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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION | **Resolution E-4620**
December 19, 2013

R E S O L U T I O N

Resolution E-4620. Pacific Gas and Electric Company (PG&E) consolidated electric revenue and rate changes effective January 1, 2014.

PROPOSED OUTCOME: Authorizes PG&E to revise electric rates effective January 1, 2014 to reflect revenue requirement changes approved by the California Public Utilities Commission (CPUC) and the Federal Energy Regulatory Commission (FERC) by December 19, 2013, and amortization of balancing accounts. Rate and revenue changes made pursuant to this Resolution are subject to audit, verification, and adjustment.

SAFETY CONSIDERATIONS: Pursuant to Public Utilities Code Section 451, PG&E must take all actions necessary to promote the safety, health, comfort, and convenience of utility patrons, employees, and the public.

ESTIMATED COST: The estimated net increase in annual electric revenue requirements is approximately $295.3 million for PG&E customers if the CPUC and FERC approve revenue requirements changes by December 19, 2013 in the proceedings identified herein.

By Advice Letters 4278-E/E-A filed on August 30, 2013 and September 16, 2013.

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SUMMARY

Pacific Gas and Electric Company (PG&E) proposes to revise electric rates effective January 1, 2014 to reflect revenue requirement changes authorized in various proceedings by the California Public Utilities Commission (CPUC) and the Federal Electric Regulatory Commission (FERC) by December 19, 2013. This Resolution estimates a $295.3 million increase in PG&E's system-wide electric revenues, which is $16.7 million more than PG&E's estimate of $278.6 million. For revenue requirements that are not yet approved by the CPUC and the FERC, PG&E is using an estimated amount. PG&E will file a supplemental advice letter in late December 2013 to reflect amounts actually approved by the CPUC by December 19, 2012. PG&E's proposal is approved with modifications.

- Consistent with previous years' Annual Electric True-Up (AET) processes, PG&E shall submit a supplement to Advice Letter (AL) 4278-E by December 31, 2013 with revised tariffs effective January 1, 2014. The supplemental AL shall reflect only revenue requirement changes approved by the CPUC or the FERC by December 19, 2012, as described in this Resolution. The supplemental AL will also include recorded balancing account data through October 31, 2013, and forecasted account balances on December 31, 2013.
- The estimated increase in revenue requirement is $295.3 million over revenues at present rates, not $278.6 million as originally estimated by PG&E in AL 4278-E. The discrepancy results from a $16. 7 million refund that FERC authorized and PG&E implemented on October 1, 2013. PG&E did not incorporate this amount in AL 4278-E/E-A because the advice letter had been filed prior to the refund implementation date of October 1, 2013.
- PG&E is authorized to recover its full 2014, CPUC-approved revenue requirements in rates effective January 1, 2014 resulting from CPUC orders adopted by December 19, 2013, as described herein.
- PG&E is authorized to amortize its forecasted December 31, 2013 account balances, updated by the December supplement to AL 4278-E, in rates effective January 1, 2014, as described herein.
- Balances in balancing accounts authorized for recovery in rates shall be subject to future audit, verification, and adjustment.
- PG&E's request to establish the 2014 revenue requirement for the Energy Recovery Bonds Balancing Account (ERBBA) through AL 4278-E is

consistent with previous years' AET filings, provides the customer benefits intended in Decision (D.) 04-11-015, and is granted.

- If the December 31, 2013 supplement to AL 4278-E shows that PG&E's authorized January 1, 2014 revenues are lower than at present rates, PG&E requests the discretion to hold total electric revenue at present levels until a final decision is adopted in the 2014 PG&E GRC in order to avoid rate fluctuations. PG&E's request is granted to the extent that the orders authorizing the approved revenues do not require revenue requirement changes to be reflected in rates on January 1, 2014.
- PG&E's request to set January 1, 2014 rates based on the sales forecast in its 2014 Energy Resource Recovery Account (ERRA) Application (A.), A.13-05-015, regardless of whether a final decision is adopted in that proceeding by the December 19, 2013 CPUC meeting, is approved, on the condition that PG&E will adjust rates upon the approval of a final decision in the 2014 PG&E GRC to reflect the sales forecast adopted by the final decision in A.13-05-015, should the final ERRA decision include a different sales forecast than the one presented in the November 2013 update to A.13-05-015.
- The joint protest of Aglet Consumer Alliance, EMF Safety Network, and The Utility Reform Network is denied on the grounds that open proceedings included in AL 4278-E illustrative rates serve only as placeholders, and that PG&E will only consolidate revenue requirements authorized by the December 19, 2013 CPUC meeting in January 1, 2014 rates.

Attachment A to this Resolution includes an alphabetical list of terms and associated acronyms used herein.

PG&E forecasts a consolidated net revenue requirement increase of $278.6 million on January 1, 2014.

PG&E estimates that there will be a net increase in electric revenue requirements of approximately $278.6 million on January 1, 2014 incorporating various increases and decreases, authorized or to be authorized, resulting in a 2.4% increase in its system bundled average electric rates. The consolidated revenue requirement increase results from a combined $243.1 million increase in CPUC-jurisdictional revenues and a $35.5 million increase in FERC-jurisdictional revenues.

BACKGROUND

The AET is the vehicle that PG&E has used for many years to consolidate revenue requirements that have been authorized by the end of a given year by the CPUC or the FERC for recovery, and to amortize balances in regulatory accounts. Rate changes addressed in the AET become effective on January 1 of the following year after the CPUC acts on the AL.

The major electric utilities generally change rates two to three times per year to implement revenue requirements and rate design changes authorized by the CPUC and FERC. For example, in 2013, PG&E changed electric rates on January 1, May 1, and October 1. The January 1, 2013 rate change occurred through the AET process as described below. PG&E's electric rate changes on May 1, 2013 and October 1, 2013 were made pursuant to CPUC and FERC orders that authorized rate changes to be made effective later in the year. Although electric transmission rates are set by the FERC, they are presented in the AET due to their incorporation into PG&E's overall rate design used to calculate system-wide rates.

On August 31, 2012 PG&E filed AL 4096-E, its 2012 AET, in which it proposed to consolidate electric revenue requirements authorized by the CPUC and the FERC, and to recover balances in regulatory accounts, for inclusion in rates effective January 1, 2013. Resolution E-4548 authorized PG&E to consolidate revenue requirements and amortize year-end 2012 account balances upon filing a supplement to AL 4096-E by December 31, 2012. Ordering Paragraph (OP) 10 of Resolution E-4548 also provided that,

> "If PG&E requests amortization of future balances in the accounts authorized for amortization in [Resolution E-4548] by means of the [AET] for rates effective January 1, it shall file the [AL] no later than September 1 of the year prior to when rates become effective. The [AL] shall reflect balances recorded as of July 31 of the year in which the [AL] is filed and the estimated balances for August through December of that year."

On August 30, 2013, PG&E filed AL 4278-E, its tenth annual AET AL, addressing electric revenues and rates to be effective January 1, 2014.

PG&E requests in AL 4278-E to recover revenue requirements authorized by the CPUC and the FERC by December 19, 2013—the date of the last scheduled CPUC meeting in 2013—and to recover year-end 2013 balances in the accounts authorized for recovery in last year's AET Resolution E-4548.

PG&E forecasts a $243.1 million net increase in CPUC-jurisdictional revenue requirements.

In AL 4278-E, PG&E estimates that there will be a net increase in CPUC-jurisdictional electric revenue requirements of approximately $243.1 million on January 1, 2014 relative to revenues in rates that became effective May 1, 2013. This results from increases in some revenue components and decreases in others.

The revenue increases PG&E forecasts total $1.13 billion, and are comprised of:

1. $978.6 million in electricity procurement, ongoing competition transition charge (CTC), and cost allocation mechanism (CAM) revenue requirements, including amortization of balances in the ERRA, the Modified Transaction Cost Balancing Account (MTCBA), and the New System Generation Balancing Account (NSGBA)
2. $153 million for non-fuel related generation revenue requirements including amortization of balances in the Utility Generation Balancing Account (UGBA) (after transfer of the Market Redesign and Technology Upgrade [MRTU] Memorandum Account [MRTUMA] balance to the UGBA).

PG&E forecasts the following revenue decreases totaling $888.5 million, comprising of:

1. $62.1 million in public purpose program (PPP) revenue requirements including amortization of balances recorded in the Public Purpose Revenue Adjustment Mechanism (PPPRAM), the California Alternate Rates for Energy (CARE) Account (CAREA), and the Procurement Energy Efficiency Revenue Adjustment Mechanism (PEERAM).
2. $136.8 million for distribution revenue requirements including amortization of the balance in the Distribution Revenue Adjustment Mechanism (DRAM) and Family Electric Rate Assistance Balancing Account (FERABA).
3. $114.8 million for the Energy Cost Recovery Amount (ECRA), including the ERBBA revenue requirement and amortization of the ERBBA balance.
4. $0.9 million for nuclear decommissioning revenue requirements including amortization of the balance in the Nuclear Decommissioning Adjustment Mechanism (NDAM).
5. $48.6 million in the California Department of Water Resources (DWR) power charge revenue requirements, DWR franchise fees, and

amortization of the balance in the Power Charge Collection Balancing Account (PCCBA).

6. $525.3 million for return of Assembly Bill (AB) 32 allowance revenues.

PG&E forecasts a $35.5 million net increase in FERC-jurisdictional revenue requirements.

In AL 4278-E, PG&E estimates a FERC-jurisdictional net revenue increase of $35.5 million effective January 1, 2014 relative to revenues that became effective in rates on May 1, 2013. This results from an increase in three FERC components and a decrease in another FERC component.

PG&E expects a $52.4 million overall increase to FERC-jurisdictional revenues relative to revenues at present rates, attributed to: a $2.6 million increase in revenues related to the Transmission Revenue Balancing Account Adjustment (TRBAA), a mechanism that ensures revenues received by PG&E from the California Independent System Operator (CAISO) are credited to PG&E's customers; a $21.1 million increase in revenues related to the Reliability Services Balancing Account (RSBA), a FERC-jurisdictional mechanism through which PG&E recovers the reliability services costs it is assessed by the CAISO from customers; and a $28.7 million increase in revenues related to the End-Use Customer Refund Balancing Account (ECRBA), a mechanism that returns FERC-ordered refunds to retail transmission customers.

PG&E also anticipates a decrease in revenues stemming from its TO15 rate filing with FERC, in which PG&E proposed a $16.9 million reduction in base transmission revenue requirements to be effective October 1, 2013. PG&E filed ALs 4282-E and 4282-E-A on September 13, 2013 and September 26, 2013, respectively, to alert the CPUC of its proposal.[1]

PG&E's forecast of January 1, 2014 CPUC-jurisdictional revenues presented in AL 4278-E does not include proposed revenues requested in PG&E's 2014 General Rate Case (GRC).

