April X, 2014

Advice XXXX-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Electric Rates Adjustments

Pacific Gas and Electric Company ("PG&E") hereby submits for filing revisions to its electric rates. This rate change revises generation, Public Purpose Program (PPP), Conservation Incentive Adjustment (CIA) and distribution rates. Therefore, bundled, direct access, community choice aggregation and some departed load customers are affected.

Purpose

The purpose of this advice letter is to submit illustrative rates for a proposed revision to PG&E's generation, distribution, CIA and public purpose program rates to (1) ensure proper allocation of distribution revenue among customer groups as well as the related alignment of the California Alternate Rates for Energy (CARE) surcharge component of Public Purpose Program (PPP) rates, (2) adjust the allocation of the Public Purpose Program Revenue Adjustment Mechanism (PPPRAM) overcollected balance between Public Purpose Programs, and (3) to update the SmartRate™ adjustments in the generation rate. The tables in Attachment 1 of this advice letter summarize the associated revenue and average rate changes. Attachment 2 provides illustrative rates based on the established methods for changing rates between general rate cases.

This advice letter consolidates the rate changes described in further detail below. There is no overall electric revenue impact of the consolidated rate changes.

Background

In this advice letter, PG&E proposes correction of three inadvertent errors made in its 2014 AET for rates effective January 1, 2014. Details of the proposed corrections to its electric rate schedules are described below.

CARE Surcharge and Discounts

For rates effective January 1, 2014, PG&E miscalculated the amount of the CARE discount in present rates. The effect of this miscalculation was to (1) set a distribution allocation for the residential class that was too high (by approximately $18.6 million), and set a distribution allocation for the non-residential classes that was too low by an equal and offsetting amount, and (2) set a CARE discount in distribution rates that was larger than the actual CARE discount (by approximately $4.1 million for the system), and, as a result, set the CARE surcharge portion of PPP rates too high by an equal and offsetting amount. The net effect on the January 1, 2014 rates was, for most residential schedules, to set distribution rates too high, upper tier CIA rates too high and lower tier CIA rates too low, and for most non-residential schedules to set distribution rates too low, as well as to set the CARE surcharge rate, a component of PPP rates, too high. In this advice letter, PG&E is adjusting distribution and CIA rates to reflect the correct distribution allocation, with a commensurate adjustment to PPP rates.

Public Purpose Program Revenue Adjustment Mechanism (PPPRAM)

In addition to recovering the cost of the CARE program, PPP rates recover the revenue requirements for the public goods charges for Energy Efficiency (EE), Electric Program Investment Charge (EPIC), Electric Savings Assistance Program (ESA), Procurement Energy Efficiency (ProcEE) and the amortization of the PPPRAM balancing account. The PPPRAM balance is allocated to EE and ESA Program in proportion to the associated proposed revenue requirements. In rates effective January 1, 2014, PG&E incorrectly allocated 100% of the PPPRAM balancing account to EE. In this advice letter, PG&E is adjusting PPP rates to reflect the corrected allocation of the PPPRAM balancing account. This change increases the allocation to ESA by about $7.8 million, with a commensurate reduction to EE.

SmartRate™ Credit Adjustments

As described in Advice 4278-E-B, PG&E's Annual Electric True-Up advice letter (see pages 13-14), SmartRate™ program costs of first year bill protection and customer participation incentive credits are directly assigned to the residential class. In rates effective January 1, 2014, these adjustments were understated by approximately $0.6 million. In this advice letter, PG&E is adjusting generation rates to reflect the corrected bill protection and customer participation credits.

Subsequent Rate Changes

PG&E allocates revenue and designs rates consistent with the methodology established in D.11-12-053 for rate changes between GRCs,[1] and consistent with the residential rate design approved by D.11-05-047. In accordance with this methodology, the starting point for determining allocation factors for distribution, generation, and the ESA/ProcEE and EE/EPIC components of PPP, is revenue at present rates. Due to the inclusion of the rate adjustment for the period January 1 through April 30, 2014 as described above, the present rates for rate changes subsequent to the effective date of this advice letter will not be accurate unless modified. Therefore, in order to allocate revenue requirement changes properly while the rate adjustment for the period January 1 through April 30, 2014, is in place, PG&E proposes to use the allocation factors created by present rates that would have been in effect if not for the miscalculations and subsequent corrections described above. PG&E anticipates this adjustment would be removed from rates beginning January 1, 2015.

[1] D.11-12-053, Appendix A, p. 12.

Tariff Revisions

PG&E proposes to include the above adjustments effective May 1, 2014. If PG&E's proposal is approved by the Commission, PG&E anticipates filing a separate Tier 1 advice letter to submit the tariff revisions in order to implement the illustrative rates by April 30, 2014.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than April X, 2014, which is 20 days from the date of this filing. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E both via E-mail, or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can be accessed electronically at: http://www.pge.com/tariffs.

Vice President, Regulatory Relations

Attachment 1

cc: