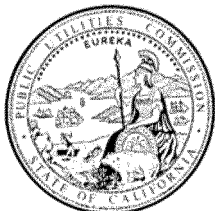


Docket:	:	<u>A.12-11-009</u>
Exhibit Number	:	<u>DRA-2</u>
Commissioner	:	<u>Florio</u>
ALJ	:	<u>Pulsifer</u>
Witness	:	<u>Jarjoura</u>



**DIVISION OF RATEPAYER ADVOCATES  
CALIFORNIA PUBLIC UTILITIES COMMISSION**

**Report on the Results of Operations  
for  
Pacific Gas and Electric Company  
General Rate Case  
Test Year 2014**

Summary of Earnings

San Francisco, California  
May 3, 2013

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# SUMMARY OF EARNINGS

## I. INTRODUCTION

This exhibit presents the analyses and recommendations of the Division of Ratepayer Advocates (DRA) regarding Pacific Gas and Electric Company's (PG&E) forecast of the Summary of Earnings for Test Year (TY) 2014.

The Summary of Earnings tables for electric distribution, gas distribution, and electric generation are displayed in this exhibit. The revenue requirements are calculated by a computer model developed by PG&E and referred to as the Results of Operations (RO) model. The data inputs are provided by the various DRA witnesses. These inputs are then used by the RO model to calculate the Results of Operations.

## II. SUMMARY OF RECOMMENDATIONS

The results of operation for electric and gas distribution are summarized in four tables shown at the end of this exhibit:

- Table 2-1 contains DRA's recommended revenue requirements for electric and gas distribution at present and proposed rates.
- Table 2-2 shows PG&E's requested revenue requirements for electric and gas distribution at present and proposed rates.
- Table 2-3 displays the comparison between DRA and PG&E revenue requirements for **electric** distribution at proposed rates.
- Table 2-4 compares DRA and PG&E's revenue requirements for **gas** distribution at proposed rates.

The results of operation for total electric generation are summarized in three tables:

- Table 2-5 displays DRA's recommended revenue requirements for total electric generation at present and proposed rates.
- Table 2-6 shows PG&E's requested revenue requirements for total electric generation at present and proposed rates.
- Table 2-7 compares DRA and PG&E's revenue requirements for total electric generation at proposed rates.

1 DRA recommends that the Commission order PG&E to address issues  
2 related to the RO model's presentation, as identified in Section III (below) in time for  
3 the utility's next General Rate Case (GRC) filing.

### 4 **III. DISCUSSION / ANALYSIS**

#### 5 **A. Background on the Results of Operation Model**

6 Based on the experience of running the RO in PG&E's TY 1999 GRC, the  
7 Commission in Decision (D.) 00-07-050, in addition to delaying the 2002 GRC,  
8 ordered PG&E to streamline its RO model and make it simple and transparent.  
9 PG&E and its consultants developed a new RO model for the TY 2003 GRC and  
10 used it to calculate the results of operation for that application. DRA tested that RO  
11 model filed with the TY 2003 application and found it to reflect a reasonable method  
12 of determining the summary of earnings.

13 In the TY 2007 GRC application, PG&E made several changes and  
14 modifications to the original RO model. Based on the initial review of the RO, DRA  
15 found some of these changes to add confusion and reduce the model's ability to  
16 dynamically account for changes made at the input level without intervention by the  
17 modeler. The following were some of DRA's concerns:

- 18  The inputs to the TY 2007 GRC RO model were not marked clearly  
19 nor were they consistent.
- 20  The inputs for Operations and Maintenance (O&M) expenses were  
21 in nominal dollars and were stated for each major work category  
22 (MWC), but the inputs for Administrative and General (A&G)  
23 expenses were in 2004 constant dollars, and stated in labor,  
24 Materials & Supplies (M&S) dollars, and others for each Federal  
25 Energy Regulatory Commission (FERC) account.
- 26  The RO could not recalculate the revenue requirement if the  
27 embedded escalation rates were changed or updated.

