



REPORT

Regulated California Electric and Gas Utility Ratepayer Costs

Public Utilities Code Section 747
-February 2009-





AB 67 requires an annual CPUC legislative report summarizing utility costs

AB 67 (2005) added Section 747 to the Public Utilities Code requiring the California Public Utilities Commission President to report annual regulated utility ratepayer costs for electric and gas activities and programs. This provision was modified by AB 3048 (2008) to require a written report to be submitted to the Governor and Legislature annually.

The following report identifies costs mandated by statute or by the Commission and provides the annual authorized revenue requirements for the four major California energy utilities:

**Pacific Gas and Electric Company
Southern California Edison Company
Southern California Gas Company
San Diego Gas and Electric Company**

Together, these regulated utilities provide energy services to the majority of Californians.





The report shows cost categories by billing component.

The next pages summarize the utilities' revenue requirements by cost categories tied to the electric and gas rate components appearing on customers' bills.

The revenue requirements presented for each cost category are the annual revenue requirements authorized by the CPUC.

The natural gas procurement costs reported here for SDG&E are for the 2008 calendar year. However, PG&E and SCG gas procurement costs are forecasted figures as actual data for December 2008 was not available for PG&E or SCG in time for the preparation of this report.

This report provides data by various rate components and indicates whether the rate component is an activity or a program mandate by statute.





This report is based on authorized revenue requirements

“Authorized” revenue requirements capture the costs included in rates, while “recorded” revenue requirements capture the actual costs incurred.

We provide “authorized” revenue requirements because they are readily available and are tied to regulatory accounting.

At times during the year, the actual revenues collected by the utilities may vary from the amount authorized by the Commission. Most such discrepancies are captured through “true-up” accounts and balancing account mechanisms.

The CPUC does not set an annual authorized revenue requirement for gas procurement costs. Core gas procurement costs are recovered in utility gas procurement rates which are adjusted monthly.





Executive Summary

For 2008, PG&E, SCE, SoCalGas and SDG&E reported \$36.5 billion in annual revenue requirements.

Electric production and procurement and core gas procurement comprise the majority of these costs

Electric Costs

Electric Generation (=IOU resources and purchases)	44%
Competition Transition Charge (=costs from 1997 electric restructuring)	3%
DWR Power Charges (=electricity purchased for IOUs)	12%
DWR Bond Costs (=costs from 2001 energy crisis)	3%
Distribution	28%
Transmission	5%
Public Purpose Programs	4%
Total (after rounding)	100%

Gas Costs

Core Gas Procurement	61%
Transportation	35%
Public Purpose Programs	4%
Total	100%





Total Revenue Requirement Summary

	2006 (\$Billions)	2007 (\$Billions)	2008 (\$Billions)
Pacific Gas and Electric	15.0	15.3	15.6
Southern California Edison	11.7	11.6	12.5
Southern California Gas	4.4	4.3	4.9
San Diego Gas and Electric	3.3	3.2	3.5
TOTAL	34.4	34.4	36.5





2008 Electric Revenue Requirement by Key Component

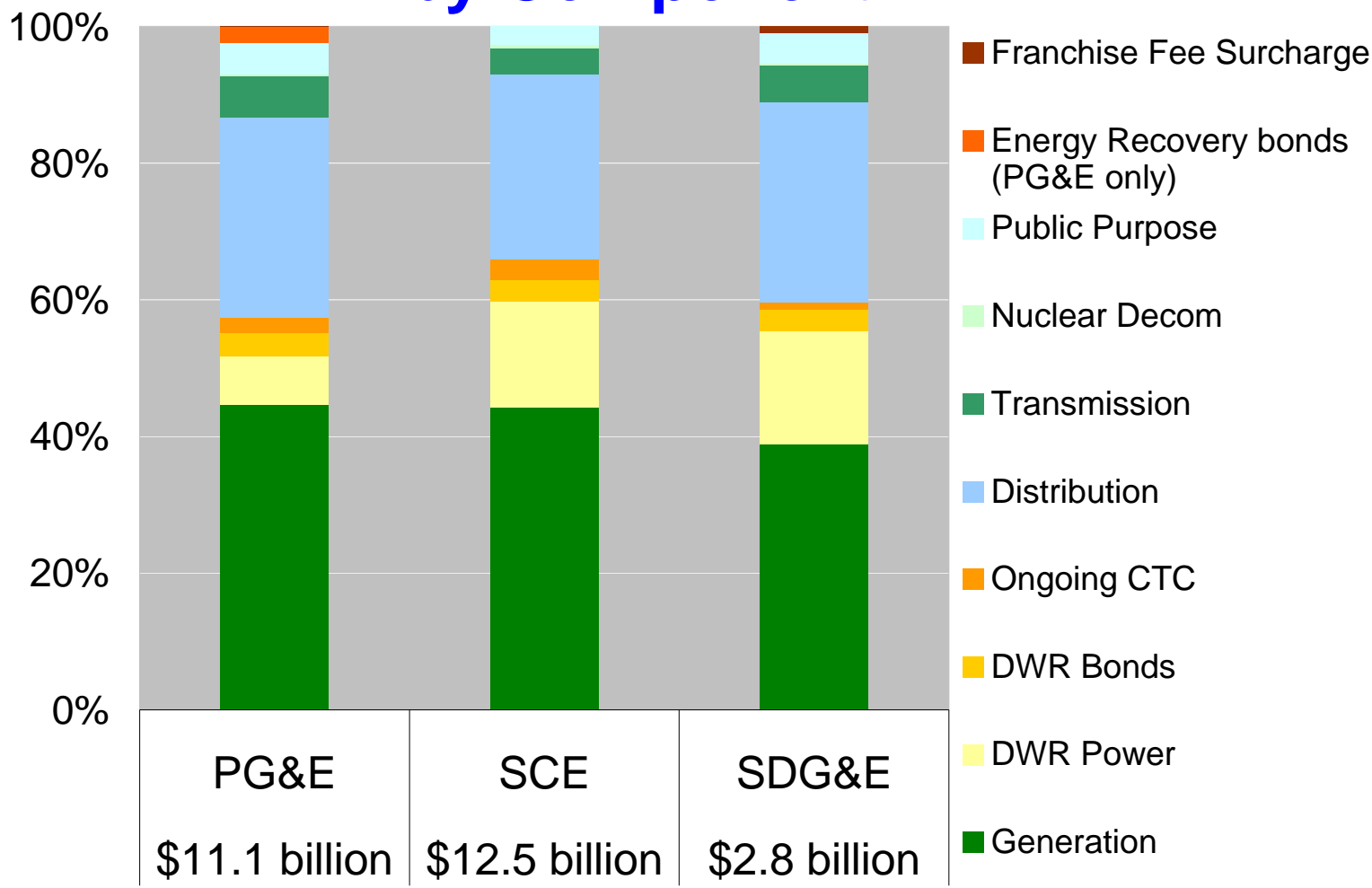
(in millions)

