From: [Redacted]

Sent: 5/9/2012 12:16:03 PM

To: Laura.Genao@sce.com (Laura.Genao@sce.com); [Redacted] [Redacted] ; Allen, Meredith (/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAe); sballesteros@semprautilities.com (sballesteros@semprautilities.com)

Cc:

Bcc:

Subject: Cost Quantification Revised Draft

Hello All,

Thanks for the quick turnaround on the cost quantification proposal. I have made a number of revisions which will hopefully make it easier for you. All of the changes are with reference to Item 2 which is forecasting future expenditures. Simply put, we are interested in calculating the cost of procurement only from contracts that have been approved by the CPUC, not "Programs" which is what I believe the over-riding assumption was when the three IOUs developed the proposal. That said, there is no need to calculate the forecasted generation for "Programs" which requires using LCOE estimates and resource mix assumptions. First, the LCOE estimates derived from the E3 calculator will largely be irrelevant as much of the data in the calculator very stale. Second, resource mix will change over time so it will not provide an accurate reflection of costs. That said, I have modified the proposal to include only "projects" that have been approved by the CPUC and have eliminated the rows that require the IOUs to calculate "Program" costs. Second, because there are a substantial number of projects that have been executed but not yet approved by the CPUC, I have included a separate section that calculates the incremental rate impact from these contracts as well. The assumption here is that all of the projects will get approved (i.e. about 99% of all projects to date have been approved by the CPUC). Lastly, there is no need to calculate the impact of "generic procurement to achieve compliance period requirements." Again, we are not trying to calculate the total rate impact of the program, we are only trying to calculate what the impact of the projects are that are 1) executed but not CPUC-approved and 2) executed and CPUC-approved.

If any of you have some political motivation to include additional information, please do so outside of these tables. For example, if you want to segment out the cost of only the RAM program to date, please still incorporate the RAM projects in the primary tables. However, you are free to add a line item below the tables that shows the incremental rate impact of only RAM projects to date.

If you have any questions please feel free to contact me. I will be out of office from now until next Thursday so please give me a call on my [Redacted] if it is something urgent that needs to be resolved.

Thanks,

[Redacted]