

April 30, 2012

SIXTEENTH PERIODIC REPORT ON NON-TARIFFED PRODUCTS AND SERVICES OFFERED BY PACIFIC GAS AND ELECTRIC COMPANY, U 39 M

Public Utilities Commission of the State of California:

Introduction

Decision 97-12-088 as modified by Decision 06-12-029 and Rule VII. H. of the Affiliate Transaction Rules adopted therein require all California energy utilities offering non-tariffed products and services to “file periodic reports with the Commission’s Energy Division twice annually for the first two years following the effective date of these Rules, then annually thereafter. . .” (Rule VII.H.). As required by Rule VII. H., Pacific Gas and Electric Company (PG&E) has filed fourteen previous Periodic Reports on Non-Tariffed Products and Services. PG&E now files its Sixteenth Report on Non-Tariffed Products and Services.

In Advice 2063-G/1741-E (filed on January 30, 1998 in compliance with Rule VII.F. of the Affiliate Transaction Rules), PG&E listed its categories of tariffed and non-tariffed products and services, provided summary compliance showings for the non-tariffed products and services categories, and requested authorization or continuing authorization for listed tariffed and non-tariffed categories of products and services. On September 8, 1998, PG&E filed an amended Advice 2063-G-A/1741-E-A, with minor corrections and other revisions. On April 1, 1999, PG&E filed amended Advice 2063-G-B/1741-E-B, with additional minor corrections and other revisions.

The Sixteenth Report covers January through December, 2011. It includes the categories of PG&E non-tariffed products and services existing as of December 31, 1998, as listed in Advice 2063-G/1741-E and amended in Advice 2063-G-A/1741-E-A and Advice 2063-G-B/1741-E-B, plus the new category, Mover Services, approved by Resolution G-3417 on June 12, 2008.¹ While the Commission authorized a new category of non-tariffed products and services, Third-Party Meter Reading Services, in Resolution E 3685², PG&E did not provide any services under this category during 2011.

Rule VII.H. required four semi-annual Reports of Non-tariffed Products and Services, and annual Reports thereafter. This Sixteenth Report is PG&E’s twelfth annual Report.

¹ This report covers only products and services using CPUC jurisdictional assets.

² Resolution E-3685, issued December 21, 2000, approved Advice Letter 2166-G/1890-E (in which PG&E had requested authority to offer “Third-Party Meter-Reading Services”) subject to the condition that PG&E file a supplemental advice letter within 30 days of the effective date of the resolution. The Commission stated that PG&E “may begin offering these services 30 days after receipt of the required supplement unless the Energy Division advises the utility that its supplemental advice letter is deficient.” (Resolution E-3685 at 28.) PG&E filed the required supplemental Advice Letter, Advice 2166-G-A/1890-E-A, on January 22, 2001. The Energy Division did not advise PG&E of any deficiency in the supplemental Advice Letter.

Format of the PG&E Periodic Report

The four subsections of Rule VII.H. list the information which must be contained in the energy utilities' periodic reports. PG&E's Sixteenth Report, Attachment A to this filing, presents the required information by category of non-tariffed product or service; the categories are listed in the same order, and with the same alphanumeric designations, that were used in PG&E's Advice 2063-G/1741-E. The new Mover Services category is added at the end. If PG&E did not provide and bill for any product or service within a particular category listed in Advice 2063-G/1741-E during 2011, the category is included with a notation that there were no transactions completed in 2011.

1. **Rule VII.H.1. - Description and Authority:** Rule VII.H.1. calls for the Report to contain "a description of each existing or new category of non-tariffed products and services and the authority under which it is offered."
 - (a) Description: Under the heading "Category & Description," the Report lists the categories from Advice 2063-G/1741-E, and provides a brief description of products or services offered in the category.
 - (b) Authority: These categories of products and services are, by definition, not tariffed. In the past, they were, in general, recognized only through acceptance of their revenues in Other Operating Revenues (OOR), as indicated in Advice 2063-G/1741-E. After the effective date of D.97-12-088, they have been authorized through Rule VII.F. and by the filing of Advice 2063-G/1741-E. Therefore, separate information concerning "the authority under which [each category] is offered" is not provided. PG&E's later Reports under Rule VII.H. will include separate information about Commission authority by referring either to the Commission decision approving Advice 2063-G/1741-E or to the appropriate Commission decision authorizing a new category of non-tariffed products or services.³

Rule VII.H.2. - Types and Quantities: Rule VII.H.2. requires "a description of the types and quantities of products and services contained within each category." PG&E's Sixteenth Report provides this information in the first column in Attachment A to this filing, entitled "Category & Description," and in the second column entitled "Number of Transactions." Where necessary, additional information is provided in footnotes.