Electric Revenue Component	PG&E		SCE		SDG&E	
	Revenue Requirement	% of Total	Revenue Requirement	% of Total	Revenue Requirement	% of Total
Generation (including Purchased Power)	4,962	45%	5,514	44%	1,094	39%
Ongoing CTC	258	2%	381	3%	30	1%
DWR Power Charges	792	7%	1,927	15%	465	17%
DWR Bond Charges	378	3%	398	3%	88	3%
Transmission	678	6%	482	4%	148	5%
Distribution	3,254	29%	3,364	27%	826	29%
Nuclear Decommissioning	24	0%	52	0%	9	0%
Public Purpose Programs	504	5%	340	3%	124	4%
AB 1890 Rate Reduction Bonds	-68	-1%	-	0%	0	0%
Energy Recovery Bonds (PG&E only)	273	2%	-	-	-	
Franchise Fee Surcharge (not provided by each IOU)	4	0%	-	-	27	1%
TOTALS	11,057	100%	12,459	100%	2,812	100%





2008 Annual Electric Revenue by Component



PG&E Electric Revenue Requirement Summary

(\$ in millions)

Revenue by Rate Component	2006		2007		2008	
	Revenue Requirement	% of Total	Revenue Requirement	% of Total	Revenue Requirement	% of Total
Utility Generation	3,660	34%	4,036	37%	4,962	45%
Ongoing CTC	349	3%	11	0%	258	2%
DWR Power Charges	1,592	15%	1,730	16%	792	7%
DWR Bond Charges	373	3%	365	3%	378	3%
Transmission	848	8%	666	6%	678	6%
Distribution	3,092	28%	3,248	30%	3,254	29%
Nuclear Decommissioning	32	0%	23	0%	24	0%
Public Purpose Programs	401	4%	461	4%	504	5%
AB 1890 Rate Reduction Bonds	189	2%	162	1%	-68	-1%
Energy Recovery Bond	364	3%	284	3%	273	2%
Franchise Fee Surcharge	3	0%	4	0%	4	0%
TOTAL	10,903	100%	10,988	100%	11,057	100%





SCE Electric Revenue Requirement Summary

(\$ in millions)

Revenue by Rate Component	2006		2007		2008	
	Revenue Requirement	% of Total	Revenue Requirement	% of Total	Revenue Requirement	% of Total
Utility Generation	5,379	46%	4,473	39%	5,514	44%
Ongoing CTC	207	2%	545	5%	381	3%
DWR Power Charges	2,157	18%	2,047	18%	1,927	15%
DWR Bond Charges	395	3%	386	3%	398	3%
Transmission	453	4%	433	4%	482	4%
Distribution	2,417	21%	3,027	26%	3,364	27%
Nuclear Decommissioning	41	0%	51	0%	52	0%
Public Purpose Programs	418	4%	369	3%	340	3%
AB 1890 Rate Reduction Bonds	262	2%	248	2%	-	0%
Energy Recovery Bond	-	-	-	-	-	-
Franchise Fee Surcharge	7	0%	-	-	-	-
TOTAL	11,735	100%	11,578	100%	12,459	100%





