

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 9, 2013

Advice Letter 4307-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: Notice of FERC Rate Filing for Annual Updates to the
Transmission Revenue Balancing Account Adjustment,
the Reliability Services Rates and the End-Use Customer
Refund Balancing Account Adjustment**

Dear Mr. Cherry:

Advice Letter 4307-E is effective January 1, 2014.

Sincerely,

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

Edward F. Randolph, Director
Energy Division

October 31, 2013

Advice 4307-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Notice of Federal Energy Regulatory Commission Rate Filing for Annual Updates to the Transmission Revenue Balancing Account Adjustment, the Reliability Services Rates and the End-Use Customer Refund Balancing Account Adjustment

Purpose

Pacific Gas and Electric Company ("PG&E") hereby submits this advice letter to provide the California Public Utilities Commission ("Commission" or "CPUC") with notice of PG&E's recent filing with the Federal Energy Regulatory Commission ("FERC") requesting a transmission rate change for its retail electric customers, in compliance with Resolution E-3930 ("Resolution"). The purpose of PG&E's FERC filing is to request the annual update to the Transmission Revenue Balancing Account Adjustment ("TRBAA"), the Reliability Services ("RS") rates and the End-Use Customer Refund Balancing Account Adjustment ("ECRBAA") ("Balancing Account Update Filing"), for an effective date on or after January 1, 2014.

Background**TRBAA**

PG&E's Transmission Owner ("TO") Tariff specifies, among other things, the rates and charges for transmission access over the California Independent System Operator Corporation ("CAISO") grid. A component of these charges is the TRBAA, which is the ratemaking mechanism designed to ensure, among other things, that all Transmission Revenue Credits flow through to TO Tariff retail and wholesale transmission customers.

On October 11, 2013, PG&E proposed in its filing in FERC Docket No. ER14-81-000 to:

1. Revise the TO Tariff to reflect, for retail service rendered on and after January 1, 2014, PG&E's annual revision to the TRBAA based on the TO15 Transmission

Revenue Requirement ("TRR") (submitted in FERC Docket No. ER13-2022-000; and

2. Revise wholesale High Voltage and Low Voltage TRRs for use by the CAISO to calculate the CAISO Transmission Access Charge ("TAC") rates under the CAISO Tariff for the same time period described above.

The retail TRBAA rate revision is based on: (1) the Transmission Revenue Balancing Account ("TRBA") balance, including interest, consisting of the principal balance as of September 30, 2013 and the projected change for the remaining months of the year prior to commencement of the January billing cycle; (2) PG&E's 2014 TRBAA forecast, which is a forecast of Transmission Revenue Credits for the following calendar year; and (3) Franchise Fees and Uncollectible Accounts ("FF&U").

The total revenue requirement used in developing the new TRBAA rate consists of the balance in the TRBA, including interest, which is a credit to end-use customers of \$19,170,335; the forecast TRBAA amount, which is a credit of \$88,741,948; and the FF&U adjustment, which is a credit of \$1,164,374. The final 2014 retail TRBAA revenue requirement is a credit to end-use customers of \$109,076,656, as compared to the 2013 TRBAA revenue requirement, which was a credit of \$107,784,385. This results in a proposed 2014 TRBAA rate of (\$0.00125) per kWh, compared to the present rate of (\$0.00128) per kWh.

RS Rates

FERC Opinion No. 459 approved a September 21, 2001, partial settlement allowing recovery of PG&E's RS costs from Retail TO Tariff customers.

The RS Rate consists of three components: (1) the balance of the Reliability Services Balancing Account ("RSBA"), including interest, consisting of the principal balance as of September 30, 2013 and the projected change for the remaining months of the year prior to commencement of the January billing cycle; (2) the forecast RS costs for 2014; and (3) an adjustment for FF&U.

The total RS revenue requirement used in the development of the retail 2014 RS Rates is a charge to customers of \$24,520,529. This consists of the estimated balance of the RSBA as of December, 2013, a charge of \$13,990,922; plus the forecast RS costs for 2014 of \$10,267,855; plus the FF&U adjustment, a charge of \$261,752.

ECRBAA

The ECRBAA is a mechanism designed to refund over-collected transmission rate charges to PG&E's End-Use Customers. ECRBAA shall be a credit or charge equal to the refund or surcharge amount due to End-Use customers, including interest.

The ECRBAA consists of two components: (1) the balance of the End-Use Refund Balancing Account (“ECRBA”), including interest, consisting of the principal balance as of September 30, 2013 and the projected change for the remaining months of the year prior to commencement of the January billing cycle; and (2) the forecast of refunds, including interest, from the settlement of PG&E’s applicable TO Tariff rate case.

The balance of the ERCBA as of December 31, 2013 is a charge to End-Use Customers of \$47,637,598, consisting of a principal balance charge of \$51,825,150 and an interest credit of \$4,187,552.¹ Generally this balancing account provides a refund to End-Use customers, but in this instance the adjustment is a charge to customers, in part, because the forecast used to calculate the refund in the previous ECRBAA filing, submitted on October 9, 2012 in Docket No. ER13-46-000, did not take into account the change in the balance that occurred between October 2012 and January 1, 2013. This resulted in an over-refund to customers in 2013.