28 In the TY 2007 GRC model, the Allowance for Funds Used During  
29 Construction (AFUDC) and overhead rates were also embedded in PG&E's forecast  
30 of capital expenditures. These capital expenditures were entered in the RO model  
31 fully loaded. If the AFUDC or overhead rate needed to be changed due to changes

1 in some interest rate or in A&G expenses, the RO could not update the capital  
2 expenditures automatically without manual intervention by the modeler. In the TY  
3 2007 GRC, therefore, DRA recommended that the Commission order PG&E to  
4 address and remedy the issues outlined above, and improve the model's  
5 presentation, in time for the utility's TY 2011 GRC filing.

## 6 **B. Presentation of the TY2011 RO Model**

7 In the spring of 2008, PG&E informed DRA that a new RO model was being  
8 considered. After some discussion, PG&E presented DRA with two options to  
9 choose from: the first was an Access-based model, and the second was Excel-  
10 based. DRA chose the Excel option and conveyed to PG&E some of the problems  
11 with PG&E's TY 2007 GRC RO model.

12 PG&E decided not to use DRA's stated preference, and instead, developed  
13 an Access-based model, submitting that model when it tendered the Notice of Intent  
14 (NOI) in July 2009. DRA and PG&E met several times and tried to modify the  
15 Access model to alleviate DRA's many concerns regarding the ability to validate and  
16 run the RO. In December 2009, DRA concluded that the RO model in its current  
17 form did not meet the Commission's requirement and rejected PG&E's NOI. PG&E  
18 protested DRA's rejection and the Commission's executive director accepted the  
19 NOI with the condition that PG&E develop an Excel-based model by January 31,  
20 2010. PG&E filed its application on December 21, 2009, and filed the Excel-based  
21 RO model on January 29, 2010.

22 In its last form, the RO model was cumbersome to operate and prone to error.  
23 Numerous steps must be manually undertaken in order to get the model to run  
24 successfully. This model was very large and is a "memory hog." While the total run  
25 time is about 25 minutes on a specially modified computer, it takes over an hour to  
26 make a couple adjustments and go through all the steps to complete one run.

27 DRA recommended that the Commission order PG&E to modify its RO model  
28 to meet the needs of the Commission.

1           **C. RO Models Provided by PG&E in this GRC**

2           PG&E filed its TY 2014 GRC on November 15, 2012, with a new RO model.  
3           The new RO model is the same as the last one but has many improvements. Run  
4           time is under 10 minutes and many of the manual steps have been eliminated. This  
5           current model still needs improvements, such as identifying the input area in some of  
6           the worksheets and eliminating the manual intervention of filtering and defiltering.

7           DRA used the version provided by PG&E on November 15, 2012, corrected  
8           by instruction from PG&E, to calculate the results of operations depicted in this  
9           report. The various DRA witnesses provided the input data for the RO model.  
10          Discussions and analyses of the input data are contained in various DRA exhibits.  
11          DRA made some minor modifications to PG&E's version of the RO model and some  
12          manual inputs to accommodate some witnesses' requests, so that the RO could  
13          reflect their recommendations.

14          The values shown in the following tables were extracted from two RO runs.  
15          The numbers shown in the PG&E columns were extracted from the RO version that  
16          was provided by PG&E on November 15, 2012. The figures displayed in the DRA  
17          columns were extracted from a DRA scenario adapted from the RO version used by  
18          PG&E.

19           **D. Cost of Capital**

20          Decision (D.) 12-12-034 authorized the most recent 2013 cost of capital  
21          parameters (capital structure, return on common equity, preferred stock cost, and  
22          long-term debt costs) for PG&E. DRA has incorporated the most recently  
23          Commission adopted cost of capital figures<sup>1</sup> in its Results of Operation model and  
24          for its Summary of Earnings for the Test Year 2014. DRA did not incorporate the  
25          most recent cost of capital figures to PG&E's 2014 revenue requirement forecasts.<sup>2</sup>

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<sup>1</sup> 8.06% rate of return on rate base and 10.40% return on common equity.