SDG&E Electric Revenue Requirement Summary

(\$ in millions)

Revenue by Rate Component	2006		2007		2008	
	Revenue Requirement	% of Total	Revenue Requirement	% of Total	Revenue Requirement	% of Total
Utility Generation	636	24%	795	31%	1,094	39%
Ongoing CTC	30	1%	47	2%	30	1%
DWR Power Charges	603	23%	380	15%	465	17%
DWR Bond Charges	75	3%	73	3%	88	3%
Transmission	355	13%	301	12%	148	5%
Distribution	797	30%	808	31%	826	29%
Nuclear Decommissioning	9	0%	7	0%	9	0%
Public Purpose Programs	100	4%	123	5%	124	4%
AB 1890 Rate Reduction Bonds	61	2%	48	2%	0	0%
Energy Recovery Bond	-		-		-	
Franchise Fee Surcharge	-		-		27	1%
TOTAL	2,664	100%	2,581	100%	2,812	100%





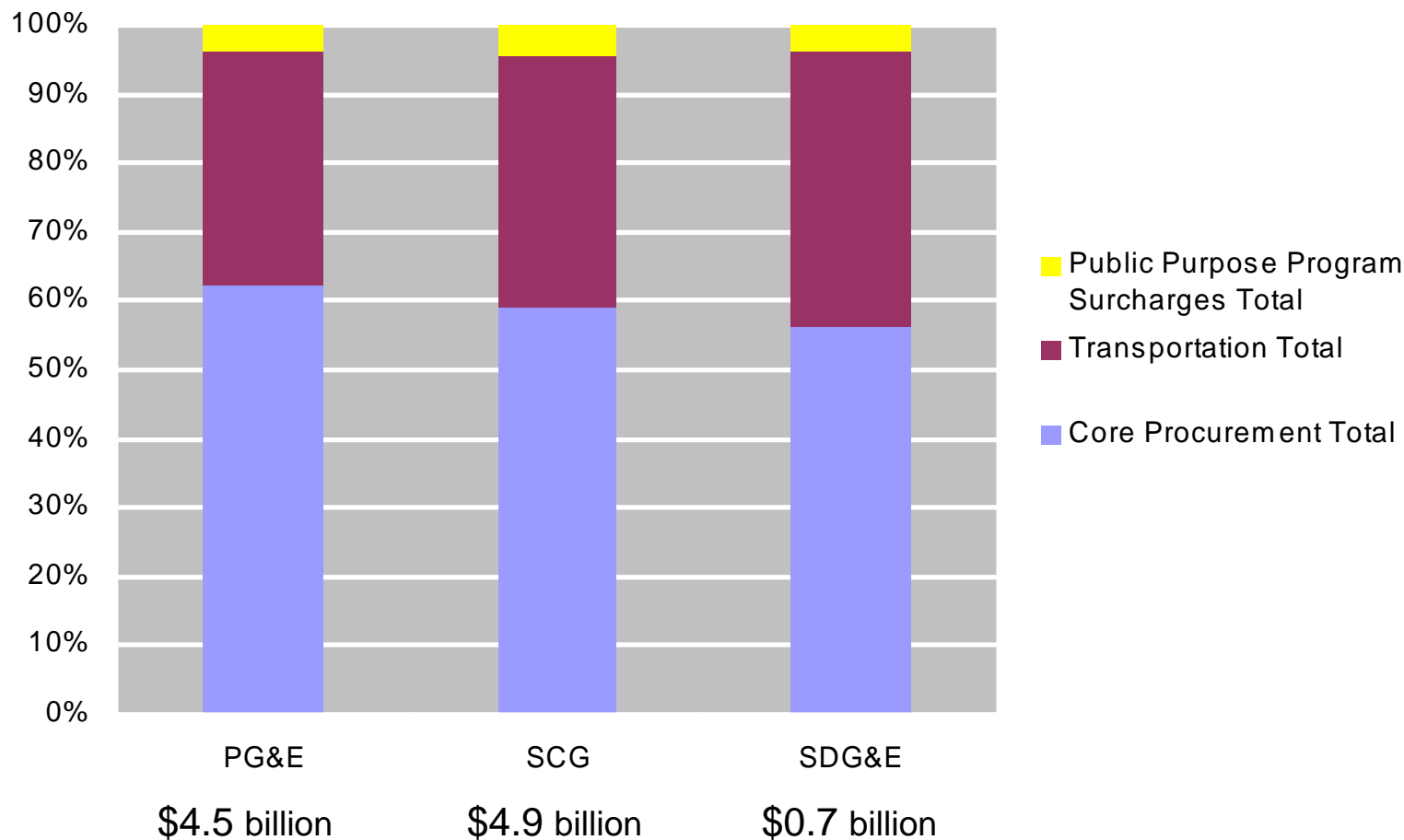
2008 Gas Revenue Requirement Summary by Key Components (\$Millions)

Gas Revenue Component	PG&E	SoCalGas	SDG&E
Core Procurement	2,832	2,917	392
Transportation	1,543	1,775	277
Public Purpose Programs	170	232	28
TOTALS	4,545	4,924	697





