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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 AN AGRICULTURAL RATE DESIGN SETTLEMENT AGREEMENT IN PHASE II OF PACIFIC GAS AND ELECTRIC COMPANY'S 2014 GENERAL RATE CASE

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Dated: December 2, 2014

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

**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 AN AGRICULTURAL RATE DESIGN SETTLEMENT AGREEMENT IN PHASE II OF PACIFIC GAS AND ELECTRIC COMPANY'S 2014 GENERAL RATE CASE

I. INTRODUCTION

Pursuant to Rule 11.1 of the California Public Utilities Commission's (Commission or CPUC) Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) submits this motion, on behalf of the Settling Parties[1/], respectfully requesting Commission approval of the attached Supplemental Settlement Agreement which resolves the rate design issues for the Agricultural class of customers in this proceeding (collectively referred to as the AG Settlement Agreement). As described below, the AG 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.

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 AG rate design issues was served by PG&E on April 18, 2013, and updated on August 16, 2013. In addition, PG&E served amended testimony on AG rate design

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1/ The parties to this supplemental settlement are: the Agricultural Energy Consumers Association (AECA), the California Farm Bureau Federation (CFBF), the Energy Producers and Users Coalition (EPUC) and PG&E. (AG Settling Parties.)

issues on September 13, 2013, withdrawing its proposed AG rate consolidation. Responsive testimony covering AG rate design issues was served by intervenors on December 13, 2013. The testimony served by AECA and CFBF covered AG rate design issues. EPUC's responsive testimony addressed Schedule E-37.

III. SETTLEMENT TERMS[2/]

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

AG Settling Parties acknowledge and agree that the rate designs agreed to here comply with the restriction in the MC/RA Settlement Agreement to which they all were parties. Namely, the rate design proposals agreed to as part of this AG settlement "shall be resolved in such a way as not to have revenue allocation implications when combined with other agricultural rate design changes. Specifically, any revenue loss from the transfer of customers to TOU rates or from any load aggregation proposals that may be adopted will not result in inter-class revenue transfers."[3/]

The AG issues resolved in this AG Settlement Agreement are identified below.

The AG Settlement Agreement includes the following fundamental components:

2/ 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 AG Settlement Agreement governs.

3/ MC/RA Settlement Agreement, Section VI, Settlement Terms, page 7.

A. Collaborative Process on AG Rate Design Prior to Next GRC Phase 2

No new agricultural rates or rate options will be established as part of the AG Settlement Agreement. Instead, AG rate design discussions and development of rate proposals for 2017 GRC Phase II will be addressed as part of the collaborative rate design process described below. As reflected in the Joint Motion (JOINT MOTION OF PACIFIC GAS & ELECTRIC COMPANY, THE CALIFORNIA FARM BUREAU FEDERATION, AND THE AGRICULTURAL ENERGY CONSUMERS ASSOCIATION FOR A RULING ALLOWING PG&E TO REVISE ITS AGRICULTURAL RATE DESIGN PROPOSAL) dated September 6, 2013, AG Settling Parties recognize that the effort of the collaborative process is to revise and improve the current AG Schedules and options for presentation in a future rate design proceeding such as the 2017 GRC II case, including consideration of changes to the time-of-use (TOU) periods. AG Settling Parties may submit mutually agreed to schedules or submit and respond to any recommendations made in such relevant future rate design proceeding. Under the timing set forth below, the AG Settling Parties agree to meet and conduct a collaborative process to explore whether a consensus can be achieved on what type of restructured rates and rate options should be considered in the 2017 GRC Phase II proceeding. This process may include selected focus groups including AG customers representing a diversity of sizes and types and geographic areas to see what insights can be gleaned to identify a more workable set of rates that can be consistent over the longer-term.

As recognized in the Joint Motion in this proceeding, consideration of the proposed restructuring or consolidation of agricultural rates will be pursued in a future rate design proceeding. Those same parties agreed that it was in the best interests of agricultural customers and would be more effective to develop new agricultural rate structures and rate options through a collaborative process where the different and varied agricultural interests can be presented and considered constructively.

Parties anticipate continued cooperation to develop any restructured rates and provide herein general parameters to guide the collaborative process with the anticipation of development of rates that would be submitted jointly by the parties for consideration by the CPUC in a future proceeding.

Development of rates will generally be conducted as follows:

1. A process to develop rates will commence no later than thirty days after a decision approving the attached AG Settlement Agreement.
2. Initial input from a broad range of PG&E's agricultural customers will be sought. AECA, CFBF and PG&E will each identify customers to be included for outreach in this process. Outreach will be targeted toward the following types of customers:
   a. Customers on each of the agricultural rate schedules;
   b. Customers representing diverse operations in terms of crop, animal husbandry, agricultural processes and irrigation types; and
   c. Customers who are geographically dispersed throughout the service territory.
   d. Customers whose energy usage is impacted due to ongoing water scarcity.
3. To discuss possible parameters of restructured rates in-person meetings will be held with customers. Representatives from PG&E, CFBF and AECA will be included in such meetings. Three or four meetings with up to twelve invited customers at each meeting will be held at up to three locations throughout PG&E's service territory. Presentations for the meetings will be coordinated among the parties.
4. Subsequent to the initial meetings information, analyses, and proposals provided by the customers, AECA, CFBF, and PG&E will be compiled and assessed. Results of the review will then be presented to grower-customers for feedback about the implications of any proposed suite of rate structures.
5. The AG Settling Parties will carefully consider the discussions with customers and attempt to identify and agree upon the design and timing of any changes to PG&E's current agricultural rate structures to be proposed in future proceedings.
6. The AG Settling Parties intend that the collaborative process for development of the rates should conclude by October 2015.
7. Prior to PG&E filing its next GRC Phase II proceeding, the AG Settling Parties will explore the use of demand response, pilot rate tariffs, including real-time pricing and super off peak rates, and other programs that may be mutually beneficial and

responsive to ongoing water scarcity conditions. PG&E, AECA, and CFBF will expedite work on these efforts by meeting to identify possible options as soon as possible, but no later than 60 days after submission of this Settlement. This expedited effort can be coordinated with the collaborative process. Further, the AG Settling parties agree that this AG Settlement Agreement does not preclude the implementation of experimental rate tariffs and programs prior to a decision in the next GRC Phase II proceeding. Experimental rate programs may be proposed by Tier 1 Advice Letters in compliance with the Commission authorized intent of this 2014 GRC II AG Settlement Agreement. Before an experimental rate program is proposed in a Tier 1 Advice Letter, PG&E, AECA and CFBF must each have agreed to the experimental rate program.

