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PACIFIC GAS AND ELECTRIC COMPANY

ECONOMIC DEVELOPMENT RATE FOR 2013-2017

PREPARED TESTIMONY

PACIFIC GAS AND ELECTRIC COMPANY
ECONOMIC DEVELOPMENT RATE FOR 2013-2017

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INTRODUCTION AND POLICY

A. Introduction

In this application, Pacific Gas and Electric Company (PG&E) requests authority from the California Public Utilities Commission (CPUC or Commission) to establish an Economic Development Rate (EDR) that is specifically tailored to address varying economic conditions in the Company's service area. PG&E's current EDR, Schedule ED, is set to close to new customers at the end of 2012. PG&E is submitting the current proposal as a replacement for Schedule ED.

PG&E's EDR proposal is designed to enhance California's competitiveness as a business location for companies to create or retain jobs for California residents. PG&E's EDR proposal will help local, regional and state economic development partners to retain their economic base and compete with other states in attracting or retaining qualifying businesses; increase the Company's flexibility to support the needs of California communities and respond to local economic conditions; and thereby provide more certainty for all PG&E's customers.

The purpose of this chapter is to provide the regulatory background and economic conditions leading up to this application, and to introduce the overall objectives and time-sensitivity of PG&E's EDR proposal.

B. Regulatory Background

In 2004, Southern California Edison Company (SCE) and PG&E filed Applications 04-04-008 and 04-06-018, respectively for the adoption of EDRs. The Commission consolidated the two applications and, at the request of the presiding Administrative Law Judge, SCE and PG&E submitted a joint proposal for an EDR, compromising on various aspects of their independent proposals. The Commission adopted this joint proposal, with certain amendments, in Decision 05-09-018. The adopted rate included an enrollment cap of 100 megawatts, a sunset date of December 31, 2009 (i.e., no new contracts were to be executed after this date) and a 5-year declining discount schedule of 25-20-15-10-5 percent. In order to be eligible for the EDR, the customer must sign an affidavit attesting to the fact that "but for" this incentive rate, either on its own or in combination with a package of incentives made available to the customer from other sources, the customer would not have: (1) located operations or added load within the state of California; or (2) retained load within the state of California.

In Decision 05-09-018, the Commission also established a price floor below which any EDR customer's revenues could not fall. Subsequently, the Commission revised this price floor through a series of decisions.[1] Beginning in 2007, the price floor consisted of distribution marginal cost, generation marginal cost, transmission revenue, public purpose program charges, nuclear decommissioning charges, Department of Water Resources Bond charges and Competition Transition Charges.[2]

In late 2009, SCE and PG&E filed Applications 09-10-012 and 09-11-010, respectively to extend the EDRs, which were then set to close for new applicants at the end of 2009. In December 2009, the Commission's Executive Director extended SCE's and PG&E's EDRs so as not to expire on December 31, 2009, pending final decisions on Applications 09-10-012 and 09-11-010.[3]

In late April 2010, SCE, PG&E, the Division of Ratepayer Advocates, The Utility Reform Network and the Energy Users Forum executed a settlement agreement that these parties filed with the Commission on May 3, 2010. In Decision 10-06-015, the CPUC adopted the settlement agreement which, for each utility, extended the sunset date to December 31, 2012 and revised the incentive (for new contracts) from the 25-20-15-10-5 percent schedule to a maximum 12 percent per year for five years.

C. Economic Conditions in California Justify PG&E's EDR Proposal

In Decision 05-09-018, the Commission found that: (1) electricity is a major cost of doing business in California;[4] (2) the EDR program lowers rates for all

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[1] See Decisions 05-09-018, 06-05-042, 07-09-016, and 07-11-052.

[2] See Decision 07-09-016, as modified by Decision 07-11-052. Note that the Energy Cost Recovery Adjustment is also assumed to be included in the floor price.

[3] The Executive Director provided these extensions by letter dated December 9, 2009 (for PG&E) and December 23, 2009 (for SCE).

[4] D.05-09-018, p. 10.

ratepayers by increasing or retaining revenues that contribute to utilities' fixed costs;[5] and (3) the EDR program provides indirect benefits to ratepayers by increasing local employment opportunities and economic vitality.[6] The Commission reiterated these findings in Decision 10-06-015.

1. Economic Conditions in California Have Not Substantially Improved Since Decision 10-06-015 Was Adopted

California continues to suffer from extremely high unemployment. Since the onset of the Great Recession in December 2007, California has lost 1.1 million jobs, or about 7 percent of its employment base. Manufacturers have been even harder hit, losing approximately 248,000 jobs out of a total of 1,459,000, meaning that 17 percent of all manufacturing jobs in the state have disappeared in the last four years.

The recession hit California hardest. The Small Business and Entrepreneurship Council found that from 2007 through 2009 "the Golden State was anything but golden, ranking among the worst states in eight [employment] categories. And given the size of the state and how badly its economy performed, California ranked dead last in changes in employment, total establishments, establishments with fewer than 100 workers, establishments between 100 and 499 employees, and establishments with 500 or more workers."[7]

But the recession only exacerbated what has been a longer-term trend in California employment. Since January 2001, employment has been on a consistent and persistent downward trend. In fact, there are over one-half million fewer jobs now than there were at the start of the new millennium, even as California's population has continued to rise over the last decade.

The decline in manufacturing has been even worse. There are over 36 percent, or 700,000, fewer high-wage manufacturing jobs in California now than there were in 2001, double the rate of decline for the United States

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[5] *Id.*, p. 13.

[6] *Id.*, p. 14.

[7] Small Business and Entrepreneurship Council, *Surviving the Recession, Business Establishments and Jobs State by State*, October 2011, p. 14.

(U.S.) as a whole. California has been hemorrhaging manufacturing jobs, while other states (and countries) have benefitted as a result of California's struggles. As the Milken Institute has recently pointed out:

> Our research shows that manufacturing—both traditional and high-tech—still drives California's economy in many ways, but the state is losing ground to other states and nations because of its regulatory climate, tax burden, and reputation as a difficult and costly place to do business.
>
> California has been progressively losing more of its manufacturing employment, particularly high-value-added manufacturing to other states such as Oregon, Texas, Minnesota, and Washington. To analyze California's comparative manufacturing competitiveness, case studies using data from 2000 through 2007 were conducted on California and seven other "peer manufacturing" states. Together, these seven states were home to 2.7 million manufacturing jobs compared with California's 1.5 million manufacturing jobs in 2007. The peer states added more than 62,000 manufacturing jobs since 2003, while California lost 79,000 manufacturing jobs during the same period.[8]

Job loss from business relocation and expansion of California companies in other states is being driven by the costs associated with the state's regulatory climate and tax burden. Development Counsellors International's (DCI) recent survey of 322 executives of major corporations with direct site selection responsibility and location consultants placed California as the state with the worst business climate in the country. DCI concluded from the executives' write-in responses that "California was cited for having *high taxes* by 40% of respondents, while 36% mentioned *too much regulation*, 23% said *high cost* and 17% said *anti-business climate*."[9]

California as well as the U.S. as a whole has not recovered from the recession that began at the end of 2007 and still faces tremendous economic challenges. Job losses have far outpaced job creation, which means the competition among states to attract and retain businesses and jobs will remain intense. Over 1.1 million jobs have been lost in California

[8] Milken Institute, *Manufacturing 2.0, a More Prosperous California*, June 2009, pp. 6-7.

