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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric  
Company To Revise Its Electric Marginal  
Costs, Revenue Allocation, and Rate Design

(U 39 M)

Application 13-04-012  
(Filed April 18, 2013)

**MOTION OF THE SETTling PARTIES FOR ADOPTION OF MEDIUM  
COMMERCIAL RATE DESIGN SETTLEMENT AGREEMENT IN PHASE II OF  
PACIFIC GAS AND ELECTRIC COMPANY'S 2014 GENERAL RATE CASE**

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Dated: September 5, 2014

Attorneys for  
PACIFIC GAS AND ELECTRIC COMPANY

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**I. INTRODUCTION**

Pursuant to Rule 11.1 of the California Public Utilities Commission's Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) submits this motion, on behalf of the Settling Parties<sup>1/</sup>, respectfully requesting Commission approval of the attached Supplemental Settlement Agreement which resolves various Medium Commercial Rate Design issues remaining in this proceeding (collectively referred to as the Medium Commercial Rate Design (MRD) Settlement Agreement). The MRD Settling Parties also identify in this Settlement one issue on which they could not reach agreement, which they agree should proceed to litigation.

As described below, the MRD Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest, and therefore should be adopted without modification.

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<sup>1/</sup> The parties to this supplemental settlement are: the Energy Users Forum (EUF) and PG&E (MRD Settling Parties). EUF represents a broad cross section of commercial class customers, including both bundled and direct access accounts, from a variety of end-use sectors including retail, real estate, education and healthcare. The Solar Energy Industries Association (SEIA), the California Solar Energy Industries Association (CALSEIA) and BoDean Company (collectively, the Solar Parties) participated in settlement discussions but ultimately chose not to sign this MRD Settlement Agreement.

## II. PROCEDURAL HISTORY

The procedural and settlement history of this proceeding was set forth in the Settlement on Marginal Cost and Revenue Allocation, filed on July 16, 2014 (MC/RA Settlement Agreement), and is incorporated herein by reference.

Testimony on medium commercial rate design was served by PG&E on April 18, 2013, and updated on August 16, 2013. Responsive testimony covering medium commercial rate design was served by SEIA on December 13, 2013.<sup>2/</sup>

## III. SETTLEMENT TERMS<sup>3/</sup>

The MRD Settlement Agreement accompanying this motion is supplemental to the MC/RA Settlement Agreement. The MRD Settlement Agreement uses the revenue allocation agreed to in the MC/RA Settlement Agreement, and addresses rate design issues that were not resolved in that initial settlement. The MRD Settling Parties request that the complementary outcomes of at least the issues resolved without litigation in this MRD Settlement Agreement and the MC/RA Settlement Agreement be consolidated into the Commission's final decision of this GRC Phase II proceeding. The MRD Settling Parties agree that all testimony served prior to the date of this MRD Settlement Agreement that addresses the issues resolved by this MRD Settlement Agreement should be admitted into evidence without cross-examination by the MRD Settling Parties.

The MRD Settling Parties further agree that the subset of MRD rate design issues that are resolved in this MRD Settlement Agreement, while supported by the MRD Settling Parties, may be opposed by the Solar Parties in part or in full. The MRD issues resolved in this MRD Settlement Agreement are identified in Sections 1 through 8, below. However, the MRD

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<sup>2/</sup> Several parties filed testimony on the proposed eligibility threshold for Schedule A-6 which would require customers between 75 kW and 500 kW taking service on that schedule to transition to Schedule A-10 or E-19V, including ORA, SEIA and SBUA. This issue is considered in the Small Commercial (SC) Settlement Agreement.

<sup>3/</sup> This section summarizes the fundamental components of the rate design settlement agreement and necessarily simplifies some of the terms. To the extent that there is any conflict between the exact wording of the settlement agreement and this motion, the MRD Settlement Agreement should govern.

Settling Parties have also identified one issue on which no agreement could be reached. The remaining MRD issue that was not resolved in this MRD Settlement Agreement is described in Section 9 below. The MRD Settling Parties have agreed that this unresolved medium commercial rate design issue should proceed to litigation.

