From: [Redacted]

Sent: 2/17/2012 3:53:31 PM

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Bcc:

Subject: PG&E GRC - Response to Rule 20 B/C modelling and OOR changes

Greg and Jean,

Rule 20 B and C Cost Recovery

The Rule 20 B/C costs are included in the PG&E RO as part of "work at the request of others" (WRO) cost forecast. In the 2011 PG&E GRC, the rule 20 B/C costs were forecasted and discussed by the Exhibit 3, Chapter 6 witness. The WRO MWC's are 10 and 51 for capital and EW for expense. The WRO capital forecast is input to the RO net of revenue credits. So Rule 20 B/C capital in the RO is the portion assigned to the distribution customer for recovery by PG&E. The WRO expense forecast input to the PG&E RO is gross so it includes all cost but the associated revenues are broken out for input as "other operating revenues". The capital, gross expense, and other operating revenues are shown in Table 6-1 and 6-2. You can also pull up the same information from the model by filtering on the Exhibit 3, Chapter 6 in the capital and expense modules. You won't see specific amounts for 20 B/C since the witness is providing those costs as part of WRO. However, my understanding from the witness is that we provide an annual report to the commission each year that shows Rule 20 B/C costs and credits.

OOR Change Resulting From Cost Change

OOR's will change due to electric business area cost changes because the FERC jurisdictional wholesale revenues are forecasted based on proposed revenues. So when revenues change the wholesale revenues change. This is shown in the revenues tab of the RO model (line 10) for

electric. The other types of OOR's will remain constant.

Hopefully that is enough information but if you have any further questions please feel free to contact us.

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