B. Basic AG Rate Designs and Illustrative Settlement Rates

Rates designed to collect the revenue allocated to the agricultural customer class under the MC/RA Settlement Agreement shall be designed consistent with the illustrative settlement rates set forth in Appendix A to the AG Settlement Agreement. Appendix A includes illustrative settlement rates for Schedules AG-1A/B, AG-4A/B/C, AG-5A/B/C, AG-RA/B, AG-VA/B, and E-37.

1. Customer Charges

The AG Settling Parties agree it is reasonable for AG rate designs to increase all current fixed monthly customer charges by the agricultural bundled class average percentage change. Customer charges will continue to be billed on a daily equivalent basis.

2. Demand Charges

The AG Settling Parties agree that it is reasonable to increase total bundled demand charges by an amount approximately equal to the agricultural bundled class average percentage change, while also achieving the capped schedule average total increase for Direct Access and Community Choice Aggregation (DA/CCA) customers. The changes to Distribution and Generation demand charges at the schedule level will be consistent with the revenue changes to the Distribution and Generation allocations at the overall agricultural class level contained in the MC/RA Settlement Agreement. Results upon implementation may depend on the final allocation to the AG class pursuant to the MC/RA Settlement Agreement and on then-required revenue and may differ from those presented in Appendix A.

3. Energy Charges

The AG Settling Parties agree that it is reasonable to increase total bundled energy charges by an amount approximately equal to the agricultural bundled class average percentage change, while also achieving the capped schedule average total increase for DA/CCA customers. The changes to Distribution and Generation energy charges at the schedule level will be consistent with the revenue changes to the Distribution and Generation allocations at the overall agricultural class level contained in the MC/RA Settlement Agreement. The increases to Public Purpose Program energy charges at the schedule level will be consistent with the revenue changes to the Public Purpose Program revenue allocated at the overall agricultural class level contained in the MC/RA Settlement Agreement. While total customer charge and demand charge increases based upon the combined Distribution and Generation changes as applicable will generally approximate the class average bundled change, the total energy charge changes may deviate slightly more, but will be designed to be as uniform as possible subject to the revenue and rate design constraints applicable for bundled and DA/CCA customers. Results upon implementation may depend on the final allocation pursuant to the MC/RA Settlement Agreement and on the then-required revenue, and may therefore differ from those presented in Appendix A.

C. Schedules AG-R and AG-V

Although PG&E received approval in 2011 GRC Phase II Decision 11-12-053 to eliminate these schedules to simplify and streamline the number of AG rate schedules beginning in March 2014, on February 6, 2014 the CPUC's Executive Director approved a joint letter submitted by PG&E, AECA, CFBF, and South San Joaquin Irrigation District (SSJID) requesting a one-year deferral until March 2015 of the closure of those two rates, due to the effects of the drought on groundwater water table levels and therefore pumping patterns. The AG Settling Parties agree that the elimination of these schedules should be further delayed to allow the collaborative process discussed in section III.A above to address the appropriate path forward on AG rates overall.

D. Schedule E-37 Elimination

Schedule E-37 shall be terminated for customers with 12 months of interval data beginning on November 1, 2017. Beginning November 1, 2017, or with each successive November 1, Schedule E-37 customers shall be transferred to their otherwise applicable commercial or industrial rate schedule. Customer notification shall utilize the standard customer notification process and billing system platforms and protocols as applicable to the general small and medium business annual November transition window for time-varying pricing.

To the extent that the approximately $250,000 plus interest from PG&E Electric Preliminary Statement Part FV, *Agricultural Account Aggregation Study Memorandum Account* (AAASMA), is recovered from agricultural distribution rates, the Schedule E-37 distribution and total rates shall not include AAASMA cost recovery for the 12 month cost recovery period.

E. Time-of-Use (TOU) Revenue Neutrality

1) Definitions

a) Migrating customers are customers that were subject to mandatory transition from AG-1 rates to time-of-use (TOU) rates in March of each year.

b) The analysis period is the period from the March migration date through September 30 of that same year.

2) Calculation of theoretical migration shortfall (or surplus):

a) The revenue from migrating customers will be based on the revenue as if still on AG-1. This will be determined by applying the AG-1A and AG-1B post-migration total billing determinants to the rates in effect during the analysis period on the origin AG-1 rate schedules.

b) The theoretical TOU revenue from migrating customers will be based on actual revenues on AG-4 adjusted for load shape improvements. This will be determined by applying the AG-1 pre-migration load shapes to the actual AG-4 post-migration total billing determinants to the rates in effect during the analysis period on the destination TOU rate schedules. Pre-migration load shapes will use those from the lead-in year prior to the migration default year.

c) The difference between the 2a revenue and the 2b theoretical TOU revenue represents the theoretical migration shortfall.

3) Calculation of actual revenue shortfall (or surplus):

a) The revenue from migrating customers will be determined as in Step 2a above.

b) The revenue recorded from migrating AG-1A and AG-1B customers during the analysis period will be determined from billing records on AG-4A and AG-4B by the migrating customers.

c) The difference between the revenue from 3a and the recorded revenue from 3b represents the actual revenue difference. This is the same as 2c but without the adjustment for post-migration load shape changes. The 3c amount will exceed the 2c amount only if post-migration load shapes worsened.

Determination of revenue neutrality adjustment: The theoretical migration shortfall shall be considered together with the actual revenue shortfall to determine the revenue neutrality adjustment. The revenue neutrality adjustment should therefore be set at the lesser of the actual revenue shortfall and the theoretical migration shortfall.

4) Revenues associated with Peak Day Pricing (PDP) credits and revenues shall be excluded from this analysis.

5) The TOU revenue-neutrality adjustment will apply only to load billed during the analysis period (i.e., during the year of migration). The Annual Electric True Up (AET) revenue neutrality adjustments will reflect those AG-1 customers assigned to TOU rates in the prior year, and will reflect usage of these customers for the period from March 1 to September 30 of the prior year.

6) Approximately November 1 but no later than November 15 of each year, PG&E will provide the Agricultural representatives as well as the California Large Energy Consumers Association (CLECA), the Office of Ratepayer Advocates (ORA), the Energy Producers and Users Coalition (EPUC), and The Utility Reform Network (TURN) and any requesting parties with workpapers and analyses used to determine the revenue shortfall to be included in the final AET to be filed in late December of that year. These data will include a comparison of the migrated customers' aggregate current and prior-to-migration year's loads and load shapes, and the workpapers containing the calculations outlined in Steps 2-4 above. If requested, PG&E will confer with the Agricultural representatives to discuss the results before filing of the final AET. CLECA, DRA, EPUC, TURN and any other requesting parties shall be notified of the results of such conference(s) if those conferences result in a recommendation to adjust the methodology. If either PG&E or the Agricultural representatives or the requesting parties believe further review is necessary, PG&E, the Agricultural representatives and those of the requesting parties' will confer for the purpose of determining an appropriate adjustment to the methodology.

