

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the  
Commission's Own Motion to Conduct a  
Comprehensive Examination of Investor  
Owned Electric Utilities' Residential Rate  
Structures, the Transition to Time Varying and  
Dynamic Rates, and Other Statutory  
Obligations

R.12-06-013 (Phase 1)

**SUPPLEMENTAL FILING OF  
PACIFIC GAS AND ELECTRIC COMPANY FOR  
LONG-TERM RESIDENTIAL ELECTRIC RATE DESIGN  
REFORM (PHASE 1)**

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Dated: February 28, 2014

Attorneys for  
PACIFIC GAS AND ELECTRIC COMPANY

## I. INTRODUCTION

In this Supplemental Filing, Pacific Gas and Electric Company (PG&E) presents its Long-Term Residential Electric Rate Design Reform (Long-Term Rate Design Reform) proposals pursuant to the February 13, 2014, Assigned Commissioner's Ruling Requiring Utilities to Submit Phase 1 Rate Change Proposals (ACR) in this proceeding.<sup>1/</sup> PG&E requests that the California Public Utilities Commission (Commission) adopt these proposals to revise PG&E's residential electric rate design for the period 2015 – 2018. PG&E's proposals provide significant relief for those customers currently burdened by the existing inequitable rate design. PG&E's proposals also make the rate structure simpler and more understandable for all customers.

PG&E's proposals comply with the requirements of the February 13, 2014 ACR and are consistent with the new authority granted to the Commission to reform residential electric rate design in Assembly Bill (AB) 327, landmark legislation passed by the California Legislature and signed into law by Governor Brown in October, 2013.<sup>2/</sup> PG&E's proposals include many elements that are consistent with the recommendations of the Commission's Energy Division in its January 3, 2014, "*Staff Proposal for Residential Rate Reform in Compliance with R.12-06-013 and Assembly Bill 327.*"

PG&E's long term rate design reform proposals build on its interim summer 2014 electric rate reform proposals in Phase 2 of this proceeding, and advance the overall rate design changes that are ultimately needed to fully effectuate the Legislature's intent in AB 327.

## II. OVERVIEW OF PG&E'S LONG TERM RESIDENTIAL ELECTRIC RATE DESIGN REFORM PROPOSAL

On January 28, 2014, in Phase 2 of this proceeding, PG&E filed amended Summer 2014 rate design proposals that take a first step in beginning to implement much-needed residential electric rate reform. Phase 2, which is pending before the Commission, is expected to be

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<sup>1/</sup> *Assigned Commissioner's Ruling Requiring Utilities to Submit Phase 1 Rate Change Proposals* ("ACR"), R.12-06-013, February 13, 2014.

<sup>2/</sup> Assembly Bill (AB) 327 (Perea), Stats. 2013, Chapter 611.

adopted before the summer of 2014. PG&E's Phase 2 proposed rates, once approved, will be in effect until such time as the CPUC authorizes the longer-term rate reforms requested here in PG&E's Phase 1 Supplemental Filing. In this Phase 1 Supplemental Filing, PG&E proposes to take the next important step to begin to implement electric rate design reforms consistent with those summarized in PG&E's Electric Rate Design Reform Proposal filed in this proceeding on May 29, 2013 and further discussed in PG&E's comments on rate design proposals on July 12 and 26, 2013. PG&E recognizes that changes must be made gradually during the transition period in order to allow customers adequate time to understand, choose, and adapt to the new rate design pricing structures. Specifically, PG&E's Phase 1 filing proposes a gradual process for reducing the number of tiers and narrowing the differential between the top and bottom tier non-CARE rates, and proposes a similarly gradual process for steadily decreasing PG&E's CARE discount percentage in small steps to reach the 30 to 35 percent range required by AB 327 by the end of the 2014-2018 transition period.<sup>3/</sup> Specifically, PG&E's proposal has four primary objectives:

- Introduce a monthly service fee in 2015 to cover a portion of fixed costs in a more equitable manner, and over the transition period move it closer toward a cost-based level;
- Reduce the number of usage tiers over the four-year transition period from four to two, and significantly reduce the differential between the top-tier and bottom-tier rates to establish a more appropriate gradual differential;<sup>4/</sup>
- Gradually but steadily reduce PG&E's average CARE discount percentage over the transition period so that in 2018 it reaches the 30 to 35 percent range mandated by AB 327; and
- Introduce a voluntary non-tiered time-of-use (TOU) rate option to offer customers

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<sup>3/</sup> Public Utilities Code Section 739.1(c)(2). "CARE" means the California Alternate Rates for Energy program.

