

June 2, 2014

Energy Division Tariff Unit
California Public Utilities Commission
Energy Division
505 Van Ness Avenue
San Francisco, CA 94102**RE: Pacific Gas and Electric Company's Comments to Draft Resolution
E-4647 Approving the 2003 Headroom Amount in Advice Letter
2555-G/2521-E**

Dear Energy Division Tariff Unit:

Pacific Gas and Electric Company ("PG&E") respectfully submits its comments on Draft Resolution E-4647 ("Resolution"), which approves the 2003 headroom amount presented in Advice 2555-G/2521-E, finds that the Senior Executive Retention Program was properly funded by shareholders, and resolves the protest filed by the Alliance for Retail Energy Markets ("AReM") on Advice Letter 2555-G-A/2521-E-A.

Summary

Resolution E-4647 resolves PG&E's advice letters related to its Headroom Account ("HA"). Specifically, the resolution finds that:

- PG&E calculated 2003 headroom in compliance with Decision ("D.") 03-12-035 in PG&E's Bankruptcy proceeding; no adjustments need to be made to PG&E's 2003 headroom; and the 2003 excess headroom revenues have been returned to generation customers.
- The CPUC staff audit required by D.04-05-055 in PG&E's 2003 General Rate Case finds that PG&E's Senior Executive Retention Program was properly funded by shareholders, not ratepayers.
- PG&E is ordered to consult with AReM, which protested Advice 2555-G-A/2521-E-A, to propose a methodology to reallocate \$64 million in refunds that were recorded in the HA in 2004 and returned to bundled service customers through generation rates pursuant to Resolution E-3956. After this consultation, PG&E shall file a Tier 2 advice letter describing the proposal to reallocate the refunds.

Conclusion

PG&E supports Draft Resolution E-4647. Accordingly, PG&E will consult with AReM in the near future to derive a proposal to reallocate refunds that were recorded in the HA in 2004 and originally refunded through generation rates, to distribution and transmission customers. After this consultation, PG&E will file a Tier 2 advice letter describing the reallocation proposal.

Sincerely,

Handwritten signature of Brian Cherry in cursive script, followed by a forward slash and the initials 'sw'.

Vice President, Regulatory Relations

cc: President Michael R. Peevey
Commissioner Michel P. Florio
Commissioner Carla J. Peterman
Commissioner Michael Picker
Commissioner Catherine J. K. Sandoval
Karen V. Clopton – Acting General Counsel
Timothy J. Sullivan – Acting Chief Administrative Law Judge
Edward Randolph – Director, Energy Division
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Gurbux Kahlon – Energy Division
Daniel Douglass – Alliance for Retail Energy Markets
Teresa Hogle – PG&E