The MRD Settlement Agreement describes the manner in which rates for medium commercial customers will be designed, and includes the following fundamental components that have been agreed to by the MRD Settling Parties as follows:

**1. Illustrative Settlement Rates:** Rates to collect the revenue allocated to the Medium Light and Power customer class under the MC/RA Settlement Agreement shall be designed consistent with the illustrative settlement rates set forth in Appendix A to this MRD Settlement Agreement.

**2. Basic Rate Design:** The basic rate design for each of the applicable medium commercial rate schedules will be updated upon implementation of this MRD Settlement Agreement, using the methods underlying development of the illustrative settlement rates for Schedules A-10 and A-10-TOU, as presented in Appendix A to the MRD Settlement Agreement.

**3. Medium Commercial Customer Charge:** Retain the current customer charge for Schedules A-10 and A-10-TOU of \$140 per month.

**4. Medium Commercial Revenue Neutrality:**

- a.** Design Schedules A-10 and A-10-TOU on a revenue neutral basis.
- b.** Continue the current annual updates to revise the Peak Day Pricing (PDP) rate credits for Schedule A-10-TOU to be revenue neutral, based on updated customer and sales forecasts and billing determinants.

**5. Medium/Demand Charges:** Schedule A-10 demand charges will be set based on the methods described in Exhibit PG&E-4, Chapter 5, pages 5-7 to 5-8. Illustrative demand charges are attached based on the MC/RA Settlement Agreement.

**6. Medium Commercial Energy Charges:**

**a.** Increase TOU differentiation for Schedule A-10-TOU from approximately 3 cents per kWh (differential from summer on peak to off peak) to approximately 8 cents per kWh (differential from summer on peak to off peak) in the generation rate component.

**b.** Distribution and generation energy charge principles and seasonal relationships for Schedule A-10 are based upon PG&E's August 16, 2013 filed proposals and methods (see Exhibit PG&E-4, pp. 5-8, 5-9), as updated to reflect the MC/RA Settlement Agreement.

**c.** With rate changes for revenue requirement changes between GRC Phase II proceedings, set the TOU pricing differentials for Schedule A-10-TOU to be equal (on a cents per kWh basis) to the TOU differentials established with implementation of this Phase II decision.

**7. Rate Programs**

**a.** Continue the Schedule A-6 NEM solar pilot for current load. New customers or additional load from existing customers may not be added to the pilot. After the Commission's decision on SEIA's Option R proposal in PG&E's 2013 Rate Design Window proceeding (A.12-12-002), PG&E will address the status of this pilot and present its proposals for the future of this pilot in a subsequent Rate Design Window proceeding. This A-6 NEM solar pilot is for customers over 500 kW in size and is limited to 20 MW of solar capacity in total. It is completely subscribed.

**b.** A new rate, Schedule A-8, that is structured like Schedule A-6 (i.e., without demand charges) should not be made available to customers between 75 kW and 500 kW. This proposal was offered by SEIA in conjunction with grandfathering certain customers that take Net Energy Metering (NEM) service under Schedule A-6, in the event the Commission adopted a new eligibility threshold for Schedule A-6. (See SEIA Testimony, dated December 13, 2013 at pp. 24, 25.) . The proposed Schedule A-8 would be a rate that is revenue

neutral to Schedule A-10, but structured as a TOU rate with no demand charge, similar to Schedule A-6. While the MRD Settling Parties have agreed a new rate schedule as proposed by SEIA should not be established, the question of allowing grandfathering of certain NEM customers onto Schedule A-6 should proceed to litigation as set forth in the SC Settlement Agreement.

**8. Elimination of Flat Rates:** Until the next GRC Phase II proceeding, continue the requirement that *current/existing* non-TOU customers must have 12 months of interval data before they are transitioned to mandatory TOU.