PG&E filed its 2014 General Rate Case (GRC) Application (A.12-11-009) on November 15, 2012, in which PG&E presents its base distribution and generation

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[1] FERC approved TO15 on September 24, 2013 and authorized a $16.7 million revenue reduction, subject to refund, effective in system-wide rates on October 1, 2013. As such, PG&E's estimated $35.5 million net increase in FERC-jurisdictional revenues effective January 1, 2014 compared to revenues at present rates can be adjusted to a $52.2 million net increase.

revenue requirement requests for Test Year (TY) 2014. Given that PG&E does not anticipate the CPUC to adopt a final decision in A.12-11-009 by the December 19, 2013 CPUC meeting, the illustrative 2014 rates presented in AL 4278-E do not include the proposed distribution and generation revenues in the 2014 GRC request. Instead, base distribution and generation revenue requirements are kept at the same levels as those made effective in AL 4096-E-A, the December 2012 supplement to the 2013 AET, with the exception of PG&E's Pension Contribution, which was separated out of base distribution and generation revenues in AL 4278-E.[2] Upon issuance of the 2014 GRC decision, PG&E would then consolidate all of its then-authorized revenue requirements and implement the resulting rate changes.

PG&E requests to set its 2014 Energy Recovery Bonds Balancing Account (ERBBA) revenue requirement in AL 4278-E.

Consistent with previous AETs, PG&E proposes to establish its 2014 ERBBA revenue requirement in AL 4278-E based on a forecast of 2014 ERBBA activity, as well the amortization of the forecasted December 31, 2013 ERBBA balance. AL 4278-E includes an ERBBA revenue requirement of $27.6 million revenue requirement and a forecasted December 31, 2013 ERBBA balance of ($158.9) million.

The following tables provide a breakdown of various increases and decreases adding up to the net increase of $278.6 million PG&E has estimated in AL 4278-E.

In AL 4278-E, PG&E provides illustrative rates effective January 1, 2014, based on revenue requirement changes in CPUC and FERC proceedings expected to be authorized by December 19, 2013, and on revenue changes resulting from amortization of forecasted December 31, 2013 regulatory account balances. PG&E's forecasted December 31, 2013 account balances are based on recorded balances through July 2013 and forecasted balances from August through December 2013.

A breakdown of the components of the annual revenue requirement increase estimated in AL 4278-E is shown in Tables 1 through 3 below. The illustrative rates that PG&E provides in AL 4278-E are summarized in Table 4 below.

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[2] See p. 11, Table 2, line 4 and p. 12, "2014 General Rate Case" in AL 4278-E.

Table 1. CPUC-authorized revenue changes effective January 1, 2014 forecasted by PG&E	**Million $**
Public Purpose program revenue requirements including amortization of balances in the PPPRAM, CAREA, and PEERAM accounts.	($62.1)
Distribution revenue requirements including amortization of balances in the DRAM and FERABA accounts.	($136.8)
Non-fuel generation revenue requirements including amortization of balances in the UGBA (after transfer of the MRTUMA balance to the UGBA).	$153.0
ECRA revenue requirements including the ERBBA revenue requirement and amortization of the balance in the ERBBA account.	($114.8)
Nuclear Decommissioning revenue requirements including amortization of the balance in the NDAM account.	($0.9)
DWR power charge revenue requirements including DWR franchise fees, and amortization of the balance in the PCCBA account.	($48.6)
Energy procurement, ongoing CTC, CAM, revenue requirements including amortization of the ERRA and MTCBA accounts.	$978.6
Return of AB 32 Allowance Revenues	($525.3)
Total net CPUC-authorized revenue change	**$243.1**

Table 2. FERC-authorized revenue changes effective January 1, 2014 forecasted by PG&E	**Million $**
Transmission Revenue Balancing Account Adjustment (TRBAA)	$2.6
Reliability Services Balancing Account (RSBA)	$21.1
End-Use Customer Refund Balancing Account (ECRBA)	$28.7
TO15 Rate Filing	($16.9)
Total net FERC-authorized revenue change	**$35.5**

PG&E forecasts that the net increases in CPUC- and FERC-authorized revenues will result in an overall increase of $278.6 million.

Table 3. Change in revenue requirements effective January 1, 2014 forecasted by PG&E	**Million $**
CPUC-authorized	$243.1
FERC-authorized	$35.5
Total AET increase	**$278.6**

Table 4. Summary of Illustrative Average Bundled Customer Rates Shown in AL 4278-E ($/kWh)[3]

Customer Class	**Present Rates**	**Proposed Rates on January 1, 2014**	**Percent Change**
Residential CARE	0.09763	0.08598	(11.9%)
Residential Non-CARE	0.19492	0.19292	(1.0%)
Total Residential	0.17106	0.16669	(2.6%)
Small and Medium Commercial	0.18156	0.19131	5.4%
Large Commercial and Industrial	0.13388	0.14395	7.5%
Agricultural	0.14106	0.14920	5.8%
Streetlighting	0.17833	0.18698	4.9%
System	**0.15964**	**0.16353**	**2.4%**

According to AL 4278-E, this will amount to a 2.4% increase in PG&E's system average bundled customer electric rate.

[3] Derived from data shown in Table 3 of AL 4278-E. Residential CARE rates are based on combined Schedules EL-1, EL-7, and EL-8. Residential Non-CARE rates are based on combined Schedules E-1, E-7, and E-8. Small and Medium Commercial rates are based on the combined small light and power and medium light and power schedules. Large Commercial and Industrial rates are based on combined Schedules E-19, E-20, and Standby.

The revenue requirement changes that PG&E expects to be authorized by the December 19, 2013 CPUC meeting and incorporated into rates effective January 1, 2014 are the result of several factors.

As seen in Table 1, the largest driver of CPUC-authorized revenue increases is energy procurement costs, as requested in PG&E's 2014 ERRA forecast proceeding, A.13-05-015. PG&E expects higher procurement costs primarily resulting from higher electric supply costs due to increased renewable generation, the inclusion of greenhouse gas (GHG) allowance costs in rates, and higher market prices for electricity caused by increased costs for natural gas. A CPUC decision in A.13-05-015 is expected by the end of 2013.

The other significant driver of the CPUC-jurisdictional revenue increase relates to non-fuel generation revenue requirements, nearly half of which is represented by the recovery of costs related to the implementation of the CAISO MRTU initiative. In A.12-01-014 and A.12-04-014, PG&E requested recovery of $64.9 million and $7.9 million, respectively, in costs related to MRTU projects that became operative between 2009 and 2011, while PG&E's 2012 ERRA Compliance filing, A.13-02-023, included a ($0.3) million revenue requirement stemming from MRTU projects that became operative in 2012, resulting in a net revenue requirement of $72.5 million. If these applications are approved by the December 19, 2013 CPUC meeting, the costs would be transferred to the UGBA for amortization in January 1, 2014 rates.

Reductions in forecasted CPUC-jurisdictional revenues vis-à-vis current revenues are due to a number of factors. Primarily, PG&E proposes to return $525.3 million in deferred AB 32 GHG allowance revenues to eligible bundled, Direct Access (DA), and Community Choice Aggregation (CCA) customers through distribution rates, pursuant to the methodologies adopted in D.12-12-033. D.12-12-033 directed PG&E to defer inclusion of GHG costs and revenues in rates until the CPUC declares that the GHG allocation methodology is ready for implementation, which will occur upon issuance of a letter on the service list of R.11-03-012 by the Director of the Energy Division.

Secondary drivers of forecasted 2014 reductions in CPUC-jurisdictional revenues compared to revenues at present rates stem from:

- Distribution-related revenue requirements and amortization of balances in the DRAM and FERABA, totaling to a $136.8 million reduction. This reduction is largely driven by a smaller forecasted DRAM balance than that which is amortized in current rates.

- ECRA revenue requirements, ERBBA revenue requirements, and the amortization of the ERBBA balance, totaling a $114.8 million reduction. The ECRA rate component finances costs associated with PG&E's emergence from bankruptcy in 2004, and amortizes the balance in the ERBBA. The reduction in 2014 ECRA revenues is attributed to a $114.8 million forecasted increase in the overcollected ERBBA balance, which was primarily driven by funds released from PG&E Energy Funding LLC to PG&E in 2013 related to amounts collected in 2013 that exceeded PG&E's bond obligation.[4]
- PPP revenue requirements and amortization of balances in the PPPRAM, CAREA, and PEERAM, totaling a $62.1 million reduction.
- DWR power charge revenue requirements including DWR franchise fees and amortization of the PCCBA balance, totaling a $48.6 reduction. The PCCBA tracks the difference between revenues collected from bundled customers through the PCCBA rate component and the amount remitted to the DWR using the Power Charge Remittance Rate. The forecasted January 1, 2014 reduction is primarily due to a large reduction in the PCCBA.

PG&E proposes to file a supplement to AL 4278-E in late December 2013 to consolidate updated balancing account balances and revenue requirement changes approved by the CPUC and FERC by the December 19, 2013 CPUC meeting.

PG&E proposes to supplement AL 4278-E prior to the end of 2013 to incorporate recorded October 31, 2013 account balances and forecasted balances through the end of 2013 for amortization in January 1, 2014 rates, as well as revenue requirement changes authorized by the CPUC and FERC by December 19, 2013. The December 2013 supplement to AL 4278-E would include the new rates and revised tariffs to become effective on January 1, 2014.

[4] Per PG&E's response to Question 3.f of an Energy Division Data request dated October 15, 2013.

PG&E requests discretion to smooth its customers' rates in 2014 by delaying implementation of certain revenue requirement changes authorized by the CPUC by December 19, 2013 in rates until a decision is adopted in the 2014 PG&E GRC, anticipated in spring 2014.

PG&E notes that, besides the 2014 PG&E GRC discussed above, there are a number of pending proceedings included in the illustrative rates in AL 4278-E for which the CPUC may not adopt a final decision by the end of 2013, such as the 2014 ERRA forecast (A.13-05-015), the 2012 ERRA Compliance proceeding (A.13-02-023), two separate MRTU applications (A.12-01-014 and 12-04-009), and the Default Residential Peak Day Pricing application (A.10-08-005). As such, there is a possibility that the sum of the revenue requirements authorized in CPUC and FERC decisions by the December 19, 2013 CPUC meeting, combined with the forecasted net balance of balancing accounts to be amortized in rates, will be less than combined CPUC- and FERC-jurisdictional revenues at present rates, leading to a rate decrease on January 1, 2014. If PG&E's December 2013 supplement to AL 4278-E shows that its authorized January 1, 2014 system-wide revenue is lower than at present rates due to these circumstances, PG&E requests authority to hold total electric revenue constant, subject to later true-up. The adjustments to hold the revenue constant would be reflected in PG&E's distribution and generation rate components in its December supplement to AL 4278-E. Upon the adoption of the 2014 GRC decision, PG&E would then consolidate all of the revenue requirements authorized up to that point and implement the resulting rate changes. This would prevent customers from experiencing rate shock resulting from a decrease in rates effective January 1, 2014, followed by an increase in rates upon the issuance of 2014 GRC decision.