<sup>2</sup> PG&E's summary of earnings is based on the previously-authorized 8.79% return on rate base and 11.35% return on common equity.

1           **E. Productivity**

2           PG&E estimated test year productivity savings of \$46.6 million in Electric  
3           Distribution capital expenditures and \$10.0 million in Electric Distribution operations  
4           and maintenance (O&M) expenses.<sup>3</sup>

5           According to PG&E, "...Electric Operations has committed to offset escalation  
6           for 2012 through 2015. PG&E will achieve this by implementing productivity  
7           improvements and other initiatives associated with the Electric Operations  
8           Improvement Plan...the estimated total savings associated with absorbing  
9           escalation for expense is over \$30 million for 2014 to 2016 and approximately \$180  
10          million in capital for 2012 to 2015."<sup>4</sup>

11          Although PG&E's productivity estimates offset escalation, it does not  
12          necessarily follow that productivity savings should change if escalation is changed.  
13          DRA did not calculate an amount for productivity savings and accepts PG&E's  
14          forecast.

15           **F. Summary of Earnings Tables**

16          The following pages contain the Summary of Earnings tables. Tables 2-1  
17          through 2-4 address electric and gas distribution. Tables 2-5 through 2-7 address  
18          electric generation.  
19

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<sup>3</sup> Ex. PG&E-4, p. 20-8, line 1 of Tables 20-2 and 20-3.

<sup>4</sup> Ex. PG&E-4, p. 20-6, lines 21-29.

**Table 2-1**  
Pacific Gas and Electric Company  
2014 General Rate Case Application  
**DRA'S Summary of Earnings**  
**Electric and Gas Distribution**  
(Thousands of Dollars)

Line No.	Description	Revenues At Present Rates		Revenues At Proposed Rates		Difference (\$)		Difference (%)		Line No.
		Electric	Gas	Electric	Gas	Electric	Gas	Electric	Gas	
1	Revenue at Effective Rates	3,649,585	1,295,268	3,503,154	1,378,657	(146,432)	83,389	(4.01%)	6.44%	1
2	Plus Non-General Revenue	110,558	22,922	130,225	22,142	19,667	(780)	17.79%	(3.40%)	2
3	General Rate Case Revenue	3,760,144	1,318,190	3,633,379	1,400,799	(126,765)	82,609	(3.37%)	6.27%	3
4	Energy Costs	0	0	0	0	0	0	NA	NA	4
5	Other Production	0	2,894	0	2,894	0	0	NA	0.00%	5
6	Storage	0	0	0	0	0	0	NA	NA	6
7	Transmission	1,034	0	1,034	0	0	0	0.00%	NA	7
8	Distribution	515,241	248,838	515,241	248,838	0	0	0.00%	0.00%	8
9	Customer Accounts	115,144	110,563	115,144	110,563	0	0	0.00%	0.00%	9
10	Uncollectibles	13,933	4,777	13,463	5,077	(470)	299	(3.37%)	6.27%	10
11	Customer Services	591	2,672	591	2,672	0	0	0.00%	0.00%	11
12	Administrative and General	405,274	217,619	405,274	217,619	0	0	0.00%	0.00%	12
13	Franchise Requirements	31,509	17,791	30,446	18,906	(1,062)	1,115	(3.37%)	6.27%	13
14	Project Amortization	58,768	0	58,768	0	0	0	0.00%	NA	14
15	Wage Change Impacts	0	0	0	0	0	0	NA	NA	15
16	Other Price Change Impacts	0	0	0	0	0	0	NA	NA	16
17	Other Adjustments	216	(7,168)	216	(7,168)	0	0	0.00%	0.00%	17
18	Subtotal Expenses:	1,141,710	597,988	1,140,178	599,402	(1,532)	1,414	(0.13%)	0.24%	18
19	Superfund	0	0	0	0	0	0	NA	NA	19
20	Property	159,330	37,068	159,330	37,068	0	0	0.00%	0.00%	20
21	Payroll	31,320	23,390	31,320	23,390	0	0	0.00%	0.00%	21
22	Business	441	237	441	237	0	0	0.00%	0.00%	22
23	Other	1,398	751	1,398	751	0	0	0.00%	0.00%	23
24	State Corporation Franchise	81,942	12,019	70,871	19,197	(11,071)	7,178	(13.51%)	59.72%	24
25	Federal Income	262,026	45,423	218,194	73,842	(43,831)	28,418	(16.73%)	62.56%	25
26	Total Taxes	536,456	118,888	481,554	154,484	(54,902)	35,596	(10.23%)	29.94%	26
27	Depreciation	1,064,890	375,552	1,064,890	375,552	0	0	0.00%	0.00%	27
28	Fossil Decommissioning	0	0	0	0	0	0	NA	NA	28
29	Nuclear Decommissioning	0	0	0	0	0	0	NA	NA	29
30	Total Operating Expenses	2,743,056	1,092,428	2,686,622	1,129,439	(56,434)	37,010	(2.06%)	3.39%	30
31	Net for Return	1,017,088	225,762	946,757	271,361	(70,331)	45,599	(6.91%)	20.20%	31
32	Rate Base	11,746,370	3,366,760	11,746,370	3,366,760	0	0	0.00%	0.00%	32
	<b>RATE OF RETURN:</b>									
33	On Rate Base	8.66%	6.71%	<b>8.06%</b>	<b>8.06%</b>	<b>(0.60%)</b>	1.35%	(6.91%)	20.20%	33
34	On Equity	11.56%	7.80%	<b>10.40%</b>	<b>10.40%</b>	<b>(1.15%)</b>	2.60%	(9.96%)	33.40%	34

