

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 23, 2013

Advice Letter 3354-G/4172-E

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

SUBJECT: Update to PG&E's Base Revenue Requirements Effective January 1, 2013

Dear Mr. Cherry:

Advice Letter 3354-G/4172-E is effective as of January 1, 2013.

Sincerely,

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

Edward F. Randolph, Director
Energy Division

December 28, 2012

Advice 3354-G/4172-E
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Update to PG&E's Base Revenue Requirements Effective January 1, 2013

Purpose

Pacific Gas and Electric Company ("PG&E") submits this Tier 1 advice letter to update its gas and electric distribution and generation base revenue requirements for the following authorized changes effective January 1, 2013:

- Decision (D.) 12-12-035 adopted changes to PG&E's cost of capital resulting in the following decreases to PG&E's base revenue requirements effective January 1, 2013 as follows:

(Amounts in Millions)

Changes to Base Revenue Requirements Resulting from D.12-12-034				
	Electric Distribution	Gas Distribution	Electric Generation	Total Reduction
2011 General Rate Case	(117.5)	(28.7)	(47.7)	(194.0)
Pension	(1.1)	(0.6)	(0.6)	(2.3)
Humboldt Bay Generating Station (HBGS)			(0.1)	(0.1)

- The Commission approved PG&E's advice letter (4082-E) adopting increases to the HBGS revenue requirements of \$1.2 million effective September 26, 2012, and \$1.5 million effective January 1, 2013.

Attachment 1 of this filing shows the cumulative adjustments to the base revenue requirement amounts through January 1, 2013.

Background

2013 Cost of Capital

On December 20, 2012, the Commission issued D.12-12-034 adopting changes to PG&E's cost of capital. The changes reduce PG&E's return on common equity to 10.40%, a 0.95% decrease, and reduce PG&E's return on rate base to 8.79%, a 0.73% decrease. In that decision, the Commission also requires the change in total electric and gas rates to be implemented on January 1, 2013. Finally, PG&E is required to record the gas distribution, gas transmission and storage, electric distribution, and electric generation revenue requirements reflecting the 2013 cost of capital in the appropriate balancing and memorandum accounts as of January 1, 2013. Rates for each of these revenue requirements will be set based on the then-current approved revenue allocation and rate design method separately approved for each revenue requirement.¹

Humboldt Bay Generation Station (HBGS)

In compliance with the 2011 GRC D.11-05-018, on July 6, 2012, PG&E filed with the Commission advice letter 4082-E to true-up its HBGS initial capital cost target and associated revenue requirements.² The requested \$8.3 million increase to the capital cost target results in a \$1.2 million increase to PG&E's annual electric generation base revenue requirements effective September 26, 2012, and a \$1.5 million increase effective January 1, 2013. Advice 4082-E was approved by the Commission on August 7, 2012.

Tariffs

The revenue requirement changes included in this filing will be or have been included in the total revenue requirements submitted by PG&E in the Annual Electric True-up ("AET" – to be filed on December 31, 2012) and in the Annual Gas True-up ("AGT" – filed on December 24, 2012). The AET and AGT consolidate all revenue requirement changes, as approved by the Commission. The AGT also includes the allocation of the gas distribution attrition increase between core and noncore distribution service, and a revised Gas Preliminary Statement Part C – *Gas Accounting Terms and Definitions, Part C.2*.

¹ D. 12-12-034, Section 6, Implementation, p 44.

² Subject to the requirements of D.06-11-048, the Long Term Request for Offer Solicitation

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than 20 days after the date of this filing, which is **January 17, 2013**. Protests should be mailed to:

CPUC Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
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 also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E 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 **January 1, 2013**.

Notice

In accordance with G.O. 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.09-12-020, A.09-03-003, A.08-05-023 and A.10-01-014. Address changes to the G.O. 96-B service list should be directed to e-mail 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 approval letters to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

Handwritten signature of Brian Cherry / IG in cursive script.