PG&E requests flexibility in implementing rate design changes resulting from the Default Residential Peak Day Pricing Program (A.10-08-050), the Peak Time Rebate Program (A.10-02-028), and the 2012 Rate Design Window application (A.12-02-020).

The illustrative rates presented in the AET will be updated by the December 2013 supplement to AL 4278-E, which will be used to set January 1, 2014 rates using only the revenue requirements that are approved by the December 19, 2013 CPUC meeting. However, PG&E requests flexibility in implementing rate design changes resulting from the Default Residential Peak Day Pricing Program (A.10-08-050), the Peak Time Rebate Program (A.10-02-028), and the 2012 Rate Design Window application (A.12-02-020). These proceedings are pending the CPUC's approval and have not been incorporated into proposed rates. To the extent that these applications are approved, PG&E requests to implement them, in whole or in part, on January 1, 2014, or during a later rate change depending on the implementation time required.

PG&E requests to use the sales forecast in A.13-05-015 to set January 1, 2014 rates, even if the CPUC does not adopt a final decision in that proceeding by the December 19, 2013 CPUC meeting.

PG&E will set January 1, 2014 rates based on the sales forecast submitted in A.13-05-015, PG&E's 2014 ERRA proceeding. In the event that the CPUC does not approve a final decision in A.13-05-015 by the December 19, 2013 CPUC meeting, PG&E requests that the CPUC still allow it to implement its electric rates effective January 1, 2014 based on the 2014 sales forecast presented in A.13-05-015. If the final approved sales forecast in the adopted decision differs from the sales forecast presented in the November 2013 update to A.13-05-015 and used to calculate January 1, 2014 rates, PG&E states it will then confer with the CPUC on any appropriate rate adjustments going forward.

PG&E's 2014 bundled sales forecast is higher than its 2013 bundled sales forecast.

For balancing accounts with revenues, PG&E forecasted revenues using rates presently in effect, and the sales forecast used in the 2014 ERRA forecast proceeding (A.13-05-015).

PG&E provided illustrative January 1, 2014 electric rates to provide the CPUC with an estimate of the effect of approval of AL 4278-E, as well as a resolution of the pending and/or anticipated decisions and AL dispositions discussed herein. Rates are determined based on the sales forecast submitted by PG&E on May 31, 2013 in A.13-05-015, the rate design and revenue allocation methodology established in D.11-12-053 for rate changes between GRCs, and the residential rate design approved in D.11-05-047.[5] As the 2014 bundled sales forecast is higher than the 2013 forecast, the illustrative rates are lower than what they otherwise would have been without an increase in forecasted sales.

[5] AL 4278-E, p. 20.

AL 4278-E-A, filed on September 16, 2013, clarifies that the illustrative residential rates in the AET have been updated to reflect the impact of D.12-08-044 on the overall proportion of CARE and Non-CARE residential customers.

D.12-08-044 allows PG&E to remove residential CARE electric customers from the CARE program if, after recording more than 600% of baseline consumption in a single monthly billing period, they do not lower their electricity consumption below 600% of baseline within 90 days and undergo Post Enrollment Verification and apply for the Energy Savings Assistance (ESA) Program within 45 days.[6] Consistent with this decision, PG&E updated the CARE and Non-CARE portions of its residential sales forecast in supplemental AL 4278-E-A to estimate the impacts of removing customers anticipated to be ineligible for the CARE program. While this update does not affect the total system sales forecast provided in A.13-05-015, it does entail a reclassification of sales between residential CARE and Non-CARE customers for rate-setting purposes. These changes will be reflected in PG&E's year-end sales forecast that will be included in its November update to A.13-05-015 and used in its December supplement to AL 4278-E.

NOTICE

Notice of AL 4278-E and AL 4278-E-A was made by publication in the CPUC's Daily Calendar. PG&E states that a copy of each AL was mailed and distributed electronically in accordance with Section 4.3 of General Order 96-B, and served on parties to A.12-01-014, A.12-04-009, A.98-05-007, A.13-05-015, A.12-11-009, A.10-08-005, A.10-02-028, A.11-03-014, A.13-07-001, A.13-08-003, A.13-02-023, A.12-08-007, R.09-06-018, A.10-03-014 and A.12-02-020.

[6] D.12-08-044, OP 101, p. 400.

PROTESTS

Aglet Consumer Alliance (Aglet), EMF Safety Network (Network), and The Utility Reform Network (TURN) submitted a joint protest to AL 4278-E, arguing against the inclusion of the proposed revenue requirements from three open proceedings in the illustrative rates presented in AL 4278-E, based on the probable timing of final decisions in those proceedings.

Aglet, Network, and TURN (Joint Protestants) timely submitted a joint protest to PG&E AL 4278-E. In their protest, the Joint Protestants take issue with PG&E's inclusion of the $4.4 million balance in the SmartMeter™ Opt-Out Memorandum Account–Electric (SOMA-E) in the illustrative rates presented in AL 4278-E, given the low likelihood of a CPUC decision in either of the two phases of A.11-03-014 before the end of 2013.

Similarly, TURN argues against PG&E's inclusion of the $12.8 million revenue requirement request to convert master-metered mobile home park (MHP) utility systems to direct utility service from electric and gas corporations, as well as the $3.4 million revenue requirement request for PG&E's proposed acquisition of the Hercules Municipal Utility (HMU) in the illustrative rates presented in AL 4278-E, on the same grounds that CPUC decisions are unlikely to be adopted in R.11-02-018 and A.13-07-001, respectively, by the end of 2013. Aglet and Network are not parties to R.11-02-018 or A.13-07-001, and thus do not take a position on these two issues raised by TURN.

As such, the Joint Protestants recommend that the CPUC deny PG&E's request to recover the $4.4 million balance in the SOMA-E, while TURN recommends that the CPUC deny PG&E's request to recover $12.8 million in costs related to the conversion of master-metered MHP utility systems to direct utility service, as well as PG&E's request to recover $3.4 million in costs related to PG&E's acquisition of the HMU.

PG&E submitted a reply to the Joint Protestants' protest, noting that the inclusion of open proceedings in AL 4278-E illustrative rates only serve as placeholders.

PG&E's filed a reply to the Joint Protestants' protest on September 26, 2013. In its reply, PG&E points out that while the CPUC has indeed not adopted final decisions in the proceedings cited in the protest, the Joint Protestants ignore the process described in AL 4278-E by which PG&E will only include revenues approved by the December 19, 2013 CPUC meeting in the December supplement to AL 4278-E. As such, PG&E believes the Joint Protestants' concerns are unwarranted and requests that the CPUC rejects their protest of AL 4278-E.

DISCUSSION

PG&E is authorized to incorporate the following revenue requirements that have been authorized for recovery in rates effective January 1, 2014.

PG&E may reflect the following revenue requirements that have been previously authorized for recovery by CPUC decisions in January 1, 2014 rates:

- $12.1 million for administrative costs related to the CARE program, consisting of the 81% electric share of the $14.8 million authorized in D.12-08-044, plus a $0.129 million allowance for Franchise Fees and Uncollectibles (FF&U).
- $85.9 million for the California Solar Initiative (CSI), encompassing an $85 million revenue requirement approved for 2014 in D.11-12-019 along with a $0.917 million allowance for FF&U.
- $64.95 million for Demand Response (DR), consisting of $61.0 million in forecasted DR program expenses authorized by D.12-04-045, $3.3 million for DR-related Integrated Demand Side Management expenses authorized by D.12-11-015, plus a $0.693 million allowance for FF&U.
- $3,377.0 million in base GRC-related distribution revenue requirements, recorded in the DRAM, held at current revenue levels per the rate smoothing discussion above, less the allocation of PG&E's 2013 Pension Contribution approved in D.09-09-020 and AL 4147-E to distribution rates.
- $82.037 million to be recorded in the Electric Program Investment Charge (EPIC) Revenue Adjustment Mechanism Balancing Account (EPICRAM), encompassing $81.162 million for the 2014 EPIC authorized in D.12-05-037 plus a $0.876 million allowance for FF&U.
- $120.7 million for the former electric public goods charge portion of Energy Efficiency (EE) portfolio funding to be collected in the PPPRAM, consisting of $119.4 million approved by D.11-12-038 and AL 3819-E plus a $1.3 million allowance for FF&U.
- $94.89 million for the ESA program, consisting of a 58% electric share of the $161.8 million approved by D.12-08-044 for 2014, plus a $1.01 million allowance for FF&U.
- $44.3 million for nuclear decommissioning activities, recorded in the NDAM, per D.10-07-047.
- $134.0 million for PG&E's Pension Contribution, with an allocation of $85.7 million to distribution rates and $48.4 million to generation rates.

D.09-09-020 allowed the authorized 2013 Pension Contribution revenue requirement to be carried over until changed through the GRC or a separate application. The $162.29 million authorized in D.09-09-020 for 2013 has been reduced due to a reduction in 2014 GRC cycle rate base, and because of a Cost of Capital adjustment provided for in D.12-12-034.

- $219.0 million for the procurement portion of EE revenues to be collected in the PEERAM, consisting of a revised net benefit split of 82% electric and 18% gas (approved in AL 4176-E-A, as discussed below) of total 2014 EE portfolio revenues approved by D.12-11-015 and attributable to the PEERAM, less a $1.61 million reduction for denied San Francisco Bay Area Regional Energy Network (BayREN) funding per the proposed decision (PD) in A.12-07-001, plus a $2.34 million allowance for FF&U.[7]
- $38.85 million for the Photovoltaic (PV) Program, Program Year (PY) 1 sites to be collected through generation rates in the UGBA, per D.10-04-052 and AL 3920-E.
- $29.8 million for the Self-Generation Incentive Program (SGIP), resulting from the $36 million SGIP budget allocated PG&E for 2014 in D.11-12-030 and adjusted by the net benefit split of 82% electric/18% gas in AL 4176-E-A, as discussed below, plus a $0.319 million allowance for FF&U.
- $2.5 million for the 2014 Flex Alert program, approved in D.13-04-021.
- $1,666.5 million in base GRC-related generation revenue requirements, recorded in the UGBA, held at current revenue levels per the rate smoothing discussion above, less the allocation of PG&E's 2013 Pension Contribution approved in D.09-09-020 and AL 4147-E to generation rates.

PG&E may include its proposed revenue requirement placeholders for the Cornerstone Improvement Project and the SmartMeter™ Project in the

[7] As described in its response to Question 4 of an Energy Division Data Request dated October 15, 2013, PG&E intends to update the PEERAM balance in the December supplement to AL 4728-E to reflect D.13-09-004, the final decision approved in A.12-07-001, to credit the return of the electric portion of the two-year, $3.825 million BayREN-denied funds through the PEERAM balance rather than reduce the 2014 PEERAM revenue requirement for the annualized electric portion of the BayREN based on the PD. PG&E also intends to credit the return of 2010-2012 unspent, uncommitted EE funds in the PEERAM balance in the December 2013 supplement to AL 4278-E, as discussed below.