1



**Table 2-2**  
Pacific Gas and Electric Company  
2014 General Rate Case Application  
**PG&E'S Summary of Earnings**  
**Electric and Gas Distribution**  
(Thousands of Dollars)

Line No.	Description	Revenues At Present Rates		Revenues At Proposed Rates		Difference (\$)		Difference (%)		Line No.
		Electric	Gas	Electric	Gas	Electric	Gas	Electric	Gas	
<b>REVENUE:</b>										
1	Revenue at Effective Rates	3,767,728	1,323,978	4,355,219	1,809,641	587,490	485,663	15.59%	36.68%	1
2	Plus Non-General Revenue	110,558	22,922	88,941	25,228	(21,618)	2,306	(19.55%)	10.06%	2
3	General Rate Case Revenue	<b>3,878,287</b>	<b>1,346,900</b>	<b>4,444,159</b>	<b>1,834,870</b>	<b>565,872</b>	<b>487,970</b>	<b>14.59%</b>	<b>36.23%</b>	3
<b>OPERATING EXPENSES:</b>										
4	Energy Costs	0	0	0	0	0	0	NA	NA	4
5	Other Production	0	4,575	0	4,575	0	0	NA	0.00%	5
6	Storage	0	0	0	0	0	0	NA	NA	6
7	Transmission	1,036	0	1,036	0	0	0	0.00%	NA	7
8	Distribution	628,166	409,531	628,166	409,531	0	0	0.00%	0.00%	8
9	Customer Accounts	198,677	152,555	198,677	152,555	0	0	0.00%	0.00%	9
10	Uncollectibles	14,370	4,881	16,467	6,650	2,097	1,768	14.59%	36.23%	10
11	Customer Services	3,790	2,856	3,790	2,856	0	0	0.00%	0.00%	11
12	Administrative and General	489,633	262,917	489,633	262,917	0	0	0.00%	0.00%	12
13	Franchise Requirements	32,499	18,179	37,240	24,765	4,742	6,586	14.59%	36.23%	13
14	Project Amortization	58,768	0	58,768	0	0	0	0.00%	NA	14
15	Wage Change Impacts	0	0	0	0	0	0	NA	NA	15
16	Other Price Change Impacts	0	0	0	0	0	0	NA	NA	16
17	Other Adjustments	2,878	(9,287)	2,878	(9,287)	0	0	0.00%	0.00%	17
18	Subtotal Expenses:	<b>1,429,816</b>	<b>846,207</b>	<b>1,436,655</b>	<b>854,561</b>	<b>6,839</b>	<b>8,354</b>	<b>0.48%</b>	<b>0.99%</b>	18
<b>TAXES:</b>										
19	Superfund	0	0	0	0	0	0	NA	NA	19
20	Property	160,174	38,685	160,174	38,685	0	0	0.00%	0.00%	20
21	Payroll	43,927	33,491	43,927	33,491	0	0	0.00%	0.00%	21
22	Business	441	237	441	237	0	0	0.00%	0.00%	22
23	Other	1,398	751	1,398	751	0	0	0.00%	0.00%	23
24	State Corporation Franchise	52,060	(19,100)	101,479	23,298	49,419	42,398	94.93%	221.98%	24
25	Federal Income	64,996	(85,800)	260,658	82,066	195,662	167,865	301.03%	195.65%	25
26	Total Taxes	<b>322,997</b>	<b>(31,735)</b>	<b>568,077</b>	<b>178,528</b>	<b>245,080</b>	<b>210,263</b>	<b>75.88%</b>	<b>662.56%</b>	26
27	Depreciation	1,351,276	463,955	1,351,276	463,955	0	0	0.00%	0.00%	27
28	Fossil Decommissioning	0	0	0	0	0	0	NA	NA	28
29	Nuclear Decommissioning	0	0	0	0	0	0	NA	NA	29