**9. Issues Not Addressed by Settlement:** The SC Settling Parties agree that one issue, which was deferred to litigation in the Large Light and Power (LLP) Settlement Agreement, filed on July 25, 2014, should also proceed to litigation in the context of this settlement. The MRD Settling Parties agree that SEIA's proposal to allow NEM customers that are on Schedules A-10-TOU to take service on PDP rates (*See* SEIA Testimony, dated December 13, 2013 at pp. 30 and 31.) should be litigated. Both the MRD Settling Parties and the LLP Settling Parties have agreed that the question of allowing NEM customers to take service on PDP should proceed to litigation.

#### **IV. THE COMMISSION SHOULD ADOPT THE MEDIUM COMMERCIAL SUPPLEMENTAL SETTLEMENT AGREEMENT**

##### **A. Commission Policy Favors Settlements**

The Commission has a history of supporting settlement of disputes if they are fair and reasonable in light of the whole record.<sup>4/</sup> As the Commission has reiterated over the years, the "Commission favors settlement because they generally support worthwhile goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing parties to reduce the risk that litigation will produce unacceptable results."<sup>5/</sup> This strong public policy

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<sup>4/</sup> D.05-03-022, mimeo, pp. 7-8, *citing* D.88-12-083 (30 CPUC 2d 189, 221-223) and D.91-05-029 (40 CPUC 2d. 301, 326).

<sup>5/</sup> D.10-12-035, 2010 Cal PUC LEXIS 467 at \*87; *and see* D.05-03-022, mimeo, p. 8, *citing* D.92-12-019, 46 CPUC 2d 538, 553. *See also* D.10-12-051, 2010 Cal. PUC LEXIS 566 at \*55 (Commission decisions "express the strong public policy favoring settlement of disputes if they are fair and reasonable"); D.10-11-035, 2010 Cal. PUC LEXIS 495 at \*17 (the Commission's

favoring settlements weighs in favor of the Commission resisting the temptation to alter the results of the negotiation process. As long as a settlement taken as a whole is reasonable in light of the record, consistent with the law, and in the public interest, it should be adopted.<sup>6/</sup>

Each portion of this MRD Settlement is dependent upon the other portions of that same agreement. Changes to one portion of the MRD Settlement would alter the balance of interests and the mutually agreed upon compromises and outcomes contained in the settlement agreement. As such, the MRD Settling Parties request that this MRD Settlement be adopted as a whole by the Commission, without modification.

**B. The MRD Settlement is Reasonable in Light of the Record, Consistent with Law, and in the Public Interest.**

The Commission should adopt this MRD Settlement Agreement as reasonable in light of the entire record, as it represents reasonable compromises after careful review and discussion by all interested parties of the rate design proposals discussed in Sections 1 through 8, above, after incorporating appropriate revisions and updates. The MRD Settling Parties reached settlement after reviewing testimony and carefully analyzing each of the issues resolved in this MRD Settlement Agreement. This MRD Settlement Agreement was reached only after substantial give-and-take in arms-length negotiations, and after each party had made significant concessions to resolve issues in a manner that reflects a reasonable compromise of their litigation positions.<sup>7/</sup>

The MRD Settlement Agreement may be opposed in part or in full. Although the MRD Settlement Agreement is not an “all-party” settlement, Rule 12.1 makes it clear that “Settlements need not be joined by all parties.” The MRD Settling Parties fairly represent the interests of medium commercial customers (that is, EUF and PG&E represent the interests of a wide variety of medium commercial customers, including many EUF clients with roof-top solar installations).

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[cont'd footnote 5] longstanding policy favoring settlement...reduces litigation expenses, conserves scarce Commission resources...” and see D.10-11-011, 2010 Cal. PUC LEXIS 533 at \*50 (“There is a strong public policy favoring the settlement of disputes to avoid costly and protracted litigation.”)

<sup>6/</sup> See, generally, D.05-03-022, mimeo, pp. 7-13.

<sup>7/</sup> D.13-11-003, mimeo, pp. 6-7; D. 13-07-029, mimeo, pp. 7-8; D.13-12-045, mimeo, pp. 10-11.

