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June 30, 2014

Advice 3492-G/4451-E
(Pacific Gas and Electric Company D U 39 M)

Public Utilities Commission of the State of California

Subject: Request of Pacific Gas and Electric Company for 2012 and 2013 Energy Efficiency Incentive Award

Purpose

This Advice Letter (AL) requests approval of Pacific Gas and Electric Company's (PG&E's) 2012 and first part of the 2013 Energy Efficiency (EE) incentive award in the amount of \$37,915,976. This AL complies with Ordering Paragraph (OP) 8 of Decision (D.) 12-12-032 Approving the 2010-2012 Energy Efficiency Incentive Mechanism and Disbursing 2010 Incentive Awards and OPs 4 and 6 of D.13-09-023 Decision Adopting Efficiency Savings and Performance Incentive Mechanism

Background

The 2010-2012 EE Incentive Mechanism for PG&E and the other investor-owned utilities (IOUs) was approved in Decision 12-12-032. This decision approved the 2010 incentive award and provided directions for timing and calculation of incentive awards for program years 2011 and 2012.

The 2010-2012 mechanism awards earnings of 5% of annual program expenditures with an additional incentive of 1% for activities performed in alignment with the California Public Utilities Commission's (Commission's or CPUC's) ex-ante review process. The incentive award for 2012 activity uses the performance score of 68 adopted for PG&E in D.12-12-032². The Decision directs the Commission's Utility Audit, Finance and Compliance Branch (UAFCB) to make public the completed energy efficiency audit report for the IOUs before the IOUs' advice letters³ are filed. The UAFCB EE audit report for PG&E was completed and made public on June 27, 2014.

¹ Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company.

² D.12-12-032 OP1.

³ D.12-12-032 p. 39.

⁴ PG&E's 2012 EE Financial Compliance Audit Report:
http://www.cpuc.ca.gov/NR/rdonlyres/EFEE5DE-0372-4F2B-93A4-6EF460962748/0/PGE_Examination_Report_EE_Programs_20112012.pdf.

In 2013, the Commission approved D.13-09-023, which includes a new EE incentive mechanism to continue promoting achievement of the IOUs' EE goals. The new mechanism is for program years 2013 and beyond. This decision also adopted a process and schedule for the submittal of the incentive awards starting in 2014.

The new incentive mechanism, called the Efficiency Visas and Performance Incentive (ESPI), includes incentive awards in four performance categories: (1) EE resource savings (a combination of ex ante locked down and ex post verified energy savings claims measured in MW, GW and MMTh); (2) ex ante review performance (rating of utility's conformance with the ex ante requirements); (3) codes and standards EE programs (utility's advocacy for energy savings through appliance and building code changes); and (4) non-resource programs (energy efficiency activities and programs that do not directly generate energy savings, but provide necessary support to resource programs).⁵

The ESPI incentive mechanism includes an award for each category with an annualized cap based on Commission-approved calculations, which is described in more detail in the sections below. Since this incentive mechanism uses components of ex ante and ex post energy savings values to calculate the incentive, the Commission directs the IOUs to split the total request into two AL filings for each program year in the following sequence:⁶

- a) The first AL is to be filed in the following year of the implemented program year (Program Year + 1) and includes the following ESPI elements:
 - Non-Resource program management fee;
 - Codes and Standards program management fee;
 - Ex ante performance award; and
 - Preliminary ex ante locked down deemed measures savings award.
- b) The second AL is to be filed in the second following year of the implemented program year (Program Year + 2) and includes the following ESPI elements:
 - Custom projects;
 - Ex post verified deemed measures savings; and
 - True up of preliminary ex ante lockdown award based on verified counts.

D.13-09-023 also directs the UAFCB to make public the completed energy efficiency audit reports for the IOUs. The UAFCB has not yet commenced the IOUs' 2013 EE audits as of the date of this filing. On June 9, 2014, the Commission Energy Division issued a memorandum stating that the first AL using the new ESPI mechanism will be based on utility-reported information and the second AL under the ESPI mechanism will calculate the incentive award using Commission-verified information from the completed

⁵ D.13-09-023 p. 3.

