 Base Revenue Amount (Eff. 9/24/11)	3,332,160	1,729,722	1,166,125	6,228,007
2011 Solar PV Program - 20 Stroud MWs		19,820		19,820
2011 Base Revenue Amount (Eff. 9/26/11)	3,332,160	1,749,542	1,166,125	6,247,827
2012 Attrition Adjustments	123,000	22,000	35,000	180,000
Pension:				
Reverse 2011 Pension	(70,651)	(35,078)	(34,696)	(140,425)
2012 Pension	89,114	44,246	43,764	177,124
Cornerstone:				
Reverse 2011 Cornerstone	(12,926)			(12,926)
2012 Cornerstone	32,537			32,537
Diablo Canyon Seismic Studies:				
Reverse 2011 Diablo Canyon Seismic Studies		(2,658)		(2,658)
2012 Diablo Canyon Seismic Studies		11,907		11,907
2012 Base Revenue Amount (Eff. 1/1/12)	3,493,234	1,789,959	1,210,193	6,493,386
2012 Solar PV Program - Cantua 20 MWs		18,300		18,300
2012 Base Revenue Amount (Eff. 6/26/12)	3,493,234	1,808,259	1,210,193	6,511,686
2012 Solar PV Program - Huron 20 MWs		18,300		18,300

ATTACHMENT 1Rolling Revenue Requirements
From 2011 GRC through 2013
in thousands

	<u>Electric Distribution</u>	<u>Electric Generation</u>	<u>Gas Distribution</u>	<u>Total</u>
2012 Base Revenue Amount (Eff. 6/28/12)	3,493,234	1,826,559	1,210,193	6,529,986
2012 Solar PV Program - Giffen 10 MWs		9,150		9,150
2012 Base Revenue Amount (Eff. 7/2/12)	3,493,234	1,835,709	1,210,193	6,539,136
2011 Solar PV Program - Westside 15 MWs		(14,865)		(14,865)
2012 Solar PV Program - Westside 15 MWs		12,435		12,435
2012 Base Revenue Amount (Eff. 8/31/12)	3,493,234	1,833,279	1,210,193	6,536,706
2011 Solar PV Program - Five Points 15 MWs		(14,865)		(14,865)
2012 Solar PV Program - Five Points 15 MWs		12,435		12,435
2012 Base Revenue Amount (Eff. 9/24/12)	3,493,234	1,830,849	1,210,193	6,534,276

ATTACHMENT 1

Rolling Revenue Requirements From 2011 GRC through 2013 in thousands

	Electric Distribution	Electric Generation	Gas Distribution	Total
2011 Solar PV Program - 20 Stroud MWs		(19,820)		(19,820)
2012 Solar PV Program - 20 Stroud MWs		16,580		16,580
2012 Base Revenue Amount (Eff. 9/26/12)	3,493,234	1,827,609	1,210,193	6,531,036
9/16/10-12/31/12 Humboldt Cost Cap Incr		1,184		1,184
2012 Base Revenue Amount (Eff. 9/26/12)	3,493,234	1,828,793	0	6,532,220
2013 Attrition Adjustments	123,000	27,000	35,000	185,000
Pension:				
Reverse 2012 Pension	(89,114)	(44,246)	(43,764)	(177,124)
2013 Pension	108,448	53,845	53,259	215,552
2013 Pension COC RRQ Decreases	(1,155)	(573)	(568)	(2,296)
Cornerstone:				
Reverse 2012 Cornerstone	(32,537)			(32,537)
2013 Cornerstone	54,033			54,033
Diablo Canyon Seismic Studies:				
Reverse 2012 Diablo Canyon Seismic Studies		(11,907)		(11,907)
2013 GRC COC RRQ Decreases	(117,555)	(47,745)	(28,710)	(194,010)
Humboldt:				
Reverse 9/16/10-12/31/12 Humboldt Cost Cap Incr		(1,184)		(1,184)
2013 Humboldt Cost Cap Incr		1,525		1,525
2013 Humboldt COC RRQ Decrease		(96)		(96)
2013 Base Revenue Amount (Eff. 1/1/13)	3,538,354	1,805,412	1,225,410	6,569,176
2013 Solar PV Program - 10 West Gates MWs		8,800		8,800
2013 Base Revenue Amount (Eff. 6/6/13)	3,538,354	1,814,212	1,225,410	6,577,976
2013 Solar PV Program - 20 Gates MWs		17,600		17,600
2013 Base Revenue Amount (Eff. 6/7/13)	3,538,354	1,831,812	1,225,410	6,595,576
Smart Grid Pilot Deployment Plan Projects:				
Demand Forecasting - Generation		594		594
2013 Base Revenue Amount (Eff. 6/21/13)	3,538,354	1,832,406	1,225,410	6,596,170
2012 Solar PV Program - Cantua 20 MWs		(18,300)		(18,300)
2012 Solar PV Program - Cantua 20 MWs		15,500		15,500
2013 Base Revenue Amount (Eff. 6/26/13)	3,538,354	1,829,606	1,225,410	6,593,370
2012 Solar PV Program - Huron 20 MWs		(18,300)		(18,300)
2012 Solar PV Program - Huron 20 MWs		15,500		15,500
2013 Base Revenue Amount (Eff. 6/28/13)	3,538,354	1,826,806	1,225,410	6,590,570
2012 Solar PV Program - Giffen 10 MWs		(9,150)		(9,150)
2012 Solar PV Program - Giffen 10 MWs		7,750		7,750
2013 Base Revenue Amount (Eff. 7/2/13)	3,538,354	1,825,406	1,225,410	6,589,170