The MRD Settling Parties have significant concerns about making a Schedule A-8 as described by SEIA available to customers, as such a schedule would be inconsistent with cost based rate design in that it would provide an option for larger customers without demand charges, and would add further subsidies for solar customers that are sized between 75 and 500 kW, and by extension shift costs and burdens to other customers in that size range; and therefore agreed in this MRD Settlement Agreement that such a new rate schedule should not be adopted.

Therefore, the MRD Settling Parties have agreed that this issue should proceed to litigation.

SEIA, BoDean Company and CALSEIA chose not to join the MRD Settlement Agreement and have reserved the right to oppose the MRD Settlement Agreement in part or in full.

The MRD Settling Parties believe that their agreement is reasonable, consistent with law and in the public interest.

The CPUC recently reaffirmed its willingness to consider, and, when appropriate, approve settlements that are not joined by all parties. In A.10-12-035 (the QF Summit Decision), the Commission stated that, for many years, it has been willing to consider a settlement not supported by all parties under the following criteria:

[W]e consider whether the Settlement taken as a whole is in the public interest. In doing so, we consider the individual elements of the settlement in order to determine whether the settlement generally balances the various interests at stake as well as to assure that each element is consistent with our policy objectives and the law. (D.10-12-035, mimeo, p. 27, citations omitted.)

This settlement meets those criteria, as well as the usual requirements of Rule 12.1(d) outlined above.

First, this MRD Settlement Agreement generally balances the various interests at stake. The parties to it fairly represent the interests of the parties affected by it. That is, EUF and PG&E fairly represent the interests of Medium Commercial customers. Only SEIA, which may oppose the MRD Settlement Agreement, filed testimony on rate design for Schedule A-10. Moreover, as demonstrated by the QF Summit Decision above, there is nothing in the Settlement Rules that requires that all the desires of all parties be accommodated.

Second, this MRD Settlement Agreement also meets these conditions because it is consistent with current law, as it complies with all applicable statutes and prior Commission decisions. These include Public Utilities Code Section 451, which requires that utility rates must be just and reasonable.

Finally, the MRD Settlement is in the public interest because it saves the Commission and parties from the time, expense, and uncertainty associated with litigating these issues.<sup>8/</sup>

## V. CONCLUSION

For the reasons set forth above, the MRD Settling Parties respectfully request that the Commission:

1. Find the attached MRD Settlement Agreement to be reasonable in light of the whole record, consistent with law, and in the public interest;
2. Adopt the attached MRD Settlement Agreement without modification;
3. Rule that the issue identified in Part III, Section 9 above (namely, SEIA's proposal to allow NEM customers that are on Schedules A-10-TOU to take service on PDP rates) should proceed to litigation, and
4. Authorize PG&E to implement changes in rates in accordance with the terms of the attached MRD Settlement Agreement.

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<sup>8/</sup> D.13-11-003, mimeo, p. 8; D.13-12-045, mimeo, p. 12.



**SUPPLEMENTAL SETTLEMENT AGREEMENT ON MEDIUM COMMERCIAL  
RATE DESIGN ISSUES IN PHASE II OF PACIFIC GAS AND ELECTRIC  
COMPANY'S 2014 GENERAL RATE CASE (A.13-04-012)**

**I. INTRODUCTION**

In accordance with Article 12 of the Rules of Practice and Procedure of the California Public Utilities Commission (CPUC or Commission), the parties to this Supplemental Settlement Agreement (Settling Parties) agree on a mutually acceptable outcome to the Medium Commercial Rate Design (MRD) issues in Application (A.) 13-04-012, "Application of Pacific Gas and Electric Company to Revise its Electric Marginal Costs, Revenue Allocation, and Rate Design" (commonly referred to as Phase II of PG&E's 2014 General Rate Case). The details of this MRD Settlement Agreement are set forth herein.

This MRD Settlement Agreement is a direct result of Administrative Law Judge (ALJ) Long and Assigned Commissioner Peevey's encouragement to the active parties to meet and seek a workable compromise. The active parties hold differing views on numerous aspects of PG&E's initial MRD rate design proposals in Phase II of this General Rate Case (GRC) proceeding. However the Parties bargained earnestly and in good faith to seek a compromise and to develop this MRD Settlement Agreement, which is the product of arms-length negotiations among the MRD Settling Parties on a number of disputed issues. These negotiations considered the interests of all of the active parties on medium commercial rate design issues, and the MRD Settlement Agreement addresses each of these interests in a fair and balanced manner.