F. Retain the 12-Month Interval Data Requirement for Transition to Mandatory TOU

The AG Settling Parties agree to retain the 12-month interval data requirement before an existing non-TOU AG customer is transitioned to service on a TOU schedule. Instead, this proposal is deferred for reconsideration as part of PG&E's 2017 GRC Phase II proceeding.

G. AG-ICE – Agricultural Internal Combustion Engine Conversion Incentive Rate

The AG-ICE optional program providing rate discounts to customers who shift from diesel to electric generation for AG water pumping expires for existing participants at the end of 2015. The AG Settling Parties believe the elimination of this rate could cause an approximate 70% bill increase for AG-ICE customers. Further, the AG Settling Parties believe that up to several thousand diesel-driven agricultural irrigation pumps may remain in PG&E's service territory, where electrification may provide air quality benefits. Consequently, the AG Settling Parties agree to work together cooperatively to consider what actions can be taken to extend the current AG-ICE program to transition current AG-ICE customers off the AG-ICE tariff, and to make an AG-ICE program available to new customers. The parties agree to address these issues in the most expeditious way possible in 2015, but recognize that actions on initiatives identified may depend on future approvals by PG&E management, the Commission, and/or other agencies or entities.

H. Peak Day Pricing Updates:

PG&E's proposals for PDP updates to Schedules AG-4A, AG-4C, and AG-5C are limited to continuing the annual adjustments to PDP rate credits to conform PDP rates to updated customer and sales forecasts and billing determinants, as proposed in Chapter 8 of Exhibit (PG&E-7). The AG Settling Parties agree that these adjustments, as proposed by PG&E, are reasonable and should be adopted.

IV. 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 the issues resolved without litigation in this AG Settlement Agreement, unless specifically noted above or otherwise determined by the Commission.

To the extent that any elements of this AG Settlement Agreement, or initiatives that result from this AG 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 AG Settling Parties recognize that these changes could take several months to implement.

V. THE COMMISSION SHOULD ADOPT THE AGRICULTURAL 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.[4/] 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."[5/] This strong public policy favoring settlements weighs in favor of the Commission resisting the temptation to alter the

4/ D.05-03-022, mimeo, pp. 8-9, *citing* D.88-12-083 (30 CPUC 2d 189, 221-223) and D.91-05-029 (40 CPUC 2d 301, 326).

5/ D.10-12-035, 2010 Cal. PUC LEXIS 467 at *87; *and see* D.05-03-022, mimeo, p. 9, citing D.92-12-019, 46 CPUC 2d 538, 553. *See also* D.10-12-051, 2010 Cal. PUC LEXIS 556 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 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.")

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.[6/]

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

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

The Commission should adopt this AG Settlement Agreement as reasonable in light of the entire record, as it represents reasonable compromises after careful review and discussion by all interested parties regarding the various rate design proposals discussed above. The AG Settling Parties reached settlement after filing testimony and carefully analyzing each of the issues in this AG Settlement Agreement. This AG 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.[7/]

AG Settling Parties fairly represent the interests of agricultural customers and customers served on Schedule E-37. After long and earnest negotiations, the AG Settlement Agreement has gained the support of and has been signed by all of the active parties submitting testimony on these issues.

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

First, this AG 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, CFBF, AECA,

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6/ *See, generally,* D.05-03-022, mimeo, pp. 8-13.

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

PG&E, and EPUC fairly represent the interests of Agricultural customers of all sizes and types and customers served on Schedule E-37.

Second, this AG Settlement Agreement 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 AG Settlement Agreement is in the public interest because it saves the Commission and parties from the time, expense, and uncertainty associated with litigating these issues.[8/]

VI. CONCLUSION

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

1. Find the attached AG Settlement Agreement to be reasonable in light of the whole record, consistent with law, and in the public interest;
2. Adopt the attached AG Settlement Agreement without modification; and
3. Authorize PG&E to implement changes in rates in accordance with the terms of the attached AG Settlement Agreement.

Respectfully submitted,

By: */s/ Shirley Woo*
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On Behalf of the AG Settling Parties

Dated: December 2, 2014

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

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

SUPPLEMENTAL SETTLEMENT AGREEMENT ON AGRICULTURAL 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 Agricultural (AG) Rate Design 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 AG Settlement Agreement are set forth herein.

This AG 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 AG rate design proposals in Phase II of this General Rate Case (GRC) proceeding. However, the Parties bargained earnestly and in good faith to reach a compromise and to develop this AG Settlement Agreement, which is the product of arms-length negotiations among the Settling Parties on a number of disputed issues. These negotiations considered the interests of all of the active parties on agricultural rate design and intra-class revenue allocation issues (including those involving E-37), and the AG Settlement Agreement addresses each of these interests in a fair and balanced manner.

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

II. SETTLING PARTIES

The AG Settling Parties are as follows:

- Agricultural Energy Consumers Association (AECA);
- California Farm Bureau Federation (CFBF);
- Energy Producers and Users Coalition (EPUC); and
- Pacific Gas and Electric Company (PG&E).

III. SETTLEMENT CONDITIONS

This AG Settlement Agreement resolves the issues raised by the AG Settling Parties in A.13-04-012 (Phase II), on agricultural and E-37 rate design, subject to the conditions set forth below:

1. This AG Settlement Agreement embodies the entire understanding and agreement of the AG Settling Parties with respect to the matters described, and it supersedes prior oral or written agreements, principles, negotiations, statements, representations, or understandings among the AG Settling Parties with respect to those matters.
2. This AG Settlement Agreement represents a negotiated compromise among the AG Settling Parties' respective litigation positions on the matters described, and the AG Settling Parties have assented to the terms of the Settlement only to arrive at the agreement embodied herein. Nothing contained in the AG 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 AG Settling Parties on these matters in this proceeding.

3. This AG 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 AG Settling Parties agree that this AG Settlement Agreement is reasonable in light of the testimony submitted, consistent with the law, and in the public interest.
5. The AG Settling Parties agree that the language in all provisions of this AG Settlement Agreement shall be construed according to its fair meaning and not for or against any AG Settling Party because that AG Settling Party or its counsel or advocate drafted the provision.
6. This AG Settlement Agreement may be amended or changed only by a written agreement signed by the AG Settling Parties.
7. The AG Settling Parties shall jointly request Commission approval of this AG 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,
8. [1/]advocacy to Commissioners and their advisors as needed, and other appropriate means as needed to obtain the requested approval.
9. The AG Settling Parties intend the AG Settlement Agreement to be interpreted and treated as a unified, integrated agreement. In the event the Commission rejects or modifies this AG Settlement Agreement, the AG Settling Parties reserve their rights under Rule 12 of the CPUC's Rules of Practice and Procedure, and the Settlement should not be admitted into evidence in this or any other proceeding.