December 2013 supplement to AL 4278-E, as ongoing capital-related revenue requirements associated with these projects are being deliberated in A.12-11-009, the 2014 PG&E GRC.

The CIP was approved by D.10-06-048. PG&E filed AL 3716-E in 2010 to provide its calculation of authorized CIP revenue requirements for 2011-2013, in compliance with D.10-06-048. Energy Division made AL 3716-E effective on September 10, 2010. The 2011-2013 SmartMeter™ Project revenue requirement was authorized in D.11-05-018, the 2011 PG&E GRC Settlement, and implemented through AL 3850-E, which was made effective by Energy Division on May 31, 2011.

PG&E includes revenue requirement placeholders of $54.033 million and $158.8 million for the CIP and SmartMeter™ Project, respectively, in AL 4278-E illustrative rates, which are carried over into 2014 based on the authorized 2013 revenue requirements for both projects. In AL 4278-E, its response to Question 1 of an Energy Division Data Request dated October 15, 2013, and its comments on the Draft Resolution filed December 9, 2013, PG&E notes that the inclusion of these placeholders is due to the fact that the two projects entail ongoing capital-related revenue requirements beyond their original authorizations through 2013 that, until now, have not been handled through the GRC process. These ongoing revenue requirements are currently being deliberated in A.12-11-009, the 2014 PG&E GRC, in which a final decision will not be adopted until after January 1, 2014. PG&E proposes to include these amounts as placeholders in the December 2013 AET supplement that sets January 1, 2014 rates, and will remove them from rates upon the issuance of a final decision in A.12-11-009. We approve PG&E's proposal to carry over the 2013 revenue requirements for the CIP and SmartMeter™ Project into January 1, 2014 rates, as the request is analogous to holding GRC-related distribution and generation revenue constant until a decision is issued in the 2014 GRC.

PG&E's request to establish the 2014 ERBBA revenue requirement is granted. This provides the benefits to customers intended in D.04-11-015 and is consistent with the approach requested in last year's AET AL 4096-E and approved in Resolution E-4548.

The ERBBA records benefits and costs associated with Energy Recovery Bonds. In this AET filing, PG&E proposes that the 2014 ERBBA revenue requirement be established using a forecast of 2014 ERBBA activity, including the amortization of the forecasted December 31, 2013 ERBBA balance. This provides the benefits to customers intended in D.04-11-015 and is consistent with the approach requested in last year's AET AL 4096-E and approved in Resolution E-4548.

PG&E's request to establish the 2014 ERBBA revenue requirement of $27.6 million as proposed in AL 4278-E is granted. This includes establishing the ERBBA revenue requirement using the most recent rate of return adopted by the CPUC.

PG&E is authorized to incorporate revenue requirement changes and/or amortize account balances in rates effective January 1, 2014 resulting from decisions approved by December 19, 2013 in the following pending CPUC proceedings.

If the CPUC adopts final decisions in the formal proceedings listed below by the December 19, 2013 CPUC meeting, PG&E is authorized to consolidate the revenue requirements authorized in those decisions for 2014 in the December supplement to AL 4278-E to be put into rates effective January 1, 2014. As discussed later in this Resolution, the supplement shall be filed by December 31, 2013.

- A.10-08-005, in which PG&E requests recovery of $29.2 million related to implementation of its Default Residential Peak Day Pricing program for its eligible residential customers beginning May 1, 2014. The $29.2 million revenue requirement request encompasses both the $4.4 million request for 2013 and the $24.8 million request for 2014 presented in A.10-08-005, due to the delay in adopting a final decision in the proceeding.
- A.10-02-028, in which PG&E requests to refund $0.412 million to customers related to implementation of its Peak Time Rebates program in 2012 and 2013. PG&E would credit the DRAM through the Dynamic Pricing Memorandum Account.
- A.11-03-014, in which PG&E's requests to recover the $4.4 million balance recorded in the SOMA-E, incurred to cover PG&E's incremental capital and operating expenses needed to implement its SmartMeter™ Opt-Out Program for residential customers, through the DRAM.
- A.13-07-001, in which PG&E requests to recover $3.4 million associated with the acquisition and transfer of the assets of the HMU.
- R.11-02-018, addressing PG&E's estimated 2014 revenue requirement of $12.8 million associated with the conversion of master-metered MHP utility systems to direct utility service from electric and gas corporations.
- A.13-08-003, addressing PG&E's proposed GHG Allowance Revenue Allocation, which would return $525.3 million in cap-and-trade allowance revenue to eligible customers through distribution rates over the course of 2014, pursuant to D.12-12-033.

- A.13-05-015, PG&E's 2014 ERRA and Generation Non-Bypassable Charges Forecast, in which PG&E requests recovery of 2014 electric procurement costs, including forecasted costs and expected revenue requirements of $4,784.3 million for the ERRA, $94.04 million for the CTC, and $235.8 million for the CAM, and also requests amortization of account balances in the ERRA, MTCBA, and NSGBA. PG&E filed an update to A.13-05-015 in early November 2013 providing updated forecasted 2014 sales, 2014 electric procurement revenue requirements, and end-of-2013 ERRA, MTCBA, and NSGBA balances.

- DWR's proposed 2014 power and bond charge revenue requirement determinations of $3.022 million and $397.8 million, respectively, based on the bond charge rate filed by DWR on June 17, 2013 and updated August 1, 2013, and the sales forecast presented in A.13-05-015. The power charge revenue requirement is recorded in the PCCBA. PG&E will update the DWR bond charge revenue requirement in the December 2013 supplement to reflect DWR's October 2013 update to its 2014 electric forward price forecast, as well as PG&E's November 2013 update to its 2014 ERRA forecast.

- DWR Franchise Fees of $3.053 million, calculated from total forecasted DWR revenues (DWR bond and power charge revenue requirements and the amortized forecasted PCCBA balance) multiplied by the 2011 GRC Franchise Fee factor. PG&E will update its DWR Franchise Fee revenue requirement in the December 2013 supplement based on the updates to DWR's revenue requirement determination and PG&E's ERRA forecast, as described above.

- A.13-02-023, PG&E's 2012 ERRA Compliance proceeding, in which PG&E requests recovery of the $25.7 million balance recorded in the Diablo Canyon Seismic Studies Balancing Account (DCSSBA), as well as a ($0.3) million revenue requirement recorded in the MRTUMA associated with MRTU projects that became operative in 2012, through the UGBA.

- A.12-01-014, in which PG&E requests authorization to recover through the UGBA $64.9 million recorded in the MRTUMA, associated with MRTU projects that became operative in 2010; 2009 MRTU projects for which revenue requirements had not been previously approved; and forecasted revenue requirements for 2012 and 2013 MRTU projects.

- A.12-04-009, in which PG&E requests authorization to recover $7.9 million recorded in the MRTUMA associated with MRTU projects that became operative in 2011.

- A.12-08-007, in which PG&E proposes a $12.4 million budget for 2014 Statewide Marketing, Education, and Outreach (SW ME&O) activities related to the Energy Upgrade California (EUC) program, in compliance with D.12-04-045 and D.12-05-015. The $12.4 million req encompasses 2014 budgets of $9.8 million for EUC Marketing and Awareness; $1.3 million for the Flex Alert Program; and $1.2 million for Implementation and Administration. However, D.13-04-021, the Phase I decision, approved $2.5 million for the 2014 Flex Alert Program. As such, should the CPUC adopt a Phase 2 decision in A.12-08-007 by the December 19, 2013 CPUC meeting, PG&E will also include the remaining $11 million in January 1, 2014 rates, allocating $4.45 million for DR, to be collected through the DRAM and $6.55 million for EE, to be collected through the PEERAM.

PG&E is authorized to incorporate revenue requirement changes in rates effective January 1, 2014 from the following advice letters that were pending as of the AL 4278-E filing date but have since been approved.

PG&E may consolidate revenue requirements in rates effective January 1, 2014 presented in the following advice letters that were pending upon the filing date of the AET but have since been approved:

- AL 4176-E/E-A/E-B, approved by the Energy Division on September 17, 2013, in which PG&E requested to: 1) update the PEERAM account balance to reflect the return of an estimated $7 million in residual, unspent, and uncommitted EE funds in 2014 rates; and 2) to adjust the net benefit split from 84% electric/16% gas as authorized in D.12-11-015 to 82% electric/18% gas for procurement EE activities recorded in the PEERAM, and for the SGIP.
- AL 4265-E-A, approved by the Energy Division on October 4, 2013, in which PG&E updated its PV Program revenue requirements to include the PY 3 sites' first annual revenue requirement of $44 million. As discussed below, PG&E also removed the portion of AL 4265-E that notified the CPUC of the revenue requirements associated with the Smart Grid Pilot Deployment Project (SGPDP), stating that PG&E would make a separate advice filing for such notification instead.

PG&E is authorized to incorporate revenue requirement changes in January 1, 2014 rates from the pending advice letters listed below if they are made effective by the December 19, 2013 CPUC meeting.

PG&E may consolidate revenue requirement changes associated with the following advice letters in January 1, 2014 rates should they be approved by the December 19, 2013 CPUC meeting:

- AL 4215-E, filed April 19, 2013, in which PG&E, Southern California Edison Company, and San Diego Gas and Electric Company request approval for the first program period of California Energy Systems for the 21st Century (CES-21) proposed research projects and associated revenue requirements. Pursuant to D.12-12-031, PG&E's $12.5 million revenue requirement request stems from PG&E's 55% share of the overall $30 million dollar budget, allocated between PG&E Electric and Gas in 75%/25% shares, as described in AL 4215-E.
- AL 4228-E, filed May 24, 2013, in which PG&E updated its PV Program revenue requirements for the PY 2 sites' second annual revenue requirement of $38.75 million. Pursuant to D.10-04-052, PV program revenue requirements are recorded to the UGBA for recovery in generation rates.
- AL 4291-E, filed September 30, 2013, requesting electric earnings of $17.7 million in 2011 shareholder incentives (based on a total 2011 earnings request of $21.6 million and the 82% electric/18% gas net benefits spread presented in AL 4217-E) to be recorded in the Customer Energy Efficiency Incentive Account (CEEIA), per D.12-12-032.
- AL 4314-E, filed November 13, 2013, in accordance with Public Utilities Code Sections 739.1 and 739.9 restrictions, seeking approval of a January 1, 2014 increase to residential rates for usage up to 130% of baseline.
- A Tier 1 advice filing by the end of 2013 describing 2014 SGPDP revenue requirements adopted in D.13-03-032, which authorizes $81.6 million for four smart grid pilot projects from 2013 to 2016. PG&E anticipates a 2014 revenue requirement of $1.068 million, consisting of $0.577 for Line Sensors, Volt/Var Optimization, and Detect and Locate Faults pilots, and $0.492 for the Demand Forecasting pilot.
- An advice filing implementing the amortization of the $91.1 million balance in the ERRA GHG Subaccount, created in D.12-12-008 in order for PG&E to defer collection of its 2013 GHG Compliance costs, in rates.