<sup>4/</sup> Public Utilities Code Section 739(d)(1). The number of tiers on CARE rate schedules would be reduced from 3 to 2.

more understandable and meaningful rate plan choices, and by January 1, 2016 phase out and eliminate the existing tiered TOU and seasonal rates.

Table 1 below shows the proposed transition path for PG&E’s standard tiered rates (Schedules E-1 and EL-1):

**TABLE 1  
PACIFIC GAS AND ELECTRIC COMPANY  
RATE STRUCTURE TRANSITION FOR STANDARD SCHEDULES E-1 AND EL-1**

| Objectives                  | 2015                                      | 2016               | 2017               | 2018   |
|-----------------------------|---|--------------------|--------------------|--|
| 1. Monthly Service Fee(a)   |   |                    |                    |  |
| 1.1 Non-CARE                | \$5                                       | \$10               | \$10.21(a)         | \$10.42(a)   |
| 1.2 CARE                    | \$2.50                                    | \$5.00             | \$5.11(a)          | \$5.21(a)  |
| 2. Fewer and Narrower Tiers | Reduce number of tiers from four to three | Retain three tiers | Retain three tiers | Reduce number of tiers to two, with 1.2:1 tier price ratio |
| 3. Reduce CARE Discount     | 43%                                       | 39%                | 36%                | 35%  |

(a) AB 327 allows up to a \$10 (\$5 for CARE) monthly service fee. After the monthly service fee reaches these levels, AB 327 allows for increases tied to changes in the Consumer Price Index (CPI). This table shows an illustrative monthly service fee assuming an annual 2.1 percent increase in the CPI, per the direction provided in the February 13, 2014 ACR. The actual CPI may be different at the time these fees go into effect.

PG&E is proposing a “glide path” of gradual rate changes over time in order to achieve all of these objectives by 2018 with consideration of the bill impacts on affected customers. These proposed changes would apply in an analogous fashion to PG&E’s existing voluntary rate options, as well as the standard rate Schedules E-1 and EL-1.<sup>5/</sup>

The gradual nature of PG&E’s proposed rate changes for non-CARE and CARE customers result in acceptable levels of bill impacts. PG&E will undertake appropriate customer outreach and education to the most affected customers to help minimize confusion and inform customers of their options under the changed rates. PG&E will include its customer education and outreach plan and related expenditures and incremental revenue requirements in its March 21, 2014, responses to Commission questions as required by the February 13, 2014, ACR.

As noted above, in addition to these proposed changes to the structure of its standard tiered rates, PG&E is proposing to introduce a new voluntary (opt-in) TOU rate without tiers,

<sup>5/</sup> The specific analogous changes proposed for each of PG&E’s voluntary rate options are described in Chapter 2, Sections F and G.

Schedule E-TOU, with a discounted version for CARE households. These non-tiered TOU rates are more cost-based than PG&E's current four-tiered rate schedules, and will be easier for customers to understand.

PG&E is also proposing a number of changes to certain other tiered rate options which are described in Chapter 2 of its prepared testimony, either to make them more cost-based or to adjust discounts for particular rate schedules. For example, the discounts or credits currently provided to customers taking service on the Medical Baseline, Federal Energy Rate Assistance (FERA), and SmartRate™ (i.e., Critical Peak Pricing (CPP)) programs are currently based on a four-tiered rate structure. Since PG&E's proposal is to reduce the number of tiers, PG&E has proposed new ways of providing the discounts that result in roughly the same level of aggregate benefits to participants in those programs.<sup>6/</sup>

PG&E's proposed rate changes will provide significant benefits to those upper tier-consuming households who have been burdened over the past 13 years by very high rates well in excess of cost of service, while moderating the bill increases seen by lower-tier consuming households and households participating in the CARE program over a reasonable transition period.