1/ 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 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 AG rate design issues was served by PG&E on April 18, 2013, and updated on August 16, 2013. In addition, PG&E served Amended testimony on AG rate design issues on September 13, 2013, withdrawing a proposed AG rate consolidation. Responsive testimony covering AG rate design issues was served by intervenors on December 13, 2013. The testimony served by AECA and CFBF covered AG rate design issues. Testimony by EPUC addressed issues associated with Schedule E-37.

V. SETTLEMENT TERMS

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

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

The AG Settling Parties agree to the resolution of AG rate design issues as set forth below.

VI. AG RATE DESIGN SETTLEMENT

The AG Settlement accompanying this motion is supplemental to the MC/RA Settlement Agreement filed. The AG 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 AG Settling Parties request that the complementary outcomes of the issues resolved without litigation in this supplemental AG Settlement Agreement and the

MC/RA Settlement be consolidated into the Commission's final decision of this GRC Phase II proceeding.

AG Settling Parties acknowledge and agree that the rate designs agreed to here comply with the restriction in the MC/RA Settlement to which they all were also parties. Namely, the rate design proposals agreed to as part of this AG settlement "shall be resolved in such a way as not to have revenue allocation implications when combined with other agricultural rate design changes. Specifically, any revenue loss from the transfer of customers to TOU rates or from any load aggregation proposals that may be adopted will not result in inter-class revenue transfers."

The AG Settlement Agreement describes the resolution of agricultural rate design issues and includes the following fundamental components:

A. Collaborative Process on AG Rate Design Prior to Next GRC Phase 2

No new agricultural rates or rate options will be established as part of the AG Settlement Agreement. Instead, AG rate design discussions and development of rate proposals for 2017 GRC Phase II will be addressed as part of the collaborative rate design process described below. As reflected in the Joint Motion (JOINT MOTION OF PACIFIC GAS & ELECTRIC COMPANY, THE CALIFORNIA FARM BUREAU FEDERATION, AND THE AGRICULTURAL ENERGY CONSUMERS ASSOCIATION FOR A RULING ALLOWING PG&E TO REVISE ITS AGRICULTURAL RATE DESIGN PROPOSAL) dated September 6, 2013, AG Settling Parties recognize that the effort of the collaborative process is to revise and improve the current AG Schedules and options for presentation in a future rate design proceeding such as the 2017 GRC II case, including consideration of changes to the time-of-use (TOU) periods. AG Settling Parties may submit mutually agreed to schedules or submit and respond to any recommendations made in such relevant future rate design proceeding. Under the timing set forth below, the AG Settling Parties agree to meet and conduct a collaborative process to explore whether a consensus can be achieved on what type of restructured rates and rate options should be considered in the 2017 GRC Phase II proceeding. This process may include selected focus groups including AG customers representing a diversity of sizes and types and geographic areas to see what insights can be gleaned to identify a more workable set of rates that can be consistent over the longer-term.

As recognized in the Joint Motion in this proceeding, consideration of the proposed restructuring or consolidation of agricultural rates will be pursued in a future rate design proceeding. Those same parties agreed that it was in the best interests of agricultural customers and would be more effective to develop new agricultural rate structures and rate options through a collaborative process where the different and varied agricultural interests can be presented and considered constructively.

Parties anticipate continued cooperation to develop any restructured rates and provide herein general parameters to guide the collaborative process with the anticipation of development of rates that would be submitted jointly by the parties for consideration by the CPUC in a future proceeding.

Development of rates will generally be conducted as follows:

1. A process to develop rates will commence no later than thirty days after a decision approving the AG Settlement Agreement.
2. Initial input from a broad range of PG&E's agricultural customers will be sought. AECA, CFBF and PG&E will each identify customers to be included for outreach in this process. Outreach will be targeted toward the following types of customers:
    a. Customers on each of the agricultural rate schedules;
    b. Customers representing diverse operations in terms of crop, animal husbandry, agricultural processes and irrigation types; and
    c. Customers who are geographically dispersed throughout the service territory.
    d. Customers whose energy usage is impacted due to ongoing water scarcity.
3. To discuss possible parameters of restructured rates in-person meetings will be held with customers. Representatives from PG&E, CFBF and AECA will be included in such meetings. Three or four meetings with up to twelve invited customers at each meeting will be held at up to three locations throughout PG&E's service territory. Presentations for the meetings will be coordinated among the parties.

4. Subsequent to the initial meetings information, analyses, and proposals provided by the customers, AECA, CFBF, and PG&E will be compiled and assessed. Results of the review will then be presented to grower-customers for feedback about the implications of any proposed suite of rate structures.
5. The AG Settling Parties will carefully consider the discussions with customers and attempt to identify and agree upon the design and timing of any changes to PG&E's current agricultural rate structures to be proposed in future proceedings.
6. The AG Settling Parties intend that the collaborative process for development of the rates should conclude by October 2015 for purposes of input to the 2017 GRC Phase II proceeding.
7. Prior to PG&E filing its next GRC Phase II proceeding, the AG Settling Parties will explore the use of demand response, pilot rate tariffs, including real-time pricing and super off peak rate structures, and other programs that may be mutually beneficial and responsive to ongoing water scarcity conditions. PG&E, AECA, and CFBF will expedite work on these efforts by meeting to identify possible options as soon as possible, but no later than 60 days after submission of this Settlement. This expedited effort can be coordinated with the collaborative process. Further, the AG Settling parties agree that this AG Settlement Agreement does not preclude the implementation of experimental rate tariffs and programs prior to a decision in the next GRC Phase II proceeding. Experimental rate programs may be proposed by Tier 1 Advice Letters in compliance with the Commission authorized intent of this 2014 GRC II AG Settlement Agreement. Before an experimental rate program is proposed in a Tier 1 Advice Letter, PG&E, AECA and CFBF must each have agreed to the experimental rate program.