2008 Annual Gas Revenue by Component





PG&E Gas Revenue Requirement Summary

(\$ in millions)

Revenue by Rate Component	2006		2007		2008	
	Revenue Requirement	% of Total	Revenue Requirement	% of Total	Revenue Requirement	% of Total
Core Procurement	2,602	63%	2,309	60%	2,832*	62%
Transportation	1,347	32%	1,427	37%	1,543	34%
Public Purpose Programs	192	5%	133	3%	170	4%
TOTAL	4,141	100%	3,869	100%	4,545	100%

*PG&E's December 2008 actual core procurement figures were unavailable for the preparation of this report. PG&E's 2008 core procurement includes December 2008 forecasted figures.





SoCalGas Revenue Requirement Summary

(\$ in millions)

Revenue by Rate Component	2006		2007		2008	
	Revenue Requirement	% of Total	Revenue Requirement	% of Total	Revenue Requirement	% of Total
Core Procurement	2,357	53%	2,311	54%	2,917*	59%
Transportation	1,805	42%	1,759	41%	1,775	36%
Public Purpose Programs	224	5%	215	4%	232	5%
TOTAL	4,386	100%	4,285	100%	4,924	100%

*SCG's December 2008 actual core procurement figures were unavailable for the preparation of this report. SCG's 2008 core procurement includes December 2007 figures.





SDG&E Gas Revenue Requirement Summary

(\$ in millions)

Revenue by Rate Component	2006		2007		2008	
	Revenue Requirement	% of Total	Revenue Requirement	% of Total	Revenue Requirement	% of Total
Core Procurement	356	53%	346	53%	392	56%
Transportation	290	43%	279	43%	277	40%
Public Purpose Programs	27	4%	27	4%	28	4%
TOTAL	673	100%	652	100%	697	100%





Supporting Detail and Glossaries

- Detail: Annual Electric Revenue Components
- Detail: Annual Gas Revenue Components
- Glossary of Electric Terms
- Glossary of Gas Terms





AB 67 - Annual Electric Revenue Requirement Components			2008 (\$ in 000s)		
			PG&E	SCE	SDG&E
	Mandated by Federal/State Statute	CPUC Mandate			
Utility Generation Total			4,962,398	5,514,263	1,093,552
Qualifying Facilities	Federal PURPA 1978; PUC Section 454.5(d)(3)	CPUC Decisions	1,623,198	944,025	118,263
Demand Response Program ^a	PUC Section 740.10,740.9,740.11	CPUC Decisions	0	54	0
General Rate Case ^a		CPUC Decisions	1,123,335	1,188,066	119,307
Renewable Portfolio Standard (RPS)	PUC Section 454.4(d)(3)	CPUC Decisions	250,529	947,412	61,329
Other Utility Fuel and Purchased Power	PUC Section 454.4(d)(3)	CPUC Decisions	1,953,485	1,466,366	691,289
Other Authorized Generation Revenues		CPUC Decisions, Resolutions	11,851	3,640	103,364
Transmission Total			678,328	482,350	148,452
Reliability Services	FERC Order 459		(57,947)	25,563	(17,874)
Transmission Access Charge	FERC		(33,085)	115,269	(28,311)
Transmission Owners' Rate Case	FERC		783,933	317,216	208,400
Other	FERC		(14,573)	24,302	(13,763)
Distribution Total			3,253,562	3,364,162	826,441
Advanced Metering Infrastructure/Smart Meter Program		CPUC Decisions	45,729	0	3,186
Self Generation Incentive Program	PUC Section 379.6(a)	CPUC Decisions	30,550	28,317	17,577
California Solar Initiative (CSI)		CPUC Decisions	141,436	148,662	33,000
Demand Response Program ^a	PUC Section 740.10,740.7,740.9,740.11	CPUC Decisions	83,302	40,684	17,600
Catastrophic Events Memo Acct (CEMA)	PUC Section 454.9 (a)	CPUC Decisions	9,333	47,287	0
General Rate Case ^a		CPUC Decisions	2,902,131	3,080,923	720,184
Hazardous Substance Mechanism (HSM)		CPUC Decisions	6,632	10,081	160
AEAP Incentives		CPUC Decisions	(904)	0	12,459
Low Emission Vehicle Program	PUC Section 740.3 & 740.8	CPUC Decisions, Resolutions	0	0	686
CPUC Fee	PUC Section 431	CPUC Resolution M-4816	20,612	21,166	0
Climate Smart		CPUC Decisions, Resolutions	3,621	(12,958)	0
Other		CPUC Decisions, Resolutions	11,120	0	13,264
Customer Service and Safety Performance Indicator Awards/Penalty		CPUC Decisions, Resolutions	0	0	8,325
Nuclear Decommissioning	PUC Sections 93321-8330, 10 CFR 50.33, 50.75	CPUC Decisions	23,613	52,365	9,481
Public Purpose Programs Total			504,376	339,669	124,012
Energy Efficiency (related to PU Code Sec. 399.8)	PUC 399.8	CPUC Decisions E-3792	86,466	100,416	34,800
Research and Development (RD&D)	PUC 399.9	CPUC Decisions E-3792	33,685	28,563	4,145
Erenewables	PUC 399.10	CPUC Decisions E-3792	72,626	29,925	10,220
Energy Efficiency (not related to PU Code Sec. 399.8)		CPUC Decisions	218,692	141,759	40,000
Low Income Energy Efficiency	PUC Sections 739.1, 739.2, 2790	CPUC Decisions, Resolutions	54,971	32,405	3,838
CARE	PUC Sections 739.1, 739.2	CPUC Decisions	37,936	6,601	31,009
DWR Power Charge Revenues	AB1X, Water Code, Division 27	CPUC Decisions	791,674	1,926,664	465,000
DWR Bond Charge Revenues	AB1X, Water Code, Division 27	CPUC Decisions	377,498	398,044	87,671
AB 1890 Rate Reduction Bonds	AB 1890, PUC Section 368 (a), 840-847	CPUC Decisions, Resolutions	(68,255)	0	0
On-going Competition Transition Charges (CTC) Revenues	AB 57, PUC Section 367 (a) & 369	CPUC Decisions	258,042	381,288	29,864
Energy Cost Recovery Amount (Energy Recovery Bonds) (PG&E only)	SB 772, PUC Section 848-848.7	CPUC Decisions, Resolutions	272,605	0	0
Franchise Fee Surcharge	PUC Sections 6350-6354, 6231	CPUC Decisions	3,552	0	27,179
ELECTRIC TOTAL			11,057,393	12,458,805	2,811,652

