

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



December 24, 2014

**Advice Letter 3535-G/4540-E**

Meredith Allen  
Senior Director, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177

**SUBJECT: PG&E's Franchise Fees and Uncollectibles Factor and Base Revenue Requirements Effective January 1, 2015**

Dear Ms. Allen:

Advice Letter 3535-G/4540-E is effective as of January 1, 2015.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph  
Director, Energy Division



**Meredith Allen**  
Senior Director  
Regulatory Relations

Pacific Gas and Electric Company  
77 Beale St., Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

Fax: 415-973-7226

November 24, 2014

**Advice 3535-G/4540-E**

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: PG&E's Franchise Fees and Uncollectibles Factor and Base Revenue Requirements Effective January 1, 2015**

**Purpose**

Pacific Gas and Electric Company (PG&E or the Company) submits this Tier 1 advice letter to update effective January 1, 2015:

1. The Franchise Fees and Uncollectibles (FF&U) factor included in the calculation of revenue requirements. Refer to Attachment 1 for the calculation of the 2015 uncollectibles factor and overall FF&U factor.
2. The following base revenue requirements:

**Amounts in Thousands**

<b>Revenue Requirements [1]</b>	<b>Electric Distribution</b>	<b>Electric Generation</b>	<b>Gas Distribution</b>	<b>Total</b>
(a) GRC Attrition	\$201,979	\$48,402	\$93,834	\$344,215
(b) Pension	93,891	52,994	50,422	197,307
(c) Smart Grid Pilot Deployment Projects	(3,535)	(3,097)		(6,632)
(d) Hercules Municipal Utility NBV	1,097			1,097
<b>Total</b>	<b>\$293,432</b>	<b>\$98,299</b>	<b>\$144,256</b>	<b>\$535,987</b>

[1] The General Rate Case (GRC) attrition has been updated for the 2015 uncollectibles factor; however, pension, Smart Grid Pilot Deployment Projects and Hercules Municipal Utility (HMU) Net Book Value (NBV) have not been updated for the 2015 uncollectibles factor because the amount of the revenue requirement increase is immaterial.

Refer to Attachment 2 for the revised Rolling Revenue Requirement Report updated for these 2015 base revenue requirements.

## **Background**

### **1. 2015 FF&U Factors**

In the 2014 General Rate Case (GRC) Decision (D.) 14-08-032<sup>1</sup>, the California Public Utilities Commission (Commission or CPUC) adopted a revised methodology to determine PG&E's uncollectibles factor, which is based on a 10-year rolling average using recorded uncollectible data. The 2015 uncollectibles factor using historical data from 2004 through 2013 is 0.003325.

Attachment 1 details the derivation of the 2015 Uncollectibles and overall FF&U factors. The FF&U factor is used in the calculation of revenue requirements.

### **2. Updated 2015 Base Revenue Requirements**

#### **a. GRC 2015 Attrition**

In the 2014 GRC D.14-08-032, the CPUC adopted post-test year attrition increases for 2015 and 2016.<sup>2</sup>

Consistent with D.14-08-032, PG&E updates its base revenue requirements for 2015 attrition amounts as follows:

<b>Amounts in Thousands</b>		
<b>Line of Business</b>	<b>Adopted 2015 Attrition Amount [1]</b>	<b>Adopted 2015 Attrition Amount Updated with the 2015 Uncollectibles Factor [3]</b>
Electric Distribution	\$201,966	\$201,979
Electric Generation	48,400 [2]	48,402
Gas Distribution	93,827	93,834
<b>Total</b>	<b>\$344,193</b>	<b>\$344,215</b>

**Tables Notes:**

[1] 2015 attrition amounts adopted in D.14-08-032, Appendix D, Tables 3-3C.

[2] The electric generation attrition amount included on line 1 of Table 3-C of \$28,164 thousand includes an estimated 2015 Department of Energy (DOE) litigation proceeds credit of \$20 million,

<sup>1</sup> 2014 GRC D.14-08-032, Section 5.4.4 Uncollectibles Mechanism, pages 291-292.

<sup>2</sup> 2014 GRC D.14-08-032, Ordering Paragraph (OP) 3, "PG&E is authorized to implement the attrition revenue requirement increases for the years 2015 and 2016 in accordance with methodology detailed in Appendix D, Table 2 to this decision."

which is on line 17 of Table 3-C. For cost recovery purposes, the generation revenue requirement used to set rates that will be recorded to the Utility Generation Balancing Account (UGBA) as revenue will be based on the updated adopted attrition increase of \$48,402 less the DOE litigation proceeds credits that will be transferred from the Department of Energy Litigation Balancing Account (DOELBA). Since the DOE credits are already recorded to the DOELBA, these amounts must be transferred to the UGBA for these amounts to be returned to customers. Additionally, amounts transferred from the DOELBA are based on recorded amounts and not estimated amounts.

[3] The updated 2015 attrition amounts are \$22 thousand higher than amounts included in Tables 3 through 3-C of Appendix D of the GRC decision because they have been amended for the 2015 uncollectibles factor described in Section 1 above.