PG&E is authorized to amortize forecasted December 31, 2013 balances in the following balancing accounts previously authorized by the CPUC in January 1, 2014 rates.

This Resolution allows PG&E to amortize the following accounts through this year's AET advice letter, as previously approved for recovery by Resolution E-4548, which addressed PG&E's AET AL 4096-E filed in 2012: the DRAM, PPPRAM, NDAM, UGBA, PEERAM, EPICRAM, PCCBA, Hazardous Substance Mechanism (HSM), CAREA, ERBBA, FERABA, CEEIA, SmartMeter Project Balancing Account (SBA-E), the Non-Tariffed Balancing Account (NTBA), and the Land Conservation Plan Environmental Remediation Memorandum Account (LCPERMA).

Consistent with Resolution E-4548, PG&E is also authorized to amortize balances in the Revised Customer Energy Statement Balancing Account–Electric (RCESBA-E), the Meter Reading Cost Balancing Account–Electric (MRCBA-E), the Smart Grid Memorandum Account (SGMA), and the Cornerstone Improvement Project Balancing Account (CIPBA), subject to the limitations set forth in PG&E's tariffs described below.

PG&E is authorized to amortize the year-end 2013 balance in the Revised Customer Energy Statement Balancing Account–Electric (RCESBA-E) in rates effective January 1, 2014 subject to the limitation on cost recovery set forth in its tariff.

The RCESBA-E was established in 2012 pursuant to D.12-03-015. The account records the actual electric revenue requirements associated with PG&E's costs for implementing its revised customer energy statement. PG&E's combined electric and gas cost for implementing the energy statement is capped at $19.012 million over the period from 2012 through 2016, with 55%, or $10.461 million, of the $19.012 million cap allocated to electric customers. According to the RCESBA-E tariff, Electric Preliminary Statement Part FX, the annual disposition of the balance in the account shall be through the AET. PG&E estimates in AL 4278-E that the RCESBA-E balance to be transferred to the DRAM for recovery in rates effective January 1, 2014 will be approximately $0.124 million.

PG&E is allowed to transfer the balance in the Electric Meter Reading Costs Balancing Account (MRCBA-E) to the DRAM for recovery in rates effective January 1, 2014, subject to the annual cap set forth in its tariffs.

The MRCBA-E records electric meter reading costs pursuant to D.11-05-018, PG&E's 2011 GRC decision. The combined balance of the MRCBA-E and the Gas Meter Reading Costs Balancing Account (MRCBA-G; Gas Preliminary Statement Part CR) is capped annually at $76.2 million. In accordance with PG&E's MRCBA-E tariff, Electric Preliminary Statement Part FQ, disposition of the balance in the account shall be through the AET advice letter process, via the DRAM. PG&E is hereby authorized to transfer its MRCBA-E year-end 2013 balance to the DRAM for recovery in rates effective January 1, 2014, subject to the annual combined electric and gas maximum of $76.2 million authorized by D.11-05-018 and set forth in PG&E's tariffs. PG&E estimates in AL 4278-E that the MRCBA-E balance to be transferred to the DRAM for recovery in rates effective January 1, 2014 to be approximately $42.4 million.

PG&E is authorized to transfer the year-end 2013 balance in the Smart Grid Memorandum Account (SGMA) to the DRAM for recovery in rates effective January 1, 2014, subject to the limits set forth in PG&E's tariff.

The SGMA records PG&E's costs for Smart Grid projects as authorized by the Commission in D.09-09-029. In accordance with the SGMA tariff, Preliminary Statement FD, disposition of the balance recorded for projects approved by the CPUC and the Department of Energy (D.O.E.) is transferred to the DRAM at the end of each year for recovery through the AET process. Accordingly, the forecasted year-end 2013 SGMA balance presented in the December 2013 supplement to AL 4278-E shall be transferred to the DRAM for recovery in rates effective January 1, 2014, subject to the limitation on cost recovery through the AET that is set forth in PG&E's tariff.[8] PG&E estimates in AL 4278-E that the SGMA balance to be transferred to the DRAM for recovery in rates effective January 1, 2014 to be approximately $6.9 million.

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[8] Preliminary Statement Part FD, Smart Grid Memorandum Account, Part 3: Once a project is approved by the CPUC and by the D.O.E., the balance in the subaccount for that project is transferred to the DRAM Account at the end of each year for recovery through the Annual Electric True-up Advice letter until the PG&E portion of the total expenditure amount adopted for that project is reached. Revenue requirements associated with expenditures in excess of the adopted amounts shall continue to accrue in the subaccount, but are not transferred to DRAM for recovery unless and until authorized by the Commission.

PG&E is authorized to transfer the year-end 2013 balance in the Cornerstone Improvement Project (CIP) Balancing Account (CIPBA) to the DRAM for recovery in rates effective January 1, 2014, subject to limits set forth in PG&E's tariff.

The CIPBA records the difference between the CIP revenue requirement authorized by the CPUC in D.10-06-048 and PG&E's costs for implementing the project subject to a limitation on the total capital costs incurred from 2010 through 2013. According to PG&E's CIPBA tariff, Electric Preliminary Statement Part FL, the disposition of the balance in the CIPBA will be determined in the AET by transferring the balance to the DRAM at the end of each year. Accordingly, the year-end 2013 CIPBA balance shall be transferred to the DRAM for recovery in rates effective January 1, 2014 subject to the capital cost limitation set forth in PG&E's tariff ($357.448 million over the 2010 to 2013 time period). PG&E estimates in AL 4278-E that the CIPBA balance to be transferred to the DRAM for recovery in rates effective January 1, 2014 will be ($11.3) million.

PG&E is authorized to recover the balance in the Smart Grid Customer Data Access Balancing Account in January 1, 2014 rates.

PG&E is authorized to amortize the balance in the Smart Grid Customer Data Access (CDA) Balancing Account (CDABA), a one-way balancing account established in D.13-09-025 to record and recover the actual costs of the CDA project from 2013-2016 up to a $19.4 million spending cap. The CDABA tariff, which was filed in AL 4297-E and approved effective October 9, 2013 pursuant to D.13-09-025, establishes that the disposition of the CDABA balance shall be determined in the AET via the DRAM. PG&E will update the CDABA balance in the December 2013 supplement to AL 4728-E to reflect actual CDA expenditures for amortization in January 1, 2014 rates.[9]

[9] As described in PG&E's response to Question 3 of an Energy Division Data Request dated October 15, 2013.

The balances in all accounts authorized for recovery in rates are subject to audit, verification, and adjustment as necessary.

The balances in the accounts authorized for recovery by this Resolution are subject to future audit, verification, and adjustment.

PG&E's request to submit a supplement to AL 4278-E in late December 2013 with recorded account balance data through October 31, 2013 and an updated forecast of December 31, 2013 balances for recovery is granted.

In previous years' AET resolutions (E-4121, E-4217, E-4289, E-4379, E-4432, and E-4548), the CPUC allowed PG&E to submit a supplement to the AET advice letter reflecting recorded account balance data from January through October, and forecasted balances for November and December, of a given year. We allow PG&E to use recorded data from January 1 through October 31, 2013, and forecasted data for November and December 2013 to update account balances in its December supplement to AL 4278-E for amortization in January 1, 2014 rates.

If PG&E's December 2013 supplement to AL 4278-E shows that its authorized January 1, 2014, system-wide revenue will be lower than at present rates, PG&E may delay implementation of certain revenue requirement changes until a 2014 PG&E GRC decision is issued in order to avoid rate fluctuations.

As discussed above, there is a possibility that the sum of 2014 revenue requirements authorized in CPUC and FERC decisions by the December 19, 2013 CPUC meeting, combined with the forecasted net balance of balancing accounts to be amortized in January 1, 2014 rates, will be less than combined CPUC- and FERC-jurisdictional revenues at present rates. If the December supplement to AL 4278-E shows this to be the case, PG&E is authorized to hold total electric revenue constant, subject to later true-up, in order to avoid rate fluctuations. PG&E shall reflect the adjustments to hold the revenue constant in PG&E's distribution and generation rate components in its December supplement to AL 4278-E. Upon the adoption of the 2014 GRC decision, PG&E will then consolidate all of the revenue requirements authorized up to that point and implement the resulting rate changes. This will prevent customers from experiencing rate fluctuations resulting from a decrease in rates effective January 1, 2014, followed by an increase in rates upon the issuance of 2014 GRC decision. We approved the same proposal in AET Resolutions E-4032 and E-4379 for rates effective January 1, 2007 and January 1, 2011, respectively, when PG&E's 2007 and 2011 GRC applications were pending.

PG&E's proposal to design rates based on decisions in Phase 2 of its 2011 GRC, and the sales forecast proposed in its 2014 ERRA forecast proceeding is granted, as the rate design adopted in the 2011 GRC will continue until the CPUC adopts a new rate design in PG&E's TY 2014 GRC.

The illustrative rates submitted by PG&E in AL 4278-E were designed using the revenue allocation and rate design methods approved in D.11-05-047, addressing residential rate design, and D.11-11-053, addressing revenue allocation and non-residential rate design, in PG&E's 2011 Phase 2 GRC, A.10-03-014. The final rates that PG&E submits in its December 2013 supplement to AL 4278-E shall be based on these decisions since they present the most recent methodology adopted by the CPUC for allocating revenues and designing rates.

PG&E proposes to use the 2014 sales forecast served in A.13-05-015, its 2014 ERRA forecast proceeding, to set rates effective January 1, 2014. PG&E requests that it be allowed to implement rates based on its 2014 ERRA sales forecast regardless of whether the CPUC adopts a decision in A.13-05-015 by December 19, 2013. PG&E states that if the sales forecast adopted in the CPUC's final decision in A.13-05-015 differs from the sales forecast in November 2013 update to A.13-05-015 used to set January 1, 2014 electric rates, PG&E will confer with the CPUC on any appropriate rate adjustments going forward. We grant PG&E's request to use the sales forecast provided in its November 2013 update to A.13-05-015 for designing rates effective January 1, 2014. If the sales forecast adopted by the CPUC differs from that in the November 2013 update, PG&E shall adjust rates upon the approval of a final decision in the 2014 PG&E GRC to reflect the sales forecast approved by the final decision in A.13-05-015.

PG&E is granted the flexibility to implement rate design changes associated with the Default Residential Peak Day Pricing Program, the Peak Time Rebate Program, and the 2012 Rate Design Window Application in rates effective January 1, 2014, or during a later rate change depending on the implementation time required.