The MRD Settling Parties developed this MRD Settlement Agreement by mutually accepting concessions and trade-offs among themselves. Thus, the various elements and sections of this MRD Settlement Agreement are intimately interrelated, and should not be altered as the MRD Settling Parties intend that the MRD Settlement Agreement be treated as a package solution that strives to balance and align the interests of each party. Accordingly, the MRD Settling Parties respectfully request that the Commission promptly approve the MRD Settlement Agreement without modification. Any material change to this MRD Settlement Agreement shall render it null and void, unless all of the MRD Settling Parties agree in writing to such changes.

## **II. SETTling PARTIES**

The MRD Settling Parties are as follows:

- Energy Users Forum (EUF); and
- Pacific Gas and Electric Company (PG&E).

The Solar Energy Industries Association (SEIA) filed testimony in this proceeding. The California Solar Energy Industries Association (CALSEIA) and the BoDean Company became parties to the proceeding after testimony was filed. SEIA, CALSEIA and BoDean Company participated in settlement discussions but ultimately chose not to sign this MRD Settlement Agreement.

## **III. SETTLEMENT CONDITIONS**

This MRD Settlement Agreement resolves the issues raised by the MRD Settling Parties in A.13-04-012 (Phase II), on MRD rate design, subject to the conditions set forth below:

1. This MRD Settlement Agreement embodies the entire understanding and agreement of the MRD Settling Parties with respect to the matters described, and it supersedes prior oral or written agreements, principles, negotiations, statements, representations, or understandings among the MRD Settling Parties with respect to those matters.
2. This MRD Settlement Agreement represents a negotiated compromise among the MRD Settling Parties' respective litigation positions on the matters described, and the MRD Settling Parties have assented to the terms of the MRD Settlement Agreement only to arrive at the agreement embodied herein. Nothing contained in the MRD Settlement Agreement should be considered an admission of, acceptance of, agreement to, or endorsement of any disputed fact, principle, or position previously presented by any of the MRD Settling Parties on these matters in this proceeding.

3. This MRD Settlement Agreement does not constitute and should not be used as a precedent regarding any principle or issue in this proceeding or in any future proceeding.
4. The MRD Settling Parties agree that this MRD Settlement Agreement is reasonable in light of the testimony submitted, consistent with the law, and in the public interest.
5. The MRD Settling Parties agree that the language in all provisions of this MRD Settlement Agreement shall be construed according to its fair meaning and not for or against any MRD Settling Party because that MRD Settling Party or its counsel or advocate drafted the provision.
6. This MRD Settlement Agreement may be amended or changed only by a written agreement signed by the MRD Settling Parties.
7. The MRD Settling Parties shall jointly request Commission approval of this MRD Settlement Agreement and shall actively support its prompt approval. Active support shall include written and/or oral testimony (if testimony is required), briefing (if briefing is required), comments and reply comments on the proposed decision,<sup>9/</sup> advocacy to Commissioners and their advisors as needed, and other appropriate means as needed to obtain the requested approval.
8. The MRD Settling Parties intend the MRD Settlement Agreement to be interpreted and treated as a unified, integrated agreement. In the event the Commission rejects or modifies this MRD Settlement Agreement, the MRD Settling Parties reserve their rights under Rule 12 of the CPUC's Rules of Practice and Procedure, and the MRD Settlement Agreement should not be admitted into evidence in this or any other proceeding.

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<sup>9/</sup> Any oral and written testimony or briefing that might be required by the CPUC, or comments on a Proposed Decision, may be prepared and submitted jointly by parties whose interests are similar.