⁶ D.13-09-023 OP4.

⁷ D.13-09-023 OP17.

audits.⁸ According to the Energy Division memo, the 2013 EE audit should be completed before the second AL and the second AL will include a true-up of the payments approved in the first AL using Commission audited expenditures and verified installation rates.

D.12-12-032 authorized PG&E and the other IOUs to file Tier 3 advice letters in the third quarter of 2014 to request approval of the earnings for program year 2012 by the end of 2014.¹⁰ However, in D.13-09-023, the Commission modified this schedule by directing each IOU to submit an incentive claim covering program years 2012 and 2013 (first AL) into a single Tier 3 advice letter filing¹¹ infolding the schedule outlined in Attachment 6 of D.13-09-023.

As shown in Table 1 below, PG&E requests an EE incentive award of \$37,915,976 for program years 2012 and the first part of 2013 to be approved and recorded in 2014.

Table 1

| EE Program Incentive Awards | | Expenditures | Multiplier(s) | Total |
|-----------------------------|------------------------------|----------------|---------------|---------------|
| 2012 | | \$ 411,184,295 | 5.68% | \$ 23,355,268 |
| 2013 | Non-Resource Programs | \$ 28,675,407 | 3% | \$ 860,262 |
| | Codes and Standards Programs | \$ 6,295,616 | 12% | \$ 755,474 |
| | Ex-Ante Review Performance | \$ 275,359,291 | 3%* 63.5% | \$ 5,245,594 |
| | Resource Savings | \$ 275,359,291 | See Table 7 | \$ 7,699,378 |
| Total | | | | \$37,915,976 |

2012 Incentive Calculation

The 2012 incentive is a combination of a 5% management fee and a performance bonus of 0.68% for PG&E for the ex ante review portion of the incentive award totaling 5.68%.

Table 2 outlines the total 2012 actual audited expenditures (excluding costs associated with Evaluation Measurement & Verification (EM&V) and the On-Bill Financing (OBF) loan pool). PG&E requests \$23,355,268, which is equal to 5.68% of PG&E's total approved expenditures for 2012.

⁸ Email sent by Katie Wu on June 9, 2014 to parties in R.13-11-005 and R.12-01-005.

⁹ Appendix to email sent by Katie Wu on June 9, 2014 to parties in R.13-11-005 and R.12-01-005.

¹⁰ D.12-12-032 OP8.

¹¹ D.13-09-023 OP6.

Table 2

| | 2012 EE Expenditures (excluding EM&V and OBF Loan Pool) | 5.68% of total 2012 EE Expenditures |
|------|---|-------------------------------------|
| PG&E | \$411,184,295 | \$23,355,268 |

PG&E's actual 2012 expenditures were verified by the UAFCB.¹² One reported cost that the UAFCB recommends PG&E to exclude from its incentive calculations¹³ is the OBF loan pool of \$7,521,956, which was removed from the total 2012 actual expenditures the UAFCB verified for this calculation.

The 2012 EE program year expenditure details provided by PG&E in response to the UAFCB audit to support the 2012 EE expenditures, are included in Attachment A.

2013 Incentive Calculation

This first AL for the 2013 ESPI incentive includes the following elements¹⁴:

- Non-Resource program management fee;
- Codes and Standards program management fee;
- Ex ante performance award; and
- Preliminary ex ante locked down deemed measures savings award.

Non-Resource Program Management Fee

The non-resource program component of the incentive mechanism is calculated as a management fee equal to 3% of non-resource program expenditures, not to exceed authorized expenditures exclusive of administrative expenses.¹⁵ Table 3 summarizes the total 2013 PG&E reported non-resource program expenditures (excluding administrative expenses). Taking 3% of expense equals \$860,262 for the non-resource program management fee award.