^aDemand Response and General Rate Case Revenue are recovered through both the Generation and Distribution charges





AB 67 - Annual Gas Revenue Requirements Components			Actual 2008 figures (\$000)		
			PG&E	SDG&E	SoCalGas
	Mandated by Federal/State Statute	CPUC Mandate			
Core Procurement Total			2,831,873	392,474	2,916,918
Core Gas Supply Portfolio		CPUC Decisions	2,400,133	392,474	2,304,252
Other		CPUC Decisions	333,838		
10/20 Winter Gas Savings		CPUC Resolutions	87,763		
Core Gas Hedging		Report	0		0
Incentive Mechanism		Report	10,139	752	6,522
Transportation Total			1,543,010	277,271	1,774,960
Distribution		CPUC Decisions	1,143,200	251,921	1,684,191
Transmission		CPUC Decisions	326,995		
Advanced Metering Infrastructure		Report		928	
Smart Meter			31,129	(1,363)	
Self Gen Inc Prog (SGIP)	PUC Section 379.6 (a)	CPUC Decisions	5,840	755	8,149
Climate Smart			1,536		
Calif Solar Initiative (CSI)		CPUC Decisions		0	0
Annual Earning Assessment (AEAP)		CPUC Decisions	(1,092)	0	
Low Emission Vehicle (LEV)	PUC Section 740.3 & 740.8	CPUC Decisions	0	2,672	64,279
Haz Substance Mechanism (HSM)		CPUC Decisions	15,342	435	16,991
Performance Based Regulation (PBR)		CPUC Decisions, Resolutions			(22,501)
Customer Service & Safety Performance Indicator		CPUC Decisions, Resolutions		431	828
Non Public Interest Research, Dvlp & Demo (RD&D)		CPUC Decisions			8,000
Core Pricing Flexibility Program		CPUC Decisions			408
Non core competitive load growth program		CPUC Decisions			869
Catastrophic Event Memo Acct (CEMA)	PUC Section 454.9 (a)	CPUC Decisions, Resolutions	(3,404)		0
Z-Factor		CPUC Decisions			0
Other Balancing Accts Balances		Report	(4,248)	15,303	(29,849)
CPUC Fee	PUC Section 431	Resolution M-4816	4,784		
Franchise Fees & Uncollectibles	PUC Section 6231	CPUC Decisions	717		0
Franchise Fee Surcharge (G-SUR)	PUC Sections 6350-6354	CPUC Resolutions	22,211	6,189	43,595
Public Purpose Program Surcharges Total			169,869	27,591	232,437
Energy Efficiency (EE) Programs	PUC Sections 399.8, 890-900	CPUC Decisions	51,989	7,449	77,099
Low Income Energy Efficiency (LIEE)	PUC Sections 739.1, 890-900, 2790	CPUC Decisions	26,925	6,651	33,212
Public Interest RD&D and State Board of Equalization (BOE)	PUC Sections 740, 890-900	CPUC Decisions	8,881	1,097	11,566
Calif Alternate Rates for Energy (CARE) Program	PUC Sections 739.1 & .2, 890-900	CPUC Decisions	82,074	12,394	110,560
GAS TOTAL			4,544,752	697,336	4,924,315





Electric Glossary

(matches lines on “Annual Electric Revenue Components” Table)

Qualifying Facility – A small power producer or cogenerator that meets certain guidelines and thereby qualifies to supply generating capacity and electric energy to electric utilities, which must purchase this power at a price approved by state regulatory bodies.