Refer to Attachment 3 for revised Tables 3 through 3-C showing updated 2015 attrition revenue requirements reflecting the 2015 uncollectibles factor.

## **b. Pension**

Pursuant to D.09-09-020, which approved an all-party settlement agreement on a pension cost recovery mechanism, in 2015 PG&E will continue the annual contribution to the retirement plan trust fund at the adopted 2013 level of \$327 million.<sup>3</sup> The 2015 pension revenue requirement and allocation to GRC related functions is based on the settlement agreement Appendix 1 "Retirement Plan Contribution Revenue Requirement,"<sup>4</sup> and has been updated to conform to the allocation factors adopted in PG&E's 2014 GRC D.14-08-032.

Accordingly, PG&E updates its 2015 base revenue requirements for the pension revenue requirement of \$197.3 million as follows:

	<b>Amounts in Thousands</b>
Electric Distribution	\$93,891
Electric Generation	52,994
Gas Distribution	<u>50,422</u>
Total	\$197,307

The 2015 pension revenue requirement increased compared to the 2014 pension revenue requirement because the 2015 pension related rate base includes amounts capitalized in 2015 as well as amounts capitalized in 2014.

Refer to Attachment 4 for the workpaper supporting the above 2015 pension revenue requirements.

<sup>3</sup> Section V (9) Settlement Terms, of the settlement agreement requires that the 2013 contribution level will apply in subsequent years until a new GRC or application is resolved.

<sup>4</sup> Settlement agreement, Appendix 1, Page A-1.

### c. Smart Grid Pilot Deployment Project

On March 27, 2013, the CPUC issued D.13-03-032 approving four Smart Grid Pilot Projects proposed by PG&E in Application (A.) 11-11-017.<sup>5</sup> Consistent with D.13-03-032, PG&E updates its 2015 base revenue requirements for the Smart Grid Pilot Deployment Project revenue requirements adopted as follows:

	<b>Amounts in Thousands</b>
Electric Distribution	(\$3,535)
Electric Generation	(3,097)
Total	(\$6,632)

Refer to Attachment 5 for the workpaper in support of the above 2015 Smart Grid Pilot Deployment Project revenue requirements.

### d. Hercules Municipal Utility

On January 16, 2014, the CPUC issued D.14-01-009 approving an Asset Purchase Agreement between PG&E and the City of Hercules, in A.13-07-001. In the decision, the CPUC authorized PG&E to recover through the Distribution Revenue Adjustment Mechanism (DRAM) the revenue requirements that reflect the NBV of \$7.4 million for Hercules Municipal Utility (HMU).<sup>6</sup> Accordingly, PG&E updates its 2015 electric distribution revenue requirement to \$1,097 million.

Refer to Attachment 6 for the workpapers in support of the above 2015 HMU Project revenue requirements.

The filing would not increase any current rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

### **Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than December 15, 2014, which is 21 days<sup>7</sup> after the date of this filing. Protests must be submitted to:

<sup>5</sup> Pursuant to D.13-03-032, Conclusions of Law (COL) 31, "PG&E's cost recovery methodology...approved in this decision is reasonable," and PG&E has been recovering the adopted revenue requirements through the DRAM since January 1, 2014.

<sup>6</sup> Pursuant to COL 14 and Ops 1 and 3, PG&E began recovering the revenue requirements associated with the HMU NBV through the DRAM beginning on the effective date of the transaction close date, which occurred on April 10, 2014.

<sup>7</sup> The 20-day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> 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:

Meredith Allen  
Senior Director, 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 January 1, 2015.

### **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 parties on the service lists for A.09-03-003, A.11-11-017, A.12-11-009, and A.13-07-001. Address changes to the General Order 96-B service list should be directed to PG&E at email address 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. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs/>.

\_\_\_\_\_  
/S/

Meredith Allen  
Senior Director, Regulatory Relations

Attachments

cc: Service Lists A.09-03-003, A.11-11-017, A.12-11-009, and A.13-07-001

# 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 M)**

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

(Date Filed/ Received Stamp by CPUC)

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

Advice Letter (AL) #: **3535-G/4540-E**

**Tier: 1**

Subject of AL: **PG&E's Franchise Fees and Uncollectibles Factor and Base Revenue Requirements Effective January 1, 2015**

Keywords (choose from CPUC listing): Revenue Allocation

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: N/A

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: N/A

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: **January 1, 2015**

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 21 days<sup>1</sup> 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., 4<sup>th</sup> Flr.**

**San Francisco, CA 94102**

**E-mail: EDTariffUnit@cpuc.ca.gov**

**Pacific Gas and Electric Company**

**Attn: Meredith Allen**

**Senior Director, Regulatory Relations**

**77 Beale Street, Mail Code B10C**

**P.O. Box 770000**

**San Francisco, CA 94177**

**E-mail: PGETariffs@pge.com**

<sup>1</sup> The 20-day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.

