

JUN 17 2016
KRISTINA TEDESCO
JOE PAUL GONZALEZ COUNTY CLERK

DEPUTY CLERK
Kristina Tedesco

June 15, 2016

TO: STATE, CITY AND LOCAL OFFICIALS

NOTICE OF PACIFIC GAS AND ELECTRIC COMPANY'S REQUEST TO CHANGE RATES FOR ELECTRICITY PRODUCTION IN 2017 AND RETURN REVENUES FROM THE SALE OF GREENHOUSE GAS ALLOWANCES (A.16-06-003)

Summary

On June 1, 2016, Pacific Gas and Electric (PG&E) Company filed an application with the California Public Utilities Commission (CPUC) requesting approval for the forecasted funding required in 2017 to obtain electricity on behalf of its customers. In addition, PG&E also requests approval of forecasted revenues from the sale of emissions allowances associated with California's Greenhouse Gas (GHG) reduction program. This application is referred to as the 2017 Energy Resource Recovery Account (ERRA) and Generation Non-bypassable Charges Forecast and Greenhouse Gas Forecast Revenue and Reconciliation (Application 16-06-003). If approved, this application will change electrical rates and customers' electric bills effective January 2017. PG&E's application primarily includes requests for approval of:

1. The forecasted recovery of \$4.30 billion in electricity costs. These costs are associated with the fuel needed to produce electricity as well as the costs of buying electricity from third parties, such as renewable energy producers
2. The forecasted spending of \$1.3 million for administrative and outreach expenses associated with California's GHG reduction program
3. The return of \$312 million to eligible customers from the sale of GHG emissions allowances

The use of all funds collected and the exact amounts may change and are subject to CPUC regulatory approval. PG&E will provide the CPUC with updated figures closer to when rates go into effect to ensure that the most current and accurate information available is used.

About the filing

The CPUC regulates and oversees all requests for any rate changes. PG&E would not profit from any of the requests in this application. The cost of energy is passed directly to PG&E's customers without any markup. If the CPUC approves the application, PG&E will begin to recover its costs in electric rates, effective January 1, 2017. At the end of 2017, to ensure all funds are used on the customers' behalf, PG&E will compare the actual costs to produce and purchase energy against revenues collected from customers and will incorporate any differences in next year's application.

PG&E will return GHG allowance revenue to residential, small business and some industrial customers through rates and the California Climate Credit, based on methods determined by the state legislature and the CPUC. The revenue is intended to reduce the impact of the cost of the GHG reduction program on customers' electric rates.

How will PG&E's application affect me?

PG&E's request would result in a rate decrease for most customers. Altogether, PG&E proposes to reduce revenues collected from bundled service customers, who receive electric generation and distribution service from PG&E, by \$439 million. The distribution of these rate changes to each customer class ultimately depends on the CPUC's final decisions.

For the purpose of illustrating this application's proposed rate changes, PG&E has used the electric rate designs in effect as of March 24, 2016 for present rates, and using 2017 forecasted sales for both present and January 1, 2017 proposed rates.

A table presenting a more illustrative description of the impact of this application was included in a bill insert announcing this filing that was sent directly to customers in the June 2016 billing cycle.

PG&E estimates that a typical residential customer using 500 kWh per month would see an average bill decrease of \$3.26 (or 3.3%) from \$99.24 to \$95.98. Individual customers' bill will differ. Eligible residential customers will receive a California Climate Credit twice a year, in April and October, on their electricity bills of approximately \$27.87.

How will PG&E's application affect non-bundled customers?

Direct Access (DA) and Community Choice Aggregation (CCA) customers only receive electric transmission and distribution service from PG&E. Since PG&E does not obtain energy for these customers, PG&E's application addresses the cost responsibility of DA customers and CCA customers that purchase electricity from another provider but transport it through PG&E's electrical system. Eligible DA and CCA customers will receive GHG revenues. The net impact of PG&E's application on DA and CCA customers is \$30 million, or an average increase of 2.5 percent.

Another category of non-bundled customers is Departing Load (DL) customers. These customers do not receive electric generation, transmission or distribution services from PG&E for their departing load. However, like DA and CCA customers, they are required by law or Commission decision to pay certain non-bypassable charges, including the Power Charge Indifference Adjustment (PCIA), Ongoing Competition Transition Charge (CTC), and Cost Allocation Mechanism (CAM). The net impact on DL customers is a decrease of \$1.3 million, or an average decrease of 4.1 percent.

How do I find out more about PG&E's proposals?

If you have questions about PG&E's filing, please contact PG&E at **1-800-743-5000**. For TDD/TTY (speech-hearing impaired), call **1-800-652-4712**. Para más detalles llame al 1-800-660-6789 • 詳情請致電 1-800-893-9555. If you would like a copy of PG&E's filing and exhibits, please write to PG&E at the address below:

Pacific Gas and Electric Company
2017 ERRR Forecast (16-06-003)
P.O. Box 7442
San Francisco, CA 94120

A copy of PG&E's filing and exhibits are also available for review at the CPUC's Central Files Office by appointment only. For more information contact aljcentralfilesid@cpuc.ca.gov or **1-415-703-2045**. PG&E's application (without exhibits) is available on the CPUC's website at www.cpuc.ca.gov/.

CPUC process

This application will be assigned to an Administrative Law Judge (Judge) who will determine how to receive evidence and other related documents necessary for the CPUC to establish a record upon which to base its decision. Evidentiary hearings may be held where parties will present their testimony and may be subject to cross-examination by other parties. These evidentiary hearings are open to the public, but only those who are formal parties in the case can participate. After considering all proposals and evidence presented during the hearings, the assigned Judge will issue a proposed decision that may adopt PG&E's proposal, modify it or deny it. Any of the five CPUC Commissioners may sponsor an alternate decision. The proposed decision, and any alternate decisions, will be discussed and voted upon at a scheduled CPUC Voting Meeting. The Office of Ratepayer Advocates (ORA) may review this application. ORA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. The ORA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. For more information about ORA, please call **1-415-703-1584**, email ora@cpuc.ca.gov or visit ORA's website at www.ora.ca.gov.

Stay informed

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC's free subscription service. Sign up at: <http://subscribecpuc.cpuc.ca.gov/>. If you would like to learn how you can participate in the proceeding, have informal comments about the application, or if you have questions about the CPUC processes, you may access the CPUC's Public Advisor Office (PAO) webpage at <http://consumers.cpuc.ca.gov/paol>.

You may also contact the PAO as follows:

Email: public.advisor@cpuc.ca.gov
Mail: CPUC
Public Advisor's Office
505 Van Ness Avenue, Room 2103
San Francisco, CA 94102
Call: 1-866-849-8390 (toll-free) or 1-415-703-2074
TTY: 1-866-836-7825 (toll-free) or 1-415-703-5282

If you are writing or emailing the PAO, please include the proceeding number (2017 ERRR Forecast, A.16-06-003). All comments will be circulated to the Commissioners, the assigned Judge and appropriate CPUC staff, and will become public record.