³ As noted in Advice 2063-G/1741-E, page 7, note 6, the listing of non-tariffed products and services does not include uses authorized under G.O. 69-C or disposition of property not useful or necessary in the provision of utility service. Sale or lease of facilities, equipment, and real or personal property necessary or useful in the performance of utility service are considered tariffed (Category T.C.4., page 6) and are therefore not included, whether the Application for authority under Sec. 851 has already been approved, is pending at the Commission, or is being prepared for filing by PG&E. See Advice 2063-G/1741-E, page 6, note 5.

PG&E has included in this Sixteenth Report only those non-tariffed products and services which were actually provided during 2011 (or earlier) and for which bills have been rendered during 2011. Some of these products and services were actually provided before 2011 but, because bills had not yet been rendered, they were not included in PG&E's earlier Reports. Subsequent Reports will cover non-tariffed products and services for which bills were rendered during the relevant time period, even if the products or services were actually provided during an earlier period (as long as they were provided after December 31, 1998).

3. **Rule VII.H.3. - Costs and Revenues:** Rule VII.H.3. calls for "the costs allocated to and revenues derived from each category." The Report provides this information in two columns, headed "Allocated Costs" and "Revenues".
 - (a) Allocated Costs: PG&E believes that incremental costs of the non-tariffed products and services are the most relevant for the allocated costs required in this Report. The Allocated Costs include both recurring and non-recurring costs attributable to the product or service. For purposes of this Report, to provide consistent, readily-available information, PG&E has determined costs using its business and financial system (SAP) to determine standard rate, when available. This rate includes fully loaded labor rates (e.g., salaries, benefits, payroll taxes, supervisory time, etc.), overhead (including space occupied by the employee, office supplies and equipment such as computers, phones and copy machines, office furniture, etc.), vehicles, other equipment, and any other direct costs incurred in the provision of the non-tariffed product or service. Because the standard labor rate does not include such items as pensions and insurance, the labor rates have been increased by a factor of 18.01% (PG&E's 2011 standard adder for these items) to cover these costs. In some cases, costs are estimated. This method of accounting for the Allocated (incremental) Costs is also that required for any new category of products and services (see Appendix A to Decision 99-04-021).
 - (b) Revenues: Because there is often a considerable period of time between the date on which a non-tariffed product or service is provided and date on which the revenue for the product or service is received, and PG&E wished to have the costs and revenues covered by the Report match as much as possible, PG&E has reported the revenues billed in the relevant time period rather than the revenues received. The Report also indicates a few instances in which the "revenues" have been received in the form of credits, "in-kind" payment, or other non-cash consideration. The monetary value of these credits or other consideration has been estimated and included in the "Revenues" column. This method of accounting for

the Revenues is also that required for any new category of products and services (see Appendix A to Decision 99-04-021).

4. **Rule VII.H.4. - Assets:** Rule VII.H.4. requires “current information on the proportion of relevant utility assets used to offer each category of product and service.” PG&E’s Report provides this information in two columns, headed “Types of Relevant Assets” and “Estimated Annual Proportion of Assets Used.”

For purposes of these Periodic Reports only, employee time is treated as an “Asset” and is listed under “Types of Relevant Assets” as “employees.” In computing the “Estimated Annual Proportion” of the employee time asset, PG&E focused on the particular job classification involved, and calculated the ratio of the time spent by the relevant classification of employee in providing the non-tariffed product or service, compared to the total time spent by all employees in that classification in a year.

In most cases, several different Assets are involved in providing a single category of non-tariffed product or service. For example, PG&E may use 1% of one type of asset, 2% of another type of asset, and 3% of a third type of asset to offer non-tariffed Product Q. When this is the case, the Report averages the different “proportions of total asset” and provides a single figure; in the example given, the proportion of total assets would be the average of the three proportions, or 2%. When the proportion is estimated to be less than 1% of the total, the proportion is shown as <1% rather than a specific number.