

From: Warner, Christopher (Law

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McKinney, Jeanne (jeanne.mckinney@cpuc.ca.gov);
CentralFiles@SempraUtilities.com (CentralFiles@SempraUtilities.com);
bcragg@goodinmacbride.com (bcragg@goodinmacbride.com);
atrowbridge@daycartermurphy.com (atrowbridge@daycartermurphy.com);
CManzuk@SempraUtilities.com (CManzuk@SempraUtilities.com);
1040@pacbell.net (1040@pacbell.net); Anne@AllianceForSolarChoice.com
(Anne@AllianceForSolarChoice.com); Bob.Dodds@liberty-energy.com
(Bob.Dodds@liberty-energy.com); Bustamante, Claudia
(/O=PG&E/OU=Corporate/cn=Recipients/cn=C4BO);
faith.mabuhayalliance@gmail.com (faith.mabuhayalliance@gmail.com);
RegRelCPUCCases
(/O=PG&E/OU=Corporate/cn=Recipients/cn=RegRelCPUCCases);
rl@eslawfirm.com (rl@eslawfirm.com); Diane.Fellman@nrgenergy.com
(Diane.Fellman@nrgenergy.com); Kamins, Sara M. (sara.kamins@cpuc.ca.gov);
To: JYork@SempraUtilities.com (JYork@SempraUtilities.com);
Eric@CoalitionofEnergyUsers.org (Eric@CoalitionofEnergyUsers.org);
Morgan.Lee@UTSanDiego.com (Morgan.Lee@UTSanDiego.com);
Joelle.Steward@PacifiCorp.com (Joelle.Steward@PacifiCorp.com);
ESchroeder@kfwlaw.com (ESchroeder@kfwlaw.com);
Lynn.Marshall@Energy.Ca.Gov (Lynn.Marshall@Energy.Ca.Gov);
Gregory.Reiss@mlp.com (Gregory.Reiss@mlp.com); Nick.Pappas@asm.ca.gov
(Nick.Pappas@asm.ca.gov); Rachel@largescalesolar.org
(Rachel@largescalesolar.org); Ekelly@MarinEnergy.com
(Ekelly@MarinEnergy.com); JWaen@MarinEnergy.com
(JWaen@MarinEnergy.com); Cherry, Brian K
(/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7); Haertle, Steve
(/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=SRH1);
bill@jbsenergy.com (bill@jbsenergy.com); cassandra.sweet@dowjones.com
(cassandra.sweet@dowjones.com); Tran, Ava N. (ava.tran@cpuc.ca.gov);
case.admin@sce.com (case.admin@sce.com); blaising@braunlegal.com
(blaising@braunlegal.com); abb@eslawfirm.com (abb@eslawfirm.com);
andykatz@sonic.net (andykatz@sonic.net); VidhyaPrabhakaran@dwt.com
(VidhyaPrabhakaran@dwt.com); brian.theaker@nrgenergy.com
(brian.theaker@nrgenergy.com); SRahon@SempraUtilities.com
(SRahon@SempraUtilities.com); acampbell@senticent-energy.com
(acampbell@senticent-energy.com); cathie.allen@pacificorp.com
(cathie.allen@pacificorp.com); wwright@sunrunhome.com
(wwright@sunrunhome.com); TLindl@kfwlaw.com (TLindl@kfwlaw.com);
O'Donnell, Arthur J. (Arthur.O'Donnell@cpuc.ca.gov); brad@calseia.org
(brad@calseia.org); TBrill@SempraUtilities.com (TBrill@SempraUtilities.com);
belinda.delacruz@edisonintl.com (belinda.delacruz@edisonintl.com);
TMcRae@svlg.org (TMcRae@svlg.org); aschwartz@solarcity.com
(aschwartz@solarcity.com); Baker, Amy C. (amy.baker@cpuc.ca.gov);