30	Total Operating Expenses	<b>3,104,089</b>	<b>1,278,427</b>	<b>3,356,008</b>	<b>1,497,044</b>	<b>251,919</b>	<b>218,618</b>	<b>8.12%</b>	<b>17.10%</b>	30
31	Net for Return	<b>774,197</b>	<b>68,474</b>	<b>1,088,151</b>	<b>337,825</b>	<b>313,953</b>	<b>269,352</b>	<b>40.55%</b>	<b>393.37%</b>	31
32	Rate Base	12,379,418	3,843,292	12,379,418	3,843,292	0	0	0.00%	0.00%	32
<b>RATE OF RETURN:</b>										
33	On Rate Base	<b>6.25%</b>	<b>1.78%</b>	<b>8.79%</b>	<b>8.79%</b>	2.54%	7.01%	40.55%	393.37%	33
34	On Equity	<b>6.47%</b>	<b>-2.13%</b>	<b>11.35%</b>	<b>11.35%</b>	4.88%	13.48%	75.39%	632.32%	34

1

<b>Table 2-3</b>					
PacificGas and ElectricCompany					
2014 General Rate Case Application					
<b>Comparison of Summary of Earnings At Proposed Rates</b>					
<b>Electric Distribution</b>					
(Thousands of Dollars)					
Line No.	Description	DRA	PG&E	PG&E Exceeds DRA (\$)	PG&E Exceeds DRA (%)
1	Revenue at Effective Rates	3,503,154	4,355,219	852,065	24.32%
2	Plus Non-General Revenue	130,225	88,941	(41,285)	(31.70%)
3	General Rate Case Revenue	3,633,379	4,444,159	810,780	22.31%
<b>OPERATING EXPENSES:</b>					
4	Energy Costs	0	0	0	NA
5	Other Production	0	0	0	NA
6	Storage	0	0	0	NA
7	Transmission	1,034	1,036	2	0.21%
8	Distribution	515,241	628,166	112,925	21.92%
9	Customer Accounts	115,144	198,677	83,533	72.55%
10	Uncollectibles	13,463	16,467	3,004	22.31%
11	Customer Services	591	3,790	3,199	540.84%
12	Administrative and General	405,274	489,633	84,358	20.82%
13	Franchise Requirements	30,446	37,240	6,794	22.31%
14	Project Amortization	58,768	58,768	0	0.00%
15	Wage Change Impacts	0	0	0	NA
16	Other Price Change Impacts	0	0	0	NA
17	Other Adjustments	216	2,878	2,662	1232.14%
18	Subtotal Expenses:	1,140,178	1,436,655	296,477	26.00%
<b>TAXES:</b>					
19	Superfund	0	0	0	NA
20	Property	159,330	160,174	844	0.53%
21	Payroll	31,320	43,927	12,608	40.25%
22	Business	441	441	0	0.00%
23	Other	1,398	1,398	0	0.00%
24	State Corporation Franchise	70,871	101,479	30,608	43.19%
25	Federal Income	218,194	260,658	42,464	19.46%
26	Total Taxes	481,554	568,077	86,523	17.97%
27	Depreciation	1,064,890	1,351,276	286,386	26.89%
28	Fossil Decommissioning	0	0	0	NA
29	Nuclear Decommissioning	0	0	0	NA
30	Total Operating Expenses	2,686,622	3,356,008	669,387	24.92%
31	Net for Return	946,757	1,088,151	141,393	14.93%
32	Rate Base	11,746,370	12,379,418	633,048	5.39%
<b>RATE OF RETURN:</b>					
33	On Rate Base	8.06%	8.79%	0.73%	9.06%
34	On Equity	10.40%	11.35%	0.94%	9.06%