# ATTACHMENT 1

## 2014 GRC for the Year 2015 Franchise and Uncollectible Factors

Electric Department* (CPUC Jurisdiction) (\$ in thousands)			Gas Department* (\$ in thousands)		
<b><u>Revenue Factor (use 0.011723)</u></b>			<b><u>Revenue Factor (use 0.017155)</u></b>		
Uncollectible	13,488	(2)	Uncollectible	5,447	(5)
Franchise Requirements	34,069	(3)	Franchise Requirements	22,658	(6)
Total	47,558		Total	28,105	
Franchise & Uncollect. Operating Revenues (1)	$\frac{47,558}{4,056,851}$	= 0.011723 *	Franchise & Uncollect. Operating Revenues (4)	$\frac{28,105}{1,638,338}$	= 0.017155 *
<b><u>Expense Factor (use 0.011862)</u></b>			<b><u>Expense Factor (use 0.017454)</u></b>		
	$\frac{0.011723}{1-0.011723}$	= 0.011862		$\frac{0.017155}{1-0.017155}$	= 0.017454

<b>Electric Revenue Factor:</b>			<b>Gas Revenue Factor:</b>		
Franchise:	$\frac{34,069}{4,056,851}$	= 0.008398	Franchise:	$\frac{22,658}{1,638,338}$	= 0.013830
Uncollectibles:	$\frac{13,488}{4,056,851}$	= 0.003325	Uncollectibles:	$\frac{5,447}{1,638,338}$	= 0.003325
Total		0.011723	Total		0.017155
<b>Electric Expense Factor:</b>			<b>Gas Expense Factor:</b>		
Franchise:	$\frac{0.008398}{1-0.011723}$	= 0.008498	Franchise:	$\frac{0.013830}{1-0.017155}$	= 0.014071
Uncollectibles:	$\frac{0.003325}{1-0.011723}$	= 0.003364	Uncollectibles:	$\frac{0.003325}{1-0.017155}$	= 0.003383
Total	$\frac{0.011723}{1-0.011723}$	= 0.011862	Total	$\frac{0.017155}{1-0.017155}$	= 0.017454

**Notes:**

\* Electric FF&U Factors based on Electric Distribution revenues and FF&U expense

\* Operating Revenues exclude interdepartmental revenues in this calculation

- 1) 2014 PG&E GRC 2015 RO Run Appendix C: Table 6, Line 3A
- 2) 2014 PG&E GRC 2015 RO Run Appendix C: Table 6, Line 5A
- 3) 2014 PG&E GRC 2015 RO Run Appendix C: Table 6, Line 16A
- 4) 2014 PG&E GRC 2015 RO Run Appendix C: Table 6, Line 3B
- 5) 2014 PG&E GRC 2015 RO Run Appendix C: Table 6, Line 5B
- 6) 2014 PG&E GRC 2015 RO Run Appendix C: Table 6, Line 16B

# ATTACHMENT 1

**2014 General Rate Case Decision 14-08-032  
 Derivation of the Uncollectibles Factor  
 Using the Ten-Year Rolling Average Method**

**2015 Uncollectibles Factor Calculation**

Line	Year	Revenue	Net Write-Off	Factor
		[a]	[b]	[c] = [b/a]
1	2013	\$15,321,271,027	\$59,368,756	0.003875
2	2012	14,827,143,097	57,972,520	0.003910
3	2011	14,629,492,318	54,258,945	0.003709
4	2010	14,741,296,164	37,988,685	0.002577
5	2009	14,414,013,463	70,821,246	0.004913
6	2008	15,173,862,974	55,803,703	0.003678
7	2007	14,645,346,583	41,053,982	0.002803
8	2006	14,435,385,419	31,185,872	0.002160
9	2005	13,216,767,873	32,287,187	0.002443
10	2004	12,699,605,027	40,385,653	0.003180
11	<b>Average Uncollectibles Factor</b>			<b>0.003325</b>