carlierfrancois@yahoo.fr (carlierfrancois@yahoo.fr);
adam@sullivansolarpower.com (adam@sullivansolarpower.com); b.bordine@d-e-c-a.org (b.bordine@d-e-c-a.org); allenmcw@comcast.net (allenmcw@comcast.net);
ahmad.faruqui@brattle.com (ahmad.faruqui@brattle.com); Khoury, Dexter
(dexter.khoury@cpuc.ca.gov); barbara@barkovichandyap.com
(barbara@barkovichandyap.com); alewis@naacoalition.org
(alewis@naacoalition.org); Benjamin, Robert (robert.benjamin@cpuc.ca.gov);
kmills@cfbf.com (kmills@cfbf.com); lmh@eslawfirm.com (lmh@eslawfirm.com);
joyw@mid.org (joyw@mid.org); Singh, Devla (devla.singh@cpuc.ca.gov);
Villarreal, Christopher (christopher.villarreal@cpuc.ca.gov); filings@a-klaw.com
(filings@a-klaw.com); jweil@aglet.org (jweil@aglet.org); Fortune, Hazlyn
(hazlyn.fortune@cpuc.ca.gov); hayley@turn.org (hayley@turn.org);
cem@newsdata.com (cem@newsdata.com); liddell@energyattorney.com
(liddell@energyattorney.com); cbarry@iwpnews.com (cbarry@iwpnews.com);
jarmstrong@goodinmacbride.com (jarmstrong@goodinmacbride.com);
DWTCPUCDOCKETS@dwt.com (DWTCPUCDOCKETS@dwt.com);
douglass@energyattorney.com (douglass@energyattorney.com);
lwisland@ucsusa.org (lwisland@ucsusa.org); Rahman, Junaid
(junaid.rahman@cpuc.ca.gov); Danforth, Christopher
(christopher.danforth@cpuc.ca.gov); lindaf@mid.org (lindaf@mid.org); ek@a-
klaw.com (ek@a-klaw.com); kdw@woodruff-expert-services.com (kdw@woodruff-
expert-services.com); danielle@ceert.org (danielle@ceert.org);
lencanty@BlackEconomicCouncil.org (lencanty@BlackEconomicCouncil.org);
enriqueg@greenlining.org (enriqueg@greenlining.org); dmarcus2@sbcglobal.net
(dmarcus2@sbcglobal.net); Heiden, Gregory (gregory.heiden@cpuc.ca.gov);
david@ceert.org (david@ceert.org); jleslie@mckennalong.com
(jleslie@mckennalong.com); JMauldin@adamsbroadwell.com
(JMauldin@adamsbroadwell.com); dan.delurey@drsgcoalition.org
(dan.delurey@drsgcoalition.org); cfang@semprautilities.com
(cfang@semprautilities.com); gayatri@jbsenergy.com (gayatri@jbsenergy.com);
felicia.williams@edisonintl.com (felicia.williams@edisonintl.com);
lnavarro@edf.org (lnavarro@edf.org); info@lbcgla.com (info@lbcgla.com);
jimin@mid.org (jimin@mid.org); Willis, Dan (Dan.Willis@cpuc.ca.gov);
jeannetteo@moval.org (jeannetteo@moval.org); Watts-Zagha, Karen Camille
(KarenCamille.Watts-Zagha@cpuc.ca.gov); Petlin, Gabriel
(gabriel.petlin@cpuc.ca.gov); cathy.zhang@soundofhope.org
(cathy.zhang@soundofhope.org); chris_king@siemens.com
(chris_king@siemens.com); fadia.khoury@sce.com (fadia.khoury@sce.com);
jfine@edf.org (jfine@edf.org); dwooley@kfwlaw.com (dwooley@kfwlaw.com);
holly@SunrunHome.com (holly@SunrunHome.com); dhilla@consumercal.org
(dhilla@consumercal.org); dchia@solarcity.com (dchia@solarcity.com);
charlie.buck@energycenter.org (charlie.buck@energycenter.org);
jleesq@yahoo.com (jleesq@yahoo.com); jack.clark@energycenter.org
(jack.clark@energycenter.org); jkeyes@kfwlaw.com (jkeyes@kfwlaw.com);
ed@temix.com (ed@temix.com); kfox@kfwlaw.com (kfox@kfwlaw.com);
cbk@eslawfirm.com (cbk@eslawfirm.com); cpuc@libertyutilities.com