Vice President – Regulatory Relations

cc: Service List for A.09-12-020
Service List for A.09-03-003
Service List for A.08-05-023
Service List for A.10-01-014

Attachments

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: Igor Grinberg

Phone #: (415) 973-8580

E-mail: ixg8@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) #: **3354-G/4172-E**

Tier: 1

Subject of AL: **Update to PG&E's Base Revenue Requirements Effective January 1, 2013**

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:

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: **January 1, 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:

**CPUC, Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
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 RRO	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
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
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 Incl		1,184		1,184
2012 Base Revenue Amount (Eff. 9/26/12)	3,493,234	1,828,793	1,210,193	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 RRO 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 RRO Decreases	(117,555)	(47,745)	(28,710)	(194,010)
Humboldt:				
Reverse 9/16/10-12/31/12 Humboldt Cost Cap Incl		(1,184)		(1,184)
2013 Humboldt Cost Cap Incl		1,525		1,525
2013 Humboldt COC RRO Decrease		(96)		(96)
2013 Base Revenue Amount (Eff. 1/1/13)	3,538,354	1,805,412	1,225,410	6,569,176

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

1st Light Energy	Department of General Services	Norris & Wong Associates
AT&T	Department of Water Resources	North America Power Partners
Alcantar & Kahl LLP	Dept of General Services	North Coast SolarResources
Ameresco	Douglass & Liddell	Occidental Energy Marketing, Inc.
Anderson & Poole	Downey & Brand	OnGrid Solar
BART	Duke Energy	PG&E
Barkovich & Yap, Inc.	Economic Sciences Corporation	Praxair
Bartle Wells Associates	Ellison Schneider & Harris LLP	R. W. Beck & Associates
Bloomberg	Foster Farms	RCS, Inc.
Bloomberg New Energy Finance	G. A. Krause & Assoc.	SCD Energy Solutions
Boston Properties	GLJ Publications	SCE
Braun Blaising McLaughlin, P.C.	GenOn Energy Inc.	SMUD
Brookfield Renewable Power	GenOn Energy, Inc.	SPURR
CA Bldg Industry Association	Goodin, MacBride, Squeri, Schlotz & Ritchie	San Francisco Public Utilities Commission
CLECA Law Office	Green Power Institute	Seattle City Light
California Cotton Ginners & Growers Assn	Hanna & Morton	Sempra Utilities
California Energy Commission	Hitachi	Sierra Pacific Power Company
California League of Food Processors	In House Energy	Silicon Valley Power
California Public Utilities Commission	International Power Technology	Silo Energy LLC
Calpine	Intestate Gas Services, Inc.	Southern California Edison Company
Casner, Steve	Lawrence Berkeley National Lab	Spark Energy, L.P.
Cenergy Power	Los Angeles County Office of Education	Sun Light & Power
Center for Biological Diversity	Los Angeles Dept of Water & Power	Sunrun Inc.
Chris, King	MAC Lighting Consulting	Sunshine Design
City of Palo Alto	MRW & Associates	Sutherland, Asbill & Brennan
City of Palo Alto Utilities	Manatt Phelps Phillips	Tecogen, Inc.
City of San Jose	Marin Energy Authority	Tiger Natural Gas, Inc.
City of Santa Rosa	McKenna Long & Aldridge LLP	TransCanada
Clean Energy Fuels	McKenzie & Associates	Turlock Irrigation District
Clean Power	Merced Irrigation District	United Cogen
Coast Economic Consulting	Modesto Irrigation District	Utility Cost Management
Commercial Energy	Morgan Stanley	Utility Specialists
Consumer Federation of California	Morrison & Foerster	Verizon
Crossborder Energy	Morrison & Foerster LLP	Wellhead Electric Company
Davis Wright Tremaine LLP	NLine Energy, Inc.	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	NRG West	eMeter Corporation
Defense Energy Support Center	NaturEner	