Demand Response Program – Programs that provide financial incentives and other benefits to participating customers to curtail energy use. Demand Response programs provide various means for the customers to respond to generation prices (as well as system emergency conditions) by reducing load in response to a price signal or financial incentive mechanism from the utility.

General Rate Case – The major regulatory proceeding for California utilities, during which regulators examine in depth a utility’s operating, maintenance, capital, administrative and general costs, including return (profit) to shareholders and how these costs are to be allocated among shareholder classes.

Renewable Portfolio Standard – California law requires that each California retail seller of electricity, except for municipal utilities, must increase its purchases of eligible renewable energy resources (such as biomass, wind, solar and geothermal energy) by at least 1% of its retail sales per year, the annual procurement target, so that the amount of electricity purchased from eligible renewable resources equals at least 20% of its total retail sales by the end of 2010.

20/20 – A program whereby eligible customers who reduce their cumulative usage of electricity during the summer by 20% over the same period in the prior year will receive a bill credit of 20% on their electric charges paid in the summer.

Other Utility Fuel and Purchased Power – includes other authorized revenue requirements that are recovered in rates through the Energy Resources Recovery Account mechanism, including any ISO charges recorded to that account as authorized by the CPUC; excludes about market portion of costs recovered through CTC rates in IX; would also include any ERRAs balances associated with these costs amortized in rates.





Electric Glossary (cont.)

Other Authorized Generation Revenues – For PG&E, other authorized generation revenues include DWR Franchise Fees, and the amortization of balancing accounts related to the Family Electric Rate Assistance program (discount portion) and the Headroom Account. For SCE, this line includes SONGS 2 and SONGS 3 removal and disposal cost revenue requirement for original steam generators (D.05-12-040). For SDG&E, this line includes non-fuel generation costs recorded to the Non-Fuel Generation Balancing Account.

Reliability Services – includes revenue requirement recovered in rates for RS services authorized by the FERC; including any balances amortized in rates for any accounts which record reliability services costs.

Transmission Access Charge -- The ISO imposes a transmission access charge on users of the ISO-controlled electricity transmission grid. The ISO's transmission access charge methodology approved by the FERC in December 2004 provides for transition over a 10-year period to a uniform, statewide, high-voltage transmission rate, based on the revenue requirements of all participating transmission owners associated with facilities operated at 200 kV and above. The transmission access charge methodology may result in a cost shift from transmission owners whose costs for existing transmission are higher than that embedded in the uniform rate, to transmission owners with lower embedded costs for existing transmission.

Transmission Owner's (TO) Rate Case – A case which a utility files with the FERC that allows the utility to change transmission rates. The TO rate case includes two rate components: (1) base transmission rates, which are intended to recover a utility's operating and maintenance expenses, depreciation and amortization expenses, interest expense, tax expense and return on equity; and (2) rates to recover ISO charges for reliability service costs and an ISO charge associated with a ten-year shift from utility specific transmission charges to an ISO grid-wide charge.

Other Transmission Revenues – includes the amortization of the Transmission Revenue Balancing Account Adjustment and the Construction Work in Progress Balancing Account.

Advanced Metering Infrastructure/ SmartMeter Program – includes Advanced Metering Infrastructure (AMI) authorized revenue requirements recovered in rates including amortization of balances related to AMI in any accounts.





Electric Glossary (cont.)

Self Generation Incentive Program (SGIP) - Refers to the incentive payment program set out in AB 970 whereby the utilities provide financial incentives to “self generators” to help them develop their own distributed generation resources. SGIP costs include administrative costs (including measurement, evaluation, education, outreach, and marketing) and incentive payments made to customers.

California Solar Initiative (CSI) – A program authorized by the CPUC in 2005. In 2006, Senate Bill 1 extended funding for solar energy technologies through 2016.

Catastrophic Events Memorandum Account (CEMA) – An account established to enable a utility to recover the costs associated with the restoration of service and utility facilities affected by a catastrophic event, such as an earthquake, declared a disaster or state of emergency by competent federal or state authorities.

Hazardous Substance Mechanism (HSM) – An account that provides a mechanism for allocating historical hazardous waste costs (such as from old-time coal to gas plants) among shareholders and ratepayers, including the allocation of insurance recoveries, if any.

Annual Earnings Assessment Proceeding (AEAP) Incentives – Incentives received by a utility, based on a portion of the net present value of the savings achieved by ratepayers participating in energy efficiency programs.

Low Emission Vehicle (LEV) Program -- A program authorized by the CPUC in 1995 which governed utility activities to help develop and facilitate the use of Low Emission Vehicles and further the legislative goal of substantial market penetration.

CPUC Fee – A fee determined by the CPUC to be charged and collected from customers by the utilities on behalf of the CPUC to fund CPUC activities.





Electric Glossary (cont.)

ClimateSmart – A voluntary program where PG&E customers can elect to pay a monthly premium to offset greenhouse gas emissions associated with energy usage. Program administrative and marketing costs are recovered through distribution rates.