B. Basic AG Rate Designs and Illustrative Settlement Rates

The basic rate designs for each of the applicable AG rate schedules will be updated upon implementation of this AG Settlement Agreement, using the methods underlying development of the illustrative settlement rates for Schedules AG-1A/B, AG-4A/B/C, AG-5A/B/C, AG-RA/B, AG-VA/B, and E-37, as presented in Appendix A to this Settlement Agreement. Rates designed to collect the revenue allocated to the agricultural customer class under the MC/RA Settlement Agreement shall be designed consistent with the illustrative settlement rates set forth in Appendix A to the AG Settlement Agreement. The AG 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 AG Settling Parties agree that the actual rates derived at the time of implementation of this AG Settlement Agreement, once adopted by the CPUC, shall be designed to collect the then-required revenue allocated to the AG class 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 rates that will result when the Phase II rate changes are implemented will vary from those shown in Appendix A. However, these actual rates shall be based on the rate design methods described in this AG Settlement Agreement. The methods described herein shall be used to set initial rates upon implementation of this AG Settlement Agreement at the then-required revenue using settlement revenue allocation principles. Additional information on the AG Settlement Agreement follows:

1. Customer Charges

The AG Settling Parties agree it is reasonable for AG rate designs to increase all current fixed monthly customer charges by the agricultural bundled class average percentage change. Customer charges will continue to be billed on a daily equivalent basis.

2. Demand Charges

The AG Settling Parties agree that it is reasonable to increase total bundled demand charges by an amount approximately equal to the agricultural bundled class average percentage change, while also achieving the capped schedule average total increase for Direct Access and Community Choice Aggregation (DA/CCA) customers.[2/] The changes to Distribution and Generation demand charges at the schedule level will be consistent with the revenue changes to the Distribution and Generation allocations at the overall agricultural class level contained in the MC/RA Settlement Agreement. Results upon implementation may depend on the final allocation to the Ag class pursuant to the MC/RA Settlement Agreement and on then-required revenue and may differ from those presented in Appendix A.

3. Energy Charges

The AG Settling Parties agree that it is reasonable to increase total bundled energy charges by an amount approximately equal to the agricultural bundled class average percentage change, while also achieving the capped schedule average total increase for DA/CCA customers. The changes to Distribution and Generation energy charges at the schedule level will be consistent with the revenue changes to the Distribution and Generation allocations at the overall agricultural class level contained in the MC/RA Settlement Agreement. The increases to Public Purpose Program energy charges at the schedule level will be consistent with the revenue changes to the Public Purpose Program revenue allocated at the overall agricultural class level contained in the MC/RA Settlement Agreement. While total customer charge and demand charge increases based upon the combined Distribution and Generation changes as applicable will generally approximate the class average bundled change, the total energy charge changes may deviate slightly more, but will be designed to be as uniform as possible subject to the revenue and rate design constraints applicable for bundled and DA/CCA customers. Results upon implementation may depend on the final allocation pursuant to the MC/RA Settlement Agreement and on then-required revenue and may differ from those presented in Appendix A.

2/ The agricultural class average percentage increase set forth in the MC/RA Settlement Agreement is 0.95% for bundled agricultural customers, and 2.6% for DA/CCA agricultural customers. The illustrative level for bundled customers in Appendix A is 0.96% due to the need to balance the revenue allocation results.

C. Schedules AG-R and AG-V

Although PG&E received approval in 2011 GRC Phase II Decision 11-12-053 to eliminate these schedules to simplify and streamline the number of AG rate schedules beginning in March 2014, on February 6, 2014 the CPUC's Executive Director approved a joint letter submitted by PG&E, AECA, CFBF, and South San Joaquin Irrigation District (SSJID) requesting a one-year deferral until March 2015 of the closure of those two rates, due to the effects of the drought on groundwater water table levels and therefore pumping patterns. The AG Settling Parties agree that the elimination of these schedules should be further delayed to allow the collaborative process discussed in section VI.A above to address the appropriate path forward on AG rates overall.

D. Schedule E-37 Elimination

Schedule E-37 shall be terminated for customers with 12 months of interval data beginning on November 1, 2017. Beginning November 1, 2017, or with each successive November 1, Schedule E-37 customers shall be transferred to their otherwise applicable commercial or industrial rate schedule. Customer notification shall utilize the standard customer notification process and billing system platforms and protocols as applicable to the general small and medium business annual November transition window for time-varying pricing.

To the extent that the approximately $250,000 plus interest from PG&E Electric Preliminary Statement Part FV, *Agricultural Account Aggregation Study Memorandum Account* (AAASMA), is recovered from agricultural distribution rates, the Schedule E-37 distribution and total rates shall not include AAASMA cost recovery for the 12 month cost recovery period.

E. Time-of-Use (TOU) Revenue Neutrality

1) Definitions

a) Migrating customers are customers that were subject to mandatory transition from AG-1 rates to time-of-use (TOU) rates in March of each year.

b) The analysis period is the period from the March migration date through September 30 of that same year.

2) Calculation of theoretical migration shortfall (or surplus):

a) The revenue from migrating customers will be based on the revenue as if still on AG-1. This will be determined by applying the AG-1A and AG-1B post-migration total billing determinants to the rates in effect during the analysis period on the origin AG-1 rate schedules.

b) The theoretical TOU revenue from migrating customers will be based on actual revenues on AG-4 adjusted for load shape improvements. This will be determined by applying the AG-1 pre-migration load shapes to the actual AG-4 post-migration total billing determinants to the rates in effect during the analysis period on the destination TOU rate schedules. Pre-migration load shapes will use those from the lead-in year prior to the migration default year.

c) The difference between the 2a revenue and the 2b theoretical TOU revenue represents the theoretical migration shortfall.

3) Calculation of actual revenue shortfall (or surplus):

a) The revenue from migrating customers will be determined as in Step 2a above.

b) The revenue recorded from migrating AG-1A and AG-1B customers during the analysis period will be determined from billing records on AG-4A and AG-4B by the migrating customers.

c) The difference between the revenue from 3a and the recorded revenue from 3b represents the actual revenue difference. This is the same as 2c but without the adjustment for post-migration load shape changes. The 3c amount will exceed the 2c amount only if post-migration load shapes worsened.

Determination of revenue neutrality adjustment: The theoretical migration shortfall shall be considered together with the actual revenue shortfall to determine the revenue neutrality adjustment. The revenue neutrality adjustment should therefore be set at the lesser of the actual revenue shortfall and the theoretical migration shortfall.

4) Revenues associated with Peak Day Pricing (PDP) credits and revenues shall be excluded from this analysis.

5) The TOU revenue-neutrality adjustment will apply only to load billed during the analysis period (i.e., during the year of migration). The Annual Electric True-Up (AET) revenue neutrality adjustments will reflect those AG-1 customers assigned to TOU rates in the prior year, and will reflect usage of these customers for the period from March 1 to September 30 of the prior year.