#### **IV. PROCEDURAL HISTORY**

The overall procedural and settlement history of this proceeding was set forth in the Settlement on Marginal Cost and Revenue Allocation, filed on July 16, 2014 (MC/RA Settlement), and is incorporated herein by reference. Testimony on MRD rates issues was served by PG&E on April 18, 2013, and updated on August 16, 2013. Responsive testimony covering MRD rate design issues was served provided by only SEIA on December 13, 2013. The testimony filed by EUF did not directly address medium commercial rate design.

#### **V. SETTLEMENT TERMS**

Considering and both recognizing and compromising the litigation positions taken by the individual parties, the MRD Settling Parties agree to the medium commercial rate design set forth in this MRD Settlement Agreement. The rate design features agreed to in this MRD Settlement Agreement are reasonable based on the record in this proceeding.

The MRD Settling Parties agree that all testimony served prior to the date of this MRD Settlement Agreement that addresses the issues resolved by this MRD Settlement Agreement should be admitted into evidence without cross-examination by the MRD Settling Parties.

The MRD Settling Parties agree to the rate designs set forth in Part VI, Sections 1 through 8 below. In addition, the MRD Settling Parties have identified one issue, described in Part VI, Section 9, below, that should proceed to litigation.

#### **VI. MRD RATE DESIGN SETTLEMENT**

The MRD Settlement Agreement accompanying this motion is supplemental to the MC/RA Settlement Agreement. The MRD Settlement Agreement uses the revenue allocation agreed to in the MC/RA Settlement, and addresses rate design issues that were not resolved in that initial settlement. The MRD Settling Parties request that the complementary outcomes of the at least issues resolved without litigation in this MRD Settlement Agreement and the MC/RA Settlement Agreement be consolidated into the Commission's final decision of this GRC Phase II proceeding.

**A. Medium Commercial Rate Design**

This MRD Settlement Agreement describes the manner in which rates for medium commercial customers will be designed, and includes the following fundamental components to which the MRD Settling Parties have agreed, as follows:

**1. Illustrative Settlement Rates:** Rates to collect the revenue allocated to the Medium Light and Power customer class under the MC/RA Settlement Agreement shall be designed consistent with the illustrative settlement rates set forth in Appendix A to this MRD Settlement Agreement. The MRD Settling Parties agree that the illustrative rates set forth in Appendix A are consistent with the revenue allocation set forth in Tables 1 and 2 of the MC/RA Settlement Agreement, which was based on May 1, 2013 effective rates.

The MRD Settling Parties agree that the actual rates derived at the time of implementation of this MRD Settlement Agreement, once adopted by the CPUC, shall be designed on an overall revenue-neutral basis to collect the then-required revenue allocated to the medium commercial classes to reflect class level revenue allocation from the MC/RA Settlement Agreement. Adopted revenue in effect at the time of settlement implementation shall be applied to determine initial settlement rates. Therefore, the actual MRD rates that will result when the Phase II rate changes are implemented will vary from those shown in Appendix A. However, these actual medium commercial rates shall be based on the rate design methods described in this MRD Settlement Agreement.

**2. Basic Rate Design:** The basic rate design for each of the applicable medium commercial rate schedules will be updated upon implementation of this MRD Settlement Agreement, using the methods underlying development of the illustrative settlement rates for Schedules A-10 and A-10-TOU, as presented in Appendix A to this MRD Settlement Agreement. The methods described herein shall be used to set initial rates upon implementation of this MRD Settlement Agreement at the then-required revenue using settlement revenue allocation principles.

**3. Medium Commercial Customer Charge**

a. Retain the current A-10 and A-10-TOU customer charge of \$140 per month.

**4. Medium Commercial Revenue Neutrality**

a. Design A-10 and A-10-TOU on a revenue neutral basis.  
b. Continue the current annual updates to revise the Peak Day Pricing (PDP) rate credits for Schedules A-10-TOU to be revenue neutral, based on updated customer and sales forecasts and billing determinants.

**5. Medium/Demand Charges:** A-10 demand charges will be set based on the methods described in Exhibit PG&E-4, Chapter 5, pages 5-7 to 5-8. Illustrative demand charges are attached based on the MC/RA Settlement Agreement.