(cpuc@libertyutilities.com); kerry.hattevik@nee.com (kerry.hattevik@nee.com); joshbode@fscgroup.com (joshbode@fscgroup.com); eric.wright@bves.com (eric.wright@bves.com); kkiener@solarelectricpower.org (kkiener@solarelectricpower.org); erin@falquier.com (erin@falquier.com); fwahl@svlg.org (fwahl@svlg.org); jim@jimlazar.com (jim@jimlazar.com); Torres, Elise (elise.torres@cpuc.ca.gov); Horner, Trina (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TNHC); Weidemann, Mareijke (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=M2W8); ssmyers@att.net (ssmyers@att.net); nes@a-klaw.com (nes@a-klaw.com); marcel@turn.org (marcel@turn.org); sephra.ninow@energycenter.org (sephra.ninow@energycenter.org); mtierney-lloyd@enernoc.com (mtierney-lloyd@enernoc.com); mrw@mrwassoc.com (mrw@mrwassoc.com); Lee, Rebecca Tsai-Wei (rebecca.lee@cpuc.ca.gov); mdjoseph@adamsbroadwell.com (mdjoseph@adamsbroadwell.com); sue.mara@RTOadvisors.com (sue.mara@RTOadvisors.com); matthew@turn.org (matthew@turn.org); tomb@crossborderenergy.com (tomb@crossborderenergy.com); steven@iepa.com (steven@iepa.com); mpf@stateside.com (mpf@stateside.com); spauker@wsgr.com (spauker@wsgr.com); StephanieC@greenlining.org (StephanieC@greenlining.org); service@cforat.org (service@cforat.org); RobertGnaizda@gmail.com (RobertGnaizda@gmail.com); Murtishaw, Scott (scott.murtishaw@cpuc.ca.gov); Zafar, Marzia (marzia.zafar@cpuc.ca.gov); michael@sandiegocan.org (michael@sandiegocan.org); nguyen.quan@gswater.com (nguyen.quan@gswater.com); Samson, Renee (/O=PG&E/OU=Corporate/cn=Recipients/cn=r5sz); matt.vespa@SierraClub.org (matt.vespa@SierraClub.org); sachu.constantine@energycenter.org (sachu.constantine@energycenter.org); scarter@nrdc.org (scarter@nrdc.org); mpanfil@edf.org (mpanfil@edf.org); njohnson@consumercal.org (njohnson@consumercal.org); steve@bakerstreetpublishing.com (steve@bakerstreetpublishing.com); tculley@kfwlaw.com (tculley@kfwlaw.com); russell.garwacki@sce.com (russell.garwacki@sce.com); Kao, Valerie (valerie.kao@cpuc.ca.gov); Gibbs, Syreeta (syreeta.gibbs@cpuc.ca.gov); paul.pietsch@drsgcoalition.org (paul.pietsch@drsgcoalition.org); Tarasova, Catherine (/O=PG&E/OU=Corporate/cn=Recipients/cn=yxt537641601); Tan, Lee-Whei (lee-whei.tan@cpuc.ca.gov); rick@votesolar.org (rick@votesolar.org); samholmberg@fscgroup.com (samholmberg@fscgroup.com); nicole@braunlegal.com (nicole@braunlegal.com); Zhang, Zhen (Zhen.Zhang@cpuc.ca.gov); sean.beatty@nrgenergy.com (sean.beatty@nrgenergy.com); patrick.saxton@energy.ca.gov (patrick.saxton@energy.ca.gov); nbrockway@aol.com (nbrockway@aol.com); sarah.wallace@pacificorp.com (sarah.wallace@pacificorp.com); michaelperry@fscgroup.com (michaelperry@fscgroup.com); ntreadway@delfgllc.com (ntreadway@delfgllc.com); Kito, Michele (michele.kito@cpuc.ca.gov); policy@efficiencycouncil.org (policy@efficiencycouncil.org); siobhan.foley@energycenter.org (siobhan.foley@energycenter.org); Levin, Robert (robert.levin@cpuc.ca.gov); sdalal@sflower.org (sdalal@sflower.org); susannah@votesolar.org

(susannah@votesolar.org); terry.clapham@energycenter.org
(terry.clapham@energycenter.org); sbirmingham@seia.org
(sbirmingham@seia.org); timothy.treadwell@energycenter.org
(timothy.treadwell@energycenter.org); Mutialu, Rajan
(rajan.mutialu@cpuc.ca.gov); michaelsullivan@fscgroup.com
(michaelsullivan@fscgroup.com); markw@corchurch.org (markw@corchurch.org);
St. Marie, Stephen (Stephen.St.Marie@cpuc.ca.gov); rogerl47@aol.com
(rogerl47@aol.com); sswaroop@marinenergy.com (sswaroop@marinenergy.com);
stephengeorge@fscgroup.com (stephengeorge@fscgroup.com)

Cc: ALJ Central Files Staff (ACF@cpuc.ca.gov)