¹² UAFCB Audit Report for PG&E, p. B-1, Table B-1.

¹³ UAFCB Audit Report for, p. A-2.

¹⁴ PG&E's 2013-2014 claim for carry-over savings for upstream basic CFL program lamps is not included as part of its 2013 ESPI claim. PG&E intends to include the 2013-2014 claim as part of its 2014 ESPI claim.

¹⁵ D.13-09-023 OP3 and OP16.

Table 3

| | 2013 Non-Resource Program Expenditures (excluding Administrative expenses) | 3% of Non-Resource Program Expenditures |
|------|--|---|
| PG&E | \$28,675,407 | \$860,262 |

Codes and Standards Program Management Fee

The Codes and Standards (C&S) program component of the ESPI incentive mechanism is calculated as a management fee equal to 12% of C&S program expenditures exclusive of administrative expenses, not to exceed authorized expenditures.¹⁶ Table 4 includes the total 2013 PG&E reported C&S program expenditures (excluding administrative expenses). Taking 12% of this expense equals \$755,474 for the C&S program management fee award.

Table 4

| | 2013 C&S Program Expenditures (excluding Administrative expenses) | 12% of C&S Program Expenditures |
|------|---|---------------------------------|
| PG&E | \$6,295,616 | \$755,474 |

Ex Ante Performance Award

The ex ante review (EAR) performance component of the incentive mechanism is calculated based on the annual performance score for each IOU as prescribed in Attachments 5 and 7 of D.13-09-023. This score is taken as a percentage applied to a cap of 3% of the EE resource program expenditures, not to exceed authorized expenditures exclusive of administrative expenses. On March 28, 2014, the Energy Division issued a 2013 performance score for PG&E of 62.5.¹⁷ However, the final score was calculated incorrectly as this is an error in the custom score for metric 3 that was not corrected in the table on page 2. The custom score for metric 3 should be 4 instead of 3 as indicated on page 24 of the Energy Division's report. Correcting this error provides a final score of 63.5. Table 5 outlines the total 2013 PG&E reported resource program expenditures, excluding administrative expenses. Taking 3% of this expense and multiplying PG&E's 2013 performance score of 63.5 equals \$5,245,594 for the EAR performance award.

¹⁶ D.13-09-023 OP3 and OP15.

¹⁷ D.13-09-023 OP3 and OP14.

¹⁸ Final 2013 Efficiency Savings and Performance Incentive Ex Ante Review Performance Score, (Mar 18, 2014). This document is located at http://deeresources.com/files/espi/downloads/PGE_Final_ESPI_EAR_memo_3-28-14.pdf.

Table 5

| | 2013 Resource Program Expenditures (excluding Administrative expenses) | 3% of Resource Program Expenditures | Performance Score of 63.5% |
|------|--|-------------------------------------|----------------------------|
| PG&E | \$275,359,291 | \$ 8,260,779 | \$ 5,245,594 |

Preliminary Ex Ante Savings Award

For purposes of determining the ex ante savings incentive, PG&E followed the following process outlined in D.13-09-023.¹⁹

PG&E calculated the lifecycle energy savings associated with the ex ante locked down deemed measures approved by the Commission, not including those deemed measures on the uncertain measure list.²⁰ The calculation involves taking the first year energy savings of deemed measures, multiplying that amount by the net-to-gross value for the measure, multiplying that sum by the expected useful life of the measure, and finally multiplying by unit count. This calculation is done separately by measure. This calculation is shown below:

$$(\text{First Year Savings}) \times (\text{Net to Gross}) \times (\text{Expected Useful life}) \times (\text{Unit Count}) \\ = \text{Total Lifecycle Savings}$$

Performing this calculation for all ex ante measures portfolio results in a total lifecycle savings estimate for GWh, MW and MM Therms.

