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Advice 3492-G-A/4451-E-A

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

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

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its 2013 Energy Efficiency (EE) Incentive Award.

Purpose

The purpose of this supplemental advice letter is to make corrections to the lifecycle net savings values for each savings type in the resource savings component of the first part of PG&E's 2013 EE incentive award.

This supplemental advice filing supersedes Advice 3492-G/4451-E in part.

Background

The 2010-2012 EE Incentive Mechanism for PG&E and the other investor-owned utilities (IOUs)¹ was approved in Decision (D.) 12-12-032. This decision approved the 2010 incentive award and provided directions for the 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 up to 1% for activities performed in alignment with the California Public Utilities Commission's (Commission or CPUC) *ex-ante* review process. The incentive award for 2012 activity uses the performance score of 68 adopted for PG&E in D.12-12-032.² The Decision directs the Commission's Utility Audit, Finance and Compliance Branch (UAFCB) to make public the completed energy efficiency audit

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

² D.12-12-032 OP 1.

report for the IOUs before the IOUs' advice letters are filed.³ The 2012 UAFCB EE audit report for PG&E was completed and made public on June 27, 2014.⁴

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 Savings 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, GWh and MMTh); (2) ex ante review performance (rating of utility's conformance with the ex ante review 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 measure 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 measure savings; and
 - True up of preliminary ex ante lockdown award based on verified counts.

³ D.12-12-032 p. 39.

⁴ PG&E's 2012 EE Financial Compliance Audit Report:
http://www.cpuc.ca.gov/NR/rdonlyres/EFFEE5DE-0372-4F2B-93A4-6EF460962748/0/PGE_Examination_Report_EE_Programs_20112012.pdf.

⁵ D.13-09-023 p. 3.

⁶ D.13-09-023 OP 4.

D.13-09-023 also directs the UAFCB to make public the completed energy efficiency audit reports for the IOUs.⁷ 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 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.⁹

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 filing in 2014,¹¹ following the schedule outlined in Attachment 6 of D.13-09-023.

On June 30, 2014, PG&E filed Advice 3492-G/4451-E requesting approval of PG&E's 2012 and first part of the 2013 EE incentive award in the amount of \$37,915,976. This AL complies with Ordering Paragraph (OP) 8 of 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*.

In working with Energy Division staff to ensure the data submitted was accurate, PG&E, in Advice 3492-G/4451-E, inadvertently included a few deemed measures on the uncertain measure list when calculating the lifecycle net savings values for each savings type (MW, GWh, MMTh) in the resource savings component of the 2013 incentive request below. PG&E has updated and corrected the lifecycle net savings values as shown in Table 7 and as a result also updated Tables 1, 6, and 8 with the revised 2013 Resource Savings and Total award. Table 8 also includes a new footnote for the addition of Franchise Fees and Uncollectibles (FF&U). Changes to the numbers in the Tables are shown in strikethrough for comparison.

As shown in Table 1 below, PG&E requests a revised EE incentive award of \$37,338,440 for program years 2012 and the first part of 2013, to be approved and recorded in 2014.

⁷ D.13-09-023 OP 17.

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 OP 8.

¹¹ D.13-09-023 OP 6.

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 \$ 7,121,842 |
| | | | Total | \$37,915,976 \$37,338,440 |

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.

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 calculation,¹³ 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.

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

¹³ UAFCB Audit Report for, p. A-2.

2013 Incentive Calculation

This first AL for the 2013 ESPI incentive includes the following elements:¹⁴

- Non-Resource program management fee;
- Codes and Standards program management fee;
- Ex ante performance award; and
- Preliminary ex ante locked down deemed measure 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 this expense equals \$860,262 for the non-resource program management fee award.

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 |

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.

¹⁶ D.13-09-023 OP3 and OP15.

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.¹⁷ On March 28, 2014, the Energy Division issued a 2013 performance score for PG&E of 62.5.¹⁸ However the final score was calculated incorrectly as there 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.

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 involved taking the first year energy savings of deemed measures, multiplying this 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 was done separately by measure. This calculation is shown below:

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

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.

¹⁹ D.13-09-023, pp. 51-52.

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

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

Lifecycle savings are then multiplied by the coefficients as provided in D.13-09-023, Attachment 1, Table 3.²¹ 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 MMTherms, 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.

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 \$7,121,842 |

Table 7 delineates the resource savings earnings for each savings type, based on the lifecycle net savings for each savings type, and 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) |
|-------------------------------|---|---|
| 337.254 312.711 | \$ 6,200 | \$ 2,090,976 \$1,938,808 |
| Lifecycle Net Gwh | Electricity Coefficient (\$/GWh) | Resource Savings Earnings (MW) |
| 4,920.02 1,713.359 | \$ 2,525 | \$ 4,848,059 \$4,326,231 |
| Lifecycle Net MM Therm | Natural Gas Coefficient (\$/MMTh) | Resource Savings Earnings (MMTh) |
| 35.645 40.167 ²² | \$ 21,331 | \$ 760,343 \$856,802 |

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.

