

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



**REVISED**

October 29, 2013

**Advice Letter 4286-E**

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

**Subject: Update to PG&E's 2013 Revenue Requirement for the Smart Grid Pilot  
Deployment Project.**

Dear Mr. Cherry:

Advice Letter 4286-E is effective June 21, 2013.

Sincerely,

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

Edward F. Randolph, Director  
Energy Division

September 25, 2013

**Advice 4286-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

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

**Purpose**

Pacific Gas and Electric Company ("PG&E") submits this Tier 1 advice letter to update its electric generation revenue requirements for the Smart Grid – Short Term Demand Forecasting Pilot Project in the Utility Generation Balancing Account ("UGBA") base amount effective June 21, 2013.

**Background****Smart Grid Pilot Deployment Project**

On March 27, 2013, the California Public Utilities Commission ("Commission" or "CPUC") issued Decision ("D.") 13-03-032 approving four out of the six Smart Grid Pilot Projects proposed by PG&E in Application ("A.") 11-11-017. Approved projects are listed below.

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

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

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

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

Furthermore, pursuant to Conclusions of Law 32 and 33

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

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

The Smart Grid Pilot Deployment Project electric generation revenue requirements for the year 2013 is \$593,736 associated with the Short Term Demand Forecasting pilot costs. In compliance with the Decision, PG&E is recording the authorized revenue requirements for this project in the UGBA effective June 21, 2013. The revenue requirements associated with the Smart Grid Sensor Pilot costs, the Smart Grid Volt/VAR Pilot costs, and the Smart Grid Detect and Locate Pilot costs will become effective beginning in 2014. PG&E will file future advice letters to update PG&E’s electric generation and distribution base revenue requirements for the four approved pilots for years 2014 through 2016 as the planned capital expenditures and expenses become effective.

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

### **Protests**

Pursuant to CPUC General Order 96-B, Section 7.5.1, PG&E hereby requests the protest period be waived.

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<sup>1</sup> D.13-03-032, p. 69.

<sup>2</sup> D.13-03-032, p. 70.

**Effective Date**

PG&E submits this advice letter as a Tier 1 filing. PG&E requests that this advice letter become effective on **June 21, 2013**.

**Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the service list for A.11-11-017. Address changes to the General Order 96-B service list and all electronic approvals should be directed to [PGETariffs@pge.com](mailto: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](mailto:Process_Office@cpuc.ca.gov). Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs/>.

A handwritten signature in cursive script that reads "Brian Cherry /sw".

Vice President, Regulatory Relations

cc: Service List A.11-11-017

Attachment 1: Rolling Revenue Requirements from 2011 GRC Through 2013

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

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

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: **Shirley Wong**

Phone #: **(415) 972-5505**

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

### EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas        
PLC = Pipeline      HEAT = Heat      WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **4286-E**

Tier: **1**

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

Keywords (choose from CPUC listing): **Compliance, Balancing Account**

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: **June 21, 2013**

No. of tariff sheets: **N/A**

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

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

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

Tariff schedules affected:

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., 4<sup>th</sup> 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

