



Pacific Gas and Electric Company  
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December 31, 2012

California Public Utilities Commission  
Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, CA 94102

**Re: Substitute Sheets for Advice 3354-G/4172-E**

Dear Energy Division Tariff Unit:

An original and 4 copies of substitute sheets are attached for Advice 3354-G/4172-E, "Update to PG&E's Base Revenue Requirements Effective January 1, 2013".

In PG&E's Advice Letter 3354-G/4172-E filed on Friday, December 28, 2012, PG&E inadvertently entered a typographical error in the decision number of bullet point one of the purpose section. The attached sheets include the corrected decision number.

In accordance with GO 96-B, Section 7.5.1, the substitute sheets are being served in the same manner as the original advice letter. For administrative convenience, a new advice letter is being submitted in its entirety. Please discard previously submitted advice letter.

Please telephone me at (415) 973-8580 should you have any questions regarding the substitute sheets.

/s/ Igor Grinberg

**Igor Grinberg**  
Regulatory Relations

Attachment

December 28, 2012

**Advice 3354-G/4172-E**  
 (Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Update to PG&E's Base Revenue Requirements Effective January 1, 2013**
**Purpose**

Pacific Gas and Electric Company ("PG&amp;E") submits this Tier 1 advice letter to update its gas and electric distribution and generation base revenue requirements for the following authorized changes effective January 1, 2013:

- Decision (D.) 12-12-034 adopted changes to PG&E's cost of capital resulting in the following decreases to PG&E's base revenue requirements effective January 1, 2013 as follows:

*(Amounts in Millions)*

Changes to Base Revenue Requirements Resulting from D.12-12-034				
	Electric Distribution	Gas Distribution	Electric Generation	Total Reduction
2011 General Rate Case	(117.5)	(28.7)	(47.7)	(194.0)
Pension	(1.1)	(0.6)	(0.6)	(2.3)
Humboldt Bay Generating Station (HBGS)			(0.1)	(0.1)

- The Commission approved PG&E's advice letter (4082-E) adopting increases to the HBGS revenue requirements of \$1.2 million effective September 26, 2012, and \$1.5 million effective January 1, 2013.

Attachment 1 of this filing shows the cumulative adjustments to the base revenue requirement amounts through January 1, 2013.

## **Background**

### **2013 Cost of Capital**

On December 20, 2012, the Commission issued D.12-12-034 adopting changes to PG&E's cost of capital. The changes reduce PG&E's return on common equity to 10.40%, a 0.95% decrease, and reduce PG&E's return on rate base to 8.79%, a 0.73% decrease. In that decision, the Commission also requires the change in total electric and gas rates to be implemented on January 1, 2013. Finally, PG&E is required to record the gas distribution, gas transmission and storage, electric distribution, and electric generation revenue requirements reflecting the 2013 cost of capital in the appropriate balancing and memorandum accounts as of January 1, 2013. Rates for each of these revenue requirements will be set based on the then-current approved revenue allocation and rate design method separately approved for each revenue requirement.<sup>1</sup>

### **Humboldt Bay Generation Station (HBGS)**

In compliance with the 2011 GRC D.11-05-018, on July 6, 2012, PG&E filed with the Commission advice letter 4082-E to true-up its HBGS initial capital cost target and associated revenue requirements.<sup>2</sup> The requested \$8.3 million increase to the capital cost target results in a \$1.2 million increase to PG&E's annual electric generation base revenue requirements effective September 26, 2012, and a \$1.5 million increase effective January 1, 2013. Advice 4082-E was approved by the Commission on August 7, 2012.

## **Tariffs**

The revenue requirement changes included in this filing will be or have been included in the total revenue requirements submitted by PG&E in the Annual Electric True-up ("AET" – to be filed on December 31, 2012) and in the Annual Gas True-up ("AGT" – filed on December 24, 2012). The AET and AGT consolidate all revenue requirement changes, as approved by the Commission. The AGT also includes the allocation of the gas distribution attrition increase between core and noncore distribution service, and a revised Gas Preliminary Statement Part C – *Gas Accounting Terms and Definitions, Part C.2*.

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<sup>1</sup> D. 12-12-034, Section 6, Implementation, p 44.

<sup>2</sup> Subject to the requirements of D.06-11-048, the Long Term Request for Offer Solicitation

**Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than 20 days after the date of this filing, which is **January 17, 2013**. Protests should be mailed to:

CPUC Energy Division  
Tariff Files, Room 4005  
DMS Branch  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-7226  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter. (General Order 96-B, Section 7.4.) The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

**Effective Date**

PG&E submits this advice letter as a Tier 1 filing. PG&E requests that this advice letter become effective on **January 1, 2013**.

**Notice**

In accordance with G.O. 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the service lists for A.09-12-020, A.09-03-003, A.08-05-023 and A.10-01-014. Address changes to the G.O. 96-B service list should be directed to e-mail [PGETariffs@pge.com](mailto:PGETariffs@pge.com). For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at [Process\\_Office@cpuc.ca.gov](mailto:Process_Office@cpuc.ca.gov). Send all electronic approval letters to [PGETariffs@pge.com](mailto:PGETariffs@pge.com). Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.



Vice President – Regulatory Relations

cc: Service List for A.09-12-020  
Service List for A.09-03-003  
Service List for A.08-05-023  
Service List for A.10-01-014

Attachments