Other Distribution Revenues – Other Distribution revenues for PG&E include environmental enhancement revenue requirement; and the amortization of balancing accounts related to the Family Electric Rate Assistance (administrative costs), the Interruptible Load Program, and other distribution-related balancing accounts. For SCE, this line includes: Non-Utility Affiliate Credit Revenue Requirement; and the Reduced Cost Recovery Amount Revenue Requirement (AL 2191-E). For SDG&E, this line includes Z factor and amortization of balancing accounts including the Rewards and Penalties Balancing Account and Tree Trimming Balancing Account.

Performance Based Regulation – report authorized costs returned to customers under the utility's PBR earnings sharing mechanism.

Customer Service and Safety Performance and Indicator Awards – report authorized award recovered from customers under the utility's PBR mechanism.

Nuclear Decommissioning -- Nuclear decommissioning requires the safe removal of nuclear facilities from service and the reduction of residual radioactivity to a level that permits termination of the NRC license and release of the property for unrestricted use.

Energy Efficiency – An "energy efficiency" program includes, but is not limited to, cost-effective activities to achieve peak load reduction that improve end-use efficiency, lower customers' bills, and reduce system needs.

Research and Development – The process of bringing new and emerging ideas and technologies to the point of application, typically associated with new energy efficiency activities.

Renewables – Report authorized revenue requirements recovered in Public Purpose rates not included in those authorized in PU Code Section 399.8.





Electric Glossary (cont.)

Low Income Energy Efficiency (LIEE) Program – A program originally mandated by the State which requires gas and electric corporations to perform home weatherization services for low-income households, and defines those services to include the following “Big Six” measures: (1) attic insulation; (2) caulking; (3) weatherstripping; (4) low flow showerheads; (5) water heater blankets and (6) door and building envelope repairs which reduce infiltration. Weatherization services may also include other building conservation measures, energy efficiency appliances and energy education programs.

California Alternate Rates for Energy (CARE) Program – A program in which eligible low-income households and group living facilities receive up to a 20% discount for their electric and gas consumption. The CAREA balancing account records associated shortfall in revenues (including program administrative costs such as advertising) due to these lowered rates that must then be recovered by non-CARE ratepayers.

DWR Power Charge -- Charges imposed by CPUC upon retail end use customers for electric power provided by the Department of Water Power Resources.

DWR Bond Charge -- Repays State issued \$11 billion revenue bonds sold during the energy crisis.

AB 1890 Rate Reduction Bonds – Bonds issued in 1997 to pay for the 10 percent rate reduction applicable to residential and small commercial customers beginning in 1998.

On Going Competition Transition Charges – Recovery of above-market power costs under contracts in effect December 20, 1995, QF contract restructuring costs and amortization of the year-end balance of the Modified Transition Cost Balancing Account.

Energy Cost Recovery Amount -- Pacific Gas and Electric Company Only -- Amount needed to finance bonds sold by PG&E as part of their bankruptcy settlement.

Franchise Fee Surcharge – Fees paid by a privately owned utility to cities and counties for the right to use or occupy public streets, roads, and ways. Pursuant to Public Utilities Code Sections 6350-6354, an Electric Franchise Fee Surcharge shall be charged to all direct access and Community Choice Aggregation electric service customers, unless otherwise exempted. These fees are then redistributed to the cities and counties.





Gas Glossary

(matches lines on “Annual Gas Revenue Components” Table)

- Core Gas Supply Portfolio** - report illustrative forecast gas commodity and shrinkage costs. (Actual gas commodity costs, including balancing account balances related to these costs, are recovered monthly.)
- Other** - report authorized capacity, storage, and other procurement-related costs included in procurement rates, (Actual costs, including balancing account balances related to these costs, are recovered monthly.)
- 10/20 Winter Gas Savings Program** – A program whereby eligible customers who achieve a reduction in their cumulative gas usage during the January and February billing periods, as compared to the same billing periods in the prior year, will receive a rebate up to 20 percent of their total gas usage during January and February.
- Core Gas Hedging Plan** – Incremental hedging costs associated with gas commodity purchases for core customers outside of the local distribution company’s Gas Cost Incentive Mechanism and filed with the Commission under the confidential provisions of P.U. Code 583 and 545.5(g).
- Gas Cost Incentive Mechanism (GCIM)** - report authorized gas rewards (penalties) recovered (refunded) in gas procurement rates.
- Distribution** – The amount of authorized base revenues to be collected from customers to recover a utility’s basic business and operational costs for its distribution operations, including investment in distribution infrastructure as plant in service is upgraded and replaced, and to adjust for administrative and general expenses and inflation. The distribution portion of a natural gas pipeline delivers gas from high pressure transmission pipelines to customers.
- Transmission** – report authorized revenue requirement for transmission, storage and other costs, included in transportation rates including amortization of balances in any accounts related to these costs.
- Advanced Metering Infrastructure/SmartMeter™ Program** - report SmartMeter™ authorized revenue requirements recovered in rates and amortization of balances related to SmartMeter™ in any accounts.