6) On approximately November 1 but no later than November 15 of each year, PG&E will provide the Agricultural representatives as well as the California Large Energy Consumers Association (CLECA), Office of Ratepayer Advocates (ORA), Energy Producers and Users Coalition (EPUC), The Utility Reform Network (TURN) and any requesting parties with workpapers and analyses used to determine the revenue shortfall to be included in the final AET to be filed in late December of that year. These data will include a comparison of the migrated customers' aggregate current and prior-to-migration year's loads and load shapes, and the workpapers containing the calculations outlined in Steps 2-4 above. If requested, PG&E will confer with the Agricultural representatives to discuss the results before filing of the final AET. CLECA, DRA, EPUC, TURN and any other requesting parties shall be notified of the results of such conference(s) if those conferences result in a recommendation to adjust the methodology. If either PG&E or the Agricultural representatives or the requesting parties believe further review is necessary, PG&E, the Agricultural representatives and those of the requesting parties' will confer for the purpose of determining an appropriate adjustment to the methodology.

F. Retain the 12-Month Interval Data Requirement for Mandatory TOU

The AG Settling Parties agree to retain the 12-month interval data requirement before an existing non-TOU AG customer is transitioned to service on a TOU schedule. Instead, this proposal is deferred for reconsideration as part of PG&E's 2017 GRC Phase II proceeding.

G. AG-ICE – Agricultural Internal Combustion Engine Conversion Incentive Rate

The AG-ICE optional program providing rate discounts to customers who shift from diesel to electric generation for AG water pumping expires for existing participants at the end of 2015. The AG Settling Parties believe the elimination of this rate could cause an approximate 70% bill increase for AG-ICE customers. Further, the AG Settling Parties believe that up to several thousand diesel-driven agricultural irrigation pumps may remain in PG&E's service territory, where electrification may provide air quality benefits. Consequently, the AG Settling Parties agree to work together cooperatively to consider what actions can be taken to extend the current AG-ICE program to transition current AG-ICE customers off the AG-ICE tariff, and to make an AG-ICE program available to new customers. The parties agree to address these issues in the most expeditious way possible in 2015, but recognize that actions on initiatives identified may depend on future approvals by PG&E management, the Commission, and/or other agencies or entities.

H. Peak Day Pricing Updates:

PG&E's proposals for Peak Day Pricing (PDP) updates to Schedules AG-4A, AG-4C, and AG-5C are limited to continuing the annual adjustments to PDP rate credits to conform PDP rates to updated customer and sales forecasts and billing determinants, as proposed in Chapter 8 of Exhibit (PG&E-7). The AG Settling Parties agree that these adjustments, as proposed by PG&E, are reasonable and should be adopted.

I. Other:

Unless otherwise specifically agreed by the AG Settling Parties or addressed in this AG Settlement Agreement above, the proposals, methods and explanations contained in revenue allocation and rate design Exhibit PG&E-7, Chapter 8, served on September 13, 2013, shall be adopted for the purpose of implementing rates under this AG 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 AG Settlement Agreement, unless specifically noted above or otherwise determined by the Commission.

To the extent that any elements of this AG Settlement Agreement, or initiatives that result from this AG 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 AG Settling Parties recognize that these changes could take several months to implement.

VIII. SETTLEMENT EXECUTION

This AG Settlement Agreement may be executed in separate counterparts by different AG Settling Parties hereto and all so executed will be binding and have the same effect as if all the AG 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 AG Settling Parties do not appear on the same page of this AG Settlement Agreement. The AG Settling Parties are bound to support the AG Settlement Agreement starting on the date the last Settling Party executes the AG Settlement Agreement. This AG Settlement Agreement shall become effective when approved by the Commission. . In witness whereof and intending to be legally bound by the Terms and Conditions of this AG Settlement Agreement as stated above, the AG Settling Parties duly execute this AG 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 Agricultural Rate Design Settlement Agreement.

Agricultural Energy Consumers Association

By: Michael Boccadoro M. Boccadoro

Title: Executive Director

Date: 12/01/2014

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

California Farm Bureau Federation

By: Karen Norene Mills

Title: Associate Counsel

Date: November 25, 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 Agricultural Rate Design Settlement Agreement.

Energy Producers and Users Coalition

By: Katy Morsony

Title: Counsel to EPUC

Date: December 1, 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 Agricultural Rate Design Settlement Agreement.

Pacific Gas and Electric Company

By: ______________________________
Steven Malnight

Title: Senior Vice President, Regulatory Affairs

Date: 1 December, 2014

ATTACHMENT A

Appendix A – Illustrative Settlement Agricultural Rates

PACIFIC GAS AND ELECTRIC COMPANY
2014 GENERAL RATE CASE - PHASE II
APPENDIX A -- Illustrative Settlement Agricultural Rates

AG 1A PROPOSED RATES		Current Dist	**Proposed Dist**		Current Gen	**Proposed Gen**		Current Total	**Proposed Total**	
CUST CHARGE ($/MO.)		$17.30	$17.47	0.96%				$17.30	$17.47	0.96%
DEMAND	Smr	$5.28	$5.42	2.60%	$1.36	$1.29	-5.40%	$6.65	$6.71	0.96%
(per hp of con. load)	Wtr	$1.23	$1.24	0.96%	$0.00	$0.00		$1.23	$1.24	0.96%
ENERGY ($/kW)	Smr	$0.09925	$0.10732	8.14%	$0.09565	$0.09327	-2.50%	$0.23643	$0.23927	1.20%
	Wtr	$0.06616	$0.07154	8.14%	$0.07654	$0.07463	-2.50%	$0.18423	$0.18485	0.34%

AG RA PROPOSED RATES		Current Dist	**Proposed Dist**		Current Gen	**Proposed Gen**		Current Total	**Proposed Total**	
CUST CHARGE ($/MO.)		$17.30	$17.47	0.96%				$17.30	$17.47	0.96%
DEMAND	Smr	$4.65	$4.77	2.60%	$1.29	$1.23	-4.95%	$5.94	$6.00	0.96%
(per hp of con. load)	Wtr	$0.95	$0.95	0.96%	$0.00	$0.00		$0.95	$0.95	0.96%
ENERGY ($/kW)	Smr Peak	$0.17651	$0.17698	0.27%	$0.24463	$0.24499	0.15%	$0.45848	$0.46065	0.47%
	Smr Off-Peak	$0.05882	$0.05898	0.27%	$0.06095	$0.06104	0.15%	$0.15712	$0.15870	1.00%
	Wtr Part-Peak	$0.05591	$0.05606	0.27%	$0.06748	$0.06758	0.15%	$0.16075	$0.16233	0.98%
	Wtr Off-Peak	$0.03727	$0.03737	0.27%	$0.05732	$0.05740	0.15%	$0.13193	$0.13345	1.15%