**6. Medium Commercial Energy Charges**

a. Increase TOU differentiation for Schedule A-10-TOU from approximately 3 cents per kWh (differential from summer on peak to off peak) to approximately 8 cents per kWh (differential from summer on peak to off peak) in the generation rate component.

b. Distribution and generation energy charge principles and seasonal relationships for Schedule A-10 are based upon PG&E's August 16, 2013 filed proposals and methods (see Exhibit PG&E-4, pp. 5-8 and 5-9.), as updated to reflect the MC/RA Settlement Agreement.

c. With rate changes for revenue requirement changes between GRC Phase II proceedings, set the TOU pricing differentials for Schedule A-10-TOU to be equal (on a cents per kWh basis) to the TOU differentials established with implementation of this Phase II decision.

**7. 75kW Size Eligibility Limitation for Schedule A-6**

a. Continue the A-6 NEM solar pilot for current load. New customers or additional load from existing customers may not be added to the pilot. After the

Commission's decision on SEIA's Option R proposal in PG&E's 2013 Rate Design Window proceeding (12-12-002), PG&E will address the status of this pilot and present its proposals for the future of this pilot in a subsequent Rate Design Window proceeding. This A-6 NEM solar pilot is for customers over 500 kW in size and is limited to 20 MW of solar capacity in total. It is completely subscribed.

**b.** A new rate, Schedule A-8, that is structured like Schedule A-6 (i.e., without demand charges) should not be made available to customers between 75 kW and 500 kW. The proposal for Schedule A-8 was offered by SEIA in conjunction with grandfathering certain customers that take Net Energy Metering (NEM) service under Schedule A-6, in the event the Commission adopted a new eligibility threshold for Schedule A-6. (*See* SEIA Testimony, dated December 13, 2013 at pp. 24, 25.). The proposed Schedule A-8 would be a rate that is revenue neutral to Schedule A-10, but structured as a TOU rate with no demand charge, similar to Schedule A-6. While the MRD Settling Parties have agreed a new rate schedule as proposed by SEIA should not be established, the question of allowing grandfathering of certain NEM customers onto Schedule A-6 should proceed to litigation as set forth in the SC Settlement Agreement.

**8. Elimination of Flat Rates:** Until PG&E's next GRC Phase II proceeding, continue the requirement that *current/existing* non-TOU customers must have 12 months of interval data before they are transitioned to mandatory TOU.

**9. Issues Not Addressed by Settlement:** The MRD Settling Parties agree that one issue, which was deferred to litigation in the Large Light and Power (LLP) Settlement Agreement, should also proceed to litigation in the context of this settlement.

The MRD Settling Parties agree that SEIA's proposal to allow NEM customers that are on Schedules A-10-TOU to take service on PDP rates (*See* SEIA Testimony, dated December 13, 2013 at pp. 30 and 31.) should be litigated. This same issue was also deferred to litigation in the LLP Settlement Agreement filed on July 25, 2014. Both the MRD Settling Parties and the

LLP Settling Parties have agreed that the question of allowing NEM customers to take service on PDP should proceed to litigation.

**B. Other**

Unless otherwise specifically agreed by the MRD Settling Parties or addressed in this MRD Settlement Agreement above, the proposals, methods and explanations contained in revenue allocation and rate design Exhibit PG&E-4, Chapter 5, served on August 16, 2013, shall be adopted for the purpose of implementing rates under this MRD Settlement Agreement.

**VII. TIMING OF RATE CHANGES**

The provisions regarding the timing of this GRC Phase II rate change and rate changes between General Rate Cases agreed to in the MC/RA Settlement Agreement, Part VIII, Subsections 2 and 3, shall apply to this MRD Settlement Agreement, unless specifically noted above or otherwise determined by the Commission.

To the extent that any elements of this MRD Settlement Agreement will require employee training and/or changes to PG&E systems beyond those required for a normal change in rate value, these structural and system changes will be implemented by PG&E diligently as time permits in a manner consistent with smooth operations of the systems involved. The MRD Settling Parties recognize that these changes could take several months to implement.