ATTACHMENT 2

Rolling Revenue Requirements  
From 2014 GRC through 2016  
in thousands

	Electric Distribution	Electric Generation	Gas Distribution	Total
2014 Adopted GRC RRQ	3,862,187	1,778,734	1,584,276	7,225,197
less: Other Operating Revenue	74,537	17,940	25,228	117,705
less: FERC jurisdictional amount	13,002	6	0	13,008
Rounding	(1)	0	1	0
<b>2014 Base Revenue Amount (Eff. 1/1/14)</b>	<b>3,774,649</b>	<b>1,760,788</b>	<b>1,559,047</b>	<b>7,094,484</b>
Removed Forecasted Savings Credits included in the Adopted GRC Revenue Requirement*				
Solar PV Program Savings (2011-2013)		31,000		31,000
DOE Litigation Funds (2011-2012, net of costs)		121,821		121,821
Associated FF&U		1,809		1,809
<b>2014 Base Revenue Amount excl Credits (Eff. 1/1/14)</b>	<b>3,774,649</b>	<b>1,915,418</b>	<b>1,559,047</b>	<b>7,249,114</b>
2014 Pension	85,684	48,362	46,015	180,061
2014 Smart Grid Pilot Deployment Projects	577	492		1,069
<b>2014 Base Revenue Amount (Eff. 1/1/14)</b>	<b>3,860,910</b>	<b>1,964,272</b>	<b>1,605,062</b>	<b>7,430,244</b>
Hercules Municipal Utility Assets - NBV	1,131			1,131
<b>2014 Base Revenue Amount (Eff. 4/10/14)</b>	<b>3,862,041</b>	<b>1,964,272</b>	<b>1,605,062</b>	<b>7,431,375</b>
2013 Solar PV Program - 10 West Gates MWs		7,480		7,480
<b>2014 Base Revenue Amount (Eff. 6/6/14)</b>	<b>3,862,041</b>	<b>1,971,752</b>	<b>1,605,062</b>	<b>7,438,855</b>
2013 Solar PV Program - 20 Gates MWs		14,960		14,960
<b>2014 Base Revenue Amount (Eff. 6/7/14)</b>	<b>3,862,041</b>	<b>1,986,712</b>	<b>1,605,062</b>	<b>7,453,815</b>
2012 Solar PV Program - Cantua 20 MWs		14,560		14,560
<b>2014 Base Revenue Amount (Eff. 6/26/14)</b>	<b>3,862,041</b>	<b>2,001,272</b>	<b>1,605,062</b>	<b>7,468,375</b>
2012 Solar PV Program - Huron 20 MWs		14,560		14,560
<b>2014 Base Revenue Amount (Eff. 6/28/14)</b>	<b>3,862,041</b>	<b>2,015,832</b>	<b>1,605,062</b>	<b>7,482,935</b>
2012 Solar PV Program - Giffen 10 MWs		7,280		7,280
<b>2014 Base Revenue Amount (Eff. 7/2/14)</b>	<b>3,862,041</b>	<b>2,023,112</b>	<b>1,605,062</b>	<b>7,490,215</b>
2013 Solar PV Program - 20 Guernsey MWs		14,960		14,960
<b>2014 Base Revenue Amount (Eff. 7/31/14)</b>	<b>3,862,041</b>	<b>2,038,072</b>	<b>1,605,062</b>	<b>7,505,175</b>
2011 Solar PV Program - Westside 15 MWs		10,875		10,875
<b>2014 Base Revenue Amount (Eff. 8/31/14)</b>	<b>3,862,041</b>	<b>2,048,947</b>	<b>1,605,062</b>	<b>7,516,050</b>
2011 Solar PV Program - Five Points 15 MWs		10,875		10,875
<b>2014 Base Revenue Amount (Eff. 9/24/14)</b>	<b>3,862,041</b>	<b>2,059,822</b>	<b>1,605,062</b>	<b>7,526,925</b>
2011 Solar PV Program - 20 Stroud MWs		14,500		14,500
<b>2014 Base Revenue Amount (Eff. 9/26/14)</b>	<b>3,862,041</b>	<b>2,074,322</b>	<b>1,605,062</b>	<b>7,541,425</b>
Attrition:				
Removed Forecasted Savings Credits included in the Adopted Attrition GRC Revenue Requirement*				
2015 Attrition	201,979	28,166	93,834	323,979
DOE Litigation Funds (2015 Estimate, net of costs)		20,000		20,000
Associated FF&U		236		236
Attrition Subtotal	201,979	48,402	93,834	344,215
Pension:				
Reverse 2014 Pension	(85,684)	(48,362)	(46,015)	(180,061)
2015 Pension	93,891	52,994	50,422	197,307
Smart Grid Pilot Deployment Projects:				
Reverse 2014 Smart Grid Pilot Deployment Projects	(577)	(492)		(1,069)
2015 Smart Grid Pilot Deployment Projects	(3,535)	(3,097)		(6,632)
Hercules Municipal Utility Assets - NBV:				
Reverse 2014 Hercules Municipal Utility Assets - NBV	(1,131)			(1,131)
2015 Hercules Municipal Utility Assets - NBV	1,097			1,097
<b>2015 Base Revenue Amount (Eff. 1/1/15)</b>	<b>4,068,081</b>	<b>2,123,767</b>	<b>1,703,303</b>	<b>7,895,151</b>

\*Actual savings credits will be transferred to the Utility Generation Balancing Account and refunded to customers as part of the Annual Electric True-up advice filing process.

# ATTACHMENT 3

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**APPENDIX D: Revised Table 3**  
 Pacific Gas and Electric Company  
 2014 CPUC General Rate Case (Adopted Decision)  
 Results of Operations at Proposed Rates  
 Electric And Gas Departments  
 (Thousands of Dollars)