AG VA PROPOSED RATES		Current Dist	**Proposed Dist**		Current Gen	**Proposed Gen**		Current Total	**Proposed Total**	
CUST CHARGE ($/MO.)		$17.30	$17.47	0.96%				$17.30	$17.47	0.96%
DEMAND	Smr	$4.62	$4.74	2.60%	$1.36	$1.30	-4.60%	$5.98	$6.04	0.96%
(per hp of con. load)	Wtr	$0.99	$1.00	0.96%	$0.00	$0.00		$0.99	$1.00	0.96%
ENERGY ($/kW)	Smr Peak	$0.16753	$0.17164	2.45%	$0.22237	$0.21882	-1.60%	$0.42728	$0.42914	0.44%
	Smr Off-Peak	$0.05583	$0.05720	2.45%	$0.06078	$0.05981	-1.60%	$0.15399	$0.15569	1.10%
	Wtr Part-Peak	$0.05557	$0.05693	2.45%	$0.06872	$0.06762	-1.60%	$0.16166	$0.16323	0.97%
	Wtr Off-Peak	$0.03703	$0.03794	2.45%	$0.05836	$0.05743	-1.60%	$0.13277	$0.13405	0.96%

AG 4A PROPOSED RATES		Current Dist	**Proposed Dist**		Current Gen	**Proposed Gen**		Current Total	**Proposed Total**	
CUST CHARGE ($/MO.)		$17.30	$17.47	0.96%				$17.30	$17.47	0.96%
DEMAND	Smr	$5.30	$5.44	2.60%	$1.35	$1.28	-5.47%	$6.66	$6.72	0.96%
(per hp of con. load)	Wtr	$0.98	$0.99	0.96%	$0.00	$0.00		$0.98	$0.99	0.96%

PACIFIC GAS AND ELECTRIC COMPANY
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ENERGY ($/kW)	Smr Peak	$0.18305	$0.18756	2.46%	$0.15216	$0.14931	-1.87%	$0.37251	$0.37555	0.82%
	Smr Off-Peak	$0.06100	$0.06251	2.46%	$0.06520	$0.06398	-1.87%	$0.16350	$0.16516	1.02%
	Wtr Part-Peak	$0.06306	$0.06461	2.46%	$0.06913	$0.06784	-1.87%	$0.16949	$0.17113	0.97%
	Wtr Off-Peak	$0.04203	$0.04307	2.46%	$0.05878	$0.05768	-1.87%	$0.13811	$0.13943	0.95%

AG 5A PROPOSED RATES		Current Dist	**Proposed Dist**		Current Gen	**Proposed Gen**		Current Total	**Proposed Total**	
CUST CHARGE ($/MO.)		$17.30	$17.47	0.96%				$17.30	$17.47	0.96%
DEMAND	Smr	$6.46	$6.63	2.60%	$3.56	$3.49	-2.02%	$10.02	$10.11	0.96%
(per hp of con. load)	Wtr	$1.77	$1.79	0.96%	$0.00	$0.00		$1.77	$1.79	0.96%
ENERGY ($/kW)	Smr Peak	$0.09144	$0.08864	-3.06%	$0.14054	$0.13922	-0.94%	$0.26740	$0.26654	-0.32%
	Smr Off-Peak	$0.03048	$0.02955	-3.06%	$0.06902	$0.06837	-0.94%	$0.13492	$0.13660	1.24%
	Wtr Part-Peak	$0.03442	$0.03337	-3.06%	$0.07235	$0.07167	-0.94%	$0.14219	$0.14371	1.07%
	Wtr Off-Peak	$0.02294	$0.02224	-3.06%	$0.06157	$0.06099	-0.94%	$0.11993	$0.12191	1.65%

AG 1B PROPOSED RATES		Current Dist	**Proposed Dist**		Current Gen	**Proposed Gen**		Current Total	**Proposed Total**	
CUST CHARGE ($/MO.)		$23.00	$23.22	0.96%				$23.00	$23.22	0.96%
DEMAND ($/kW)	Smr Max	$7.83	$8.03	2.60%	$2.03	$1.93	-5.35%	$9.86	$9.95	0.96%
	Wtr Max	$1.95	$1.97	0.96%	$0.00	$0.00		$1.95	$1.97	0.96%
Primary	Smr Max	$7.45	$7.64	2.60%	$1.31	$1.20	-8.35%	$8.76	$8.84	0.96%
	Wtr Max	$1.68	$1.70	0.96%	$0.00	$0.00		$1.68	$1.70	0.96%
ENERGY ($/kWh)	Smr	$0.07141	$0.07541	5.61%	$0.09647	$0.09469	-1.84%	$0.20551	$0.20765	1.04%
	Wtr	$0.04760	$0.05028	5.61%	$0.07500	$0.07362	-1.84%	$0.16024	$0.16144	0.74%

AG RB PROPOSED RATES		Current Dist	**Proposed Dist**		Current Gen	**Proposed Gen**		Current Total	**Proposed Total**	
CUST CHARGE ($/MO.)		$23.00	$23.22	0.96%				$23.00	$23.22	0.96%
DEMAND ($/kW)	Smr Peak	$1.23	$1.26	2.60%	$2.05	$2.05	-0.02%	$3.28	$3.32	0.96%
	Smr Max	$6.24	$6.40	2.60%	$1.91	$1.83	-4.39%	$8.15	$8.23	0.96%
	Wtr Max	$1.61	$1.62	0.96%	$0.00	$0.00		$1.61	$1.62	0.96%
Primary	Smr Peak	$1.23	$1.26	2.60%	$2.05	$2.05	-0.02%	$3.28	$3.32	0.96%
	Smr Max	$5.97	$6.12	2.60%	$1.44	$1.36	-5.81%	$7.41	$7.48	0.96%
	Wtr Max	$1.35	$1.36	0.96%	$0.00	$0.00		$1.35	$1.36	0.96%

ENERGY ($/kWh)	Smr Peak	$0.12240	$0.15012	22.64%	$0.26041	$0.22915	-12.01%	$0.41916	$0.41681	-0.56%
	Smr Off-Peak	$0.04078	$0.05001	22.64%	$0.07144	$0.06286	-12.01%	$0.14857	$0.15042	1.25%
	Wtr Part-Peak	$0.03742	$0.04590	22.64%	$0.06546	$0.05760	-12.01%	$0.13923	$0.14104	1.30%
	Wtr Off-Peak	$0.02491	$0.03055	22.64%	$0.05563	$0.04895	-12.01%	$0.11689	$0.11704	0.13%