**VIII. SETTLEMENT EXECUTION**

This MRD Settlement Agreement may be executed in separate counterparts by different MRD Settling Parties hereto and all so executed will be binding and have the same effect as if all the MRD Settling Parties had signed one and the same document. Each such counterpart will be deemed to be an original, but all of which together shall constitute one and the same instrument, notwithstanding that the signatures of all the MRD Settling Parties do not appear on the same page of this MRD Settlement Agreement. This MRD Settlement Agreement shall become effective among the MRD Settling Parties on the date the last Settling Party executes the MRD Settlement Agreement, as indicated below. In witness whereof and intending to be legally bound

by the Terms and Conditions of this MRD Settlement Agreement as stated above, the MRD Settling Parties duly execute this MRD Settlement Agreement as follows:

The undersigned represent that they are authorized to sign on behalf of the Party represented, for the purposes of this 2014 GRC Phase II Medium Commercial Rate Design Settlement Agreement.

Energy Users Forum

By: 

Title: Consultant

Date: September 5, 2014

The undersigned represent that they are authorized to sign on behalf of the Party represented, for the purposes of this 2014 GRC Phase II Medium Commercial Rate Design Settlement Agreement.

Pacific Gas and Electric Company

By: Gail Slocum by RJC  
Title: Sept. 5, 2014  
Date: Attorney

# APPENDIX A

PROPOSED RATES

PRESENT RATES (6/1/2013)

	PRESENT RATES (6/1/2013)					PROPOSED RATES				
	Distr	Gen	PPP	Other	Total	Distr	Gen	PPP	Other	Total
<b>A-10</b>										
<b>DEMAND CHARGE (\$/KW)</b>										
Transmission										
Summer	.43	3.83	.01327	.01214	11048	.00326	.07073	.01357	.01214	.08970
Winter	.43	.00	.01327	.01214	.08905	.00326	.05318	.01357	.01214	.08215
Primary	4.67	3.43	.01383	.01214	13462	.02431	.07828	.01383	.01214	.12887
Summer	2.13	.00	.01383	.01214	.10174	.01594	.06012	.01383	.01214	.10214
Winter	5.26	3.63	.01389	.01214	14424	.02481	.08708	.01419	.01214	.13822
Secondary	1.92	.00	.01389	.01214	10667	.01405	.06602	.01419	.01214	.10640
Summer						4.59959				4.59959
Winter										
<b>BASIC SERVICE FEE (\$/meter/day)</b>					140.00					140.00
<b>OPTIONAL METER DATA</b>										
<b>ACCESS CHARGE (\$/meter/day)</b>					98563					98563
<b>A-10 TOU</b>										
<b>DEMAND CHARGE (\$/KW)</b>										
Transmission										
Summer	.43	3.83	.01327	.01214	12176	.00326	.11846	.01357	.01214	.14743
Winter	.43	.00	.01327	.01214	.11737	.00326	.07010	.01357	.01214	.09908
Primary	4.67	3.43	.01327	.01214	10072	.00326	.04509	.01357	.01214	.07505
Summer	2.13	.00	.01327	.01214	.09583	.00326	.05890	.01357	.01214	.08768
Winter	5.26	3.63	.01327	.01214	.08262	.00326	.04808	.01357	.01214	.07705
Secondary	1.92	.00	.01363	.01214	14702	.02431	.12911	.01383	.01214	.17850
Summer						.02431	.07803	.01383	.01214	.12841
Winter						.02431	.05183	.01383	.01214	.10221
Summer						.01594	.06660	.01383	.01214	.10661
Winter						.01594	.05435	.01383	.01214	.09636
Summer						.02481	.14185	.01419	.01214	.18300
Winter						.02481	.08719	.01419	.01214	.13853
Summer						.01405	.07534	.01419	.01214	.11573
Winter						.01405	.06148	.01419	.01214	.10187
<b>BASIC SERVICE FEE (\$/meter/day)</b>					140.00					140.00
<b>OPTIONAL METER DATA</b>										
<b>ACCESS CHARGE (\$/meter/day)</b>					98563					98563