In accordance with the ACR, PG&E's prepared testimony supports this Supplemental Filing and includes appendices that (1) Provide illustrative rates for the 2015- 2018 period under three scenarios: (a) no additional revenue requirement change and assuming PG&E's proposal in its 2012 Rate Design Window (RDW) proceeding to reduce baseline quantities to 50 percent of historical average usage is approved, (b) revenue requirements increased by 2.1% per year and assuming PG&E's 2012 RDW proposal is approved, and (c) revenue requirements increased by 2.1% per year and assuming PG&E's 2012 RDW proposal is not approved and baseline quantities remain at 55 percent of historical average usage; (2) Bill impact results using the

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<sup>6/</sup> Per the February 13, 2014 Assigned Commissioner's Ruling (ACR), PG&E's proposal does not cover issues like the CARE program structure, TOU period definitions, or customer outreach including enabling technologies. These issues are to be considered either in a later phase of this rulemaking or in different proceedings. (See ACR, p. 6.).

format developed in Phase 2 of this proceeding; (3) Work papers demonstrating compliance with the CARE effective discount requirements; and (4) Answers to Questions 1 through 25 in Appendix A of the ACR. Separately, in accordance with the ACR, PG&E has provided its inventory of all residential rate tariffs and other issues that must be resolved in this proceeding, and will provide answers to the remaining questions in Appendix A of the ACR by March 21, 2014, as well as any necessary supplemental testimony. PG&E's prepared testimony is being served, along with this Supplemental Filing, on the service lists for both R.12-06-013 and PG&E's pending 2014 General Rate Case Phase II (A.13-04-012).

This Supplemental Filing does not request any changes in PG&E's adopted revenue requirements, but requests Commission authority to revise PG&E's retail rates as authorized revenues change, in accordance with the principles discussed in the accompanying testimony. The overall effect of PG&E's proposals in this Supplemental Filing, once approved, will be applied to PG&E's then-current authorized revenues, incorporating any revenue increases and revenue changes from other Commission or Federal Energy Regulatory Commission (FERC) proceedings. Application of the same rate design methods approved in this proceeding to a changed revenue requirement will produce rates different from those that are shown for illustrative purposes here.

PG&E is not proposing any changes in its currently approved revenue allocation to the residential customer class for purposes of this proceeding. The subject of updating revenue allocation is currently pending in PG&E's 2014 General Rate Case (GRC) Phase II application.<sup>7/</sup> PG&E expects that any resulting revenue allocation changes approved in its GRC Phase II case will be implemented separately from the adoption of its rate reform proposals here. Although most rate components will not change, certain functional rate components will change, most notably the CARE surcharge portion of Public Purposes Program (PPP) rates, since the CARE discount will be reduced. The resulting impact would be a reduction to the current subsidy paid

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<sup>7/</sup> PG&E filed its 2014 GRC Phase II Application on April 18, 2013 (A.13-04-012).

by non-residential customers through their PPP surcharge.

As a result of these changes, total bundled rates will change. PG&E's proposed rate changes for Schedules E-1 and EL-1 are illustrated in Table 2 below. The proposed bundled rates shown in Table 2 for PG&E's standard tiered rate schedules are calculated using PG&E's current revenue requirement as of February, 2014 and assuming a 2.1 percent annual growth in revenue requirement through the transition period. Actual rates will vary depending on authorized revenue requirements.

**TABLE 2  
PACIFIC GAS AND ELECTRIC COMPANY  
PRESENT AND PROPOSED STANDARD RESIDENTIAL RATES  
SCENARIO B: ASSUMING 2.1 PERCENT GROWTH IN REVENUE REQUIREMENT**

| Non-CARE Rates      | Current<br>(Jan 2014) | Current<br>(SB 695-<br>Adjusted) | Proposed (Assuming 2.1 Percent Growth in Revenue Requirement) |         |         |         |         |
|---------------------|-----------------------|----------------------------------|---|---------|---------|---------|---------|
|                     |                       |                                  | Summer 2014   | 2015    | 2016    | 2017    | 2018    |
| Monthly Service Fee | NA                    | NA                               | NA  | \$5.00  | \$10.00 | \$10.21 | \$10.42 |
| Energy Charges      |                       |                                  |   |         |         |         |         |
| 0 to 100% of BQ     | \$0.132               | \$0.136                          | \$0.147   | \$0.147 | \$0.147 | \$0.162 | \$0.177 |
| 100% to 130% of BQ  | \$0.150               | \$0.155                          | \$0.170   | \$0.202 | \$0.202 | \$0.202 | \$0.212 |
| 130% to 200% of BQ  | \$0.324               | \$0.314                          | \$0.249   | \$0.202 | \$0.202 | \$0.202 | \$0.212 |
| Over 200% of BQ     | \$0.364               | \$0.354                          | \$0.309   | \$0.304 | \$0.274 | \$0.245 | \$0.212 |

