

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 9, 2014

Advice Letters 4399-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 2014 Revenue Requirements for the Hercules Municipal Utility Assets

Dear Mr. Cherry:

Advice Letters 4399-E is effective April 10, 2014.

Sincerely,

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

Edward F. Randolph, Director
Energy Division



April 22, 2014

Advice 4399-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Update to PG&E's 2014 Revenue Requirements for the Hercules
Municipal Utility Assets**

Purpose

Pacific Gas and Electric Company ("PG&E" or "the Company") submits this Tier 1 advice letter to update its electric distribution base revenue requirements associated with the net book value of the Hercules Municipal Utility (HMU) assets effective April 10, 2014.

Background

On January 16, 2014, the California Public Utilities Commission (CPUC or Commission) issued a Phase 1 Decision (D.) 14-01-009 approving the Asset Purchase Agreement (APA) between PG&E and the City of Hercules, dated May 13, 2013 (Application (A.) 13-07-001). In that Decision, the Commission authorized PG&E to recover through the Distribution Revenue Adjustment Mechanism (DRAM) account the revenue requirements that reflect the book value of \$7.4 million for the HMU assets beginning on the effective date of the transaction close date¹, which occurred on April 10, 2014.

In compliance with D.14-01-009, effective April 10, 2014, PG&E is recording the authorized revenue requirements to the DRAM.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than May 12, 2014, which is 20 days after the date of this filing. Protests must be submitted to:

¹ Conclusions of Law 14 and Ordering Paragraphs 1 and 3.

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:

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

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

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

PG&E submits this advice letter as a Tier 1 filing. PG&E requests that this advice letter become effective on **April 10, 2014**.

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.13-07-001. Address changes to the General Order 96-B service list and all electronic approvals should be directed to 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. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs/>.

Handwritten signature of Brian Cherry / IG in cursive script.

Vice President – Regulatory Relations

cc: Service List A.13-07-001

Attachment

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) #: **4399-E**

Tier: **1**

Subject of AL: **Update to PG&E's 2014 Revenue Requirements for the Hercules Municipal Utility Assets**

Keywords (choose from CPUC listing): Balancing Account

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

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

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

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

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: N/A

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: **April 10, 2014**

No. of tariff sheets: N/A

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

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

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

Tariff schedules affected: N/A

Service affected and changes proposed: N/A

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

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

CPUC, Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102
E-mail: EDTariffUnit@cpuc.ca.gov

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

ATTACHMENT 1

Rolling Revenue Requirements From 2011 GRC through 2014 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
2011 Base Revenue Amount (Eff. 1/1/11)	3,243,733	1,656,203	1,131,429	6,031,365
2011 Taxes on Retired Meters Revenue	4,850			4,850
2011 Pension	70,751	34,754	35,009	140,514
2011 Pension Adjustment	(100)	324	(313)	(89)
2011 Cornerstone	12,926			12,926
2011 Diablo Canyon Seismic Studies		2,658		2,658
2011 Base Revenue Amount (Eff. 1/1/11)	3,332,160	1,693,939	1,166,125	6,192,224
2011 Colusa Performance Incentive Payment		376		376
2011 Base Revenue Amount (Eff. 2/8/11)	3,332,160	1,694,315	1,166,125	6,192,600
2011 Fuel Cell Project - All 3 Units		5,677		5,677
2011 Base Revenue Amount (Eff. 8/17/11)	3,332,160	1,699,992	1,166,125	6,198,277
2011 Solar PV Program - Westside 15 MWs		14,865		14,865
2011 Base Revenue Amount (Eff. 8/31/11)	3,332,160	1,714,857	1,166,125	6,213,142
2011 Solar PV Program - Five Points 15 MWs		14,865		14,865
2011 Base Revenue Amount (Eff. 9/24/11)	3,332,160	1,729,722	1,166,125	6,228,007
2011 Solar PV Program - 20 Stroud MWs		19,820		19,820
2011 Base Revenue Amount (Eff. 9/26/11)	3,332,160	1,749,542	1,166,125	6,247,827
2012 Attrition Adjustments	123,000	22,000	35,000	180,000
Pension:				
Reverse 2011 Pension	(70,651)	(35,078)	(34,696)	(140,425)
2012 Pension	89,114	44,246	43,764	177,124
Cornerstone:				
Reverse 2011 Cornerstone	(12,926)			(12,926)
2012 Cornerstone	32,537			32,537
Diablo Canyon Seismic Studies:				
Reverse 2011 Diablo Canyon Seismic Studies		(2,658)		(2,658)
2012 Diablo Canyon Seismic Studies		11,907		11,907
2012 Base Revenue Amount (Eff. 1/1/12)	3,493,234	1,789,959	1,210,193	6,493,386
2012 Solar PV Program - Cantua 20 MWs		18,300		18,300
2012 Base Revenue Amount (Eff. 6/26/12)	3,493,234	1,808,259	1,210,193	6,511,686