[9] Development Counsellors International, *Winning Strategies in Economic Development Marketing, a View From Corporate America*, September 2011, p. 24.

since December 2007, when the recession first began.[10] In December 2011, California's unemployment rate was over 11 percent compared to a U.S. unemployment rate of 8.5 percent overall. Indeed, California has the dubious distinction of having the second-highest unemployment in the country, second only to Nevada's 12.6 percent.[11]

The steep job losses of the worst recession in decades appear to have ended in September 2009, and non-farm employment has been expanding slowly since. Unemployment has begun to trend downward from its record heights in recent months. California gained 116,000 non-farm jobs over the first seven months of 2011, an average gain of 16,600 jobs per month. While a positive development, it does not match much less reverse the average losses of 64,900 and 44,700 jobs per month in 2009 and 2008, respectively. Thus, even though California's employment situation has improved in recent months, unemployment remains high as the economy has recovered only a fraction of the jobs that were lost during the recession.[12]

2. The High Cost of Doing Business in California Is Having a Negative Impact on the State's Ability to Attract and Keep High-Paying Manufacturing Jobs

The evidence shows that California is losing the battle for new business investment. A recent survey of 400 companies conducted by the California Manufacturers and Technology Association (CMTA) revealed that 84 percent said they would not consider locating a new business in California if they were not already in the state and 72 percent said they did not have formal plans to grow in the state by more than 10 percent in the

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[10] *Determination of the Dec. 2007 Peak in Econ. Activity*, Nat'l Bureau of Econ. Research, December 11, 2008, available at: http://www.nber.org/dec2008.html.

[11] U.S. Dept. of Labor, Bureau of Labor Statistics, Regional and State Employment and Unemployment Summary, January 24, 2012, available at: http://www.bls.gov/news.release/laus.nr0.htm.

[12] California Employment Development Department, *A Labor Day Briefing for California*, September 2011, p. 1.

next five years.[13] The state is dead last in new manufacturing investment. From 2007 through 2010, according to CMTA, 10,763 industrial facilities were built or expanded across the country—but only 176 of those were in California. With 11.7 percent of the nation's manufacturing workforce, California managed to attract only 1.6 percent of the new or expanded facilities.

California's perceived disadvantages as a business location have predictably led to ongoing active recruitment of California businesses by other lower-cost western and Midwestern states. Recently the Governor of Colorado visited California looking to strengthen ties with California businesses that have existing operations in Colorado and encourage them to look to Colorado when expanding.[14] Oregon has two initiatives aimed at luring California businesses north.[15][16] The city of Austin, Texas hired a California-based consultant to recruit California companies.[17] The Greater Phoenix Economic Council touted that 30 percent of the companies it has attracted have come from California.[18] Even the Governor of Iowa has been on the prowl in Silicon Valley.[19]

3. Energy Costs Are a Key Factor in Where Some Businesses Decide to Locate

Recent surveys indicated that energy cost is a key factor that businesses consider when deciding to relocate. This is particularly true for mid- to large-scale manufacturing operations that serve regional or national

[13] California Manufacturers and Technology Association, *California Regulatory and Competitiveness Survey Shows We Need to Get Smarter*, press release, April 8, 2011.

[14] *Hickenlooper, Hancock Head to California*, Denver Business Journal, November 29, 2011.

[15] *Oregon Looks to Recruit California Companies*, Portland Business Journal, November 9, 2011.

[16] *Watch Out, California!* Portland Business Journal, December 13, 2009.

[17] *Chamber Bolsters its California Recruiting Efforts*, Austin American-Statesman, December 16, 2010.

[18] *GPEC Finishes Year Landing 31 Businesses, 7,000 Jobs*, Phoenix Business Journal, July 19, 2011.

[19] *Iowa Governor Pitches Silicon Prairie*, San Jose Business Journal, December 7, 2011.

markets, as these firms typically explore multi-state location options and weigh all available cost drivers for each location.

Area Development Magazine annually surveys corporate executives and site location consultants to identify and rank relevant site selection factors they take into account when making a facility location decision. In the 2010 survey among the corporate respondents, “Energy Availability and Costs” ranked as the ninth most important factor (with an importance rating of 82.1 percent) out of 26 site selection factors. Among professional site location consultants it was rated much higher, in fifth place with a 91.5 percent importance rating. As the Chief Financial Officer of Rubicon Technology, a manufacturer of high-quality monocrystalline sapphire products, noted, “When selecting a site for a new facility, the price of energy as well as infrastructure costs are key components of our decision-making process. The ability to have access to low-cost energy, as well as the ability to be flexible and manage these costs, has never been more important to maintain our competitive advantage.”[20]

As energy costs are an important site selection factor, PG&E is at a competitive disadvantage with utilities serving states with which California routinely competes for business facilities. Table 1-1 below shows the average price in August 2011 charged by PG&E and its major out-of-state competing utilities for the large-load industrial sector, PG&E being the most expensive.[21]

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[20] *25th Annual Corporate Survey and 7th Annual Consultants Survey*, Area Development Magazine, Winter 2011.

[21] US Energy Information Administration, *Form EIA-826 Data Monthly Electric Utility Sales and Revenue Data*, August 2011.

TABLE 1-1
PACIFIC GAS AND ELECTRIC COMPANY
AND COMPETING OUT-OF-STATE UTILITIES
AVERAGE REVENUE PER KWH – INDUSTRIAL SECTOR

Line No.	Utility	State	Average ¢ per kWh
1	PG&E	CA	13.6
2	Nevada Power	NV	11.0
3	Arizona Public Service	AZ	8.4
4	Sierra Pacific	NV	8.3
5	Portland GE	OR	6.4
6	City of San Antonio	TX	6.9
7	Public Service of New Mexico	NM	6.8
8	Avista	WA	6.1
9	Pacific Power	OR	6.1
10	City of Seattle	WA	5.8
11	Entergy	TX	6.1
12	Idaho Power	ID	5.3
13	Rocky Mountain Power	UT	5.2
14	City of Tacoma	WA	4.9

Source: US Energy Information Administration, Form EIA-826, "Monthly Electric Utility Sales and Revenue Report with State Distribution," August 2011.

Unprecedented energy costs were recently added to the list of the "Top Ten Reasons Why California Companies are Calling the Moving Van" by Joseph Vranich, The Business Relocation Coach, as companies try to meet competition based in other states and in foreign nations.[22]

Given all of the foregoing, it is no surprise that the push of higher costs plus the pull of active recruitment has resulted in increasing relocation of California businesses to other states. Vranich, whose business is to assist company site selection, documents 129 such "California disinvestment events," companies moving all or part of their operations to other states, during the first half of 2011. This rate, about 5.4 per week, has accelerated from 3.9 events per week in 2010 and 1 per week in 2009.