Line No.	Description	Test Year	Attrition Year 2015		Attrition Year 2016		Line No.
		2014	Increase	Total	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	
<b>REVENUE:</b>							
1	Revenue Collected in Rates	7,094,484	323,979	7,418,463	371,473	7,789,936	1
2	Plus Other Operating Revenue	130,713	-	130,713	-	130,713	2
3	Total Operating Revenue	7,225,197	323,979	7,549,176	371,473	7,920,649	3
<b>OPERATING EXPENSES:</b>							
4	Energy Costs	-	-	-	-	-	4
5	Production / Procurement	599,767	14,502	614,269	16,544	630,813	5
6	Storage	-	-	-	-	-	6
7	Transmission	5,100	129	5,229	142	5,371	7
8	Distribution	964,512	23,299	987,811	25,251	1,013,063	8
9	Customer Accounts	295,834	8,668	304,502	8,920	313,422	9
10	Uncollectibles	23,377	1,555	24,932.01	1,227	26,158.54	10
11	Customer Services	5,391	157	5,549	162	5,711	11
12	Administrative and General	948,640	30,495	979,135	31,612	1,010,747	12
13	Franchise Requirements	68,683	3,192	71,874	3,558	75,433	13
14	Amortization	58,975	5,606	64,581	6,140	70,721	14
15	Wage Change Impacts	-	-	-	-	-	15
16	Other Price Change Impacts	-	-	-	-	-	16
17	Other Adjustments	(173,237)	(25,606)	(198,843)	(6,140)	(204,983)	17
18	Subtotal Expenses:	2,797,042	61,997	2,859,039	87,416	2,946,456	18
<b>TAXES:</b>							
19	Superfund	-	-	-	-	-	19
20	Property	248,686	12,787	261,473	13,065	274,538	20
21	Payroll	101,664	3,019	104,684	3,109	107,793	21
22	Business	926	-	926	-	926	22
23	Other	2,939	-	2,939	-	2,939	23
24	State Corporation Franchise	109,217	11,434	120,651	13,408	134,059	24
25	Federal Income	393,561	17,847	411,408	47,143	458,552	25
26	Total Taxes	856,993	45,088	902,081	76,725	978,806	26
27	Depreciation	1,880,768	103,770	1,984,537	101,262	2,085,799	27
28	Fossil Decommissioning	36,085	-	36,085	-	36,085	28
29	Nuclear Decommissioning	-	-	-	-	-	29
30	Total Operating Expenses	5,570,888	210,855	5,781,743	265,403	6,047,146	30
31	Net for Return	1,654,309	113,124	1,767,433	106,070	1,873,503	31
32	Rate Base	20,528,996	1,407,163	21,936,159	1,316,449	23,252,608	32
<b>RATE OF RETURN:</b>							
33	On Rate Base						33
34	On Equity						34

# ATTACHMENT 3

BA3Page1

**APPENDIX D: Revised Table 3-A**  
 Pacific Gas and Electric Company  
 2014 CPUC General Rate Case (Adopted Decision)  
 Results of Operations at Proposed Rates  
 Electric Distribution  
 (Thousands of Dollars)

Line No.	Description	Test Year	Attrition Year 2015		Attrition Year 2016		Line No.
		2014	Increase	Total	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	
<b>REVENUE:</b>							
1	Revenue Collected in Rates	3,774,649	201,979	3,976,628	211,615	4,188,243	1
2	Plus Other Operating Revenue	87,538	-	87,538	-	87,538	2
3	Total Operating Revenue	3,862,187	201,979	4,064,166	211,615	4,275,781	3
<b>OPERATING EXPENSES:</b>							
4	Energy Costs	-	-	-	-	-	4
5	Production	-	-	-	-	-	5
6	Storage	-	-	-	-	-	6
7	Transmission	1,024	26	1,050	28	1,079	7
8	Distribution	612,283	14,775	627,059	15,933	642,992	8
9	Customer Accounts	168,086	4,925	173,011	5,069	178,079	9
10	Uncollectibles	12,557	932	13,488	702	14,190	10
11	Customer Services	2,556	75	2,631	77	2,708	11
12	Administrative and General	442,610	14,518	457,128	15,049	472,177	12
13	Franchise Requirements	32,378	1,691	34,069	1,774	35,843	13
14	Amortization	58,768	5,606	64,374	6,140	70,514	14
15	Wage Change Impacts	-	-	-	-	-	15
16	Other Price Change Impacts	-	-	-	-	-	16
17	Other Adjustments	(4,932)	(5,606)	(10,538)	(6,140)	(16,678)	17
18	Subtotal Expenses:	1,325,330	36,942	1,362,271	38,633	1,400,905	18
<b>TAXES:</b>							
19	Superfund	-	-	-	-	-	19
20	Property	160,014	8,936	168,950	9,133	178,083	20
21	Payroll	40,368	1,199	41,567	1,235	42,801	21
22	Business	441	-	441	-	441	22
23	Other	1,398	-	1,398	-	1,398	23
24	State Corporation Franchise	67,267	7,858	75,125	8,317	83,443	24
25	Federal Income	215,697	28,364	244,061	28,052	272,114	25
26	Total Taxes	485,185	46,357	531,542	46,738	578,280	26
27	Depreciation	1,076,793	59,697	1,136,490	62,529	1,199,019	27
28	Fossil Decommissioning	-	-	-	-	-	28
29	Nuclear Decommissioning	-	-	-	-	-	29
30	Total Operating Expenses	2,887,308	142,996	3,030,304	147,900	3,178,204	30
31	Net for Return	974,879	58,984	1,033,862	63,716	1,097,578	31
32	Rate Base	12,097,670	733,759	12,831,429	790,772	13,622,200	32
<b>RATE OF RETURN:</b>							
33	On Rate Base	8.06%	8.04%	8.06%	8.06%	8.06%	33
34	On Equity	10.40%	10.36%	10.40%	10.40%	10.40%	34

