

PG&E 2014 General Rate Case

The GRC is required by the California Public Utilities Commission (CPUC) for all regulated energy utilities. A rate case is typically filed every three years. It is a comprehensive review of nearly all attributes of the utility's services subject to the CPUC's jurisdiction, including rates, system safety and reliability, operation and maintenance of facilities, and level of service. The 2014 rate case will cover PG&E's operations for 2014, 2015 and 2016.

PG&E's Proposed Request: PG&E's 2014 rate case includes a request for an increase in funding of \$1.25 billion over currently authorized spending levels for additional capital investment for gas and electric distribution and electric generation infrastructure; investments in safety improvements, customer service, risk reduction and efficient operation of our gas and electric distribution network. It asks for additional increases of about \$500 million in 2015 and 2016 to account for additional infrastructure improvements, and increased costs of labor, materials, supplies and other expenses

If approved, electric bills for the typical residential customer would increase less than \$5 per month, to about \$95 per month, and natural gas bills for the typical residential customer would increase less than \$7 per month, to about \$53 per month. Even with these increases, PG&E's typical residential electric and gas bills would remain below national averages.

Independent Experts to Evaluate Merits of Rate Case: For the very first time, the 2014 General Rate Case will be subject to the technical review and analysis of independent experts hired by the CPUC. PG&E believes that the involvement of the independent experts will increase CPUC and public confidence in the merits of the plan presented in the rate case to provide for safe and reliable operations of the system.

This rate case will set a new standard for transparency. In addition to the independent experts' review, PG&E will publicly report ongoing progress from 2014-2016 on objectives and commitments so that both the Commission and the public will know how the utility is proceeding with the work proposed in this case.

Distribution, not Transmission: The General Rate Case includes electric and gas distribution – the conveyance of energy within a community. It does not include gas or electric transmission or the cost of acquiring gas or electricity. Transmission includes the larger, higher voltage electric lines and the higher pressure gas lines. Transmission lines carry energy longer distances from the energy source to the community.

Economic Impact: The investments made possible by PG&E's rate case would not only improve business competitiveness, but generate new jobs and stimulate economic growth in the state. Altogether, the GRC request would fund purchases of goods and services that support just over 39,000 jobs and generate an estimated \$9 billion of positive economic impact each year from sales of goods and services statewide. PG&E's request would generate an estimated \$685 million per year in California state and local tax revenue as a consequence of the added worker income and business sales.

Some Key Elements of the Rate Case

Picarro Surveyor to Detect Gas Leaks: With this rate case, PG&E will acquire and deploy new technologies that will dramatically improve safety and leak detection. The Picarro Surveyor leak detection technology is 1,000 times more sensitive than previous tools used to detect gas leaks and will allow PG&E to identify and repair more leaks, more quickly.

Escalate Gas Line Replacement: This rate case will enable PG&E to increase the rate of replacement of older gas lines. We will increase the replacement rate from 30 miles per year to 180 miles per year.

Control Center for Gas Operations: The 2014 rate case includes a proposal to build and operate a modern gas distribution control facility to enable PG&E to monitor and manage the entire gas distribution network from a single location. The center will be co-located with the transmission control center and the dispatch operation for PG&E's first responders to gas emergencies providing for better coordination to respond to emergencies.

Pathfinder to Enhance Safety: PG&E will deploy a new asset management system called Pathfinder that will provide detailed, accurate information about the gas distribution system to enable the utility to more accurately manage inspection and maintenance history of all aspects of the gas distribution system.

Electric Operations Solutions: As a part of improving the safety and reliability of electric operations, PG&E will implement a range of solutions ranging from infrared sensors to identify "hot spots" on electric lines before equipment failure to new "Swiveloc™" manhole covers able to vent smoke and pressure and lock in place as needed.

Public Safety Effort for Electric Generation: With the 2014 rate case PG&E is proposing a new public safety effort around electric generation facilities, including improving warning and hazard signage, safer access to hydro facilities and enhanced emergency response preparedness. Initiatives also include implementing new Nuclear Regulatory Commission regulations at Diablo Canyon and completing dam safety modifications for hydroelectric facilities to strengthen outlet structures and spill gates.

Improved Customer Responsiveness: Customer service improvements will include increased staffing and expansion of Customer Contact Centers to increase speed in answering customer calls and shorten the wait for field response time. Importantly, every report of a suspicious gas odor will be treated as an emergency response call.