Gas Glossary (cont.)

- Self Generation Incentive Program (SGIP)** – Refers to the incentive payment program set out in AB 970 whereby the utilities provide financial incentives to “self generators” to help them develop their own distributed generation resources. SGIP costs include administrative costs (including measurement, evaluation, education, outreach, and marketing) and incentive payments made to customers.
- ClimateSmart** – A voluntary program where PG&E customers can elect to pay a monthly premium to offset greenhouse gas emissions associated with energy usage. Program administrative and marketing costs are recovered through distribution rates.
- Annual Earnings Assessment Proceeding (AEAP) Incentives** – Incentives earned by a utility under a Customer Energy Efficiency Incentive Mechanism and/or based on a portion of the net present value of the savings achieved by ratepayers participating in energy efficiency programs.
- Low Emission Vehicle (LEV) Program** – A program authorized by the CPUC in 1995 which governs utility activities to help develop and facilitate the use of LEVs and furthers the legislative goal of substantial market penetration.
- Hazardous Substance Mechanism (HSM)** – This is an account that provides a mechanism to recover and allocate historical hazardous waste costs (such as from old-time coal to gas plants) between shareholders and ratepayers, including the allocation of insurance recoveries, if any.
- Performance Based Regulation (PBR) Sharing Mechanism** – A mechanism authorized by the Commission which provides for a sharing of revenues between ratepayers and shareholders on a progressive basis as earnings exceed the utility’s authorized rate of return (ROR).
- Customer Service and Safety Performance Indicator Awards or Penalty** – A mechanism authorized by the Commission which provides for rewards or penalties to utilities based on their performance in the areas of employee safety and service quality.





Gas Glossary (cont.)

Non-Public Interest Research, Development and Demonstration (RD&D) – A program authorized by the Commission in connection with the utility’s PBR or Cost of Service/General Rate Case proceedings for the research, development and demonstration programs that are not categorized as “public interest” as described in the Public Interest RD&D program definition detailed below.

Core Pricing Flexibility Program – A Commission authorized program which places utility shareholders at risk for any reduction in core revenues that may occur due to discounting, while revenue gains are shared between ratepayers and shareholders in accordance with the utility’s PBR sharing mechanism.

Noncore Competitive Load Growth Program – Commission authorized revenue treatment for new negotiated contracts that are part of a California Red Team economic development effort and contracts where Rule 38 shareholder funding has been used. Under this arrangement, utility shareholders are at risk for any reduction in noncore revenues that may occur due to discounting, while revenue gains are shared between ratepayers and shareholders in accordance with the utility’s PBR sharing mechanism.

Catastrophic Events Memorandum Account (CEMA) – An account established to enable a utility to recover the costs associated with the restoration of service and utility facilities affected by a catastrophic event, such as an earthquake, declared a disaster or state of emergency by competent federal or state authorities.

Z-Factor - authorized revenue requirements associated with exogenous events, unforeseen in certain proceedings, largely uncontrollable by management, having a material and disproportionate impact on the utility.

Other Balancing Account Balances - report any authorized costs or revenue requirements recovered from or returned to customers not included in other categories.

CPUC Fee – A fee determined by the CPUC to be charged and collected from customers by the utilities on behalf of the CPUC to fund CPUC activities.





Gas Glossary (cont.)

Franchise Fees— Fees paid by a privately owned utility to cities and counties for the right to use or occupy public streets, roads, and ways.

Franchise Fee Surcharge —Fees paid by a utility to cities and counties on gas volumes procured by customers from third-party entities and transported on the utility’s gas system.

Energy Efficiency (EE) Programs —Programs that promote EE investments, conservation practices or changes in operations to reduce natural gas customer usage or increase the efficiency of customer energy use.

Low Income Energy Efficiency (LIEE) Program – A program originally mandated by the State which requires gas and electric corporations to perform home weatherization services for low-income households, and defines those services to include the following “Big Six” measures: (1) attic insulation; (2) caulking; (3) weather stripping; (4) low flow showerheads, (5) water heater blankets, and (6) door and building envelope repairs which reduce infiltration. Weatherization services may also include other building conservation measures, energy efficiency appliances and energy education programs.

Public Interest RD&D— Activities directed towards developing science or technology, the benefits of which accrue to California citizens and are not adequately addressed by competitive or regulated entities. The funded projects must meet the following criteria: 1) Focus on energy efficiency, renewable technologies, conservation and environmental issues, 2) Support State Energy policy, 3) Offer a reasonable probability of providing benefits to the general public, and, 4) Consider opportunities for collaboration and co-funding opportunities with other entities. Public Interest RD&D funded through the gas PPP surcharge is administered by the California Energy Commission (CEC).

California Alternate Rates for Energy (CARE) Program – A program in which eligible low-income households and group living facilities receive up to a 20% discount for their electric and gas consumption. The PPP-CARE balancing account records the actual shortfall or discount associated with these reduced rates (including program administrative costs such as advertising) that must then be recovered from non-CARE customers.