# ATTACHMENT 3

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**APPENDIX D: Revised Table 3-B**  
 Pacific Gas and Electric Company  
 2014 CPUC General Rate Case (Adopted Decision)  
 Results of Operations at Proposed Rates  
 Gas Distribution  
 (Thousands of Dollars)

Line No.	Description	Test Year	Attrition Year 2015		Attrition Year 2016		Line No.
		2014	Increase	Total	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	
<b>REVENUE:</b>							
1	Revenue Collected in Rates	1,559,047	93,834	1,652,881	86,758	1,739,639	1
2	Plus Other Operating Revenue	25,228	-	25,228	-	25,228	2
3	Total Operating Revenue	1,584,276	93,834	1,678,110	86,758	1,764,868	3
<b>OPERATING EXPENSES:</b>							
4	Energy Costs	-	-	-	-	-	4
5	Procurement	4,575	123	4,698	127	4,825	5
6	Storage	-	-	-	-	-	6
7	Transmission	-	-	-	-	-	7
8	Distribution	352,229	8,524	360,753	9,318	370,071	8
9	Customer Accounts	127,748	3,743	131,491	3,852	135,343	9
10	Uncollectibles	5,038	409	5,447	282	5,729	10
11	Customer Services	2,836	82	2,918	85	3,003	11
12	Administrative and General	244,385	7,795	252,181	8,081	260,262	12
13	Franchise Requirements	21,393	1,265	22,658	1,171	23,829	13
14	Amortization	-	-	-	-	-	14
15	Wage Change Impacts	-	-	-	-	-	15
16	Other Price Change Impacts	-	-	-	-	-	16
17	Other Adjustments	(12,997)	-	(12,997)	-	(12,997)	17
18	Subtotal Expenses:	745,206	21,943	767,149	22,916	790,065	18
<b>TAXES:</b>							
19	Superfund	-	-	-	-	-	19
20	Property	38,146	2,111	40,257	2,156	42,414	20
21	Payroll	29,088	864	29,952	890	30,841	21
22	Business	237	-	237	-	237	22
23	Other	751	-	751	-	751	23
24	State Corporation Franchise	13,999	3,457	17,456	2,882	20,338	24
25	Federal Income	66,047	8,236	74,283	10,437	84,720	25
26	Total Taxes	148,268	14,668	162,936	16,365	179,301	26
27	Depreciation	392,120	26,244	418,363	22,774	441,138	27
28	Fossil Decommissioning	-	-	-	-	-	28
29	Nuclear Decommissioning	-	-	-	-	-	29
30	Total Operating Expenses	1,285,594	62,855	1,348,448	62,055	1,410,504	30
31	Net for Return	298,682	30,979	329,661	24,703	354,364	31
32	Rate Base	3,706,468	385,152	4,091,620	306,589	4,398,209	32
<b>RATE OF RETURN:</b>							
33	On Rate Base	8.06%	8.04%	8.06%	8.06%	8.06%	33
34	On Equity	10.40%	10.37%	10.40%	10.40%	10.40%	34

# ATTACHMENT 3

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**APPENDIX D: Revised Table 3-C**  
 Pacific Gas and Electric Company  
 2014 CPUC General Rate Case (Adopted Decision)  
 Results of Operations at Proposed Rates  
 Electric Generation  
 (Thousands of Dollars)

Line No.	Description	Test Year	Attrition Year 2015		Attrition Year 2016		Line No.
		2014	Increase	Total	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	
<b>REVENUE:</b>							
1	Revenue Collected in Rates	1,760,788	28,166	1,788,954	73,099	1,862,053	1
2	Plus Other Operating Revenue	17,946	-	17,946	-	17,946	2
3	Total Operating Revenue	1,778,734	28,166	1,806,900	73,099	1,879,999	3
<b>OPERATING EXPENSES:</b>							
4	Energy Costs	-	-	-	-	-	4
5	Production	595,192	14,379	609,570	16,417	625,988	5
6	Storage	-	-	-	-	-	6
7	Transmission	4,075	103	4,179	113	4,292	7
8	Distribution	-	-	-	-	-	8
9	Customer Accounts	-	-	-	-	-	9
10	Uncollectibles	5,783	214	5,997	243	6,239	10
11	Customer Services	-	-	-	-	-	11
12	Administrative and General	261,645	8,182	269,827	8,482	278,309	12
13	Franchise Requirements	14,912	235	15,147	613	15,760	13
14	Amortization	207	-	207	-	207	14
15	Wage Change Impacts	-	-	-	-	-	15
16	Other Price Change Impacts	-	-	-	-	-	16
17	Other Adjustments	(155,308)	(20,000)	(175,308)	-	(175,308)	17
18	Subtotal Expenses:	726,506	3,113	729,619	25,868	755,487	18
<b>TAXES:</b>							
19	Superfund	-	-	-	-	-	19
20	Property	50,526	1,740	52,266	1,775	54,041	20
21	Payroll	32,209	957	33,166	985	34,151	21
22	Business	249	-	249	-	249	22
23	Other	789	-	789	-	789	23
24	State Corporation Franchise	27,950	119	28,069	2,208	30,278	24
25	Federal Income	111,817	(18,753)	93,064	8,653	101,718	25
26	Total Taxes	223,540	(15,937)	207,603	13,622	221,225	26
27	Depreciation	411,854	17,829	429,683	15,958	445,642	27
28	Fossil Decommissioning	36,085	-	36,085	-	36,085	28
29	Nuclear Decommissioning	-	-	-	-	-	29
30	Total Operating Expenses	1,397,986	5,005	1,402,991	55,448	1,458,439	30
31	Net for Return	380,748	23,162	403,909	17,651	421,561	31
32	Rate Base	4,724,858	288,252	5,013,111	219,088	5,232,199	32
<b>RATE OF RETURN:</b>							
33	On Rate Base	8.06%	8.04%	8.06%	8.06%	8.06%	33
34	On Equity	10.40%	10.36%	10.40%	10.40%	10.40%	34

