



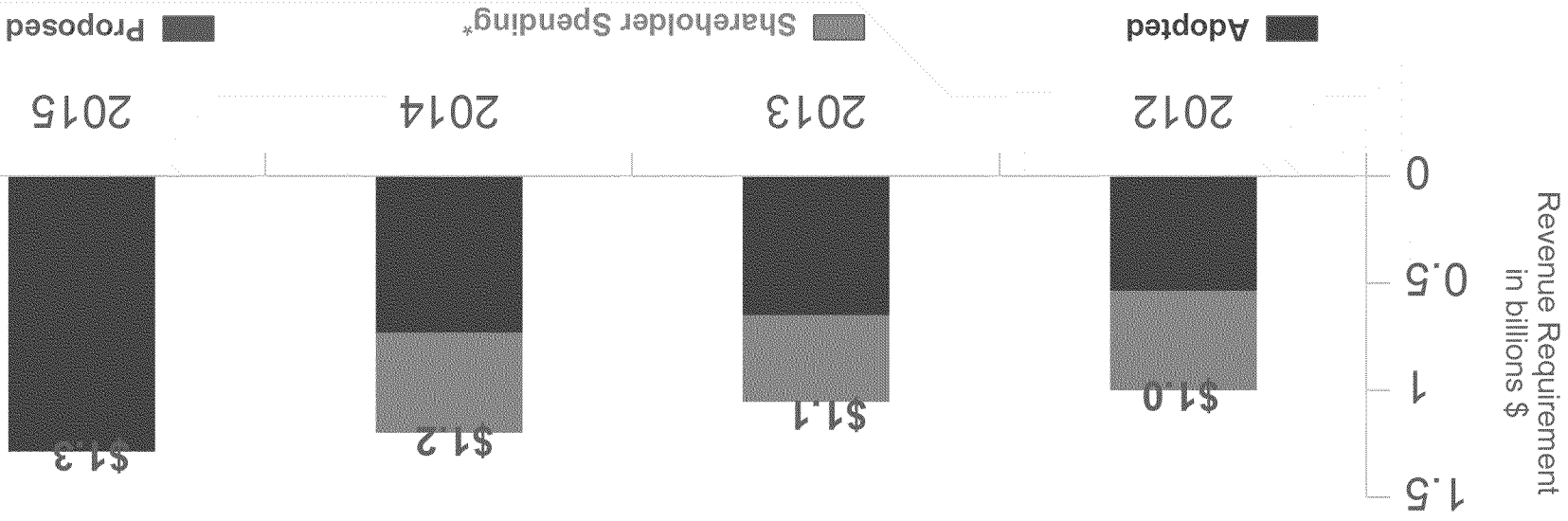
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Gas Transmission and Storage (GT&S) Rate Case

**PACIFIC GAS AND ELECTRIC COMPANY
DECEMBER 2013**

PF&E 2015 Request Continues Required Safety Work

- \$555 million revenue requirement increase (76% above authorized)
- \$87 million above current spending (7% above authorized)



*Translated to revenue requirements.

Adopted
Shareholder Spending*

Proposed

2012

2013

2014

2015

Revenue Requirement
in billions \$

0
0.5
1
1.5

2012

2013

2014

2015

\$1.0

\$1.1

\$1.2

\$1.3



Key Drivers of Request: Compliance with CPUC Standards Adopted in Decision 11-06-017

Safety Work	Cumulative Work Completed by Year-End		2015 Expense and Capital Request (in millions \$)
	2011–2014	2015–2017	
Strength Testing	683 miles	1193 miles	\$206
Pipeline Replacement	143 miles	203 miles	\$194
In-Line Inspection	195 miles	711 miles	\$105
Make Piggable	249 miles	765 miles	
Valve Automation	212 valves	332 valves	\$53
		Total	\$558

Number of miles and valves proposed for completion by 2017 not mandated, but recommended to complete all required strength testing and/or pipeline replacement by 2026



Key Drivers of Request: Compliance with SB 705, other CPUC Orders, and Staff Recommendations

Safety Work	2015 Expense and Capital Request (in millions \$)
Corrosion Assessment and Control (internal, external, and stress)	\$192
Assessment and Mitigation of Earthquake Faults, Shallow Pipe, Water/Levee Crossings, Geo Hazards, Security, Class Location, and Pressure	\$98
Station Rebuilds, Replacements, Installations, Data, and MAOP	\$172
Storage Well Overflow Protection, Work, and Survey	\$14
Compressor Unit Replacement	\$27
Emergency Preparedness: Public Awareness, Locate and Mark, and Valve Operation	\$20
Threat and Risk Analysis	\$7
Research and Development	\$2
Gas System Operations Monitoring and Control	\$48
Gas Quality, Gathering and Biomethane Interconnections	\$9
Technology Upgrades to Facilitate SB 705	\$40
Operations and Maintenance	\$95
Total	\$724 million

Compliance with CPUC standards and SB 705 totals \$1.282 billion (\$558 million + \$724 million). An additional \$161 million is proposed to cover the costs of new business, capacity additions, improved reliability, and other GT&S work.



Rate Impacts Vary; Res Bills Below Nat'l Average

Customer Group	2014 Current in \$/dth	2015 Proposed in \$/dth	Rate Change
Residential Bundled	12.215	13.756	+12.6%
Small Commercial Bundled	9.372	10.871	+16.0%
Large Commercial Bundled	7.296	8.713	+19.4%
Large Commercial Transport	2.626	3.865	+47.2%
Industrial – Local Transmission	0.868	1.371	+57.9%
Industrial – Backbone	0.477	0.432	-9.5%
Electric Generation – Local Transmission	0.496	1.003	102.1%
Electric Generation – Backbone	0.162	0.124	-23.5%

2015 Average Gas Residential Bill	2015 National Average
\$59.07*	\$67.20

*includes GRC with attrition as requested



2015 Proposal Moves To Full Decoupling

- **Elimination of market incentive mechanism**

	Current	Proposed
Backbone transmission	Shareholders 50% throughput benefits/risks	0%
Local transmission	Shareholders 25% throughput benefit/risks	0%
Storage	Shareholder 25% (upside) Shareholder 100% (downside)	0% (Gill Ranch excluded per CPCN)

- **Core/Non-Core cost allocation unchanged**



Timing of Decision a Key Concern

- **Application will seek increase effective January 1, 2015**
- **PG&E will seek increase retroactive adjustment to January 1, 2015 in the event decision is delayed**