ATTACHMENT 1

Rolling Revenue Requirements From 2011 GRC through 2014 in thousands

	Electric Distribution	Electric Generation	Gas Distribution	Total
2012 Solar PV Program - Huron 20 MWs		18,300		18,300
2012 Base Revenue Amount (Eff. 6/28/12)	3,493,234	1,826,559	1,210,193	6,529,986
2012 Solar PV Program - Giffen 10 MWs		9,150		9,150
2012 Base Revenue Amount (Eff. 7/2/12)	3,493,234	1,835,709	1,210,193	6,539,136
2011 Solar PV Program - Westside 15 MWs		(14,865)		(14,865)
2012 Solar PV Program - Westside 15 MWs		12,435		12,435
2012 Base Revenue Amount (Eff. 8/31/12)	3,493,234	1,833,279	1,210,193	6,536,706
2011 Solar PV Program - Five Points 15 MWs		(14,865)		(14,865)
2012 Solar PV Program - Five Points 15 MWs		12,435		12,435
2012 Base Revenue Amount (Eff. 9/24/12)	3,493,234	1,830,849	1,210,193	6,534,276
2011 Solar PV Program - 20 Stroud MWs		(19,820)		(19,820)
2012 Solar PV Program - 20 Stroud MWs		16,580		16,580
2012 Base Revenue Amount (Eff. 9/26/12)	3,493,234	1,827,609	1,210,193	6,531,036
9/16/10-12/31/12 Humboldt Cost Cap Incr		1,184		1,184
2012 Base Revenue Amount (Eff. 9/26/12)	3,493,234	1,828,793	0	1,210,193
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)
2013 Base Revenue Amount (Eff. 1/1/13)	3,538,354	1,805,412	1,225,410	6,569,176
2013 Solar PV Program - 10 West Gates MWs		8,800		8,800
2013 Base Revenue Amount (Eff. 6/6/13)	3,538,354	1,814,212	1,225,410	6,577,976
2013 Solar PV Program - 20 Gates MWs		17,600		17,600

ATTACHMENT 1

Rolling Revenue Requirements From 2011 GRC through 2014 in thousands

	Electric Distribution	Electric Generation	Gas Distribution	Total
2013 Base Revenue Amount (Eff. 6/7/13)	3,538,354	1,831,812	1,225,410	6,595,576
Smart Grid Pilot Deployment Plan Project		594		594
2013 Base Revenue Amount (Eff. 6/21/13)	3,538,354	1,832,406	1,225,410	6,596,170
2012 Solar PV Program - Cantua 20 MWs		(18,300)		(18,300)
2012 Solar PV Program - Cantua 20 MWs		15,500		15,500
2013 Base Revenue Amount (Eff. 6/26/13)	3,538,354	1,829,606	1,225,410	6,593,370
2012 Solar PV Program - Huron 20 MWs		(18,300)		(18,300)
2012 Solar PV Program - Huron 20 MWs		15,500		15,500
2013 Base Revenue Amount (Eff. 6/28/13)	3,538,354	1,826,806	1,225,410	6,590,570
2012 Solar PV Program - Giffen 10 MWs		(9,150)		(9,150)
2012 Solar PV Program - Giffen 10 MWs		7,750		7,750
2013 Base Revenue Amount (Eff. 7/2/13)	3,538,354	1,825,406	1,225,410	6,589,170
2013 Solar PV Program - 20 Guernsey MWs		17,600		17,600
2013 Base Revenue Amount (Eff. 7/31/13)	3,538,354	1,843,006	1,225,410	6,606,770
2011 Solar PV Program - Westside 15 MWs		(12,435)		(12,435)
2011 Solar PV Program - Westside 15 MWs		11,655		11,655
2013 Base Revenue Amount (Eff. 8/31/13)	3,538,354	1,842,226	1,225,410	6,605,990
2011 Solar PV Program - Five Points 15 MWs		(12,435)		(12,435)
2011 Solar PV Program - Five Points 15 MWs		11,655		11,655
2013 Base Revenue Amount (Eff. 9/24/13)	3,538,354	1,841,446	1,225,410	6,605,210
2011 Solar PV Program - 20 Stroud MWs		(16,580)		(16,580)
2011 Solar PV Program - 20 Stroud MWs		15,540		15,540
2013 Base Revenue Amount (Eff. 9/26/13)	3,538,354	1,840,406	1,225,410	6,604,170
Pension:				
Reverse 2013 Pension	(107,293)	(53,272)	(52,691)	(213,256)
2014 Pension	85,684	48,362	46,015	180,061
Smart Grid Pilot Deployment Plan Projects:				
Reverse 2013 Smart Grid Pilot Deployment Project		(594)		(594)
2014 Smart Grid Pilot Deployment Projects	577	492		1,069
2014 Base Revenue Amount (Eff. 1/1/14)	3,517,322	1,835,394	1,218,734	6,571,450
Hercules Municipal Utility Assets - NBV***	1,131			1,131
2014 Base Revenue Amount (Eff. 4/10/14)	3,518,453	1,835,394	1,218,734	6,572,581

**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 County Integrated Waste Management Task Force	Sun Light & Power
City of Palo Alto	Los Angeles Dept of Water & Power	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	