Lifecycle savings are then multiplied by coefficients as provided in D.13-09-023, Attachment 1, Table 3.³¹ For the ex ante portion of the savings incentive, the calculation is based on the measure count submitted by PG&E in the savings claims as part of its 2013 Annual Report, excluding impacts from the uncertain measures, as provided in the uncertain measure list. Each savings type, GWh, MW and MM Therms, is then tallied together to determine the total resource savings earnings.

The total resource savings earnings for all savings types are then compared to the 9% cap of the EE resource program expenditures to ensure shareholder incentives do not exceed the authorized cap for resource programs as shown on Table 6.

¹⁹ D.13-09-023, pp. 51-52.

²⁰ The uncertain measure list was provided in the Final Uncertain List Mem from Commission Staff, dated December 10, 2013.

²¹ The table 3 has a units error where it incorrectly labels the \$/MWh as \$2,525. This should be \$/GWh. PG&E has corrected for this error in its calculations.

Table 6

| | 2013 Resource Program Expenditures (excluding Administrative expenses) | 9% Cap of Resource Program Expenditures | Total Resource Savings Earnings |
|------|--|---|---------------------------------|
| PG&E | \$ 275,359,291 | \$ 24,782,336 | \$7,699,378 |

Table 7 delineates the resource savings earnings for savings type, based on the lifecycle net savings for each savings type earnings coefficients per unit of savings for the 2013-2014 EE portfolio cycle as included in Attachment 1 of D.13-09-023.

Table 7

| Lifecycle Net MW | Peak Demand Coefficient (\$/MW-Yr) | Resource Savings Earnings (GWh) |
|---------------------------------|------------------------------------|----------------------------------|
| 337.254 | \$ 6,200 | \$ 2,090,976 |
| Lifecycle Net Gwh | Electricity Coefficient (\$/GWh) | Resource Savings Earnings (MW) |
| 1,920.02 | \$ 2,525 | \$ 4,848,059 |
| Lifecycle Net MM Therm | Natural Gas Coefficient (\$/MMTh) | Resource Savings Earnings (MMTh) |
| 35.645 | \$ 21,331 | \$ 760,343 |
| Total Resource Savings Earnings | | \$ 7,699,378 |

This ex ante lockdown deemed measure savings award is a preliminary award. In the second AL to be filed in 2015 for the 2013 program year, this award will be tried against the actual verified measurements based on evaluation results.²² PG&E's 2013-2014 claim for carry-over savings upstream basic CFL program lamps is not included as part of its 2013 ESPI claim, and will be included in the true-up as part of its 2014 ESPI claim which will be filed in 2015.

The 2013 EE program year expenditures used to calculate the ESPI elements above are the expenditures reported in PG&E's 2013 Annual Report²³ excluding 2013 administrative costs, Bay Area Regional Energy Network (REN) costs, Marin Clean

²² D.13-09-023 Attachment 6, pg. 2.

²³ PG&E's 2013 Annual Report can be found on the CPUC's California Energy Efficiency Statistics website: <http://eestats.cpuc.ca.gov/Views/Documents.aspx#>.

Energy (MCE) costs, EM&V costs, and the OBF loan pool. The 2013 EE program year expenditures are included in Attachment B.

2012 and 2013 EE Program Incentive Awards Allocation

As shown in Table 8 below, the total 2012 and 2013 (first AL) incentive award of \$37,915,976 will be allocated to electric and gas customers on a basis of the electric and gas net benefit factor of 82% electric and 18% gas approved for the 2010-2012 portfolio in Advice Letters 3065-G-A/3562E-A and 3065-G-B/3562-E-B and for the 2013-2014 portfolio in Advice Letters 3356-G-A/4176-E-A.