Companies leaving or expanding out of state range from Intel's new $3 billion manufacturing facility in Oregon to Sony's relocation of its Fresno distribution center operations to other U.S. distribution sites. Vranich lists

[22] Joseph Vranich, Why do Companies Leave California? Here Are Ten Reasons (Updated), Revised April 2011, available at: http://thebusinessrelocationcoach.blogspot.com.

the top five destinations for these companies as Texas, Arizona, Colorado, and Nevada and Utah (tied) and Virginia and North Carolina (tied).

4. The Unemployment Rate in Specific "High Unemployment" Areas Within California Is Among the Worst in the Country

A persistent high unemployment rate, while undesirable in and of itself, can also be an indicator of underlying structural weakness in a local economy. The counties that currently are registering unemployment rates in excess of 125 percent of the state average also have averaged similar high unemployment rates since 2000.[23] In addition, the high unemployment rates are forecast to persist through at least 2014 as population growth outpaces job creation.[24]

High unemployment can result in greater competition for existing jobs and lead to lower overall wages. As a result, counties with high unemployment are also characterized by lower personal income and higher poverty rates, as well as lower levels of educational attainment, than the state as a whole. Ultimately these workforce characteristics can conspire to limit interest of new businesses in locating, or of existing businesses expanding, in the area, giving these counties a disadvantage in competing for new business.

In the PG&E service area, counties with high unemployment tend to be concentrated in the Sacramento and San Joaquin valleys, from Shasta to Kern. Indeed, Dow Jones' MarketWatch 2011 Best Cities for Business survey which ranks the strength of the business environment in the top 102 metro areas over 500,000 population placed three Central Valley cities—Stockton, Fresno and Bakersfield—in the bottom ten *nationwide*. For example, MarketWatch reports that Fresno "has no Fortune 500, S&P 500 nor Forbes private firms, and is the largest city in the U.S. without a Russell 2000 company. While Stockton currently has the worst jobless rate, Fresno is at the bottom of the barrel for long-term unemployment. It hit

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[23] State of California Employment Development Dept., Labor Force Data Search Tool, *Annual Unemployment Rate by County 2000-2010.*

[24] University of the Pacific Eberhardt School of Business, *California and Metro Forecast*, January 2011, pp. 8-9.

18.6 percent in February 2010 and has averaged more than 12 percent over the last two decades."[25]

PG&E's veteran account representatives, who have worked closely with numerous types of businesses in the San Joaquin Valley, have seen substantial change in business makeup in these higher unemployment areas. With a large pool of potential employees, strategic location and affordable housing in a state that's one of the largest markets in the world, it seems that companies would be clamoring to locate in these areas. But the reality is that they also share California's unfavorable tax and regulatory environment when compared to other states. Businesses need additional motivation to locate and stay. This EDR would help provide that.

D. PG&E's EDR Proposal Should Be Approved Promptly to Help Alleviate the Dire Economic Situation in California

As discussed further in Chapter 2 of this testimony, PG&E proposes to incorporate the current Standard EDR Option of 12 percent off an eligible customer's otherwise applicable tariff rate (excluding taxes) for five years into PG&E's new EDR proposal. This Standard EDR Option will continue to be available only to customers or potential customers with credible out-of-state location options or who would otherwise cease operations.

But in order to address the particular needs of attracting and retaining companies and jobs in severely impacted areas of the service territory, PG&E proposes to create an Enhanced EDR Option in counties where the annual unemployment rate for the previous calendar year was at least 125 percent of the state annual average. The Enhanced EDR Option will provide a 5-year, 35 percent reduction of an eligible customer's otherwise applicable tariff (excluding taxes). Areas where the unemployment rates are at such an acute level are particularly challenged when it comes to attracting and/or retaining employers, particularly those that have lower-cost, out-of-state location alternatives and are the target for economic development rates such as the one proposed here. The Enhanced EDR Option will help these areas compensate for their disadvantages and make it somewhat easier for them to compete for

[25] MarketWatch, December 13, 2011, http://www.marketwatch.com/story/california-florida-ohio-cities-in-bottom-10-2011-12-13.

business locations. In addition, PG&E's new EDR proposal will be easier for customers to understand and for the Company to administer than the current Schedule ED by eliminating the floor price provision and state certification requirements.

Pursuant to Decision 10-06-015, Schedule ED will close to new customers on December 31, 2012. As discussed above, the economic situation in California is dire and is not anticipated to improve significantly in the near future. Therefore, the Commission should take timely action to approve PG&E's EDR proposal before the expiration of Schedule ED or as soon as possible thereafter.

E. Conclusion

The tale of the California economy is actually a story of two economies—the coastal counties where high tech, tourism and trade are starting to rebound from the recession; and the more inland counties where the recovery is proceeding more slowly. While the coastal areas such as the San Francisco Bay Area generally have unemployment rates below the state level, many counties (primarily concentrated in the Sacramento and San Joaquin Valleys) are experiencing persistent unemployment rates much higher than the state average. According to a recent UCLA Anderson Forecast, inland California's economy is falling further behind the rest of the state and faces at least six more years before it fully recovers from the recession, dragging down overall state growth.[26]

PG&E is aware that there are parts of the state where economic problems persist. Indeed, both parts of the "two Californias" are within the PG&E service area. PG&E feels that action is needed to address the problems faced by both Californias. Therefore, the Standard EDR Option should be re-authorized and the Enhanced EDR Option approved, giving a competitive boost to the entire PG&E service area.

Given the challenges facing California's economy, the need for economic development is even greater today than it was when PG&E's current EDR was last extended. A new EDR can be a key component in the state's economic

[26] "UCLA Forecast Sees Slow Recovery for Inland California," Sacramento Bee, September 30, 2011.

revival. PG&E's EDR proposal is tailored to meet local conditions, either on its own or as part of a total package of incentives, and can spur business investment and job creation across PG&E's service territory.

PACIFIC GAS AND ELECTRIC COMPANY

CHAPTER 2

PROPOSED STRUCTURE OF PG&E'S ECONOMIC DEVELOPMENT RATE

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A. Introduction

The purpose of this chapter is to describe the proposed structure of Pacific Gas and Electric Company's (PG&E) new Economic Development Rate (EDR). As described more fully below, PG&E proposes to extend the current Standard EDR Option, which consists of a 12 percent reduction in the customer's otherwise applicable tariff (OAT) rate (excluding taxes) for five years for those customers or potential customers for which an out-of-state location is a credible option under active consideration, or would otherwise close. In addition, PG&E proposes an Enhanced EDR Option consisting of a 35 percent reduction for five years, which will be available to those customers who decide to locate or remain in PG&E-served counties with unemployment rates of at least 125 percent of the state average.

The EDR is targeted at major commercial and industrial customers who are adding or retaining at least 200 kilowatts (kW) of demand. To qualify, a customer must attest that "but for" the EDR incentive, either on its own or in combination with a package of economic development incentives, the customer would not locate the load in the state of California.