PG&E notes that the rate design changes stemming from the pending Default Residential Peak Day Pricing (A.10-08-005), Peak Time Rebate (A.10-02-028), and 2012 Rate Design Window (A.12-02-020) proceedings are not reflected in the illustrative rates presented in AL 4278-E, due to the uncertainty surrounding the implementation timeframes entailed by these applications once final decisions are adopted. As such, we grant PG&E the flexibility to implement these rate design changes in rates effective January 1, 2014, or in a future rate change as PG&E sees fit, depending on whether the CPUC adopts final decisions in these proceedings by the end of 2013 and the time it takes PG&E to implement the rate design changes these proceedings entail. Should the CPUC adopt final decisions in any of these three proceedings by the December 19, 2013 CPUC meeting, PG&E shall explain its decision to implement or not implement the rate design changes stemming from such decisions in January 1, 2014 rates in its December 2013 supplement to AL 4278-E. However, PG&E is not authorized to consolidate the revenue requirements associated with the Default Residential Peak Day Pricing or Peak Time Rebate programs in January 1, 2014 rates without implementing the concomitant rate design changes, or vice versa, should decisions in these proceedings be approved. Furthermore, this flexibility is granted on the condition that the final decisions in these proceedings do not require PG&E to make the rate design or revenue requirement changes effective on a certain date.

Pursuant to D.09-12-048 PG&E will file an advice letter to implement residential rate changes allowed by Public Utilities Code Section 739.9 (Senate Bill 695). However, since those changes are revenue neutral, they will not affect revenue requirements.

Senate Bill 695, signed into law in October 2009, added Section 739.9 to the Public Utilities Code. That section allows the CPUC to increase residential rates for usage up to 130% of baseline (Tier 1 and 2 rates) by specific percentages based on specific indices. In developing illustrative rates in AL 4278-E, PG&E assumed a 3% increase to non-CARE Tier 1 and Tier 2 rates (the lower bound of potential increases specifically mentioned in Section 739.9) and no increase to CARE Tier 1 and Tier 2 rates. CARE Tier 3 rates, authorized effective November 1, 2011 in D.11-05-047, were increased by 1.5 cents per kWh in 2013 as approved by D.11-05-047. PG&E then set non-CARE rates for usage in excess of 130% of baseline to ensure the revenue allocated to the residential class is fully collected, while maintaining the fixed differential (4 cents per kWh) between non-CARE Tier 3 and Tier 4 rates approved by D.11-05-047. On November 13, 2013, PG&E filed AL 4314-E seeking approval of a January 1, 2014 increase to residential rates for usage up to 130% of baseline in accordance with the provisions adopted in D.09-12-048, which implemented P.U. Code Section 739.9. If AL 4314-E is approved by December 19, 2013, PG&E shall reflect those rate changes in its December supplement to AL 4278-E.

PG&E shall revise its estimate of revenue requirements and rates filed in AL 4278-E to reflect actual changes authorized by the CPUC by December 19, 2013, along with the changes authorized by the FERC by December 2013.

PG&E shall supplement AL 4278-E by December 31, 2013 to reflect the actual rate and revenue changes authorized by the CPUC by December 19, 2013 in the proceedings and advice letters as specified in this Resolution, along with the actual changes authorized by the FERC by December 19, 2013. The December 2013 supplement to AL 4278-E shall also incorporate updated end-of-2013 account balance forecasts, based on recorded account data through October 31, 2013, to be amortized in rates on January 1, 2014. The rates PG&E files in its supplemental advice letter will be reviewed for compliance after January 1, 2014. If any rates filed in the December 2013 supplement are not in compliance with this order, PG&E shall modify the rates as required and re-bill customers if necessary, or make other appropriate adjustments in a timely manner. This process is consistent with the procedure established in prior resolutions addressing PG&E AET advice letters.[10]

The rates authorized by this Resolution shall be subject to refund to the same extent that they are subject to refund at the FERC.

Under the filed rate doctrine, the CPUC is obligated to allow PG&E to recover FERC-authorized costs for reliability services, transmission access, transmission revenue adjustments, and base transmission rate changes, adjusted for end-use customer refunds required to be paid to customers. It is just and reasonable for PG&E to begin recovering FERC-authorized revenues addressed in AL 4278-E that are authorized by December 19, 2013. The rates authorized by this Resolution shall be subject to refund to the same extent that they are subject to refund at the FERC.

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[10] The following resolutions on prior PG&E AET advice letters authorized this same process; the effective date of the new rates addressed by the resolution is in parentheses: Resolution E-3906 (Jan. 1, 2005); Res. E-3956 (Jan. 1, 2006); Res. E-4032 (Jan. 1, 2007); Res. E-4121 (Jan.1, 2008); Res. E-4217 (Jan. 1, 2009); Res. E-4289 (Jan. 1, 2010); Res. E-4379 (Jan. 1, 2011), Res. E-4432 (January 1, 2012), Res. E-4548 (January 1, 2013).

The joint protest of AL 4278-E filed by Aglet Consumer Alliance, EMF Safety Network, and The Utility Reform Network is denied.

The joint protest filed by the Joint Protestants argues against PG&E's inclusion of three items in the illustrative rates presented in AL 4278-E: 1) the forecasted $4.4 million end-of-year balance in the SOMA-E; 2) the $12.8 million revenue requirement request to convert master-metered MHP utility systems to direct utility service from electric and gas corporations; and 3), the $3.4 million revenue requirement request for PG&E's proposed acquisition of the HMU. The Joint Protestants recommend that the CPUC deny PG&E's requests to recover these amounts due to the likelihood that the CPUC will not issue final decisions in these proceedings by the December 19, 2013 CPUC meeting. As PG&E describes in AL 4278-E and in their reply to the Joint Protestants' protest, PG&E includes open proceedings in AL 4278-E solely for illustrative purposes, and will only include the revenues and balances that are approved by the December 19, 2013 CPUC meeting in January 1, 2014 rates, which will be consolidated in the December 2013 supplement to AL 4278-E. As such, we agree with PG&E that the Joint Protestants' concerns are unwarranted, and deny their protest to AL 4278-E.

COMMENTS

Per statutory requirement, a Draft Resolution was mailed to parties for comment.

Public Utilities Code section 311(g)(1) generally requires resolutions to be served on all parties and subject to at least 30 days public review and comment prior to a vote of the CPUC. Accordingly, the Draft Resolution was served on PG&E and issued for public review and comment no later than 30 days prior to a vote of the CPUC.

PG&E submitted comments to the Draft Resolution on December 9, 2013. PG&E suggested minor changes to the Draft Resolution regarding its treatment of AL 4314-E, the master-metered MHP rulemaking, and the credit of denied BayREN funds to the PEERAM balance, which were incorporated. PG&E also requested that the Draft Resolution be modified to reverse its original denial of placeholder revenue requirements totaling $196.1 million relating to the SmartMeter™ Project ($158.8 million) and Cornerstone Improvement Project ($54.033 million) in January 1, 2014 rates. The Draft Resolution denied these amounts on the grounds that both projects were originally authorized through the end of 2013; that both projects were being considered beyond 2013 in A.12-11-009, the 2014 GRC proceeding; and that D.13-04-023, issued in A.12-11-009, provided that all revenues approved in the 2014 GRC would be made effective January 1, 2014, given the likelihood that a decision in that proceeding would not be adopted until after that date. In its comments on the Draft Resolution, PG&E argued that both projects entail ongoing capital-related revenue requirements beyond their original authorizations through 2013 that have heretofore not been handled through the GRC process, and have instead been included in the stand-alone revenue requirements recovered through the SBA and the CIPBA. We are persuaded by PG&E's argument in its comments that, given that ongoing revenue requirements associated with these two projects are being considered in the 2014 GRC proceeding, the revenue requirements associated with the SmartMeter™ Project and Cornerstone Improvement Project are analogous to GRC-related distribution and generation revenues that the Draft Resolution holds constant until the adoption of a 2014 GRC decision. Therefore, the Draft Resolution has been modified to allow PG&E to include these placeholder revenue requirements in the December 2013 AET supplement.

FINDINGS AND CONCLUSIONS

1. The AET is a process in which PG&E's revenue requirements authorized by the CPUC in various proceedings are consolidated in rates on January 1 of a given year. The AET is also a forum for PG&E to recover costs recorded in memorandum and balancing accounts that have been reviewed and approved for recovery by the CPUC in a separate proceeding or advice letter, or are pending separate review that will be completed prior to end of the year.
2. PG&E filed AL 4278-E on August 30, 2013, proposing to establish 2014 electric rates to recover balances in accounts, establish the 2014 ERBBA revenue requirement, and consolidate CPUC- and FERC-authorized rate changes, effective January 1, 2014.
3. PG&E filed supplemental AL 4278-E-A on September 16, 2013 to clarify that the 2014 sales forecast provided in the November 2013 update to A.13-05-015 entails a reclassification of sales between residential CARE and Non-CARE customers to reflect the removal of customers from the CARE program per D.12-08-044.
4. It is reasonable for PG&E to establish the 2014 ERBBA revenue requirement using a forecast of 2014 ERBBA activity, including the amortization of the forecasted December 31, 2013 ERBBA balance, consistent with what was authorized in Resolution E-4548 addressing AL 4096-E, PG&E's 2013 AET. PG&E requests a 2014 ERBBA revenue requirement of $27.6 million.
5. PG&E should supplement AL 4278-E by December 31, 2013 to reflect the revenue requirement changes authorized by the CPUC and FERC, and to

update balances in accounts specified in this Resolution to be amortized beginning January 1, 2014. The updated balances, revenues, and rates should be subject to future audit, verification, and adjustment pending review of the December supplement to AL 4278-E.

6. PG&E should reflect the following revenue requirements that have been previously authorized for recovery by CPUC decisions in January 1, 2014 rates in its December 2013 supplement to AL 4278-E:
   - $12.1 million for CARE program administrative costs, per D.12-08-044.
   - $85.9 million for the CSI, per D.11-12-019.
   - $64.95 million for DR, per D.12-04-045 and D.12-11-015.
   - $3,377.0 million in base GRC-related distribution revenue requirements, held at current revenue levels per the rate smoothing discussion above, less the distribution rate share of PG&E's 2013 Pension Contribution approved in D.09-09-020 and AL 4147-E.
   - $82.037 million for the EPICRAM, per D.12-05-037.
   - $120.7 million for the former electric public goods charge portion of EE portfolio funding collected in the PPPRAM, per D.11-12-038 and AL 3819-E.
   - $94.89 million for the ESA program, per D.12-08-044.
   - $44.3 million for nuclear decommissioning activities, per D.10-07-047.
   - $134.0 million for PG&E's Pension Contribution, per D.09-09-020, reduced by a reduction in 2014 GRC-cycle rate base and a Cost of Capital adjustment provided for in D.12-12-034.
   - $219.0 million for the procurement portion of EE revenues collected in the PEERAM, per D.12-11-015 and AL 4176-E-A.
   - $38.85 million for the PV Program PY 1 sites, per D.10-04-052 and AL 3920-E.
   - $29.8 million for the SGIP, per D.11-12-030 and AL 4176-E-A.
   - $2.5 million for the 2014 Flex Alert program, approved in D.13-04-021.