Table 8

| Electric and Gas Allocation | 2012 and 2013 (first AL) EE Program Incentive Awards |
|-----------------------------|--|
| Electric (82%) | \$31,091,100 |
| Gas (18%) | \$6,824,876 |
| Total | \$37,915,976 |

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than July 21, 2014, which is 21 days²⁴ after 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 either 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:

²⁴ The 20-day protest period concludes on a weekend; therefore, PG&Es moving this date to the following business day.

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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).

Effective Date

PG&E respectfully requests that this AL be approved no later than December 18, 2014, to allow PG&E to record this amount in electric and gas rates through the Annual Electric and Gas True-Up Advice Letter for rates effective January 1, 2015, as discussed in D.12-12-032 and D.13-09-023.

Notice

In accordance with General Order 96-B, Section 4, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service lists for Rulemaking (R.12-01-005 and R.13-11-005). 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 also be accessed electronically at <http://www.pge.com/tariffs>



Vice President, Regulatory Relations

Attachment A: Support for 2012 Expenditures
 Attachment B: Support for 2013 Expenditures

cc: Service Lists R.12-01-005 and R.13-11-005

Attachment A

RGE's detailed 2012 EE Program Expenditures are shown below. The 2012 Total Portfolio Expenditures of \$411,184,295 is the sum of the Core, 3P, and LCP Programs and excludes the EM&V and O&M Loan Pool costs.

| Table 3 Expenditures (calendar year 2012) | | | | |
|---|-----------------------------|-------------------------------------|-------------------------------------|--|
| Summary of Portfolio Expenditures A | Adopted Program Budget B | Cumulative Annual Expenditures C | Percentage of Portfolio Budget D | Percentage of Total Annual Expenditures E |
| Total EE Program Expenditures | | | | |
| Administrative-Implementer | 144,242,356 | 8,174,506 | | 2.0% |
| Administrative-IOU Support | td | 36,777,163 | | 8.9% |
| Marketing | 105,551,639 | 30,214,801 | | 7.3% |
| Rebates/Incentives/Direct Install | 541,353,530 | 166,777,614 | | 40.6% |
| Direct Implementation | 474,832,455 | 169,240,210 | | 41.2% |
| Total EE Program Expenditures | \$ 1,265,980,000 | \$ 411,184,295 | | 32.5% |
| Core Programs | | | | |
| Administrative-IOU Support | 87,177,575 | 24,793,530 | | 6.0% |
| Marketing | 80,831,327 | 25,110,141 | | 6.1% |
| Rebates/Incentives/Direct Install | 332,030,263 | 89,002,404 | | 21.6% |
| Direct Implementation | 303,734,089 | 109,691,704 | | 26.7% |
| Sub total | \$ 803,773,257 | \$ 248,597,778 | | 19.6% |
| 3P Programs | | | | |
| Administrative-Implementer | 35,538,004 | 5,493,388 | | 1.3% |
| Administrative-IOU Support | td | 7,147,776 | | 1.7% |
| Marketing | 15,299,866 | 3,042,743 | | 0.7% |
| Rebates/Incentives/Direct Install | 140,993,501 | 44,584,733 | | 10.8% |
| Direct Implementation | 98,147,821 | 38,310,684 | | 9.3% |
| Sub total | \$ 289,979,192 | \$ 98,579,324 | | 7.8% |
| LCP Programs | | | | |
| Administrative-Implementer | 21,526,777 | 2,681,118 | | 0.7% |
| Administrative-IOU Support | td | 4,835,857 | | 1.2% |
| Marketing | 9,420,446 | 2,061,917 | | 0.5% |
| Rebates/Incentives/Direct Install | 68,329,733 | 33,190,478 | | 8.1% |
| Direct Implementation | 72,950,545 | 21,237,823 | | 5.2% |
| Sub total | \$ 172,227,551 | \$ 64,007,193 | | 15.6% |
| EM&V Expenditures | | | | |
| EM&V IOU | 14,718,000 | 5,392,900 | | 25.5% |
| EM&V Joint Staff | 38,802,000 | 15,770,164 | | 74.5% |
| Total EM&V Expenditures | \$ 53,520,000 | \$ 21,163,063 | | 100.0% |
| On-Bill Financing Loan Pool | \$ 18,500,000 | \$ 7,521,956 | | 40.7% |
| GRAND TOTALS | \$ 1,338,000,000 | \$ 439,869,314 | | 32.9% |