B. PG&E Remains Committed to, and Supportive of, Economic Development in Its Service Territory

To mitigate the effects of the negative perceptions of doing business in California, PG&E works with and supports a large number of local and regional economic development organizations (EDO) in its service area. The key objectives of these efforts are to successfully persuade business customers with location alternatives to:

- Locate new operations within PG&E's service area (business attraction).
- Keep operations at existing facilities already located within PG&E's service territory (business retention).

- Expand operations at existing facilities already located within PG&E's service area when they have options to expand elsewhere (business expansion).

California Business Investment Services (CalBIS) in the Governor's Office of Business and Economic Development is the primary state clearinghouse for business attraction, expansion and retention projects. CalBIS reaches out to PG&E to help determine what assistance can be offered to companies which have indicated that energy availability and costs are a significant issue.

PG&E gets involved in the site selection process when requested by CalBIS or a local EDO to provide energy-related information for a company making a business location decision. PG&E's role in this effort generally involves helping the company understand various rate and delivery options as well as other PG&E services such as energy efficiency programs, demand response programs, self-generation incentive programs, and infrastructure costs as well as any economic development incentives that might be applicable.

PG&E usually has only a matter of days to prepare and submit this information, which is included in the communities' overall response, including incentives, to the company. Once companies develop their short list of possible locations and begin actual negotiations, economic development incentives, to be effective, must include reliable and understandable rate offers prior to the customer's decision. This is due to the severe time constraints of the site selection process. Companies rely on the offers when making major long-term capital investment decisions. Thus, PG&E believes that the terms and conditions of an effective rate incentive have to be explicit, reliable and certain in order favorably influence a company's site selection process.

PG&E's costs are typically evaluated on a project-by-project basis with competing utilities whenever energy availability and cost are significant inputs into the cost structure of the business. The site selection process helps companies choose the most efficient location by identifying variations in initial capital investment requirements and ongoing operating costs among competing states, communities and utilities.

C. PG&E's Current EDR Is Not Adequate to Attract or Retain Customers Considering Out-of-State Locations

Since the current Schedule ED's inception in 2005, PG&E has executed Schedule ED contracts with 15 customers who were considering out-of-state locations. The experiences of customers on Schedule ED have varied significantly based on which marginal costs were used to establish the floor price for their contracts. The first nine Schedule ED customers had contracts with floor prices based on the 1996 marginal costs and no Non-Bypassable Charges (NBC); they received virtually the full incentives allowed by the tariff (i.e., starting with the full first year 25 percent incentive). On the other hand, the next six Schedule ED customers have floor prices based on the 2007 marginal costs plus the NBCs and have only received first year incentives ranging from 3.0 percent to 16.4 percent, considerably less than the 25 percent then allowed by the tariff.

Reduced Schedule ED rate discounts are due primarily to the changes in, and the interaction between, the floor price and rate components since the initial adoption of Schedule ED in 2005.

First, inclusion of the NBCs in September 2007 in Decision 07-09-16 reduced the amount of headroom available for the incentive.

Second, also in September 2007, the California Public Utilities Commission (CPUC or Commission) adopted new generation and distribution marginal costs in the 2007 General Rate Case (GRC) which were substantially higher, driven by historically high natural gas prices, than the previous 1996 marginal costs. The 2007 GRC's generation marginal costs reflect historically high underlying Citygate forward gas prices that have since abated significantly.

Inclusion of the 2007 higher marginal costs in addition to the NBCs in the floor price has had a significant impact on the Schedule ED incentive. Since 2007, not one new Schedule ED customer has received the full allowable incentive. The average first-year incentive for contracts executed with a floor price including both NBCs and 2007 marginal costs, was only 7.3 percent.

Finally, the headroom supporting even these modest incentives has been further eroded by declining generation rates. All but one of the post-2007 contracts were initially evaluated using rates in effect during 2009. From March 2009 to March 2011, the average generation component of electric rates for large light and power customers declined from an average of $0.082 to $0.065 per kilowatt-hour, about 20 percent, while overall average rates increased by about 2 percent. The significant reduction in the generation component of the rate has been largely offset by increases in the transmission and NBC components of the rate. These same components flow directly through to the floor price, but have not been offset by parallel reductions in the marginal generation component of the floor price, which remained frozen at the artificially high 2007 levels.

The combination of the decline in generation revenue and elevated generation marginal costs in the floor price squeezed what little headroom there was, causing a reduction, or even elimination, of the Schedule ED rate incentive. This significantly smaller available discount made it difficult or impossible to offer a customer a sufficiently meaningful incentive to sway the location decision, and that for the customer to represent in good faith that “but for” the discount (on its own or in combination with other incentives), they would leave or locate outside the state, or close. As a result, PG&E has been challenged in offering a convincing rate incentive to new customers, and existing Schedule ED customers with contracts based on the 2007 marginal costs have seen their discounts reduced during the required annual contract reviews.

D. PG&E Proposes to Modify Its EDR Eligibility Requirements

1. Eligibility Requirements for PG&E’s Standard EDR Option Will Remain Largely the Same as for PG&E’s Current Schedule ED

Similar to Schedule ED, PG&E proposes that its new EDR be available to businesses taking service on PG&E’s commercial and industrial rate schedules anywhere in PG&E’s electric system that are locating, retaining or expanding major business facilities with at least 200 kW of load and that are also actively pursuing out-of-state location options for that load or would otherwise cease operations. This gives California businesses an added incentive to grow and create jobs in California instead of expanding operations in other states.

Also similar to Schedule ED, in order to ensure that the customer is actively considering locating new load, or relocating existing load, outside of the state of California, PG&E will require that each customer must sign an affidavit, under penalty of perjury, that "but for" the EDR incentive, either on its own or in combination with a package of other economic development incentives, the customer would not have located or retained the load in the state of California. Other incentives provided by state and local agencies can include workforce education and training programs, enterprise zone incentives, local tax breaks, infrastructure improvements and low-interest loans.

In addition, PG&E will inform CalBIS of each EDR offer to ensure that any package of incentives for a particular customer will be coordinated with the EDR incentive. Currently, Schedule ED requires that PG&E consult with CalBIS to determine qualified customers. PG&E feels that this has proven to be redundant in the approval process, with PG&E and CalBIS performing similar but separate evaluations. PG&E proposes to continue consultation with CalBIS, but in order to better deliver economic development services to the customer, not for third-party approval for application of PG&E's tariffs.

Finally, the EDR will be available to all qualified fully-bundled customers as well as direct access and community choice aggregation customers. However, the discount calculation will vary (see Chapter 3).

