



**2014 GRC  
RO Model Improvement Project**

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DRA/PG&E Meeting

December 13, 2011

- RO Model Development Schedule
- A&G RO Model Enhancements
- Department Model Progress
- AFUDC Changes



- DRA/PG&E Model Meetings Held To Date
  - June 7<sup>th</sup>, July 7<sup>th</sup>, and October 11<sup>th</sup>
- 2014 GRC RO model for DRA Review – December 30, 2011
  - Six months prior to NOI
- DRA RO Feedback – March 1, 2012
  - Two months after PG&E RO Model submittal
- NOI Filed – July 2, 2012

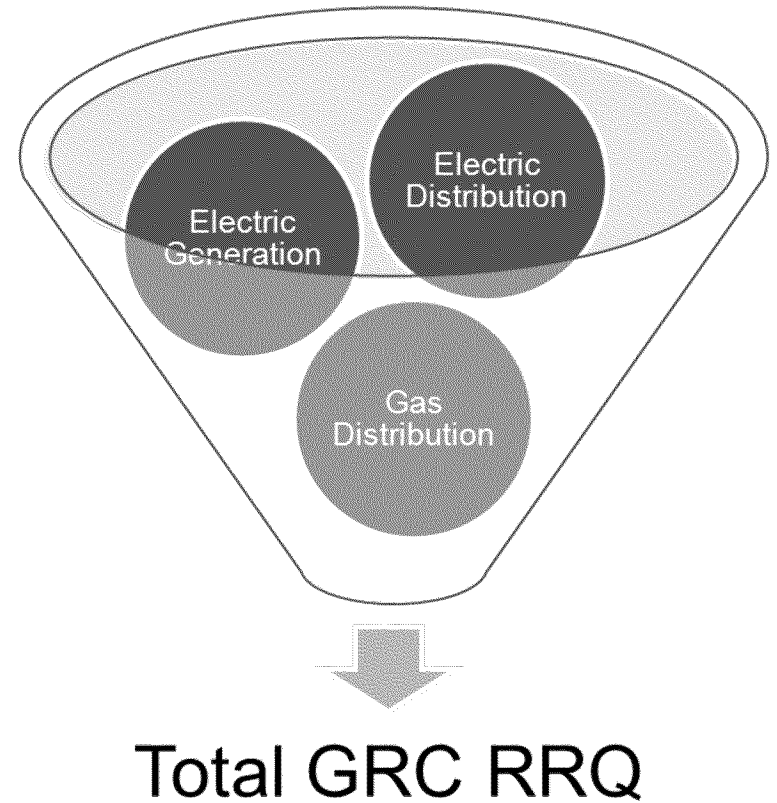
- Enhancement of User Input Interface

- Consistent with the O&M RO Input Model

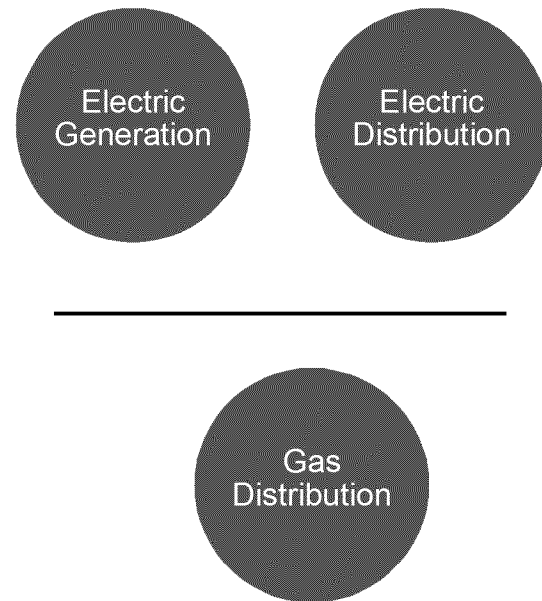
- Displaying costs by Exhibit/Chapter
- Forecast recommendation input in Nominal \$
- Simplified Input tabs

} Consistent with  
Testimony and  
Workpaper

- One iterative model computing departmental RRQs instead of a separate gas and electric model
- Direct linkage to data processing modules
  - By-pass mnemonic ids
- Unbundled Cost Category (UCC) change capability still available



- Electric and gas specific factor development
  - Different FF&U factors
  
- UCC sub-categories required for electric generation
  - Different escalation rates for hydro, fossil and nuclear



- Global adjustment capability remains in place as agreed
  - Cost of capital parameter changes remain in one location
  
- Linkage established to an AFUDC factor table based on project duration intervals:

<b>Capital Instruction</b>	
<u>Project Duration (6 Month Periods)</u>	<u>AFUDC Application Factor</u>
01-06 months	0.79%
07-12 months	2.98%
13-18 months	5.24%
19-24 months	7.58%
25-30 months	9.98%

- AFUDC factor table will change anytime the cost of capital parameters change (dynamic linkage)