Attachment B

RC&E's detailed 2013 EE Program Expenditures are shown below.

| Summary of Portfolio Expenditures | Adopted Program Budget | Total Annual Expenditures | Percentage of Portfolio Budget | Percentage of Total Annual Expenditures |
|--|------------------------|---------------------------|--------------------------------|---|
| Total 2013-14 EE Program Expenditures | | | | |
| Administrative-Implementer | 64,055,289 | 5,553,329 | 0.7% | 1.8% |
| Administrative-IOU Support | | 37,937,772 | 5.0% | 12.0% |
| Marketing | 42,299,727 | 12,459,319 | 1.7% | 3.9% |
| Rebates/Incentives/Direct Install (2) | 338,813,048 | 119,980,376 | 15.9% | 37.8% |
| Direct Implementation | 308,182,392 | 141,290,575 | 18.8% | 44.5% |
| Total EE Program Expenditures | \$ 753,350,455 | \$ 317,221,372 | 42.1% | 100.0% |
| Core Programs | | | | |
| Administrative-IOU Support | 24,546,879 | 22,926,859 | 3.0% | 7.2% |
| Marketing | 30,924,186 | 6,129,567 | 0.8% | 1.9% |
| Rebates/Incentives/Direct Install | 209,145,867 | 69,370,128 | 9.2% | 21.9% |
| Direct Implementation | 148,032,617 | 70,492,289 | 9.4% | 22.2% |
| Sub total | \$ 412,649,548 | \$ 168,918,844 | 22.4% | 53.2% |
| CP Programs | | | | |
| Administrative-Implementer | | 2,562,328 | 0.3% | 0.8% |
| Administrative-IOU Support | 17,743,229 | 3,759,125 | 1.2% | 2.8% |
| Marketing | 1,970,763 | 2,659,904 | 0.4% | 0.8% |
| Rebates/Incentives/Direct Install | 74,196,198 | 28,336,704 | 3.8% | 8.9% |
| Direct Implementation | 80,559,253 | 34,082,741 | 4.5% | 10.7% |
| Sub total | \$ 174,469,443 | \$ 76,390,803 | 10.1% | 24.1% |
| LCP Programs | | | | |
| Administrative-Implementer | | 2,487,930 | 0.3% | 0.8% |
| Administrative-IOU Support | 21,765,181 | 3,246,793 | 0.8% | 2.0% |
| Marketing | 9,404,778 | 2,580,335 | 0.3% | 0.8% |
| Rebates/Incentives/Direct Install | 55,470,983 | 22,283,544 | 3.0% | 7.0% |
| Direct Implementation | 52,832,567 | 27,229,145 | 3.6% | 8.6% |
| Sub total | \$ 139,473,509 | \$ 60,827,746 | 8.1% | 19.2% |
| Non-HOU Programs (3) | | | | |
| Administrative-Implementer | - | 608,072 | 0.1% | 0.2% |
| Administrative-IOU Support | - | 4,993 | 0.0% | 0.0% |
| Marketing | - | 1,089,513 | 0.1% | 0.3% |
| Direct Implementation | 26,757,955 | 9,486,400 | 1.3% | 3.0% |
| Sub total | \$ 26,757,955 | \$ 11,083,978 | 1.5% | 3.5% |
| B&M | | | | |
| B&M IOU | 9,323,526 | 1,637,778 | 4.8% | 98.4% |
| B&M Joint Staff | 24,583,785 | 26,234 | 0.1% | 1.6% |
| Total B&M Expenditures | \$ 33,907,311 | \$ 1,664,012 | 4.9% | 100.0% |
| On-Bill Financing Loan Pool (4) | \$ 32,000,000 | 9,728,311 | 30.4% | 100.0% |
| GRAND TOTALS | \$ 819,257,766 | \$ 388,613,694 | 40.1% | 100.0% |

(1) The format of Table 3 has been modified from previous Annual Reports to conform with the Commission's 2011 EE audit recommendation and to show BayREN and MCE expenditures under "Non-HOU Programs".