**ATTACHMENT 1**

Rolling Revenue Requirements  
From 2011 GRC through 2013  
in thousands

	Electric Distribution	Electric Generation	Gas Distribution	Total
2011 Adopted GRC RRQ	3,358,335	1,667,848	1,154,351	6,180,534
less: Other Operating Revenue	97,880	11,608	22,922	132,410
less: FERC jurisdictional amount	16,722	37		16,759
<b>2011 Base Revenue Amount (Eff. 1/1/11)</b>	<b>3,243,733</b>	<b>1,656,203</b>	<b>1,131,429</b>	<b>6,031,365</b>
2011 Taxes on Retired Meters Revenue	4,850			4,850
2011 Pension	70,751	34,754	35,009	140,514
2011 Pension Adjustment	(100)	324	(313)	(89)
2011 Cornerstone	12,926			12,926
2011 Diablo Canyon Seismic Studies		2,658		2,658
<b>2011 Base Revenue Amount (Eff. 1/1/11)</b>	<b>3,332,160</b>	<b>1,693,939</b>	<b>1,166,125</b>	<b>6,192,224</b>
2011 Colusa Performance Incentive Payment		376		376
<b>2011 Base Revenue Amount (Eff. 2/8/11)</b>	<b>3,332,160</b>	<b>1,694,315</b>	<b>1,166,125</b>	<b>6,192,600</b>
2011 Fuel Cell Project - All 3 Units		5,677		5,677
<b>2011 Base Revenue Amount (Eff. 8/17/11)</b>	<b>3,332,160</b>	<b>1,699,992</b>	<b>1,166,125</b>	<b>6,198,277</b>
2011 Solar PV Program - Westside 15 MWs		14,865		14,865
<b>2011 Base Revenue Amount (Eff. 8/31/11)</b>	<b>3,332,160</b>	<b>1,714,857</b>	<b>1,166,125</b>	<b>6,213,142</b>
2011 Solar PV Program - Five Points 15 MWs		14,865		14,865
<b>2011 Base Revenue Amount (Eff. 9/24/11)</b>	<b>3,332,160</b>	<b>1,729,722</b>	<b>1,166,125</b>	<b>6,228,007</b>
2011 Solar PV Program - 20 Stroud MWs		19,820		19,820
<b>2011 Base Revenue Amount (Eff. 9/26/11)</b>	<b>3,332,160</b>	<b>1,749,542</b>	<b>1,166,125</b>	<b>6,247,827</b>
2012 Attrition Adjustments	123,000	22,000	35,000	180,000
Pension:				
Reverse 2011 Pension	(70,651)	(35,078)	(34,696)	(140,425)
2012 Pension	89,114	44,246	43,764	177,124
Cornerstone:				
Reverse 2011 Cornerstone	(12,926)			(12,926)
2012 Cornerstone	32,537			32,537
Diablo Canyon Seismic Studies:				
Reverse 2011 Diablo Canyon Seismic Studies		(2,658)		(2,658)
2012 Diablo Canyon Seismic Studies		11,907		11,907
<b>2012 Base Revenue Amount (Eff. 1/1/12)</b>	<b>3,493,234</b>	<b>1,789,959</b>	<b>1,210,193</b>	<b>6,493,386</b>
2012 Solar PV Program - Cantua 20 MWs		18,300		18,300
<b>2012 Base Revenue Amount (Eff. 6/26/12)</b>	<b>3,493,234</b>	<b>1,808,259</b>	<b>1,210,193</b>	<b>6,511,686</b>
2012 Solar PV Program - Huron 20 MWs		18,300		18,300
<b>2012 Base Revenue Amount (Eff. 6/28/12)</b>	<b>3,493,234</b>	<b>1,826,559</b>	<b>1,210,193</b>	<b>6,529,986</b>
2012 Solar PV Program - Giffen 10 MWs		9,150		9,150
<b>2012 Base Revenue Amount (Eff. 7/2/12)</b>	<b>3,493,234</b>	<b>1,835,709</b>	<b>1,210,193</b>	<b>6,539,136</b>

**ATTACHMENT 1**

Rolling Revenue Requirements  
From 2011 GRC through 2013  
in thousands

	Electric Distribution	Electric Generation	Gas Distribution	Total
2011 Solar PV Program - Westside 15 MWs		(14,865)		(14,865)
2012 Solar PV Program - Westside 15 MWs		12,435		12,435
<b>2012 Base Revenue Amount (Eff. 8/31/12)</b>	<b>3,493,234</b>	<b>1,833,279</b>	<b>1,210,193</b>	<b>6,536,706</b>
2011 Solar PV Program - Five Points 15 MWs		(14,865)		(14,865)
2012 Solar PV Program - Five Points 15 MWs		12,435		12,435
<b>2012 Base Revenue Amount (Eff. 9/24/12)</b>	<b>3,493,234</b>	<b>1,830,849</b>	<b>1,210,193</b>	<b>6,534,276</b>
2011 Solar PV Program - 20 Stroud MWs		(19,820)		(19,820)
2012 Solar PV Program - 20 Stroud MWs		16,580		16,580
<b>2012 Base Revenue Amount (Eff. 9/26/12)</b>	<b>3,493,234</b>	<b>1,827,609</b>	<b>1,210,193</b>	<b>6,531,036</b>
9/16/10-12/31/12 Humboldt Cost Cap Incr		1,184		1,184
<b>2012 Base Revenue Amount (Eff. 9/26/12)</b>	<b>3,493,234</b>	<b>1,828,793</b>	<b>0</b>	<b>6,532,220</b>
2013 Attrition Adjustments	123,000	27,000	35,000	185,000
Pension:				
Reverse 2012 Pension	(89,114)	(44,246)	(43,764)	(177,124)
2013 Pension	108,448	53,845	53,259	215,552
2013 Pension COC RRQ Decreases	(1,155)	(573)	(568)	(2,296)
Cornerstone:				
Reverse 2012 Cornerstone	(32,537)			(32,537)
2013 Cornerstone	54,033			54,033
Diablo Canyon Seismic Studies:				
Reverse 2012 Diablo Canyon Seismic Studies		(11,907)		(11,907)
2013 GRC COC RRQ Decreases	(117,555)	(47,745)	(28,710)	(194,010)
Humboldt:				
Reverse 9/16/10-12/31/12 Humboldt Cost Cap Incr		(1,184)		(1,184)
2013 Humboldt Cost Cap Incr		1,525		1,525
2013 Humboldt COC RRQ Decrease		(96)		(96)
<b>2013 Base Revenue Amount (Eff. 1/1/13)</b>	<b>3,538,354</b>	<b>1,805,412</b>	<b>1,225,410</b>	<b>6,569,176</b>
2013 Solar PV Program - 10 West Gates MWs		8,800		8,800
<b>2013 Base Revenue Amount (Eff. 6/6/13)</b>	<b>3,538,354</b>	<b>1,814,212</b>	<b>1,225,410</b>	<b>6,577,976</b>
2013 Solar PV Program - 20 Gates MWs		17,600		17,600
<b>2013 Base Revenue Amount (Eff. 6/7/13)</b>	<b>3,538,354</b>	<b>1,831,812</b>	<b>1,225,410</b>	<b>6,595,576</b>
Smart Grid Pilot Deployment Plan Projects:				
Demand Forecasting - Generation		594		594
<b>2013 Base Revenue Amount (Eff. 6/21/13)</b>	<b>3,538,354</b>	<b>1,832,406</b>	<b>1,225,410</b>	<b>6,596,170</b>
2012 Solar PV Program - Cantua 20 MWs		(18,300)		(18,300)
2012 Solar PV Program - Cantua 20 MWs		15,500		15,500
<b>2013 Base Revenue Amount (Eff. 6/26/13)</b>	<b>3,538,354</b>	<b>1,829,606</b>	<b>1,225,410</b>	<b>6,593,370</b>