1

Line No.	Description	DRA	PG&E	PG&E Exceeds DRA (\$)	PG&E Exceeds DRA (%)
1	Revenue at Effective Rates	1,378,657	1,809,641	430,984	31.26%
2	Plus Non-General Revenue	22,142	25,228	3,086	13.94%
3	General Rate Case Revenue	1,400,799	1,834,870	434,070	30.99%
4	Energy Costs	0	0	0	NA
5	Other Production	2,894	4,575	1,681	58.07%
6	Storage	0	0	0	NA
7	Transmission	0	0	0	NA
8	Distribution	248,838	409,531	160,694	64.58%
9	Customer Accounts	110,563	152,555	41,991	37.98%
10	Uncollectibles	5,077	6,650	1,573	30.99%
11	Customer Services	2,672	2,856	184	6.88%
12	Administrative and General	217,619	262,917	45,298	20.82%
13	Franchise Requirements	18,906	24,765	5,859	30.99%
14	Project Amortization	0	0	0	NA
15	Wage Change Impacts	0	0	0	NA
16	Other Price Change Impacts	0	0	0	NA
17	Other Adjustments	(7,168)	(9,287)	(2,119)	(29.57%)
18	Subtotal Expenses:	599,402	854,561	255,160	42.57%
19	Superfund	0	0	0	NA
20	Property	37,068	38,685	1,617	4.36%
21	Payroll	23,390	33,491	10,101	43.19%
22	Business	237	237	0	0.00%
23	Other	751	751	0	0.00%
24	State Corporation Franchise	19,197	23,298	4,101	21.36%
25	Federal Income	73,842	82,066	8,224	11.14%
26	Total Taxes	154,484	178,528	24,044	15.56%
27	Depreciation	375,552	463,955	88,402	23.54%
28	Fossil Decommissioning	0	0	0	NA
29	Fossil Decommissioning	0	0	0	NA
30	Total Operating Expenses	1,129,439	1,497,044	367,606	32.55%
31	Net for Return	271,361	337,825	66,465	24.49%
32	Rate Base	3,366,760	3,843,292	476,532	14.15%
<b>RATE OF RETURN:</b>					
33	On Rate Base	<b>8.06%</b>	<b>8.79%</b>	0.73%	9.06%
34	On Equity	<b>10.40%</b>	<b>11.35%</b>	0.94%	9.06%

1

2

**Table 2-5**  
**Pacific Gas and Electric Company**  
**2014 General Rate Case Application**  
**DRA'S Summary of Earnings**  
**Total Generation**  
**(Thousands of Dollars)**