# ATTACHMENT 4

## PACIFIC GAS AND ELECTRIC COMPANY

### Retirement Plan Contribution Revenue Requirement Scenario: Constant Contribution 2014 - 2016

Line No	Year of Plan Contribution	Contribution Amount	Year of Revenue Requirement Calculation		
			2014	2015	2016
Revenue Requirement Factors					
1	2014		0.62403	0.05977	0.05802
2	2015			0.62403	0.05977
3	2016				0.62403
Total Revenue Requirements (Millions of Dollars)					
4	2014	327.000	204.058	19.545	18.973
5	2015	327.000		204.058	19.545
6	2016	327.000			204.058
7	Total	981.000	204.058	223.603	242.575
GRC Functions Revenue Requirements (Millions of Dollars)					
8	Elec Dist	41.99%	85.684	93.891	101.857
9	Gas Dist	22.55%	46.015	50.422	54.701
10	Gen	23.70%	48.362	52.994	57.490
11	Total GRC	88.24%	180.061	197.307	214.048

Notes:

1 These factors are based on data from the 2014 GRC Application and will be revised, if necessary, based on data from the 2014 GRC

2015 Pension RRQ Calculation:			
	<u>a</u>	<u>b</u>	<u>c = a x b</u>
	Contribution Amount	2015 RRQ Factors	2015 RRQ
2014	327.000	0.05977	19.545
2015	327.000	0.62403	204.058
			223.603
GRC Function	<u>a</u> Function Factor [1]	<u>b</u> 2015 RRQ	<u>c = a x b</u> 2015 Function RRQ
Elec Dist	41.99%	223.603	93.891
Gas Dist	22.55%	223.603	50.422
Gen	23.70%	223.603	52.994
			197.307

Note [1]

The function factors are derived from the 2014 GRC D.14-08-032, Appendix C, Table 14

# ATTACHMENT 4

## Revenue Requirements Estimation Model Analysis of Pension Estimate Results of Operations Calculations (\$000)

Note: In order to derive pension contribution revenue requirement factors, PG&E ran the Results of Operations (RO) model below with a single \$1 million investment. The resulting revenue requirement factor, in each year, is indicative of the percentage of the actual pension contribution that must be recovered through rates. The RO model below was run based on the assumptions and factors (e.g., cost allocations, tax and depreciation rates) used in PG&E's 2011 General Rate Case decision. **Rate of Return based on 2013 Cost of Capital Proposed Decision.**

Ln.No.		2014	2015	2016
1	<b>Operating Revenue:</b>	624.03	59.77	58.02
	<b>Operating Expenses:</b>			
2	Energy	0.00	0.00	0.00
3	Production	0.00	0.00	0.00
4	Storage	0.00	0.00	0.00
5	Transmission	0.00	0.00	0.00
6	Distribution	0.00	0.00	0.00
7	Customer Accounts	0.00	0.00	0.00
8	Customer Services	0.00	0.00	0.00
9	Administrative and General	588.10	0.00	0.00
10	Uncollectibles	1.60	0.15	0.15
11	Franchise Requirements	5.03	0.48	0.47
12	Subtotal Expenses	594.73	0.63	0.62
	<b>Taxes:</b>			
13	Property	0.00	2.09	4.07
14	Payroll	0.00	0.00	0.00
15	Other Taxes	0.00	0.00	0.00
16	State Corporation Franchise	-0.78	-1.15	-0.67
17	Federal Income	5.06	10.07	9.28
18	Subtotal Taxes	4.29	11.01	12.69
19	<b>Depreciation</b>	10.00	19.99	19.99
20	<b>Total Operating Expenses</b>	609.01	31.64	33.30
21	<b>Net for Return</b>	15.02	28.13	24.72
22	<b>Weighted Average Rate Base</b>	186.32	349.04	306.73
23	<b>Rate of Return:</b>			
	On Rate Base	8.06%	8.06%	8.06%
24	On Equity	10.40%	10.40%	10.40%
25	<b>Total Company Factor</b>	<b>0.62403</b>	<b>0.05977</b>	<b>0.05802</b>