²² MMTh increased due to removed measures that had negative therms.

| | |
|--|------------------------------------|
| Total Resource Savings Earnings | \$7,699,378 \$7,121,842 |
|--|------------------------------------|

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 trued up against the actual verified measure counts based on evaluation results.²³ 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, 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 Report,²⁴ excluding 2013 administrative costs, Bay Area Regional Energy Network (REN) costs, Marin Clean 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 \$37,338,440 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 Awards²⁵ |
|------------------------------------|--|
| Electric (82%) | \$31,091,100 \$30,617,521 |
| Gas (18%) | \$6,824,876 \$6,720,919 |
| Total | \$37,915,976 \$37,338,440 |

Protests

No protests were submitted to Advice 3492-G/4451-E. Pursuant to CPUC General Order 96-B, Section 7.5.1, PG&E hereby requests the protest period be waived.

²³ D.13-09-023 Attachment 6, pg. 2.

²⁴ 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#>.

²⁵ FF&U have not been included, but will be included in the Annual Electric and Gas True-Up Advice Letters.

Effective Date

PG&E respectfully requests that this AL be approved concurrent with AL 3492-G/4451-E, which is 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 Letters 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 IV, 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/>.

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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

PG&E'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 LGP Programs and excludes the EM&V and OBF 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 | 0.6% | 2.0% |
| Administrative-IOU Support | tbd | 36,777,163 | 2.9% | 8.9% |
| Marketing | 105,551,639 | 30,214,801 | 2.4% | 7.3% |
| Rebates/Incentives/Direct Install | 541,353,550 | 166,777,614 | 13.2% | 40.6% |
| Direct Implementation | 474,832,455 | 169,240,210 | 13.4% | 41.2% |
| Total EE Program Expenditures | \$ 1,265,980,000 | \$ 411,184,295 | 32.5% | 100.0% |
| Core Programs | | | | |
| Administrative-IOU Support | 87,177,575 | 24,793,530 | 2.0% | 6.0% |
| Marketing | 80,831,327 | 25,110,141 | 2.0% | 6.1% |
| Rebates/Incentives/Direct Install | 332,030,266 | 89,002,404 | 7.0% | 21.6% |
| Direct Implementation | 303,734,089 | 109,691,704 | 8.7% | 26.7% |
| Sub total | \$ 803,773,257 | \$ 248,597,778 | 19.6% | 60.5% |
| 3P Programs | | | | |
| Administrative-Implementer | 35,538,004 | 5,493,388 | 0.4% | 1.3% |
| Administrative-IOU Support | tbd | 7,147,776 | 0.6% | 1.7% |
| Marketing | 15,299,866 | 3,042,743 | 0.2% | 0.7% |
| Rebates/Incentives/Direct Install | 140,993,501 | 44,584,733 | 3.5% | 10.8% |
| Direct Implementation | 98,147,821 | 38,310,684 | 3.0% | 9.3% |
| Sub total | \$ 289,979,192 | \$ 98,579,324 | 7.8% | 24.0% |
| LGP Programs | | | | |
| Administrative-Implementer | 21,526,777 | 2,681,118 | 0.2% | 0.7% |
| Administrative-IOU Support | tbd | 4,835,857 | 0.4% | 1.2% |
| Marketing | 9,420,446 | 2,061,917 | 0.2% | 0.5% |
| Rebates/Incentives/Direct Install | 68,329,783 | 33,190,478 | 2.6% | 8.1% |
| Direct Implementation | 72,950,545 | 21,237,823 | 1.7% | 5.2% |
| Sub total | \$ 172,227,551 | \$ 64,007,193 | 5.1% | 15.6% |
| EM&V Expenditures | | | | |
| EM&V IOU | 14,718,000 | 5,392,900 | 10.1% | 25.5% |
| EM&V Joint Staff | 38,802,000 | 15,770,164 | 29.5% | 74.5% |
| Total EM&V Expenditures | \$ 53,520,000 | \$ 21,163,063 | 39.5% | 100.0% |
| On-Bill Financing Loan Pool | \$ 18,500,000 | \$ 7,521,956 | 40.7% | 100.0% |
| GRAND TOTALS | \$ 1,338,000,000 | \$ 439,869,314 | 32.9% | 100.0% |