Line No.	Description	Revenues at Present Rates	Revenues at Proposed Rates	Difference \$ Amount	Difference %	Line No.
<b>REVENUE:</b>						
1	Revenue at Effective Rates	1,689,455	1,589,991	(99,464)	(5.89%)	1
2	Plus Non-General Revenue	11,613	17,867	6,254	53.86%	2
3	General Rate Case Revenue	1,701,067	1,607,857	(93,210)	(5.48%)	3
<b>OPERATINGEXPENSES:</b>						
4	Energy Costs	0	0	0	NA	4
5	Other Production	459,725	459,725	0	0.00%	5
6	Storage	0	0	0	NA	6
7	Transmission	4,113	4,113	0	0.00%	7
8	Distribution	0	0	0	NA	8
9	Customer Accounts	0	0	0	NA	9
10	Uncollectibles	6,303	5,958	(345)	(5.48%)	10
11	Customer Services	0	0	0	NA	11
12	Administrative and General	228,733	228,733	0	0.00%	12
13	Franchise Requirements	14,254	13,473	(781)	(5.48%)	13
14	Amortization	207	207	0	0.00%	14
15	Wage Change Impacts	0	0	0	NA	15
16	Other Price Change Impacts	0	0	0	NA	16
17	Other Adjustments	(127,275)	(127,275)	0	0.00%	17
18	Subtotal Expenses:	586,060	584,933	(1,126)	(0.19%)	18
<b>TAXES:</b>						
19	Superfund	0	0	0	NA	19
20	Property	50,246	50,246	0	0.00%	20
21	Payroll	25,201	25,201	0	0.00%	21
22	Business	249	249	0	0.00%	22
23	Other	789	789	0	0.00%	23
24	State Corporation Franchise	35,173	27,033	(8,140)	(23.14%)	24
25	Federal Income	127,667	98,898	(28,769)	(22.53%)	25
26	Total Taxes	239,326	202,416	(36,910)	(15.42%)	26
27	Depreciation	411,490	411,490	0	0.00%	27
28	Fossil Decommissioning	36,085	36,085	0	0.00%	28
29	NuclearDecommissioning	0	0	0	NA	29
30	Total Operating Expenses	1,272,961	1,234,925	(38,036)	(2.99%)	30
31	Net for Return	428,106	372,933	(55,174)	(12.89%)	31
32	Rate Base	4,626,955	4,626,955	0	0.00%	32
<b>RATE OF RETURN:</b>						
33	On Rate Base	9.25%	8.06%	(1.19%)	(12.89%)	33
34	On Equity	12.70%	10.40%	(2.29%)	(18.06%)	34

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<b>Table 2-6</b>						
Pacific Gas and Electric Company						
2014 General Rate Case Application						
<b>PG&amp;E'S Summary of Earnings</b>						
Total Generation						
(Thousands of Dollars)						
Line No.	Description	Revenues at Present Rates	Revenues at Proposed Rates	Difference \$ Amount	Difference %	Line No.
<b>REVENUE:</b>						
1	Revenue at Effective Rates	1,737,200	1,945,826	208,625	12.01%	1
2	Less Non-General Revenue	11,613	14,387	2,775	23.90%	2
3	General Rate Case Revenue	1,748,813	1,960,213	211,400	12.09%	3
<b>OPERATING EXPENSES:</b>						
4	Energy Costs	0	0	0	NA	4
5	Other Production	630,456	630,456	0	0.00%	5
6	Storage	0	0	0	NA	6
7	Transmission	4,122	4,122	0	0.00%	7
8	Distribution	0	0	0	NA	8
9	Customer Accounts	0	0	0	NA	9
10	Uncollectibles	6,480	7,263	783	12.09%	10
11	Customer Services	0	0	0	NA	11
12	Administrative and General	276,345	276,345	0	0.00%	12
13	Franchise Requirements	14,654	16,426	1,771	12.09%	13
14	Amortization	207	207	0	0.00%	14
15	Wage Change Impacts	0	0	0	NA	15
16	Other Price Change Impacts	0	0	0	NA	16
17	Other Adjustments	(124,607)	(124,607)	0	0.00%	17
18	Subtotal Expenses:	807,657	810,211	2,555	0.32%	18
<b>TAXES</b>						
19	Superfund	0	0	0	NA	19
20	Property	50,207	50,207	0	0.00%	20
21	Payroll	33,747	33,747	0	0.00%	21
22	Business	249	249	0	0.00%	22
23	Other	789	789	0	0.00%	23
24	State Corporation Franchise	15,778	34,240	18,462	117.01%	24
25	Federal Income	52,690	120,306	67,616	128.33%	25
26	Total Taxes	153,461	239,538	86,078	56.09%	26
27	Depreciation	415,891	415,891	0	0.00%	27
28	Fossil Decommissioning	36,085	36,085	0	0.00%	28
29	Nuclear Decommissioning	0	0	0	NA	29
30	Total Operating Expenses	1,413,094	1,501,726	88,633	6.27%	30
31	Net for Return	335,719	458,487	122,768	36.57%	31
32	Rate Base	5,216,006	5,216,006	0	0.00%	32
<b>RATE OF RETURN:</b>						
33	On Rate Base	6.44%	8.79%	2.35%	36.57%	33
34	On Equity	6.82%	11.35%	4.53%	66.37%	34

