

From: Houck, Jason  
Sent: 6/25/2014 4:12:47 PM  
To: Jacobson, Erik B (RegRel) (/O=PG&E/OU=Corporate/cn=Recipients/cn=EBJ1)  
Cc: Pagedar, Sujata (/O=PG&E/OU=Corporate/cn=Recipients/cn=sxpg)  
Bcc:  
Subject: RE: Question about Sample Weighted Average Cost Calculation

Thanks. That clears things up.

**From:** Jacobson, Erik B (RegRel) [mailto:EBJ1@pge.com]  
**Sent:** Tuesday, June 24, 2014 11:59 AM  
**To:** Houck, Jason  
**Cc:** Pagedar, Sujata  
**Subject:** RE: Question about Sample Weighted Average Cost Calculation

Jason,

There is a math error in the illustrative WAC calculation shown on page 69 of the Joint Utility Proposal. Attached is a revised example that corrects the error and results in the same illustrative WAC of \$89.25.

We apologize for the error and would be happy to walk through the accounting procedures in detail if you have questions.

Best regards,

Erik

**From:** Houck, Jason [mailto:[jason.houck@cpuc.ca.gov](mailto:jason.houck@cpuc.ca.gov)]

**Sent:** Monday, June 23, 2014 4:01 PM  
**To:** Jacobson, Erik B (RegRel)  
**Subject:** Question about Sample Weighted Average Cost Calculation

Hi Erik,

In the initial Joint Utility Proposal to A.13-08-002, et al, Phase 2, PG&E copied its response to an ORA data request. In PG&E Attachment D-2 (p. 69 on the attached PDF file), PG&E gives an example of how it calculates the weighted average cost (WAC) of GHG compliance instruments.

I'm trying to figure out if the sample WAC of \$89.25 that PG&E provided is correct, in which case I would appreciate if one of your staff can give me a call to explain how PG&E arrived at that number, or if you can clarify if there is a calculation error. When I try to replicate the calculation I arrive at a different WAC, and I'm trying to understand why.

Thanks,

Jason Houck

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