2. PG&E Proposes Additional Eligibility Requirements for Its Enhanced EDR Option

PG&E is proposing an Enhanced EDR Option that will be applicable to qualified customers who meet the above EDR eligibility requirements and are locating in a county experiencing an unemployment rate equal to 125 percent or more of the state's average annual unemployment rate, as reported in "Report 400 C, Monthly Labor Force Data for Counties, Annual Average 2010 – Revised," by the State of California Employment Development Department (EDD). PG&E proposes that the list of eligible counties be updated annually by the EDD's current annual average Report 400 C. Currently, the following counties are reported by EDD's 2010 report as having an unemployment rate at least 125 percent of the state's average annual unemployment rate of 12.4 percent (i.e., an unemployment rate of 15.5 percent or greater):

TABLE 2-1
PACIFIC GAS AND ELECTRIC COMPANY
COUNTIES IN THE PG&E SERVICE AREA WITH A 2010 UNEMPLOYMENT RATE 125 PERCENT OR GREATER THAN THE CALIFORNIA 2010 AVERAGE UNEMPLOYMENT RATE OF 12.4 PERCENT

Line No.	County	2010 Annual Unemployment Rate
1	Colusa County	20.4%
2	Sutter County	19.8%
3	Yuba County	19.1%
4	Merced County	18.9%
5	Trinity County	18.7%
6	Lake County	18.1%
7	San Benito County	17.6%
8	Siskiyou County	17.6%
9	Stanislaus County	17.4%
10	San Joaquin County	17.3%
11	Fresno County	16.8%
12	Plumas County	16.8%
13	Tulare County	16.8%
14	Kings County	16.5%
15	Glenn County	16.3%
16	Shasta County	16.0%
17	Kern County	15.6%
18	Sierra County	15.8%
19	Tehama County	15.8%
20	Alpine County	15.7%
21	Calaveras County	15.6%
22	Madera County	15.6%

This list not only reflects the impact of the current recession but also reflects areas of continuous economic distress as measured by long-term unemployment. All of these counties, with the exception of Tehama and Calaveras, have average annual unemployment rates in excess of 125 percent of the state's rate from 2000 through 2010.[1] PG&E proposes to calculate, on an annual basis, the unemployment rate corresponding to 125 percent of the statewide average annual unemployment rate, and update the list of counties with unemployment rates equal to or greater than that threshold figure. PG&E proposes to do this using the information reported in EDD's Revised Report 400 C upon its release each year, and submit the revised list of counties eligible for the Enhanced Option to the Commission via a Tier 1 advice letter filing.

[1] State of California Employment Development Department, Labor Force Data Search Tool, *Annual Unemployment Rate by County 2000-2010.*

Although the list of counties eligible for the Enhanced EDR Option will be updated annually, PG&E anticipates that many, if not most, of these counties will continue to qualify for the Enhanced EDR Option during the term of the EDR. In any event, if a given county happens to "fall off" the list in any given year, any EDR applicant in that county would still be eligible for the Enhanced Option if their PG&E EDR application was received by PG&E before PG&E submits its annual Tier 1 advice letter filing to the Commission showing that the county no longer qualifies for the Enhanced Option. Customers already approved for the Enhanced Option would continue to receive it regardless of future changes in status of the particular county in which they are located.

E. PG&E Proposes to Eliminate the EDR Floor Price

PG&E proposes to offer a Standard EDR Option, similar to the current Schedule ED, which will provide for a 5-year reduction of 12 percent off the otherwise application tariff rate (excluding taxes). The Enhanced EDR Option, applicable in those counties with unemployment rates equal to 125 percent or more of the statewide average unemployment rate, will provide for a 5-year reduction of 35 percent off the OAT rate (excluding taxes). The 5-year term must commence within 24 months of the execution of the EDR agreement.

The reductions will be set for the term of the agreement and will not be subject to modification.[2] This represents a change from the current Schedule ED, which provides for an after-the-fact annual review of the customer's revenues against the Schedule ED price floor for each contract. However, in PG&E's experience, this after-the-fact "true up" proved unworkable for its customers, and diminished the effectiveness of the rate. Businesses need information they can rely on when making major, long-term site selection decisions. Incentives, therefore, need to be certain in order to be effective. An incentive that can fluctuate in an unpredictable fashion is not useful and will be ineffective in influencing a company's location decision. As PG&E has experienced with its current Schedule ED, the Company may not be able to even offer the incentive in a way that a customer could meet the "but for" test.

[2] PG&E's proposed EDR contains no price floor.

The incentive offer needs to be certain and reliable to meet the objective of increasing California's competitiveness.

F. PG&E's EDR Proposal Should Be Effective Through 2017

PG&E proposes that its EDR program—including both the Standard EDR Option and Enhanced EDR Option—remain open and available to new participants until December 31, 2017. The program's effectiveness and continuation can be reviewed and evaluated during PG&E's 2017 GRC.

G. Conclusion

In the years since PG&E's current EDR has been in place, PG&E has learned a great deal about which incentive structures work and which do not. The EDR structure described in this chapter will offer companies a clear, reliable incentive to invest in California and provide good jobs for California residents. It will also allow PG&E to complement ongoing efforts of the Governor's Office of Economic Development as well as local EDOs to encourage business development in the state.

PACIFIC GAS AND ELECTRIC COMPANY

CHAPTER 3

PROPOSED ECONOMIC DEVELOPMENT RATE TARIFF

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 3
PROPOSED ECONOMIC DEVELOPMENT RATE TARIFF

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PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 3
PROPOSED ECONOMIC DEVELOPMENT RATE TARIFF

A. Introduction

In Chapters 1 and 2 of this exhibit, Pacific Gas and Electric Company (PG&E) presents its Economic Development Rate (EDR) proposal. In this chapter, PG&E presents its proposed tariffs, including the detail necessary to bill customers, as well as a discussion of how other customers benefit from this proposal. Attachment 1 to this chapter includes the revised EDR tariff as well as the proposed standard form contract.

B. Revised Tariffs

PG&E's tariff and contract for its proposed EDR are provided as Attachment 1 to this chapter. The tariff and contract have been revised to reflect the program structure set forth in Chapter 2. In addition to the detail provided in Chapter 2, the tariff and contract need to clearly indicate how the customers will be billed. In this section, PG&E sets forth its proposal for billing customers. These requirements are also reflected in PG&E's proposed tariff and contract.

1. The EDR Discount Percentage Is Applied to Net Charges

PG&E proposes to calculate the EDR discount based on the customer's net charges under the Otherwise Applicable Tariff. Net charges are the final amount before application of Energy Commission Taxes and Utility Users Taxes. For bundled customers, the discount, either 12 or 35 percent, would be applied to the total bundled net charge. For direct access (DA) and Community Choice Aggregation (CCA) customers, the discount would be applied to the net charges owed to the utility, excluding any charges for the generation component of rate but including generation-related charges applicable to DA and CCA customers such as the Power Charge Indifference Adjustment.[1]

[1] This approach is consistent with the provisions of the currently effective Schedule ED.

2. The EDR Discount Is Applied to the Distribution Charge

PG&E proposes to identify the EDR discount as a reduction to the distribution charge for bundled, DA and CCA customers. The application of the discount to distribution will leave all nonbypassable charges fully funded by the customer (that is, not discounted), as required by Decision 07-09-016.[2] The resulting distribution charges will be allowed to be negative, if necessary, in order for the full discount to be provided to the customer.