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Table 2-7						
Pacific Gas and Electric Company						
2014 General Rate Case Application						
Comparison of Summary of Earnings At Proposed Rates						
Total Generation						
(Thousands of Dollars)						
Line No.	Description	DRA	PG&E	PG&E Exceeds DRA (\$ Amount)	PG&E Exceeds DRA (%)	Line No.
<b>REVENUE:</b>						
1	Revenue at Effective Rates	1,589,991	1,945,826	355,835	22.38%	1
2	Plus Non-General Revenue	17,867	14,387	(3,479)	(19.47%)	2
3	General Rate Case Revenue	1,607,857	1,960,213	352,356	21.91%	3
<b>OPERATING EXPENSES:</b>						
4	Energy Costs	0	0	-	NA	4
5	Other Production	459,725	630,456	170,731	37.14%	5
6	Storage	0	0	-	NA	6
7	Transmission	4,113	4,122	9	0.21%	7
8	Distribution	0	0	-	NA	8
9	Customer Accounts	0	0	-	NA	9
10	Uncollectibles	5,958	7,263	1,306	21.91%	10
11	Customer Services	0	0	-	NA	11
12	Administrative and General	228,733	276,345	47,611	20.82%	12
13	Franchise Requirements	13,473	16,426	2,953	21.91%	13
14	Amortization	207	207	-	0.00%	14
15	Wage Change Impacts	0	0	-	NA	15
16	Other Price Change Impacts	0	0	-	NA	16
17	Other Adjustments	(127,275)	(124,607)	2,669	2.10%	17
18	Subtotal Expenses:	584,933	810,211	225,278	38.51%	18
<b>TAXES:</b>						
19	Superfund	0	0	-	NA	19
20	Property	50,246	50,207	(39)	(0.08%)	20
21	Payroll	25,201	33,747	8,546	33.91%	21
22	Business	249	249	-	0.00%	22
23	Other	789	789	-	0.00%	23
24	State Corporation Franchise	27,033	34,240	7,207	26.66%	24
25	Federal Income	98,898	120,306	21,408	21.65%	25
26	Total Taxes	202,416	239,538	37,122	18.34%	26
27	Depreciation	411,490	415,891	4,401	1.07%	27
28	Fossil Decommissioning	36,085	36,085	-	0.00%	28
29	Nuclear Decommissioning	0	0	-	NA	29
30	Total Operating Expenses	1,234,925	1,501,726	266,801	21.60%	30
31	Net for Return	372,933	458,487	85,554	22.94%	31
32	Rate Base	4,626,955	5,216,006	589,051	12.73%	32
<b>RATE OF RETURN:</b>						
33	On Rate Base	8.06%	8.79%	0	9.06%	33
34	On Equity	10.40%	11.35%	0	9.06%	34

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