(2) "Rebates/Incentives/Direct Install" include expenditures accrued but not paid as of December 31, 2013.

(3) Non-HOU programs represent RC&E's payments to BayREN and MCE.

(4) Expenditures include loans issued and repaid.

| Table 3.1: Pre-2013 Carryover Expenditures | | | | |
|--|-----------------------|---------------------------|-------------------------|---|
| Summary of Carryover Expenditures | Pre-2013 Carryover | Total Annual Expenditures | Percentage of Carryover | Percentage of Total Annual Expenditures |
| Total Pre-2013 Carryover EE Expenditures | | | | |
| Rebates/Incentives/Direct Install (2) | 56,138,731 | 40,157,145 | 61.5% | 82.5% |
| Direct Implementation | 9,121,494 | 8,542,003 | 13.1% | 17.5% |
| Total EE Program Expenditures | \$ 65,260,225 | \$ 48,699,178 | 74.6% | 100.0% |
| Core Programs | | | | |
| Rebates/Incentives/Direct Install | 44,285,224 | 28,817,925 | 44.2% | 59.2% |
| Direct Implementation | 4,775,000 | 4,834,523 | 7.4% | 9.9% |
| Sub total | \$ 49,060,224 | \$ 33,652,448 | 51.6% | 69.1% |
| CP Programs | | | | |
| Rebates/Incentives/Direct Install | 6,653,506 | 6,322,191 | 9.7% | 13.0% |
| Direct Implementation | 4,346,494 | 3,707,510 | 5.7% | 7.6% |
| Sub total | \$ 11,000,000 | \$ 10,029,701 | 15.4% | 20.6% |
| LCP Programs | | | | |
| Rebates/Incentives/Direct Install | 5,200,000 | 5,017,029 | 7.7% | 10.3% |
| Direct Implementation | - | - | 0.0% | 0.0% |
| Sub total | \$ 5,200,000 | \$ 5,017,029 | 7.7% | 10.3% |
| EM&V | | | | |
| EM&V IOU | 11,458,970 | 3,333,177 | 8.7% | 25.0% |
| EM&V Joint Staff | 26,902,414 | 10,023,417 | 26.1% | 75.0% |
| Total EM&V Expenditures | \$ 38,361,384 | \$ 13,356,595 | 34.8% | 100.0% |
| GRAND TOTALS | \$ 108,621,609 | \$ 62,055,773 | 59.9% | 100.0% |
| (1) Table 3.1 has been added to show REEs authorized pre-2013 program carryover funds spent in 2013. | | | | |
| (2) Incentives, Rebates, & Direct Install include expenditures accrued but not paid as of December 31, 2013. | | | | |

| Summary of 2013 Portfolio Expenditures | 2013 Cumulative Annual Expenditures Program Year 2013-14 ¹ | 2013 Cumulative Annual Expenditures 2010-12 Carryover ² | Total 2013 Cumulative Annual Expenditures | Codes & Standards | Non-resource Programs | Resource Programs |
|--|---|--|---|-------------------|-----------------------|-------------------|
| Administrative-Implementer | 5,553,329 | - | - | 5,553,329 | - | - |
| Administrative-IOU Support | 37,937,772 | - | - | 37,937,772 | - | - |
| Marketing | 12,459,319 | - | - | 12,459,319 (263) | 1,862,211 | 9,507,858 |
| Rebates/Incentives/Direct Install | 119,980,376 | 40,157,145 | 160,137,521 | - | - | 156,756,000 |
| Direct Implementation | 141,290,575 | 8,542,033 | 149,832,609 | 2,295,878 | 26,813,196 | 109,095,345 |
| Total EE Program Expenditures | \$ 317,221,372 | \$ 48,699,178 | 365,920,550 | 6,295,616 | \$ 28,675,407 | \$ 275,359,291 |
| ¹ See RGEs 2013 Annual Report Table 3 | | | | | | |
| ² See RGEs 2013 Annual Report Table 3.1 | | | | | | |