C. Contribution to Margin

The ability to offer a rate that allows PG&E to attract or retain sales that otherwise would not have located or been retained in California results in total sales that are higher than they otherwise would be. To the extent that utilities can retain or attract sales at a rate that is lower than the tariffed rate, but higher than the marginal cost, helps to maintain or add to Contribution To Margin (CTM). This CTM can then be used to keep rates to customers lower than they would otherwise be. In the alternative, if the customer does not locate or maintain operations in California, this CTM is lost, depriving ratepayers of the associated benefit.

In this proceeding, PG&E has proposed both Standard and Enhanced EDR Options that provide reduced rates to participating customers over a 5-year time period. PG&E has estimated CTM in Table 3-1 below. PG&E's presentation of CTM is based on a Net Present Value (NPV) over a 10-year period (i.e., calculating the NPV of the 10-year stream of annual CTM amounts, 5 years under EDR, and an additional 5 years under full tariff rates). A program benefits ratepayers if the CTM is greater than zero. The 10-year NPV of CTM in each situation is positive, and therefore supports approval of PG&E's proposed EDR.

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[2] See Conclusion of Law 1 and Finding of Fact 1.

TABLE 3-1
PACIFIC GAS AND ELECTRIC COMPANY
10-YEAR NPV OF PARTICIPANT CTM ($1,000)

Line No.		E-20T	E-20P	E-20S	E-19P	E-19S
1	12% Discount, Unconstrained	1,229	2,389	2,760	647	726
2	12% Discount, Constrained	1,229	1,507	1,863	414	481
3	35% Discount, Unconstrained	498	1,470	1,751	410	469
4	35% Discount, Constrained	498	588	854	177	223

PG&E's analysis is based on schedule-average rates and marginal costs for Schedule 20 at transmission, primary and secondary service voltages and Schedule E-19 at primary and secondary service voltages for a single customer in each category.[3] Contribution to margin is based on all revenue in excess of transmission charges, generation and distribution marginal cost and the California Department of Water Resources Bond charge. Competition Transition Charges, Nuclear Decommissioning, New System Generation Charge, and Public Purpose Programs charges are fully funded and contribute to margin.

The first year of the analysis period is assumed to be prior to a decision in Phase 2 of PG&E's 2014 General Rate Case and therefore uses marginal costs as adopted in the settlement approved by Decision 11-12-053. In subsequent years, the marginal generation energy costs have been adjusted based on a natural gas price index. The analysis also includes scenarios where distribution facilities are not constrained. In these cases, distribution marginal capacity costs are excluded from distribution marginal costs and contribution to margin is higher.

D. Conclusion

PG&E requests approval of the proposed tariff and billing proposals presented herein.

[3] The same level of usage was assumed for transmission, primary and secondary service under Schedule E-20. A lower level of usage was assumed for both primary and secondary service under Schedule E-19.

PACIFIC GAS AND ELECTRIC COMPANY

CHAPTER 3

ATTACHMENT A

PROPOSED SCHEDULE ED AND THE ECONOMIC DEVELOPMENT RATE CONTRACT AND AFFIDAVIT

ELECTRIC SCHEDULE ED
ECONOMIC DEVELOPMENT RATE

Sheet 1

APPLICABILITY: This schedule is available to qualified customers locating, expanding, or retaining load on PG&E's electric transmission and/or distribution system, or to customers who would otherwise close. Customers taking service on Schedule ED must sign an Agreement for Economic Development Incentive on Electric Service (Form No. **XX-YYYY**).

Eligible customers are those on or electing existing Schedule A-10, E-19, or E-20, or their successor rate schedule. New customers with maximum billing demands greater than 200 kilowatts (kW), existing customers who add at least 200 kW of maximum billing demand, or existing customers with at least 200 kW of maximum billing demand that are considering relocating their load outside of California may qualify. In addition, eligible customers include customers with maximum billing demand of at least 200 kW that would otherwise close operations. Schedule ED is not applicable to customers receiving service under Schedule E-31.

For existing customers, only the additional demand or that portion deemed likely to relocate or cease operations may qualify for service under Schedule ED. New or additional billing demand does not include billing demand that exist within the State of California at the time eligibility is determined.

Bundled, direct access and community choice aggregation customers are eligible for Schedule ED.

Residential customers and state or local governmental agencies are not qualified customers under this rate schedule.

TERRITORY: This schedule is available to customers within PG&E's electric service territory.

RATES: The Standard Economic Development Rate (EDR) Option provides a discount of twelve (12) percent off the customer's otherwise applicable tariff (OAT) (excluding taxes) for five years. The Enhanced EDR Option provides a discount of thirty-five (35) percent off the customer's OAT (excluding taxes) for five years and applies to customers located in those counties with annual unemployment rates at least 125 percent of the state's annual unemployment rate as reported on the most recent Revised Report 400 C issued by the State of California Employment Development Department.

This discount shall be calculated on the rate components of the customer's bill that correlate to services PG&E provides the customer. For bundled customers, the appropriate discount, either 12 or 35 percent, will be applied to the total bundled charges (i.e., including the generation charges), excluding taxes. For direct access and community choice aggregation customers, the discount will be applied to the net charges owed to the utility, excluding taxes. The net charges owed to the utility excludes generation charges, but includes generation-related charges applicable to direct access and community choice aggregation customers such as the Power Charge Indifference Adjustment (PCIA).

For expansion and retention cases for only part of a customer's load, the discount will be calculated only on that portion of demand and usage added or retained.

For billing purposes, the discount amount will be applied to distribution charges. The distribution charge will be allowed to be negative to ensure the full discount is provided.

(Continued)

ELECTRIC SCHEDULE ED
ECONOMIC DEVELOPMENT RATE

PROGRAM EXPIRATION

This schedule will remain open to new participants until December 31, 2017. This schedule will also remain in effect until such time the last agreement expires or terminates.

ENHANCED EDR OPTION

The Enhanced EDR Option will be applicable to qualified customers who meet the EDR eligibility requirements and are locating in a county experiencing an annual unemployment rate equal to or greater than 125 percent of the state's average unemployment rate, as reported as reported on the most recent annual Revised Report 400 C issued by the State of California Employment Development Department.

The following counties are currently eligible based on the Annual Revised Report 400 C for 2010: Alpine, Calaveras, Colusa, Fresno, Glenn, Kern, Kings, Lake, Madera, Merced, Plumas, San Benito, San Joaquin, Shasta, Sierra, Siskiyou, Stanislaus, Sutter, Tehama, Trinity, Tulare and Yuba counties.

The list of counties eligible for the Enhanced EDR Option will be revised annually based on the Annual Revised Report 400 C by June 1 each year (provided, however, that the report is available by that time). This revision will be filed by Tier 1 Advice Letter. If a given county is eliminated from the list of counties eligible for the Enhanced EDR Option in this annual review, any EDR applicant in that county would still be eligible for the Enhanced EDR Option if their EDR application was received by PG&E before PG&E submits its annual Tier 1 advice letter. Customers already approved for the Enhanced EDR Option would continue to receive it regardless of future changes in the status of the counties.