Bcc:

Subject: RE: R1206013 Phase 2 Replies/Climate Dividend

Thank you, your Honor. PG&E has complied with your ruling in our prepared opening testimony. P. 2-13, footnote 21 of PG&E's November 22, prepared testimony states as follows regarding PG&E's presentation of bill impacts in Appendices C and D of its prepared testimony:

"It must be noted that the bill impacts in Appendix C and D, were developed without accounting for the effect of the Climate Dividend that all of PG&E's residential customers will receive beginning in 2014. This Climate Dividend is anticipated to be approximately \$60 per year for each residential customer. This bill credit is effectively the same as a \$5-per-month negative customer charge, and it must be taken into account (just as a positive \$5-per-month customer charge would) when analyzing the detailed bill comparison tables in Appendix C. The Climate Dividend does not similarly need to be accounted for when analyzing the detailed bill comparison tables in Appendix D, since both the starting point (January 2014) and ending point (Summer 2014) rates occur in 2014, so that the effect of the Climate Dividend washes out (i.e., the \$5-per-month credit would be in both, so that the dollar changes in bills shown in the tables would not be affected)."

Accordingly, PG&E does not intend to "re-do the bill impact calculations and analysis" as part

of its Reply to Protests on January 3, 2014, but instead intends to incorporate Appendices C and D of its prepared testimony by reference in its Reply.

Thank you.

Chris Warner

PG&E Law

415-973-6695

From: McKinney, Jeanne [mailto:jeanne.mckinney@cpuc.ca.gov]
Sent: Tuesday, December 24, 2013 1:57 PM
To: 1040@pacbell.net; ATrowbridge@DayCarterMurphy.com; Anne@AllianceForSolarChoice.com; BCragg@GoodinMacbride.com; Bob.Dodds@liberty-energy.com; Bustamante, Claudia; Warner, Christopher (Law); CManzuk@SempraUtilities.com; CentralFiles@SempraUtilities.com; Diane.Fellman@nrgenergy.com; ESchroeder@kfwlaw.com; Ekelly@MarinEnergy.com; Eric@CoalitionofEnergyUsers.org; Faith.MabuhayAlliance@gmail.com; Gregory.Reiss@mlp.com; JWaen@MarinEnergy.com; JYork@SempraUtilities.com; Joelle.Steward@PacifiCorp.com; Lynn.Marshall@Energy.Ca.Gov; Morgan.Lee@UTSanDiego.com; Nick.Pappas@asm.ca.gov; RL@ESLAWFIRM.COM; Rachel@largescalesolar.org; RegRelCPUCCases; Kamins, Sara M.; Haertle, Steve; SRahon@SempraUtilities.com; TBrill@SempraUtilities.com; TLindl@kfwlaw.com; TMcRae@svlg.org; VidhyaPrabhakaran@dwt.com; WWright@SunrunHome.com; Baker, Amy C.; abb@eslawfirm.com; acampbell@sient-energy.com; adam@sullivansolarpower.com; ahmad.faruqui@brattle.com; alewis@naacoalition.org; allenmcw@comcast.net; andykatz@sonic.net; O'Donnell, Arthur J.; aschwartz@solarcity.com; Tran, Ava N.; b.bordine@d-e-c-a.org; barbara@barkovichandyp.com; belinda.delacruz@edisonintl.com; bill@jbsenergy.com; Benjamin, Robert; Cherry, Brian K; blaising@braunlegal.com; brad@calseia.org; brian.theaker@nrgenergy.com; Khoury, Dexter; carlierfrancois@yahoo.fr; case.admin@sce.com; cassandra.sweet@dowjones.com; cathie.allen@pacificcorp.com; cathy.zhang@soundofhope.org; cbarry@iwpnews.com; cbk@eslawfirm.com; cem@newsdata.com; cfang@semprautilities.com; charlie.buck@energycenter.org; chris_king@siemens.com; cpuc@libertyutilities.com; Villarreal, Christopher; Danforth, Christopher; dan.delurey@drsgcoalition.org; danielle@ceert.org; david@ceert.org; dchia@solarcity.com; dhilla@consumercal.org; dmarcus2@sbcglobal.net; douglass@energyattorney.com; Singh, Devla; Willis, Dan; dwooley@kfwlaw.com; dwtcpcdockets@dwt.com; ed@temix.com; ek@a-klaw.com; enriqueg@greenlining.org; eric.wright@bves.com; erin@falquier.com; Torres, Elise; fadia.khoury@sce.com; felicia.williams@edisonintl.com; filings@a-klaw.com; fwahl@svlg.org; gayatri@jbsenergy.com; Petlin, Gabriel; Heiden, Gregory; hayley@turn.org; Fortune, Hazlyn; holly@SunrunHome.com; info@lbcgla.com; jack.clark@energycenter.org; jarmstrong@goodinmacbride.com; jeannetteo@moval.org; jfine@edf.org; jim@jimlazar.com; jimin@mid.org; jkeyes@kfwlaw.com; jlesq@yahoo.com; jleslie@McKennaLong.com; jmauldin@adamsbroadwell.com; Rahman, Junaid; joshbode@fscgroup.com; joyw@mid.org; jweil@aglet.org; kdw@woodruff-expert-services.com; kerry.hattevik@nee.com; kfox@kfwlaw.com; kkiener@solarelectricpower.org; kmills@cfbf.com; Watts-Zagha, Karen Camille; lencanty@BlackEconomicCouncil.org; liddell@energyattorney.com;