| CARE Rates          | Current<br>(Jan 2014) | Current<br>(SB 695-<br>Adjusted) | Proposed (Assuming 2.1 Percent Growth in Revenue Requirement) |         |         |         |         |
|---------------------|-----------------------|----------------------------------|---|---------|---------|---------|---------|
|                     |                       |                                  | Summer 2014   | 2015    | 2016    | 2017    | 2018    |
| Monthly Service Fee | NA                    | NA                               | NA  | \$2.50  | \$5.00  | \$5.11  | \$5.21  |
| Energy Charges      |                       |                                  |   |         |         |         |         |
| 0 to 100% of BQ     | \$0.083               | \$0.086                          | \$0.091   | \$0.097 | \$0.103 | \$0.112 | \$0.121 |
| 100% to 130% of BQ  | \$0.096               | \$0.099                          | \$0.104   | \$0.118 | \$0.124 | \$0.136 | \$0.145 |
| 130% to 200% of BQ  | \$0.140               | \$0.140                          | \$0.148   | \$0.118 | \$0.124 | \$0.136 | \$0.145 |
| Over 200% of BQ     | \$0.140               | \$0.140                          | \$0.148   | \$0.148 | \$0.148 | \$0.148 | \$0.145 |

Because direct access (DA) and community choice aggregation (CCA) customers also pay rates for distribution, CIA and PPP, these customers will be affected by PG&E's proposals. In addition, departing load customers will be affected by the change to PPP rates to the extent they are required to pay these rates.

### III. REGULATORY BACKGROUND AND AUTHORITY FOR PROPOSALS

The February 13, 2014, ACR expressly requires utilities to file residential electric rate change proposals for post-2014 residential rate designs in the ratesetting phase of Rulemaking (R.) 12-06-013 (Phase 1). The ACR requires, at page 4, that the utilities' Phase 1 rate design proposals:

*"[M]ust be consistent with the statutory requirements that changes be made through a reasonable phase-in schedule relative to rates in effect prior to January 1, 2014, that differentials between tiers should be gradual, that rates not unreasonably impair incentives for conservation and energy efficiency and that rates not overburden low income customers. (California Public Utilities Code Sections 739.9(b); 739(d)(1); 739(e).) In addition, if an electrical corporation provides an average effective CARE discount in excess of the 30-35% maximum, such discount must not be changed by more than a reasonable percentage each year. (Section 739.1(c)(2).)"*

Accordingly, PG&E's Supplemental Filing is authorized by the ACR, AB 327, and the ratemaking authority of the Public Utilities Code.

### IV. ORGANIZATION OF PG&E'S LONG TERM RESIDENTIAL ELECTRIC RATE DESIGN REFORM FILING

The details of PG&E's rate design proposals are set forth in the prepared testimony that accompanies this Supplemental Filing. PG&E's testimony consists of one exhibit, which is contained in one bound volume accompanying this Application, organized as follows:

**Exhibit (PG&E-1): Long Term Residential Electric Rate Design Reform.** This exhibit describes PG&E's proposals for designing the rates for residential electric customer groups in order to deliver rate relief to those customers during the period 2015- 2018 and beyond, and consists of the following chapters:<sup>8</sup>

**Chapter 1** – Long Term Residential Rate Design Reform Policy

**Chapter 2** – Long Term Residential Rate Design

**Appendix A-1:** Illustrative Rates Assuming 2.1% Growth in Revenue

Requirement and 50% Baseline Quantities

**Appendix A-2:** CARE Effective Discount Assuming 2.1% Growth in Revenue

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<sup>8</sup> PG&E is in the process of completing the bill comparison using the Energy Division approved format for Appendices A-4, B-4 and C-4, and will serve these appendices by March 7, 2014, as a separate exhibit to the prepared testimony.



Requirement and 50% Baseline Quantities

**Appendix A-3:** Year-to-Year Bill Comparison Using PG&E's Standard Format:

At Illustrative Rates Assuming 2.1% Growth in Revenue Requirement and 50% Baseline Quantities

**Appendix A-4:** Bill Comparison Using Energy Division Format: At Illustrative Rates Assuming 2.1% Growth in Revenue Requirement and 50% Baseline Quantities

**Appendix B -1:** Illustrative Rates Assuming 0% Growth in Revenue Requirement and 50% Baseline Quantities

**Appendix B-2:** CARE Effective Discount Assuming 0% Growth in Revenue Requirement and 50% Baseline Quantities

**Appendix B-3:** Year-to-Year Bill Comparison Using PG&E's Standard Format: At Illustrative Rates Assuming 0% Growth in Revenue Requirement and 50% Baseline Quantities