(Continued)

ELECTRIC SCHEDULE ED
ECONOMIC DEVELOPMENT RATE

Sheet 3

SPECIAL CONDITIONS:

1. **California Business Investment Services (CalBIS):** PG&E will consult with the Office of California Business Investment Services (CalBIS), or its successor entity, in the Governor's Office of Business and Economic Development, in order to coordinate economic development services to EDR customers. Schedule ED shall be offered at the sole discretion of PG&E.

2. **Contract:** Service under this schedule is provided under a five-year agreement. Customers previously served on an EDR may not benefit from an EDR for more than two terms total.

3. **Start Date:** The start date of the incentive rate period shall commence within 24 months from the date of execution of the contract for service and shall be designated by the customer within the agreement.

4. **Metering:** Separate electric metering for new or additional load may be required if, in PG&E's sole opinion, it is necessary to provide service under this schedule. The customer will be responsible for any costs associated with providing separate electric metering.

5. **Energy Efficiency:** In order to be eligible for this schedule, customers must allow PG&E to conduct a site inspection for the purpose of making applicable energy efficiency options available to customers. PG&E will advise all customers of a range of cost-effective energy efficiency options on a site-specific basis.

6. **"But For" Test:** In order to be eligible for this schedule, the customer must sign an affidavit, attesting to the fact that "but for" this incentive rate, either on its own or in combination with a package of incentives made available to the customer from other sources, the customer would not have: (i) located operations or added load within the State of California or (ii) retained load within the State of California.

Distribution:
☐Customer (Original)
☐Area
☐Tariff Interpretation (Original)
☐Customer Billing

Reference:
Service Agreement ID.:____________________
Premises #: ______________________________
Control #: _______________________________

AGREEMENT FOR ECONOMIC DEVELOPMENT INCENTIVE ON ELECTRIC SERVICE

This agreement is made between ____ ______________________________ a(n)___________________________________ ("Applicant"), and PACIFIC GAS AND ELECTRIC COMPANY (PG&E), a California Corporation, and if applicable, shall be made part of PG&E's Electric Service Agreement, General Service - Time Metered.

RECITALS: The Economic Development Rate (EDR) was established and is made available at PG&E's discretion to qualified customers in PG&E's service territory. The EDR is a five-year incentive rate, as set forth in Schedule ED.

AGREEMENT: Applicant and PG&E agree to the following terms and conditions:

1. QUALIFICATION CRITERIA. Applicant is or will be a customer, eligible for and receiving service under Schedule A-10, E-19 or E-20, or its successor rate schedule.

The electric load subject to this agreement is a maximum billing demand of at least 200 kW of net new load to the state of California or of net retained load in the state of California, which is regularly supplied by PG&E. The minimum 200 kW of net new or retained load must be maintained for at least three consecutive months during the initial 12 months of this agreement. Only new or retained load that will be regularly served by PG&E will be eligible for this incentive.

2. DISCOUNT. Electric service to Applicant's premises shall be delivered under Applicant's otherwise applicable tariff (OAT), which is ________. The Standard EDR Option provides a discount of twelve (12) percent off the customer's OAT (excluding taxes) for five years. The Enhanced EDR Option provides a discount of thirty-five (35) percent off the customer's OAT (excluding taxes) for five years for customers located in counties with annual unemployment rates of at least 125 percent of the state's average annual unemployment rate as reported on the most recent Revised Report 400 C issued by the State of California Employment Development Department. This discount shall be calculated in the manner set forth in Schedule ED. The discount percentage is ___________ percent.

3. APPLICABLE LOAD. PG&E reserves the right to reduce the contracted demands stated by the Applicant below, if it is determined that the Applicant's actual load at full operation of the facility after the Commencement Date of this Agreement, is more than 25% less than the contracted maximum demands stated below.

[Please mark the appropriate space below, indicating whether this is an agreement for the Applicant's entire load or only a portion of the Applicant's load.]

a. ______ New Customer Locating or Existing Customer Retaining Entire Load in

PG&E's Service Territory.

The Customer's entire load will be eligible for the bill incentive. The maximum contracted demand is estimated to be _______ kW.

b. ______ Retention of Customer's Partial Load or Expansion of Existing Customer's Load.

For expansion and retention cases for only part of a customer's load, the incentive will be calculated only on that portion of demand and usage added or retained. The contracted demand of the partially retained or expanded load is estimated to be __________ kW.

The Excluded Demands are determined by averaging the Applicant's four highest measured maximum demands during each of the two seasonal 6-month periods preceding the execution date of this agreement, if available. If Applicant separately meters the Reserved Demand, Applicant's Excluded Demand will be zero (0) for both seasons. PG&E and Applicant agree that the Excluded Demand is:

Summer 6-month period: ________________kW

Winter 6-month period: __________________kW

The Incentive Ratio for each month is defined as the difference between the Applicant's maximum demand for that month and the Excluded Demand divided by that same month's maximum demand. If the Incentive Ratio is negative, there will be no incentive for that month, or in other words, the Incentive Ratio will be zero (0). The Incentive Ratio shall be a fraction no greater than one (1) or less than zero (0).

4. COMMENCEMENT DATE. The incentive shall commence on the Applicant's regularly scheduled meter read day in the month of _____________, 20____ which is within a 24-month period of the date of execution of this agreement as required by rate Schedule ED.

5. METERING. Applicant agrees to be responsible for all costs associated with providing separate electric metering if PG&E, at its sole discretion, deems such metering a necessary condition to implement this rate. If Applicant is deemed to require separately metered reserved demand, Applicant must have metering in place before the incentive rate will apply. Applicant's inability to have required metering in place shall not delay the commencement date provided for in Section 4 by which Applicant would have otherwise received the incentive.

6. TERM OF AGREEMENT. This agreement shall take effect immediately and remain in effect for a term of five years following the commencement date of the rate incentive.

7. TERMINATION OF AGREEMENT. Applicant may terminate this agreement upon

30 days written notice. PG&E may also terminate this agreement upon 30 days written notice in the event Applicant no longer meets the qualifications described elsewhere in this Agreement and in rate Schedule ED. Notwithstanding these rights of termination, the Applicant shall be subject to Liquidated Damages as provided for in Section 11 of this agreement

8. TRANSFERS OFF OF SCHEDULES A-10, E-19 AND E-20. If Applicant's maximum demand drops for a period of time so that the Applicant is no longer eligible for A-10, E-19 or E-20, or its successor rate schedule, or if the Applicant's maximum billing demand falls under 200 kW for twelve consecutive months, the Applicant will be ineligible for continuing service under rate Schedule ED.

9. ENERGY EFFICIENCY. Applicant hereby grants to PG&E the right to conduct a site inspection for the purpose of making Applicant aware of potential energy efficiency measures. PG&E will advise Applicant of the cost effectiveness of identified measures.