lindaf@mid.org; lmh@eslawfirm.com; Inavarro@edf.org; lwisland@ucsus.org; Tan, Lee-Whei; Weidemann, Mareijke; marcel@turn.org; markw@corchurch.org; matt.vespa@SierraClub.org; matthew@turn.org; mdjoseph@adamsbroadwell.com; michael@sandiegocan.org; michaelperry@fscgroup.com; michaelsullivan@fscgroup.com; Kito, Michele; mpanfil@edf.org; mpf@stateside.com; mrw@mrwassoc.com; mtierny-lloyd@enernoc.com; nbrockway@aol.com; nes@a-klaw.com; nguyen.quan@gswater.com; nicole@braunlegal.com; njohnson@consumercal.org; ntreadway@delfgllc.com; patrick.saxton@energy.ca.gov; paul.pietsch@drsgcoalition.org; policy@efficiencycouncil.org; Samson, Renee; rick@votesolar.org; Levin, Robert; Mutialu, Rajan; robertgnaizda@gmail.com; rogerl47@aol.com; russell.garwacki@sce.com; sachu.constantine@energycenter.org; samholmberg@fscgroup.com; sarah.wallace@pacificorp.com; sbirmingham@seia.org; scarter@nrdc.org; sdalal@sflower.org; sean.beatty@nrenergy.com; sephra.ninow@energycenter.org; service@cforat.org; Murtishaw, Scott; siobhan.foley@energycenter.org; spauker@wsgr.com; ssmyers@att.net; St. Marie, Stephen; sswaroop@MarinEnergy.com; stephaniec@greenlining.org; stephengeorge@fscgroup.com; steve@bakerstreetpublishing.com; steven@iepa.com; sue.mara@RTOadvisors.com; susannah@votesolar.org; Gibbs, Syreeta; tculley@kfwlaw.com; terry.clapham@energycenter.org; timothy.treadwell@energycenter.org; Horner, Trina; tomb@crossborderenergy.com; Kao, Valerie; Lee, Rebecca Tsai-Wei; Tarasova, Catherine; Zafar, Marzia; Zhang, Zhen

Cc: ALJ Central Files Staff

Subject: R1206013 Phase 2 Replies/Climate Dividend

As several parties pointed out in the Protests/Comments filed yesterday, the bill impact of the proposed rate changes should be evaluated without the Climate Dividend. The Climate Dividend is derived from the sale of GHG allowances allocated to ratepayers by the state. Thus, it is not appropriate to include this amount when calculating bill impacts.

Therefore, I am directing the 3 utilities to (1) not include the Climate Dividend when calculating bill impacts going forward (for example, if additional rate impact calculations are done in the Replies due January 3, 2014), and (2) to re-do the bill impact calculations and analysis from their November 22, 2013 Rate Change Requests to show the impact without the Climate Dividend. Ideally, item (2) should be completed and filed/served (as appropriate) on the same day as the Replies. However, if additional time is needed, I will consider extending the deadline to January 8, 2014 (the day of the prehearing conference).

Regards

Jeanne M. McKinney
Administrative Law Judge
California Public Utilities Commission

505 Van Ness Avenue
San Francisco, CA 94102-1723

jmo@cpuc.ca.gov
(415) 703-2550