**Appendix B-4:** Bill Comparison Using Energy Division Format: At Illustrative Rates Assuming 0% Growth in Revenue Requirement and 50% Baseline Quantities

**Appendix C-1:** Illustrative Rates Assuming 2.1% Growth in Revenue Requirement and 55% Baseline Quantities

**Appendix C-2:** CARE Effective Discount Assuming 2.1% Growth in Revenue Requirement and 55% Baseline Quantities

**Appendix C-3:** Year-to-Year Bill Comparison Using PG&E's Standard Format: At Illustrative Rates Assuming 2.1% Growth in Revenue Requirement and 55% Baseline Quantities

**Appendix C-4:** Bill Comparison Using Energy Division Format: At Illustrative Rates Assuming 2.1% Growth in Revenue Requirement and 55% Baseline Quantities

**Appendix D:** PG&E Responses to Assigned Commissioner Ruling Rate Design Questions 1-25

**Appendix E:** Statement of Qualifications

**V. WORKPAPERS**

Workpapers supporting PG&E's testimony will be provided upon request. Requests for workpapers should be directed to: Catherine Tarasova, Long-Term Residential Electric Rate Design Reform (Phase 1) Case Manager, telephone (415) 973-5461, e-mail yxt5@pge.com. PG&E intends to request inclusion of many of the workpapers into the record of this Phase 1 proceeding. Therefore, when PG&E's witnesses adopt their prepared and rebuttal testimony, they may also sponsor and adopt their workpapers, or portions thereof.

**VI. STATUTORY AND PROCEDURAL REQUIREMENTS**

**A. Service (Rules 1.9 And 1.10)**

This Supplemental Filing and the accompanying prepared testimony comply with the requirements of form and process contained in the Commission's Rules of Practice and Procedure and the February 13, 2014, ACR. This Supplemental Filing is being served by email on all parties on the official service list in PG&E's 2014 GRC Phase II proceeding (A.13-04-012) as well as the CPUC's Residential Rate Reform Rulemaking (R.12-06-013).

**B. Verification (Rules 1.11 And 2.1)**

The required verification is attached to this Supplemental Filing.

**C. Legal Name And Principal Place Of Business (Rule 2.1(a))**

The legal name of the entity making this Supplemental Filing is Pacific Gas and Electric Company. Its principal place of business is San Francisco, California. Its mailing address is Post Office Box 7442, San Francisco, California 94120. Since October 10, 1905, Pacific Gas and Electric Company has been an operating public utility corporation organized under the laws of the State of California.

**D. Correspondence And Communication (Rule 2.1(b))**

PG&E's attorneys in this matter are Christopher J. Warner and Gail L. Slocum. All correspondence and communication regarding this Supplemental Filing should be addressed to:

Christopher J. Warner  
Attorney  
Pacific Gas and Electric Company  
Mail Code B30A  
P.O. Box 7442  
San Francisco, CA 94120-7442  
Telephone: (415) 973-6695  
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77 Beale St., Room 1053  
Mail Code B10A  
P.O. Box 770000  
San Francisco, CA 94105  
Telephone: (415) 973-5461  
Facsimile: (415) 973-6272  
E-mail: yxt5@pge.com

PG&E requests that correspondence and communications regarding this Supplemental Filing also be directed to:

CPUC Law Filing  
Pacific Gas and Electric Company  
77 Beale Street B30A  
San Francisco, CA 94105  
Email: cpucases@pge.com

**E. Proposed Categorization (Rule 2.1(c))**

PG&E proposes that this Supplemental Filing be categorized as a rate setting proceeding, consistent with the ACR and other rulings in this proceeding.

**F. Need For Hearing (Rule 2.1(c))**

Although formal evidentiary hearings may not be needed, PG&E intends to explore the possibility of settlement and looks forward to informal workshops on some or all of the issues raised in this Supplemental Filing.

**G. Issues To Be Considered (Rule 2.1(c))**

The key issues presented in this proceeding are discussed in Sections II and III above and set forth in much greater detail in the accompanying prepared testimony. Stated generally, the issues to be considered include:

1. Are PG&E's long-term residential electric rate design reform proposals and rates reasonable and should they be adopted?