- $1,666.5 million in base GRC-related generation revenue requirements, held at current revenue levels per the rate smoothing discussion above, less the generation rate share of PG&E's 2013 Pension Contribution approved in D.09-09-020 and AL 4147-E.

7. PG&E should include the revenue requirement for the Cornerstone Improvement Project ($54.033 million) and the SmartMeter™ Project ($158.8 million) as placeholders in the revenues consolidated in the December 2013 supplement to AL 4278-E.

8. PG&E should consolidate revenue requirements in rates effective January 1, 2014 presented in the following advice letters that were pending when AL 4278-E was filed:

   - AL 4176-E/E-A/E-B, in which PG&E gained authorization to return an estimated $7 million in residual, unspent, and uncommitted EE funds in 2014 rates through the PEERAM, and to adjust the net benefit split for the SGIP and procurement EE activities recorded in the PEERAM to 82% electric/18% gas.
   - AL 4265-E-A, in which PG&E updated its PV Program revenue requirements to include the PY 3 sites' first annual revenue requirement of $44 million.

9. PG&E's December 2013 supplement to AL 4278-E should reflect all CPUC- and FERC-authorized revenue requirement changes and amortization of account balances to the extent approved by December 19, 2013, in the following, pending formal proceedings:

   - A.10-08-005, addressing PG&E's $29.2 million request to implement its Default Residential Peak Day Pricing (PDP) program.
   - A.10-02-028, addressing PG&E's proposed ($0.412) million return associated with implementing its 2012 and 2013 Peak Time Rebates program.
   - A.11-03-014, addressing PG&E's request to recover the $4.4 million balance recorded in the SOMA-E.
   - A.13-07-001, addressing PG&E's $3.4 million request associated with the acquisition and transfer of the assets of the HMU.
   - R.11-02-018, addressing PG&E's $12.8 million request associated with the conversion of master-metered MHP utility systems to direct utility service from electric and gas corporations.

- A.13-08-003, addressing PG&E's proposed ($525.3) million GHG Allowance Revenue Allocation return.
- A.13-05-015, PG&E's 2014 ERRA forecast proceeding, addressing PG&E's 2014 revenue requirement requests of $4,784.3 million, $94.04 million, and $235.8 million for the ERRA, CTC, and CAM, respectively, as well as a request to amortize account balances in the ERRA, MTCBA, and NSGBA.
- DWR's proposed 2014 power and bond charge revenue requirement determinations of $3.022 million and $397.8 million, respectively.
- DWR's $3.053 million proposal for 2014 Franchise Fees.
- A.13-02-023, PG&E's 2012 ERRA Compliance proceeding, in which PG&E requests authority to amortize the $25.7 million balance recorded in the DCSSBA and a ($0.3) million balance recorded in the MRTUMA.
- A.12-01-014, addressing PG&E's request for authority to recover a $64.9 million balance recorded in the MRTUMA.
- A.12-04-009, addressing PG&E's request for authority to recover a $7.9 million balance recorded in the MRTUMA.
- A.12-08-007, addressing PG&E's proposed $12.4 million budget for 2014 SW ME&O activities.

10. PG&E should consolidate revenue requirement changes associated with the following advice letters in January 1, 2014 rates should they be approved by the December 19, 2013 CPUC meeting:

- AL 4215-E, in which PG&E requests approval of proposed research projects and associated revenue requirements for the first program period of CES-21.
- AL 4228-E, in which PG&E requests inclusion of the second annual revenue requirement for PV Program PY 2 sites of $38.75 million.
- 4291-E, in which PG&E requests recovery of $17.7 million in electric earnings in the CEEIA related to 2011 shareholder incentives.
- AL 4314-E, in which PG&E seeks approval of a January 1, 2014 increase to residential rates for usage up to 130% of baseline.
- A Tier 1 advice filing describing PG&E's anticipated 2014 SGPDP revenue requirement of $1.068 million.
- An advice filing requesting the amortization of the $91.1 million balance in the ERRA GHG Subaccount.

11. PG&E should recover balances in the following accounts authorized by Resolution E-4548 in rates effective January 1, 2014: the DRAM, PPPRAM, NDAM, UGBA, PEERAM, EPICRAM, PCCBA, HSM, CAREA, ERBBA, FERABA, CEEIA, SBA-E, NTBA, and the LCPERMA.
12. PG&E should recover the year-end 2013 balance recorded in the RCESBA-E in rates effective January 1, 2014 in accordance with the RCESBA-E tariff, which states that the annual disposition of the RCESBA-E shall be through the AET and sets a cumulative 2012-2016 cap of $10.5 million that can be recovered from PG&E electric customers.
13. PG&E should recover the year-end 2013 balance recorded in the MRCBA-E in rates effective January 1, 2014 in accordance with the MRCBA-E tariff, which states that the annual disposition of the MRCBA-E shall be through the AET and sets an annual cap of $76.2 million that can be recovered from PG&E's electric and gas customers for meter reading activities.
14. PG&E should recover the year-end 2013 balance recorded in the SGMA in rates effective January 1, 2014 in accordance with the SGMA tariff, which states that the annual disposition of the SGMA shall be through the AET and limits the amount that can be recovered for smart grid projects through the AET to the revenue requirements authorized by D.09-09-029.
15. PG&E should recover the year-end 2013 balance recorded in the CIPBA in rates effective January 1, 2014 in accordance with the CIPBA tariff, which states that the annual disposition of the CIPBA shall be through the AET and sets a cumulative 2010-2013 cap of $357.4 million in capital costs that can be recovered from PG&E customers for the CIP.
16. PG&E should recover the year-end 2013 balance recorded in the CDABA in rates effective January 1, 2014 in accordance with the CDABA tariff, which states that the annual disposition of the CDABA shall be through the AET and sets a cumulative 2013-2016 cap of $19.4 million that can be recovered from PG&E customers for the CDA project.
17. PG&E's request to submit the December 2013 supplemental advice letter with forecasted December 31, 2013 account balances, including recorded data through October 31, 2013, is reasonable.
18. PG&E should be allowed to amortize all accounts authorized in the ordering paragraphs of this Resolution in January 1, 2014 rates, subject to future audit, verification, and adjustment.

19. If PG&E's December 2013 supplement to AL 4278-E shows that its authorized January 1, 2014, system-wide revenue will be lower than at present rates, PG&E should be granted discretion to delay implementation of certain revenue requirement changes in rates and hold revenues constant until a 2014 PG&E GRC decision is issued.

20. The rates that PG&E files in its December 2013 supplement to AL 4278-E should be designed based on the revenue allocation and rate design methods approved in D.11-05-047 and D.11-11-053 in A.10-03-014.

21. PG&E should design January 1, 2014 rates in its December 2013 supplement to AL 4278-E using the November 2013 update to the 2014 sales forecast that PG&E proposes in A.13-05-015.

22. If the CPUC adopts a different 2014 sales forecast than what PG&E proposes in A.13-05-015 and uses to design rates in its December 2013 supplement to AL 4278-E, PG&E should adjust rates upon the approval of a final decision in the 2014 PG&E GRC to reflect the sales forecast approved by the final decision in A.13-05-015.

23. PG&E should be granted the flexibility to implement rate design changes associated with the Default Residential Peak Day Pricing Program, the Peak Time Rebate Program, and the 2012 Rate Design Window Application in rates effective January 1, 2014, or during a later rate change depending on the implementation time required, on the conditions that: 1) the rate design changes and revenue requirements must be implemented at the same time; and 2) the final decisions in these proceedings do not require PG&E to implement these changes on a certain date.

24. PG&E's proposal to modify residential rates pursuant to Public Utilities Code Section 739.9 in the December 2013 supplement to AL 4278-E is subject to approval of AL 4314-E, in which PG&E seeks to increase residential rates for usage up to 130% of baseline.

25. In accordance with the filed rate doctrine, the CPUC allows PG&E to recover FERC-authorized costs for reliability services, transmission access, transmission revenue adjustments, and base transmission rate changes, adjusted for end-use customer refunds required to be paid to customers.

26. It is just and reasonable for PG&E to begin recovering in rates FERC-authorized revenues that are authorized by December 19, 2013.

27. The rates authorized by this resolution should be subject to refund to the same extent that they are subject to refund at the FERC.

28. The joint protest of AL 4278-E filed by Aglet Consumer Alliance, EMF Safety Network, and The Utility Reform Network should be denied.

THEREFORE IT IS ORDERED THAT:

1. PG&E's request in Advice Letter 4278-E is approved with modifications and only to the extent described in the ordering paragraphs below.
2. PG&E's request to establish the 2014 ERBBA revenue requirement using a forecast of 2014 ERBBA activity, including the amortization of the forecasted December 31, 2013 ERBBA balance, is approved.
3. PG&E shall file a supplement to AL 4278-E with revised tariffs no later than December 31, 2013. The supplemental filing shall be effective on January 1, 2014, but remain subject to Energy Division determination that PG&E is in compliance with this Resolution. The updated revenues and rates contained in the December supplemental filing shall be subject to audit, verification and adjustment. PG&E shall provide workpapers supporting the rates filed in this supplemental advice letter and the revenue allocation underlying those rates to the Energy Division and any party requesting them. The December supplement shall do the following:
    a. Amortize forecasted December 31, 2013 balances, updated with recorded account balance data as of October 31, 2012 in the December supplement, in the following accounts: the DRAM, PPPRAM, NDAM, UGBA, PEERAM, EPICRAM, PCCBA, HSM, CAREA, ERBBA, FERABA, CEEIA, SBA-E, NTBA, LCPERMA, RCESBA-E, MRCBA-E, SGMA, CIPBA, and the CDABA. The balance in the RCESBA-E is authorized to be transferred to the DRAM for recovery in rates subject to the limitation on cost recovery set forth in PG&E's RCESBA-E tariff (55%of $19.012 million, or $10.461 million, to be recovered from electric customers from 2012 through 2016). The balances in the SGMA and the MRCBA-E are authorized to be transferred to the DRAM for recovery in rates subject to the limitations on cost recovery set forth in PG&E's SGMA and MRCBA tariffs ($76.2 million in combined annual balances between the MRCBA-E and the MRCBA-G). The balance in the CIPBA is authorized to be transferred to the DRAM for recovery in rates subject to the limitation on cost recovery set forth in PG&E's CIPBA tariff ($357.448 million over the 2010 to 2013 time period). The balance in the CDABA is authorized to be transferred to the DRAM for recovery in rates subject to the limitation on cost recovery set forth in PG&E's CDABA tariff ($19.4 million over the 2013-2016 time period).
    b. Reflect the 2014 ERBBA revenue requirement in rates.

c. Reflect all previously-approved CPUC- and FERC-jurisdictional revenue requirement changes in the proceedings and advice letter filings specified in Findings and Conclusions Nos. 6, 7, and 8 in rates.

d. Reflect all CPUC- and FERC-authorized revenue requirement changes and account balance amortizations approved by December 19, 2013 in the proceedings and advice letter filings specified in Findings and Conclusions Nos. 9 and 10 in rates. To the extent CPUC approval is not granted by December 19, 2013, PG&E shall not include items from any of those proceedings or advice letter filings, save for the 2014 sales forecast contained in A.13-05-015, which will be used in the supplement to set January 1, 2014 rates per Ordering Paragraph No. 6.