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. Pacific Gas and Electric Company (ID U39 M)

Utility type:

ELC GAS

PLC HEAT WATER

Contact Person: Shirley Wong

Phone #: (415) 972-5505

Email: slwb@pge.com and PGETariffs@pge.com

EXPLANATION OF UTILITY TYPE

(Date Filed/ Received Stamp by CPUC)

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

Advice Letter (AL) #3492-G/4451-E

Tier: 3

Subject of AL: Request of Pacific Gas and Electric Company for 2012 and 2013 Energy Efficiency Incentive Award

Keywords (choose from CPUC listing): Compliance, Energy Efficiency

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution D.12-12-032 & D.13-09-023

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: _____

Resolution Required? Yes No

Requested effective date: Approval no later than 12/18/2014 No. of tariff sheets: N/A

for rates effective 01/01/2015

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed:

Protests, dispositions, and all other correspondence regarding this AL are due no later than 12 days the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC Energy Division

ED Tariff Unit

505 Van Ness Ave., 4th Floor

San Francisco, CA 94102

E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry, Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

¹ The 20-day protest period concludes on a weekend; therefore, PGE is moving this date to the following business day.

PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV

AT&T
Alcantar & Kahl LLP
Anderson & Poole
BART
Barkovich & Yap, Inc.
Bartle Wells Associates
Braun Blasing McLaughlin, P.C.

California Cotton Giners & Growers Assn
California Energy Commission
California Public Utilities Commission
California State Association of Counties
Calpine
Casner, Steve
Cenergy Power
Center for Biological Diversity
City of Palo Alto

City of San Jose
Clean Power
Coast Economic Consulting
Commercial Energy
Cool Earth Solar, Inc.
County of Tehama - Department of Public Works
Crossborder Energy
Davis Wright Tremaine LLP
Day Carter Murphy
Defense Energy Support Center
Dept of General Services

Division of Ratepayer Advocates

Douglass & Liddell
Downey & Brand
Ellison Schneider & Harris LLP
G. A. Krause & Assoc.
GenOn Energy Inc.
GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz & Ritchie

Green Power Institute
Hanna & Morton
In House Energy
International Power Technology
Intestate Gas Services, Inc.
K&L Gates LLP
Kelly Group
Linde

Los Angeles County Integrated Waste Management Task Force
Los Angeles Dept of Water & Power
MRW & Associates
Maratt Phelps Phillips
Marin Energy Authority
McKenna Long & Aldridge LLP
McKenzie & Associates

Modesto Irrigation District
Morgan Stanley
NLine Energy, Inc.
NRG Solar
Nexant, Inc.

North America Power Partners

Occidental Energy Marketing, Inc.
OnGrid Solar
Pacific Gas and Electric Company
Praxair
Regulatory & Cogeneration Service, Inc.
SCD Energy Solutions
SCE

SDGE and SoCal Gas
SPURR
San Francisco Public Utilities Commission
Seattle City Light
Semptra Utilities
SoCal Gas
Southern California Edison Company
Spark Energy
Sun Light & Power

Sunshine Design
Tecogen, Inc.
Tiger Natural Gas, Inc.
TransCanada
Utility Cost Management
Utility Power Solutions

Utility Specialists
Verizon
Water and Energy Consulting
Wellhead Electric Company
Western Manufactured Housing Communities Association (WMA)