2. Are PG&E's long-term residential electric rate design reform proposals and rates consistent with the rate design principles included in rulings in R.12-06-013 and consistent with the guidelines set forth in the ACR mandating this Supplemental Filing?
3. Are PG&E's long-term residential electric rate design reform proposals and rates consistent with the statutory requirements of AB 327 and other provisions of the Public Utilities Code?

#### **H. Proposed Schedule**

PG&E generally concurs with the schedule for rate design change supplemental filings in Phase 1 that was included in the February 13, 2014, ACR, with one modification shown in bold below:

| <b>Event</b>   | <b>Date</b>                      |
|--|----------------------------------|
| Supplemental Filings for Phase 1 rate change proposals | February 28, 2014                |
| Prehearing conference                                  | March 14, 2014                   |
| Answers to ACR Questions 26-39 and related testimony   | March 21, 2014                   |
| Supplemental Utility Testimony (if necessary)          | April 11, 2014                   |
| Intervenor Testimony                                   | May 16, 2014                     |
| <b>Rebuttal Testimony</b>                              | <b>June 6, 2014<sup>9/</sup></b> |
| Evidentiary Hearings                                   | June/July 2014                   |
| Opening Briefs   | August 15, 2014                  |
| Reply Briefs   | August 29, 2014                  |
| Proposed Decision                                      | October 21, 2014                 |

#### **I. Articles Of Incorporation (Rule 2.2)**

PG&E is, and ever since October 10, 1905, has been an operating public utility corporation, organized under California law. It is engaged principally in the business of

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<sup>9/</sup> Given the large number of parties and significant issues to be covered, PG&E recommends a slightly later deadline for preparation and service of rebuttal testimony. No change to the hearing or briefing schedule would be required to accommodate this later deadline.

furnishing electric and gas services in California. A certified copy of PG&E's Restated Articles of Incorporation, effective April 12, 2004, is on record before the Commission in connection with PG&E's Application 04-05-055, filed with the Commission on May 3, 2004. These articles are incorporated herein by reference pursuant to Rule 2.2 of the Commission's Rules.

**J. Balance Sheet And Income Statement (Rule 3.2(a)(1))**

PG&E's most recent balance sheet and income statement are being filed February 28, 2014 in PG&E's Application for Compliance Review of Utility Owned Generation Operations, Electric Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility Retained Generation Fuel Procurement, and other Activities for the Period January 1 through December 31, 2013, application number to be assigned, and are incorporated by reference herein.

**K. Statement Of Presently-Effective Rates (Rule 3.2(a)(2))**

PG&E's presently effective electric rates are being filed February 28, 2014 in PG&E's Application for Compliance Review of Utility Owned Generation Operations, Electric Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility Retained Generation Fuel Procurement, and other Activities for the Period January 1 through December 31, 2013, application number to be assigned, and are incorporated by reference herein.

**L. Statement Of Proposed Increases (Rule 3.2(a)(3))**

The proposed illustrative rates are shown in Appendices A, B and C to Exhibit (PG&E-1). The purpose of the rate design proposals in this Supplemental Filing is to modify rate design and effect any resulting changes to revenue allocation, but not to increase the overall level of PG&E's electric revenues, or to pass through to customers any increased costs to PG&E for the services or commodities furnished by it.

**M. Property And Equipment (Rule 3.2(a)(4))**

A general description of PG&E's Electric Department and Gas Department properties, their original cost, and the depreciation reserve applicable to such property and equipment, was

filed with the Commission on November 15, 2012, as Exhibit E to PG&E's 2014 GRC Phase I, Application 12-11-009, and is incorporated herein by reference.

**N. Summary Of Earnings (Rule 3.2(a)(5) and (6))**

A summary of recorded year 2012 revenues, expenses, rate cases and rate of return for PG&E's Electric and Gas Departments was filed with the Commission on September 30, 2013, as Exhibit D of Application 13-09-015, and is incorporated herein by reference.

**O. Depreciation Method (Rule 3.2(a)(7))**

PG&E's statement of the method of computing the depreciation deduction for federal income tax purposes was filed with the Commission on November 15, 2012, as Exhibit G to PG&E's 2014 GRC Phase I Application, A. 12-11-009, and is incorporated herein by reference.

**P. Proxy Statement (Rule 3.2(a)(8))**

PG&E's most recent proxy statement dated March 25, 2013 was filed with the Commission on April 18, 2013, as Exhibit A of Application 13-04-012, and is incorporated herein by reference.