In order to promote rate stability, PG&E is proposing to set the ECRBA rate to zero, starting January 1, 2014 rather than base the new rate on the current balance, which would be a charge to customers. This avoids temporarily increasing customer rates in the ECRBA and then decreasing them once final rates are approved by FERC for the TO14 Rate Case in FERC Docket No. ER12-2701-000. The TO14 Rate Case is currently in confidential settlement discussions.

Compliance with Resolution E-3930

PG&E submits this advice letter pursuant to Process Element 3 of Resolution E-3930. Consistent with past practice, PG&E has also provided the Commission with a complete copy of the FERC filing on the same date that it was filed with FERC, by service to the Commission’s Legal Division.

In this advice letter, PG&E requests authority to revise each corresponding transmission rate component of its Commission-jurisdictional tariffs on the date which FERC ultimately authorizes these changes to become effective, or as soon thereafter as possible, subject to refund, and to make corresponding adjustments to its total applicable Commission jurisdictional rates, with exceptions only as described below for the residential tariffs.

As described under Process Elements 5 (related to AB 1X) and 6a (related to usage under 130% of baseline) of Resolution E-3930, California Senate Bill 695 (SB 695) constraints, codified by California Public Utilities Code (PUC) Sections 739.1 and 739.9, continue to apply to total rates for residential usage up to 130 percent of baseline (“Tiers

¹ A forecast of TO refunds is not applicable in the 2013 ECRBAA rate calculation.

1 and 2 usage”).² In addition, Decision (D.)11-05-047 on residential rate design in Phase 2 of PG&E’s 2011 General Rate Case, established Tier 3 rates for California Alternative Rates for Energy (CARE). The level of these CARE Tier 3 rates (applicable to CARE usage over 130 percent of baseline) is constrained by D.11-05-047, and is compliant with the constraints of SB 695.³

PG&E designs residential rates by adjusting residential Conservation Incentive Adjustment (CIA) rates proportionately so that total residential rates for all CARE and non-CARE usage up to 130 percent of baseline, and for CARE Tier 3 usage, comply with the constraints noted above. PG&E then sets non-CARE rates for usage in excess of 130 percent of baseline to ensure the revenue allocated to the residential class is fully collected, while maintaining the 4 cent differential between non-CARE Tier 3 and Tier 4 rates established by D.11-05-047.

As anticipated under Process Element 4 of Resolution E-3930, PG&E will supplement this advice or indicate in a separate advice letter that coincides with other retail rate changes when the requested TRBAA, RS, and ECRBAA rate changes are approved, modified, denied or have been otherwise acted upon by the FERC.

These FERC rate changes will generally affect the rates of all bundled, Direct Access, and Community Choice Aggregation customers. Typically, these FERC TRBAA, RS, and ECRBAA rate changes will be consolidated into PG&E’s Annual Electric True-Up (AET) supplement to its Advice 4096-E, scheduled to be filed in late December for an effective date of January 1, 2014. At that time, PG&E will also provide complete tariff sheets.

Protests

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

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

² SB 695 was enacted October 11, 2009, and modified the prior constraints on total rates for residential usage up to 130 percent of baseline imposed by California Assembly Bill 1X (2001) to instead allow annual price increases tied to the Consumer Price Index.

³ SB 695 limits CARE Tier 3 to no more than 80% of non-CARE Tier 3, less DWR bond, the CARE Surcharge, and California Solar Initiative.

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

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

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

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

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

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Rule 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, Rule 3.11).

Effective Date

PG&E requests that this Tier 2 advice filing become effective as soon as practicable after FERC authorizes these changes to become effective which PG&E expects on or after January 1, 2014. PG&E proposes to consolidate the electric rate changes resulting from the transmission rate change, to the extent practicable, with the first planned rate change after FERC authorizes PG&E's requests.

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. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov.

Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>

Brian Cherry /IG

Vice President – Regulatory Relations

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: Igor Grinberg

Phone #: (415) 973-8580

E-mail: ixg8@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) #: **4307-E**

Tier: **2**

Subject of AL: **Notice of Federal Energy Regulatory Commission Rate Filing for Annual Updates to the Transmission Revenue Balancing Account Adjustment, the Reliability Services Rates and the End-Use Customer Refund Balancing Account Adjustment**

Keywords (choose from CPUC listing): Compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **Resolution E-3930**

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

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

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

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

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

Resolution Required? Yes No

Requested effective date: **Upon Approval**

No. of tariff sheets: N/A

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

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

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

Tariff schedules affected: N/A

Service affected and changes proposed: N/A

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

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

California Public Utilities Commission

Energy Division

EDTariffUnit

505 Van Ness Ave., 4th Flr.

San Francisco, CA 94102

E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian Cherry

Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

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

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