10. "BUT FOR" TEST. Applicant attests that "but for" the terms of this agreement, either on its own or in combination with a package of incentives made available to the Applicant from other sources, the Applicant would not have located, retained, or increased its operations within California. Applicant shall sign the attached affidavit to that effect.

11. LIQUIDATED DAMAGES. If this agreement is terminated due to Applicant's misrepresentation or fraud, Applicant shall be liable for liquidated damages that equal 200% of the cumulative difference between (i) the bills calculated under the Schedule ED rate to the date of termination; and (ii) bills that would have been calculated under the OAT.

12. ASSIGNMENT. Applicant may assign this agreement only if PG&E consents in writing and the party to whom the agreement is assigned agrees in writing to be bound by this agreement in all respects.

13. COMMISSION JURISDICTION. This contract shall at all times be subject to such changes or modifications by the Public Utilities Commission of the state of California as said Commission may, from time to time, direct in the exercise of its jurisdiction. In addition, this contract shall be subject to all of PG&E's tariffs on file with and authorized by the Commission. This contract also shall be subject to review in any proceeding the Commission may conduct regarding PG&E's Economic Development Rate program implementation.

Executed this __________day of __________________, 20____.

____ PACIFIC GAS AND ELECTRIC COMPANY

Applicant

BY: _______________________________________ BY: __________________________________

Signature Signature

____ _____________________________________

(Type or print name) (Type or print name)

TITLE: ___________________________________ TITLE: ________________________________

AFFIDAVIT FOR ECONOMIC DEVELOPMENT INCENTIVE RATE

By signing this affidavit, an Applicant who locates, adds or retains load in the service territory of Pacific Gas and Electric Company (PG&E) hereby certifies and declares under penalty of perjury under the laws of the state of California that the statements in the following paragraphs are true and correct:

1. But for the receipt of the discounted economic development rate and the terms of the Agreement, either on its own or in combination with an economic development incentive package, the Applicant's load would not have been located, added or retained within California.

2. The load to which the Agreement applies represents kilowatt-hours (kWh) and kilowatts (kW) that: (i) does not already exist in the state of California; or (ii) the Applicant considered relocating or expanding to a location outside of the state of California; or (iii) the Applicant is considering closing an existing business in the state of California.

3. Applicant has discussed with PG&E the cost-effective conservation and load management measures the Applicant may take to reduce their electric bills and the load they place on the Utility System.

Executed this __________day of _____________, 20_____.

____
Applicant

BY: _____________________________
Signature

____
(Type or print name)

TITLE: __________________________

PACIFIC GAS AND ELECTRIC COMPANY

APPENDIX A

STATEMENTS OF QUALIFICATIONS

PACIFIC GAS AND ELECTRIC COMPANY
STATEMENT OF QUALIFICATIONS OF Redacted

Q 1 Please state your name and business address.

A 1 My name is Redacted, and my business address is Pacific Gas and Electric Company, Redacted

Q 2 Briefly describe your responsibilities at Pacific Gas and Electric Company (PG&E).

A 2 I am a customer relationship manager in the Energy Solutions and Service (ES&S) section of the Customer Engagement Department. I primarily assist medium and large commercial, industrial and agricultural customers with energy efficiency, renewables, rate optimization and customer service issues; however, I also work with residential and small commercial customers.

Q 3 Please summarize your educational and professional background.

A 3 I obtained a bachelor of arts degree in environmental studies and planning from Sonoma State University in 1982. I began employment with PG&E as a residential energy auditor in 1982, in what is now ES&S, progressing through various positions in customer energy efficiency. I left the company in 1989 to start a Title 24 energy consulting business, returning to PG&E in 1993 as a sales engineer/senior project manager in Savings By Design. In 2002, I transferred to our Corporate Real Estate department as a project manager working on internal energy efficiency projects. I returned to ES&S in 2006 where I am now.

Q 4 What is the purpose of your testimony?

A 4 I am sponsoring the following testimony in PG&E's Economic Development Rate for 2013-2017:

- Chapter 1, "Introduction and Policy."

Q 5 Does this conclude your statement of qualifications?

A 5 Yes, it does.

PACIFIC GAS AND ELECTRIC COMPANY
STATEMENT OF QUALIFICATIONS OF Redacted

Q 1 Please state your name and business address.

A 1 My name is Redacted, and my business address is Pacific Gas and Electric Company, Redacted

Q 2 Briefly describe your responsibilities at Pacific Gas and Electric Company (PG&E).

A 2 I am an economic development consultant in the Service Analysis Department.

Q 3 Please summarize your educational and professional background.

A 3 I received a bachelor of arts degree in english from the University of Wisconsin, Madison in 1970, a certificate in civil engineering technology from City College of San Francisco in 1976, a certificate in land use and development planning from the University of California, Berkeley Extension in 1986 and a master of business administration degree in finance and real estate from Golden Gate University in 1993. I am a member of the American Institute of Certified Planners.

I joined PG&E in 1978 and held a variety of land use planning positions in the Land Department. From 1987 to 1990, I developed the industrial siting assistance program for PG&E's economic development group. In 1990, I assumed a position with the economic development group in the then-Marketing Services Department. In addition, from 1993 to 1995, I performed customer segment and market analysis in PG&E's Market Research Department. During 2001, I temporarily joined the Account Services Department to implement interruptible load and real-time metering programs. I retired from the economic development group at PG&E in 2008 and have been working on a consulting basis with PG&E on a variety of economic development issues since 2010.

Q 4 What is the purpose of your testimony?

A 4 I am sponsoring the following testimony in PG&E's Economic Development Rate for 2013-2017:

- Chapter 2, "Proposed Structure of PG&E's Economic Development Rate."

Q 5 Does this conclude your statement of qualifications?
A 5 Yes, it does.

PACIFIC GAS AND ELECTRIC COMPANY
STATEMENT OF QUALIFICATIONS OF Redacted

Q 1 Please state your name and business address.

A 1 My name is Redacted and my business address is Pacific Gas and Electric Company Redacted

Q 2 Briefly describe your responsibilities at Pacific Gas and Electric Company (PG&E).

A 2 I am a principal regulatory specialist in the Rate Design and Quantitative Analysis section of the Analysis and Rates Department. I am responsible for preparing and presenting electric rate design proposals before the California Public Utilities Commission.

Q 3 Please summarize your educational and professional background.

A 3 I received a bachelor of science degree in civil engineering from Washington State University in 1978. I am a registered civil engineer in the state of California. I began employment with PG&E as an engineer in the General Construction Department from 1978 to 1983. In 1983, I transferred to the Cogeneration section within the Siting Department, where I was responsible for various cogeneration power purchase agreements and related matters. I moved to the Rates Department in 1989, where I was a team leader responsible for electric rate design. In May 1997, I became a manager in the electric rate area. I assumed my current position in July 2010.

Q 4 What is the purpose of your testimony?

A 4 I am sponsoring the following testimony in PG&E's Economic Development Rate for 2013-2017:

- Chapter 3, "Proposed Economic Development Rate Tariff."

Q 5 Does this conclude your statement of qualifications?

A 5 Yes, it does.