**Q. Type Of Rate Change Requested (Rule 3.2(a) (10))**

The proposed rate changes sought in this Supplemental Filing reflect and pass through to customers the costs PG&E incurs to own and maintain its gas and electric plant and to enable PG&E to provide service to its customers.

**R. Service and Notice of Proposals (Rule 3.2(b)-(d))**

PG&E is concurrently serving this Supplemental Filing and attachments, or a Notice of Availability of this Supplemental Filing and attachments, on all parties on the official service lists in its 2014 GRC Phase II proceeding (A.13-04-012) as well as in R.12-06-013. Within twenty (20) days after filing this Supplemental Filing, PG&E will mail or send electronically a notice stating in general terms the proposed revenues, rate changes and ratemaking mechanisms requested in this Supplemental Filing to the parties listed above. Within twenty (20) days, PG&E will also publish in newspapers of general circulation in each county in its service territory a notice of the filing of this Supplemental Filing and of proposed changes in rates.

Within twenty (20) days after filing this Supplemental Filing, PG&E will mail to the Attorney General of California, the Department of General Services, and the city and county governments within PG&E's service territory a notice of the filing of this Supplemental Filing and of proposed changes in rates. A list of the cities and counties to which the notice will be sent is attached to this Supplemental Filing as Exhibit A. Within 45 days after filing this Supplemental Filing, PG&E will also include notices of the proposed changes in rates with the regular bills mailed or e-mailed to all customers affected by the proposed changes.

## **VII. CONCLUSION**

PG&E is ready to proceed with its showing as of the date of this filing, based on the testimony of witnesses regarding the facts and data contained in the accompanying exhibits in support of the requests set forth in this Supplemental Filing.

For the reasons stated above and supported in the prepared testimony, PG&E respectfully requests that the Commission issue a decision herein by the end of December, 2014 that will:

1. Approve PG&E's long-term residential electric rate design reform proposal, for rates to become effective by January 1, 2015; and
2. Grant such further relief as may be just and reasonable.

Respectfully Submitted,

CHRISTOPHER J. WARNER

By: /s/ Christopher J. Warner

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PACIFIC GAS AND ELECTRIC COMPANY

Dated: February 28, 2014

## VERIFICATION

I, the undersigned, say:

I am an officer of Pacific Gas and Electric Company, a corporation, and am authorized to make this verification for that reason. I have read the foregoing SUPPLEMENTAL FILING OF PACIFIC GAS AND ELECTRIC COMPANY FOR LONG-TERM RESIDENTIAL ELECTRIC RATE DESIGN REFORM (PHASE 1), and I am informed and believe that the matters therein are true and on the ground allege that the matters stated therein are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at San Francisco, California, this 28th day of February,  
2014.

*/s/ Trina A. Horner*

TRINA A. HORNER  
Vice President, Regulatory Proceedings & Rates  
PACIFIC GAS AND ELECTRIC COMPANY



# **EXHIBIT A**

SERVICE OF NOTICE OF APPLICATION

In accordance with Rule 3.2(b), Applicant will mail a notice to the following, stating in general terms its proposed change in rates.

State of California

To the Attorney General and the Department of General Services.

State of California  
Office of Attorney General  
1300 I St Ste 1101  
Sacramento, CA 95814

and

Department of General Services  
Office of Buildings & Grounds  
505 Van Ness Avenue, Room 2012  
San Francisco, CA 94102

Counties

To the County Counsel or District Attorney and the County Clerk in the following counties:

|              |                 |               |
|--------------|-----------------|---------------|
| Alameda      | Mariposa        | Santa Barbara |
| Alpine       | Mendocino       | Santa Clara   |
| Amador       | Merced          | Santa Cruz    |
| Butte        | Modoc           | Shasta        |
| Calaveras    | Monterey        | Sierra        |
| Colusa       | Napa            | Siskiyou      |
| Contra Costa | Nevada          | Solano        |
| El Dorado    | Placer          | Sonoma        |
| Fresno       | Plumas          | Stanislaus    |
| Glenn        | Sacramento      | Sutter        |
| Humboldt     | San Benito      | Tehama        |
| Kern         | San Bernardino  | Trinity       |
| Kings        | San Francisco   | Tulare        |
| Lake         | San Joaquin     | Tuolumne      |
| Lassen       | San Luis Obispo | Yolo          |
| Madera       | San Mateo       | Yuba          |
| Marin        |                 |               |

