



DRA Version of PG&E July 30, 2013, Ex Parte Exhibit

DRA FIXES IN RED

	Sales	Revenue	Total Price
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SYSTEM BEFORE ADDITION OF ATTRACTION CUSTOMER

Assume 2 customer classes

Class 1	75,000	7,200	0.09600
Class 2	25,000	1,800	0.07200
Total	100,000	9,000	0.09000

ATTRACTION CUSTOMER

Add 1000 kWh to class 2 at a price in excess of the cost and below tariff price

Attraction revenue (full tariff)	1000	72	0.07200
Attraction revenue (w/ RATE reduction)	1000	45	0.04500
Rate Reduction [discount]		27	
Incremental Cost *	1000	35	0.03500
Nonbypassable Costs	1000	20	0.02000

*Incremental Cost of Service is estimated using marginal cost in PG&E's Application

CPUC Requires All NBCs to be Included in the Price Floor [D.07-09-016, OP 1]

REVISED REVENUE REQUIREMENT (RRQ)

RRQ includes the added cost for attraction customer

RRQ	101,000	9,035	0.08946
RRQ + NBCs		9,055	

PG&E Comment: The NBC RRQ does not change with sales. "No party has alleged that NBCs are marginal costs..." DRA Reply Comments, p.1.

ALLOCATION

No change is planned to the currently employed allocation of ED Revenue shown below.

Step 1: Revenue @ present rates (with ED rate reduction)

Class 1	75,000	7,200	0.09600
Class 2	26,000	1,845	0.07096
Total	101,000	9,045	0.08955

Step 2: Add ED Rate Reduction to Step 1 to Determine Present Revenue Without ED Rate Reduction

Class 1	75,000	7,200	0.09600
Class 2	26,000	1,872	0.07200
Total	101,000	9,072	0.08982

Step 3: Determine RRQ change

Present revenue [with EDR discount]		9,045	
Proposed revenue [with incremental cost]		9,035	
Proposed revenue (with incremental cost + NBCs)		9,055	
Change (Shortfall)		(10)	

PG&E Comment: Since there was no increase in NBC RRQ, there is a \$10 positive contribution. (\$9045 - \$9035 = \$10).

PG&E's Example Ignores CPUC Price Floor and Results in a Shortfall

Application 12-03-001, PG&E Economic Development Rate
 PG&E Ex Parte dated September 13, 2013
 Maximum EDR Reduction (%) Possible

<u>Case I</u>		<u>Included?</u>					
5-Year Review Period		Yes					
Generation Marginal Capacity Cost		No					
NBCs		No					
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<u>Case II</u>		<u>Included?</u>					
5-Year Review Period		Yes					
Generation Marginal Capacity Cost		Yes					
NBCs		No					
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<u>Case III</u>		<u>Included?</u>					
5-Year Review Period		Yes					
Generation Marginal Capacity Cost		No					
NBCs		Yes					
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