4. PG&E shall use the rate design and revenue allocation methods approved in D.11-05-047 and D.11-11-053 to design the rates it files in its December 2013 supplement to AL 4278-E.

5. PG&E shall use the November 2013 update to the sales forecast it proposes in A.13-05-015 to design the rates it files in the December 2013 supplement to AL 4278-E. If the CPUC approves a different sales forecast than that which is used to design rates filed in the December 2013 supplement, PG&E shall adjust rates upon the approval of a final decision in the 2014 PG&E GRC to reflect the sales forecast approved by the final decision in A.13-05-015.

6. PG&E is granted the flexibility to implement rate design changes associated with the Default Residential Peak Day Pricing Program, the Peak Time Rebate Program, and the 2012 Rate Design Window Application in rates effective January 1, 2014, or during a later rate change depending on the implementation time required, on the conditions that: 1) the rate design changes and revenue requirements must be implemented at the same time; and 2) the final decisions in these proceedings do not require PG&E to implement these changes on a certain date.

7. PG&E shall include residential rate changes for usage of up to 130% of baseline under P.U. Code Section 739.9 in its December supplemental advice filing, if the CPUC approves AL 4314-E, filed by PG&E on November 13, 2013, in accordance with D.09-12-048 by December 19, 2013. Changes to residential rates developed pursuant to AL 4314-E shall be revenue neutral and shall not affect the total revenue allocated to the residential class.

8. Balances in all accounts authorized for recovery by this resolution are subject to audit, verification and adjustment.

9. The rates authorized by this Resolution shall be subject to refund to the same extent that they are subject to refund at the FERC.
10. The joint protest of AL 4278-E filed by Aglet Consumer Alliance, EMF Safety Network, and The Utility Reform Network is rejected.
11. If any rates filed in the December supplement are not in compliance with this order, PG&E shall modify rates as required and make any necessary billing or other adjustments in a timely manner.
12. If PG&E requests amortization of future balances in the accounts authorized for amortization in this resolution by means of the annual electric true-up advice letter for rates effective January 1, it shall file the advice letter no later than September 1 of the year prior to when rates become effective. The advice letter shall reflect balances recorded as of July 31 of the year in which the advice letter is filed and the estimated balances for August through December of that year.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on December 19, 2013; the following Commissioners voting favorably thereon:

/s/ PAUL CLANON
Paul Clanon
Executive Director

MICHAEL R. PEEVEY
President
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
MARK J. FERRON
CARLA J. PETERMAN
Commissioners

ATTACHMENT A

List of Acronyms in Alphabetical Order:

A.	Application
AB	Assembly Bill
AET	Annual Electric True-up
Aglet	Aglet Consumer Alliance
AL	Advice Letter
BayREN	Bay Area Regional Energy Network
CAISO	California Independent System Operator
CAM	Cost Allocation Mechanism
CARE	California Alternate Rates for Energy
CAREA	California Alternate Rates for Energy Account
CCA	Community Choice Aggregation
CDA	Customer Data Access
CDABA	Customer Data Access Balancing Account
CEEIA	Customer Energy Efficiency Incentive Account
CES-21	California Energy Systems for the 21st Century
CIP	Cornerstone Improvement Project
CIPBA	Cornerstone Improvement Project Balancing Account
CPUC	California Public Utilities Commission
CSI	California Solar Initiative
CTC	Competition Transition Charge
D.	Decision
DA	Direct Access
DCSSBA	Diablo Canyon Seismic Studies Balancing Account
D.O.E.	Department of Energy
DR	Demand Response
DRAM	Distribution Revenue Adjustment Mechanism
DWR	California Department of Water Resources
ECRA	Energy Cost Recovery Amount
ECRBA	End-Use Customer Refund Balancing Account
EE	Energy Efficiency
EPIC	Electric Program Investment Charge
EPICRAM	Electric Program Investment Charge Revenue Adjustment Mechanism
ERRA	Energy Resource Recovery Account
ERBBA	Energy Recovery Bonds Balancing Account

ESA	Energy Savings Assistance
EUC	Energy Upgrade California
FERABA	Family Electric Rate Assistance Balancing Account
FERC	Federal Energy Regulatory Commission
FF&U	Franchise Fees and Uncollectibles
GHG	Greenhouse Gas
GRC	General Rate Case
HMU	Hercules Municipal Utility
HSM	Hazardous Substance Mechanism
LCPERMA	Land Conservation Plan Environmental Remediation Memorandum Account
MHP	Mobile Home Park
MRCBA-E	Meter Reading Costs Balancing Account–Electric
MRTU	Market Redesign and Technology Upgrade
MRTUMA	Market Redesign and Technology Upgrade Memorandum Account
MTCBA	Modified Transition Cost Balancing Account
NDAM	Nuclear Decommissioning Adjustment Mechanism
Network	EMF Safety Network
NSGBA	New System Generation Balancing Account
NTBA	Non-Tariffed Balancing Account
OP	Ordering Paragraph
PEERAM	Procurement Energy Efficiency Revenue Adjustment Mechanism
PCCBA	Power Charge Collection Balancing Account
PD	Proposed Decision
PG&E	Pacific Gas and Electric Company
PPP	Public Purpose Program
PPPRAM	Public Purpose Programs Revenue Adjustment Mechanism
PV	Photovoltaic
PY	Program Year
R.	Rulemaking
RCESBA-E	Revised Customer Energy Statement Balancing Account-Electric
RSBA	Reliability Services Balancing Account
SBA-E	SmartMeter™ Project Balancing Account
SGIP	Self Generation Incentive Program
SGMA	Smart Grid Memorandum Account
SGPDP	Smart Grid Pilot Deployment Project
SOMA-E	SmartMeter™ Opt-Out Memorandum Account–Electric
SW ME&O	Statewide Marketing, Education, and Outreach
TO15	Transmission Owner 15
TRBAA	Transmission Revenue Balancing Account Adjustment

TURN	The Utility Reform Network
TY	Test Year
UGBA	Utility Generation Balancing Account

Pacific Gas and Electric Company™

Brian K. Cherry
Vice President
Regulatory Relations

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P.O. Box 770000
San Francisco, CA 94177

Facsimile: (415) 973-7226

September 16, 2013

Advice 4278-E-A
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: **Partial Supplement to Annual Electric True-Up Filing - Change PG&E Electric Rates on January 1, 2014**

Purpose

The purpose of this partial supplemental filing is to provide additional detail about the sales forecast used to derive illustrative rates included in Advice 4278-E filed on August 31, 2013. Advice 4278-E is Pacific Gas and Electric Company's (PG&E's) Annual Electric True Up (AET) which: (1) establishes 2014 electric rates for recovery of the balances in balancing accounts already approved for amortization in 2014; and (2) provides a vehicle to consolidate authorized changes for developing PG&E's January 1, 2014 electric rates.

Clarifications to Advice 4278-E

In the AET advice letter, PG&E explained how it determined its preliminary rates, including its sales forecast. This partial supplement provides the following additional informative detail:

In the first paragraph of the section titled; "Illustrative 2014 Rate Design and Resulting Rates", at page 20, add the following text in underline:

To provide the Commission with an estimate of the effect of approval of this advice letter, as well as resolution of the pending and anticipated proceedings and advice letters, PG&E is providing illustrative January 1, 2014 electric rates. Rates are determined based on: (1) the <u>total system</u> sales forecast in the ERRA Forecast Application (A.13-05-015) filed on May 31, 2013; (2) the rate design and revenue allocation methodology established in D.11-12-053 for rate changes between GRCs;[1] and (3) the residential rate design approved by D.11-05-047.

PG&E also provides the following explanatory paragraph:

<u>PG&E's total system sales forecast used in the AET is consistent with the ERRA Forecast Application (A.13-05-015), except that the illustrative residential rates included in the AET have also been updated to reflect the impact of the Energy</u>

[1] D.11-12-053, Appendix A, p. 12.

Savings Assistance And California Alternate Rates For Energy (CARE) Decision (D.) 12-08-044[2].

Consistent with this decision, PG&E updated its CARE and Non-CARE portions of the residential sales forecast to reflect an estimate of the impacts of removing customers anticipated to be ineligible for the CARE program. The effect of this update does not affect the total system sales forecast; it is only a reclassification of sales between residential CARE and Non-CARE customers for purposes of setting rates.

These changes are more closely aligned with the year-end sales forecast that will be included in PG&E's November update to its ERRA proceeding and used in the December update to PG&E's AET.

Protests

Due to the limited scope of PG&E's partial supplemental filing, PG&E respectfully requests the protest period for the original filing (Advice 4278-E) not be extended. Consistent with this request and pursuant to General Order 96-B, Section 7.5.1, the protest procedure to the limited substance of this partial supplemental filing is as follows:

Anyone wishing to protest the limited substance of this partial supplemental filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than October 7, 2013, which is 21 days[3] 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:

---

[2] D.12-08-044 requires certain residential CARE customers to either significantly lower their consumption or be removed from the CARE program.

[3] The 20-day protest period concludes on a Sunday. PG&E moves this date to the following business day, consistent with the provisions in General Order 96-B, Section 1.5.

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 requests that this advice filing become effective on **January 1, 2014**, concurrently with the Commission's approval of Advice 4278-E, and by resolution no later than at the Commission's December 19, 2013 business meeting.

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.12-01-014, A.12-04-009, A.98-05-007, A.13-05-015, A.12-11-009, A.10-08-005, A.10-02-028, A.11-03-014, A.13-07-001, A.13-08-003, A.13-02-023, A.12-08-007, R.09-06-018, A.10-03-014 and A.12-02-020. Address changes to the General Order 96-B service list should be directed to email 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.

Brian Cherry /slw

Vice President – Regulatory Relations

cc: Service Lists for A.12-01-014, A.12-04-009, A.98-05-007, A.13-05-015, A.12-11-009, A.10-08-005, A.10-02-028, A.11-03-014, A.13-07-001, A.13-08-003, A.13-02-023, A.12-08-007, R.09-06-018, A.10-03-014 and A.12-02-020.

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:	Contact Person: **Shirley Wong**
☑ ELC ☐ GAS	Phone #: **(415) 972-5505**
☐ PLC ☐ HEAT ☐ WATER	E-mail: **slwb@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) #: **4278-E-A** **Tier: 3**

Subject of AL: **Partial Supplement to Annual Electric True-Up Filing - Change PG&E Electric Rates on January 1, 2014**

Keywords (choose from CPUC listing):

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other ______________________________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: 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, 2014 (concurrent with Advice 4278-E)** 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:

Service affected and changes proposed:

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 Ave., 4th Floor
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Brian K. Cherry, Vice President, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com

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	