Municipal Corporations

To the City Attorney and the City Clerk of the following municipal corporations:

|                 |                |                 |
|-----------------|----------------|-----------------|
| Alameda         | Concord        | Healdsburg      |
| Albany          | Corcoran       | Hercules        |
| Amador City     | Corning        | Hillsborough    |
| American Canyon | Corte Madera   | Hollister       |
| Anderson        | Cotati         | Hughson         |
| Angels          | Cupertino      | Huron           |
| Antioch         | Daly City      | Ione            |
| Arcata          | Danville       | Isleton         |
| Arroyo Grande   | Davis          | Jackson         |
| Arvin           | Del Rey Oakes  | Kerman          |
| Atascadero      | Dinuba         | King City       |
| Atherton        | Dixon          | Kingsburg       |
| Atwater         | Dos Palos      | Lafayette       |
| Auburn          | Dublin         | Lakeport        |
| Avenal          | East Palo Alto | Larkspur        |
| Bakersfield     | El Cerrito     | Lathrop         |
| Barstow         | Elk Grove      | Lemoore         |
| Belmont         | Emeryville     | Lincoln         |
| Belvedere       | Escalon        | Live Oak        |
| Benicia         | Eureka         | Livermore       |
| Berkeley        | Fairfax        | Livingston      |
| Biggs           | Fairfield      | Lodi            |
| Blue Lake       | Ferndale       | Lompoc          |
| Brentwood       | Firebaugh      | Loomis          |
| Brisbane        | Folsom         | Los Altos       |
| Buellton        | Fort Bragg     | Los Altos Hills |
| Burlingame      | Fortuna        | Los Banos       |
| Calistoga       | Foster City    | Los Gatos       |
| Campbell        | Fowler         | Madera          |
| Capitola        | Fremont        | Manteca         |
| Carmel          | Fresno         | Maricopa        |
| Ceres           | Galt           | Marina          |
| Chico           | Gilroy         | Martinez        |
| Chowchilla      | Gonzales       | Marysville      |
| Citrus Heights  | Grass Valley   | McFarland       |
| Clayton         | Greenfield     | Mendota         |
| Clearlake       | Gridley        | Menlo Park      |
| Cloverdale      | Grover Beach   | Merced          |
| Clovis          | Guadalupe      | Mill Valley     |
| Coalinga        | Gustine        | Millbrae        |
| Colfax          | Half Moon Bay  | Milpitas        |
| Colma           | Hanford        | Modesto         |
| Colusa          | Hayward        | Monte Sereno    |

Monterey  
Moraga  
Morgan Hill  
Morro Bay  
Mountain View  
Napa  
Newark  
Nevada City  
Newman  
Novato  
Oakdale  
Oakland  
Oakley  
Orange Cove  
Orinda  
Orland  
Oroville  
Pacific Grove  
Pacifica  
Palo Alto  
Paradise  
Parlier  
Paso Robles  
Patterson  
Petaluma  
Piedmont  
Pinole  
Pismo Beach  
Pittsburg  
Placerville  
Pleasant Hill  
Pleasanton  
Plymouth  
Point Arena  
Portola  
Portola Valley  
Rancho Cordova  
Red Bluff  
Redding  
Redwood City  
Reedley  
Richmond  
Ridgecrest  
Rio Dell  
Rio Vista  
Ripon  
Riverbank  
Rocklin

Rohnert Park  
Roseville  
Ross  
Sacramento  
Saint Helena  
Salinas  
San Anselmo  
San Bruno  
San Carlos  
San Francisco  
San Joaquin  
San Jose  
San Juan  
    Bautista  
San Leandro  
San Luis Obispo  
San Mateo  
San Pablo  
San Rafael  
San Ramon  
Sand City  
Sanger  
Santa Clara  
Santa Cruz  
Santa Maria  
Santa Rosa  
Saratoga  
Sausalito  
Scotts Valley  
Seaside  
Sebastopol  
Selma  
Shafter  
Shasta Lake  
Soledad  
Solvang  
Sonoma  
Sonora

South  
    San Francisco  
Stockton  
Suisun City  
Sunnyvale  
Sutter Creek  
Taft  
Tehama  
Tiburon  
Tracy  
Trinidad  
Turlock  
Ukiah  
Union City  
Vacaville  
Vallejo  
Victorville  
Walnut Creek  
Wasco  
Waterford  
Watsonville  
West Sacramento  
Wheatland  
Williams  
Willits  
Willows  
Windsor  
Winters  
Woodland  
Woodside  
Yountville  
Yuba City