ATTACHMENT 1Rolling Revenue Requirements
From 2011 GRC through 2013
in thousands

	<u>Electric Distribution</u>	<u>Electric Generation</u>	<u>Gas Distribution</u>	<u>Total</u>
2013 Solar PV Program - 20 Guernsey MWs		17,600		17,600
2013 Base Revenue Amount (Eff. 7/31/13)	3,538,354	1,843,006	1,225,410	6,606,770
2011 Solar PV Program - Westside 15 MWs		(12,435)		(12,435)
2011 Solar PV Program - Westside 15 MWs		11,655		11,655
2013 Base Revenue Amount (Eff. 8/31/13)	3,538,354	1,842,226	1,225,410	6,605,990
2011 Solar PV Program - Five Points 15 MWs		(12,435)		(12,435)
2011 Solar PV Program - Five Points 15 MWs		11,655		11,655
2013 Base Revenue Amount (Eff. 9/24/13)	3,538,354	1,841,446	1,225,410	6,605,210
2011 Solar PV Program - 20 Stroud MWs		(16,580)		(16,580)
2011 Solar PV Program - 20 Stroud MWs		15,540		15,540
2013 Base Revenue Amount (Eff. 9/26/13)	3,538,354	1,840,406	1,225,410	6,604,170

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

1st Light Energy	Division of Ratepayer Advocates	Occidental Energy Marketing, Inc.
AT&T	Douglass & Liddell	OnGrid Solar
Alcantar & Kahl LLP	Downey & Brand	Pacific Gas and Electric Company
Anderson & Poole	Ellison Schneider & Harris LLP	Praxair
BART	G. A. Krause & Assoc.	Regulatory & Cogeneration Service, Inc.
Barkovich & Yap, Inc.	GenOn Energy Inc.	SCD Energy Solutions
Bartle Wells Associates	GenOn Energy, Inc.	SCE
Bear Valley Electric Service	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
Braun Blaising McLaughlin, P.C.	Green Power Institute	SPURR
CENERGY POWER	Hanna & Morton	San Francisco Public Utilities Commission
California Cotton Ginners & Growers Assn	In House Energy	Seattle City Light
California Energy Commission	International Power Technology	Sempra Utilities
California Public Utilities Commission	Intestate Gas Services, Inc.	SoCalGas
California State Association of Counties	Kelly Group	Southern California Edison Company
Calpine	Linde	Spark Energy
Casner, Steve	Los Angeles Dept of Water & Power	Sun Light & Power
Center for Biological Diversity	MAC Lighting Consulting	Sunshine Design
City of Palo Alto	MRW & Associates	Tecogen, Inc.
City of San Jose	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
Clean Power	Marin Energy Authority	TransCanada
Coast Economic Consulting	McKenna Long & Aldridge LLP	Utility Cost Management
Commercial Energy	McKenzie & Associates	Utility Power Solutions
County of Tehama - Department of Public Works	Modesto Irrigation District	Utility Specialists
Crossborder Energy	Morgan Stanley	Verizon
Davis Wright Tremaine LLP	NLine Energy, Inc.	Water and Energy Consulting
Day Carter Murphy	NRG Solar	Wellhead Electric Company
Defense Energy Support Center	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Dept of General Services	North America Power Partners	