Attachment B

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

| Table 3: 2013 Expenditures | | | | |
|--|------------------------|---------------------------|--------------------------------|---|
| 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 % |
| 3P Programs | | | | |
| Administrative-Implementer | 17,743,229 | 2,562,328 | 0.3 % | 0.8 % |
| Administrative-IOU Support | | 8,759,125 | 1.2 % | 2.8 % |
| Marketing | 1,970,763 | 2,659,904 | 0.4 % | 0.8 % |
| Rebates/Incentives/Direct Install | 74,196,198 | 28,326,704 | 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 % |
| LGP Programs | | | | |
| Administrative-Implementer | 21,765,181 | 2,487,930 | 0.3 % | 0.8 % |
| Administrative-IOU Support | | 6,246,793 | 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-IOU Programs (3) | | | | |
| Administrative-Implementer | - | 503,072 | 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 % |
| EM&V | | | | |
| EM&V IOU | 9,323,526 | 1,637,778 | 4.8 % | 98.4 % |
| EM&V Joint Staff | 24,583,785 | 26,234 | 0.1 % | 1.6 % |
| Total EM&V 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 | \$ 328,613,694 | 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-IOU Programs". | | | | |
| (2) "Rebates/Incentives/Direct Install" include expenditures accrued but not paid as of December 31, 2013. | | | | |
| (3) Non-IOU programs represent PG&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 | 8,542,033 | 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% |
| 3P 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% |
| LGP 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% |
| GRANDTOTALS | \$ 103,621,609 | \$ 62,055,773 | 59.9% | 100.0% |
| (1) Table 3.1 has been added to show PG&E's 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 2013-14¹ | 2013 Cumulative Annual Expenditures 2010-12 Carryover² | Total 2013 Cumulative Annual Expenditures | Codes & Standards | Non-resource Programs | Resource Programs |
|--|---|--|--|------------------------------|------------------------------|--------------------------|
| Administrative-Implementer | 5,553,329 | - | 5,553,329 | - | - | - |
| Administrative-IOUSupport | 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 | - | - | 156,756,087 |
| Direct Implementation | 141,290,575 | 8,542,033 | 149,832,609 | 6,295,878 | 26,813,196 | 109,095,345 |
| Total EEProgram Expenditures | \$ 317,221,372 | \$ 48,699,178 | \$ 365,920,550 | \$ 6,295,616 | \$ 28,675,407 | \$ 275,359,291 |
| ¹ See PG&E's 2013 Annual Report Table 3 | | | | | | |
| ² See PG&E's 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: Kingsley Cheng

Phone #: (415) 973-5265

E-mail: k2c0@pge.com and PGETariffs@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

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

Tier: **3**

Subject of AL: **Supplemental: Revisions to 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 and 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: No

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: **Concurrent with Advice Letter 3492-G/4451-E,** No. of tariff sheets: N/A
which is no later than 12/18/2014
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: N/A

Service affected and changes proposed: N/A

Pending advice letters that revise the same tariff sheets: N/A

Pursuant to CPUC General Order 96-B, Section 7.5.1, PG&E hereby requests the protest period be waived.

California Public Utilities Commission

Energy Division

EDTariffUnit

505 Van Ness Ave., 4th Flr.

San Francisco, CA 94102

E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Meredith Allen

Senior Director, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

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

| | | |
|---|---|--|
| AT&T | Douglass & Liddell | Occidental Energy Marketing, Inc. |
| Alcantar & Kahl LLP | Downey & Brand | OnGrid Solar |
| Anderson & Poole | Ellison Schneider & Harris LLP | Pacific Gas and Electric Company |
| BART | G. A. Krause & Assoc. | Praxair |
| Barkovich & Yap, Inc. | GenOn Energy Inc. | Regulatory & Cogeneration Service, Inc. |
| Bartle Wells Associates | GenOn Energy, Inc. | SCD Energy Solutions |
| Braun Blaising McLaughlin, P.C. | Goodin, MacBride, Squeri, Schlotz & Ritchie | SCE |
| California Cotton Ginners & Growers Assn | Green Power Institute | SDG&E and SoCalGas |
| California Energy Commission | Hanna & Morton | SPURR |
| California Public Utilities Commission | In House Energy | San Francisco Public Utilities Commission |
| California State Association of Counties | International Power Technology | Seattle City Light |
| Calpine | Intestate Gas Services, Inc. | Sempra Utilities |
| Casner, Steve | K&L Gates LLP | SoCalGas |
| Cenergy Power | Kelly Group | Southern California Edison Company |
| Center for Biological Diversity | Linde | Spark Energy |
| City of Palo Alto | Los Angeles County Integrated Waste Management Task Force | Sun Light & Power |
| City of San Jose | Los Angeles Dept of Water & Power | Sunshine Design |
| Clean Power | MRW & Associates | Tecogen, Inc. |
| Coast Economic Consulting | Manatt Phelps Phillips | Tiger Natural Gas, Inc. |
| Commercial Energy | Marin Energy Authority | TransCanada |
| Cool Earth Solar, Inc. | McKenna Long & Aldridge LLP | Utility Cost Management |
| County of Tehama - Department of Public Works | McKenzie & Associates | Utility Power Solutions |
| Crossborder Energy | Modesto Irrigation District | Utility Specialists |
| Davis Wright Tremaine LLP | Morgan Stanley | Verizon |
| Day Carter Murphy | NLine Energy, Inc. | Water and Energy Consulting |
| Defense Energy Support Center | NRG Solar | Wellhead Electric Company |
| Dept of General Services | Nexant, Inc. | Western Manufactured Housing Communities Association (WMA) |
| Division of Ratepayer Advocates | North America Power Partners | |