**ATTACHMENT 5**

PACIFIC GAS AND ELECTRIC COMPANY  
 2013 – 2016 **REVENUE REQUIREMENTS** BY SMART GRID PROJECT  
 (\$ -DOLLARS)

Line No.	Smart Grid Project	2013	2014	2015	2016	Total
1	Line Sensors - Distribution	0	190,286	(1,976,172)	4,137,531	2,351,645
2	Volt/Var Optimization - Distribution	0	285,609	(1,223,302)	7,236,040	6,298,347
3	Detect and Locate Faults - Distribution	0	100,827	(335,623)	2,597,086	2,362,290
4	<b>Net Distribution Project</b>	0	576,721	(3,535,097)	13,970,657	<b>11,012,282</b>
5	<b>Demand Forecasting - Generation</b>	593,736	492,153	(3,097,154)	3,597,341	1,586,076
6	<b>Total</b>	<u>593,736</u>	<u>1,068,875</u>	<u>(6,632,251)</u>	<u>17,567,998</u>	<u><b>12,598,358</b></u>

2013 – 2016 **COST** BY SMART GRID PROJECT  
 (\$ -DOLLARS)

Line No.	Smart Grid Project	2013	2014	2015	2016	Total
7	Line Sensors - Distribution	-	188,259	13,644,993	2,565,867	16,399,118
8	Volt/Var Optimization - Distribution	-	282,567	27,969,056	9,532,478	37,784,101
9	Detect and Locate Faults - Distribution	-	99,753	11,069,727	1,460,588	12,630,067
10	<b>Net Distribution Project</b>	-	570,578	52,683,775	13,558,933	<b>66,813,286</b>
11	Demand Forecasting - Generation	587,412	486,911	10,023,252	1,886,232	12,983,807
12	<b>Total</b>	<u>587,412</u>	<u>1,057,489</u>	<u>62,707,027</u>	<u>15,445,165</u>	<u><b>79,797,093</b></u>

2013 – 2016 **EXPENSE** BY SMART GRID PROJECT  
 (\$ -DOLLARS)

Line No.	Smart Grid Project	2013	2014	2015	2016	Total **
13	Line Sensors - Distribution	-	188,259	606,847	683,696	1,478,802
14	Volt/Var Optimization - Distribution	-	282,567	876,135	959,896	2,118,598
15	Detect and Locate Faults - Distribution	-	99,753	239,446	253,091	592,289
16	<b>Net Distribution Project</b>	-	570,578	1,722,428	1,896,682	<b>4,189,688</b>
17	Demand Forecasting - Generation	587,412	486,911	496,671	506,700	2,077,694
18	<b>Total</b>	<u>587,412</u>	<u>1,057,489</u>	<u>2,219,099</u>	<u>2,403,382</u>	<u><b>6,267,382</b></u>

2013 – 2016 **CAPITAL** ADDITIONS BY SMART GRID PROJECT  
 (\$ -DOLLARS)

Line No.	Smart Grid Project	2013	2014	2015	2016	Total **
19	Line Sensors - Distribution	-	-	13,038,146	1,882,171	14,920,317
20	Volt/Var Optimization - Distribution	-	-	27,092,920	8,572,582	35,665,503
21	Detect and Locate Faults - Distribution	-	-	10,830,281	1,207,497	12,037,778
22	<b>Net Distribution Project</b>	-	-	50,961,347	11,662,251	<b>62,623,598</b>
23	Demand Forecasting - Generation	-	-	9,526,581	1,379,532	10,906,113
24	<b>Total</b>	<u>-</u>	<u>-</u>	<u>60,487,928</u>	<u>13,041,783</u>	<u><b>73,529,711</b></u>

**\*\*The final adopted budget amounts were included in PG&E's Smart Grid Pilot Deployment Projects Implementation Plan detailed in Advice Letter 4227-E, which was approved by the Commission on July 8, 2013.**

# ATTACHMENT6

**Pacific Gas and Electric Company  
Hercules Municipal Utility  
Results of Operations  
(in Dollars)**

<u>Ln.No.</u>		<u>2015</u>
1	<b>Operating Revenue:</b>	1,097,032
	<b>Operating Expenses:</b>	
2	Expense	-
3	Production	-
4	Storage	-
5	Transmission	-
6	Distribution	-
7	Customer Accounts	-
8	Customer Services	-
9	Administrative and General	-
10	Uncollectibles	3,406
11	Franchise Requirements	8,279
12	Subtotal Expenses	<hr/> 11,685
	<b>Taxes:</b>	
13	Property	22,396
14	Payroll	-
15	Other Taxes	-
16	State Corporation Franchise	36,002
17	Federal Income	204,138
18	Subtotal Taxes	<hr/> 262,536
19	<b>Depreciation</b>	<hr/> 260,805
20	<b>Total Operating Expenses</b>	<hr/> 535,026
21	<b>Net for Return</b>	562,006
22	<b>Weighted Average Rate Base</b>	6,972,774
23	<b>Rate of Return:     On Rate Base</b>	<b>8.06%</b>
24	<b>                          On Equity</b>	<b>10.40%</b>

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

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