**ATTACHMENT 1**

Rolling Revenue Requirements  
From 2011 GRC through 2013  
in thousands

	Electric Distribution	Electric Generation	Gas Distribution	Total
2012 Solar PV Program - Huron 20 MWs		(18,300)		(18,300)
2012 Solar PV Program - Huron 20 MWs		15,500		15,500
<b>2013 Base Revenue Amount (Eff. 6/28/13)</b>	<b>3,538,354</b>	<b>1,826,806</b>	<b>1,225,410</b>	<b>6,590,570</b>
2012 Solar PV Program - Giffen 10 MWs		(9,150)		(9,150)
2012 Solar PV Program - Giffen 10 MWs		7,750		7,750
<b>2013 Base Revenue Amount (Eff. 7/2/13)</b>	<b>3,538,354</b>	<b>1,825,406</b>	<b>1,225,410</b>	<b>6,589,170</b>
2013 Solar PV Program - 20 Guernsey MWs		17,600		17,600
<b>2013 Base Revenue Amount (Eff. 7/31/13)</b>	<b>3,538,354</b>	<b>1,843,006</b>	<b>1,225,410</b>	<b>6,606,770</b>
2011 Solar PV Program - Westside 15 MWs		(12,435)		(12,435)
2011 Solar PV Program - Westside 15 MWs		11,655		11,655
<b>2013 Base Revenue Amount (Eff. 8/31/13)</b>	<b>3,538,354</b>	<b>1,842,226</b>	<b>1,225,410</b>	<b>6,605,990</b>
2011 Solar PV Program - Five Points 15 MWs		(12,435)		(12,435)
2011 Solar PV Program - Five Points 15 MWs		11,655		11,655
<b>2013 Base Revenue Amount (Eff. 9/24/13)</b>	<b>3,538,354</b>	<b>1,841,446</b>	<b>1,225,410</b>	<b>6,605,210</b>
2011 Solar PV Program - 20 Stroud MWs		(16,580)		(16,580)
2011 Solar PV Program - 20 Stroud MWs		15,540		15,540
<b>2013 Base Revenue Amount (Eff. 9/26/13)</b>	<b>3,538,354</b>	<b>1,840,406</b>	<b>1,225,410</b>	<b>6,604,170</b>

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

1st Light Energy	Douglass & Liddell	OnGrid Solar
AT&T	Downey & Brand	Pacific Gas and Electric Company
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	Praxair
Anderson & Poole	G. A. Krause & Assoc.	Regulatory & Cogeneration Service, Inc.
BART	GenOn Energy Inc.	SCD Energy Solutions
Barkovich & Yap, Inc.	GenOn Energy, Inc.	SCE
Bartle Wells Associates	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
Braun Blasing 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	
Division of Ratepayer Advocates	Occidental Energy Marketing, Inc.	