AG VB PROPOSED RATES		Current Dist	**Proposed Dist**		Current Gen	**Proposed Gen**		Current Total	**Proposed Total**	
CUST CHARGE ($/MO.)		$23.00	$23.22	0.96%				$23.00	$23.22	0.96%
DEMAND ($/kW)	Smr Peak	$1.13	$1.16	2.60%	$2.16	$2.16	0.10%	$3.29	$3.32	0.96%
	Smr Max	$6.42	$6.59	2.60%	$1.76	$1.67	-5.02%	$8.18	$8.26	0.96%
	Wtr Max	$1.59	$1.60	0.96%	$0.00	$0.00		$1.59	$1.60	0.96%
Primary	Smr Peak	$1.13	$1.16	2.60%	$2.16	$2.16	0.10%	$3.29	$3.32	0.96%
	Smr Max	$6.12	$6.28	2.60%	$1.27	$1.18	-6.93%	$7.39	$7.46	0.96%
	Wtr Max	$1.34	$1.35	0.96%	$0.00	$0.00		$1.34	$1.35	0.96%
ENERGY ($/kWh)	Smr Peak	$0.12178	$0.16374	34.46%	$0.22693	$0.18229	-19.67%	$0.38492	$0.38357	-0.35%
	Smr Off-Peak	$0.04060	$0.05458	34.46%	$0.06769	$0.05437	-19.67%	$0.14449	$0.14650	1.39%
	Wtr Part-Peak	$0.03720	$0.05002	34.46%	$0.06402	$0.05142	-19.67%	$0.13742	$0.13898	1.13%
	Wtr Off-Peak	$0.02479	$0.03333	34.46%	$0.05438	$0.04368	-19.67%	$0.11538	$0.11456	-0.71%

AG 4B PROPOSED RATES		Current Dist	**Proposed Dist**		Current Gen	**Proposed Gen**		Current Total	**Proposed Total**	
CUST CHARGE ($/MO.)		$23.00	$23.22	0.96%				$23.00	$23.22	0.96%
DEMAND ($/kW)	Smr Peak	$2.05	$2.10	2.60%	$2.40	$2.39	-0.44%	$4.45	$4.49	0.96%
	Smr Max	$5.76	$5.91	2.60%	$2.32	$2.25	-3.11%	$8.08	$8.15	0.96%
	Wtr Max	$1.79	$1.81	0.96%	$0.00	$0.00		$1.79	$1.81	0.96%
Primary	Smr Peak	$2.05	$2.10	2.60%	$2.40	$2.39	-0.44%	$4.45	$4.49	0.96%
	Smr Max	$5.41	$5.55	2.60%	$1.76	$1.69	-4.08%	$7.17	$7.24	0.96%
	Wtr Max	$1.52	$1.53	0.96%	$0.00	$0.00		$1.52	$1.53	0.96%

APPENDIX A -- Illustrative Settlement Agricultural Rates

ENERGY ($/kWh)	Smr Peak	$0.09532	$0.09601	0.73%		$0.11446	$0.11336	-0.96%	$0.24554	$0.24691	0.56%
	Smr Off-Peak	$0.03176	$0.03199	0.73%		$0.06605	$0.06542	-0.96%	$0.13358	$0.13495	1.03%
	Wtr Part-Peak	$0.03340	$0.03364	0.73%		$0.06438	$0.06376	-0.96%	$0.13355	$0.13495	1.05%
	Wtr Off-Peak	$0.02228	$0.02244	0.73%		$0.05466	$0.05414	-0.96%	$0.11271	$0.11412	1.25%

AG 4C **PROPOSED RATES**		Current Dist	**Proposed** **Dist**			Current Gen	**Proposed** **Gen**		Current Total	**Proposed** **Total**	
CUST CHARGE ($/MO.)		$64.80	$65.42	0.96%					$64.80	$65.42	0.96%
DEMAND ($/kW)	Smr Peak	$4.97	$5.10	2.60%		$5.54	$5.51	-0.51%	$10.52	$10.62	0.96%
	Smr Part-Peak	$1.04	$1.07	2.60%		$0.95	$0.94	-0.84%	$1.98	$2.00	0.96%
	Srm Max	$4.01	$4.05	0.96%		$0.00	$0.00		$4.01	$4.05	0.96%
	Wtr Part-Peak	$0.45	$0.45	0.96%		$0.00	$0.00		$0.45	$0.45	0.96%
	Wtr Max	$1.95	$1.96	0.96%		$0.00	$0.00		$1.95	$1.96	0.96%
Primary	Smr Peak	$4.71	$4.83	2.60%		$4.60	$4.56	-0.72%	$9.31	$9.40	0.96%
	Smr Part-Peak	$1.04	$1.07	2.60%		$0.95	$0.94	-0.84%	$1.98	$2.00	0.96%
	Srm Max	$4.01	$4.05	0.96%		$0.00	$0.00		$4.01	$4.05	0.96%
	Wtr Part-Peak	$0.45	$0.45	0.96%		$0.00	$0.00		$0.45	$0.45	0.96%
	Wtr Max	$1.69	$1.71	0.96%		$0.00	$0.00		$1.69	$1.71	0.96%
Transmission	Smr Peak	$1.43	$1.47	2.60%		$3.74	$3.75	0.33%	$5.17	$5.22	0.96%
	Smr Part-Peak	$0.00	$0.00			$0.95	$0.95	0.96%	$0.95	$0.95	0.96%
	Srm Max	$3.81	$3.85	0.96%	1.0%	$0.00	$0.00		$3.81	$3.85	0.96%
	Wtr Part-Peak	$0.00	$0.00			$0.00	$0.00		$0.00	$0.00	
	Wtr Max	$0.60	$0.61	0.96%	1.0%	$0.00	$0.00		$0.60	$0.61	0.96%
ENERGY ($/kWh)	Smr Peak	$0.06180	$0.06431	4.06%		$0.13158	$0.12874	-2.16%	$0.22920	$0.23060	0.61%
	Smr Part-Peak	$0.02470	$0.02570	4.06%		$0.07412	$0.07252	-2.16%	$0.13464	$0.13577	0.84%
	Smr Off-Peak	$0.01237	$0.01288	4.06%		$0.05323	$0.05208	-2.16%	$0.10142	$0.10250	1.06%
	Wtr Part-Peak	$0.01717	$0.01787	4.06%		$0.05916	$0.05788	-2.16%	$0.11215	$0.11329	1.02%
	Wtr Off-Peak	$0.01142	$0.01189	4.06%		$0.05018	$0.04909	-2.16%	$0.09742	$0.09852	1.13%

AG 5B (and E-37) **PROPOSED RATES**		Current Dist	**Proposed** **Dist**			Current Gen	**Proposed** **Gen**		Current Total	**Proposed** **Total**	
CUST CHARGE ($/MO.)		$36.00	$36.35	0.96%					$36.00	$36.35	0.96%
DEMAND ($/kW)	Smr Peak	$3.46	$3.55	2.60%		$5.25	$5.24	-0.12%	$8.70	$8.79	0.96%
	Smr Max	$8.82	$9.05	2.60%		$4.29	$4.19	-2.41%	$13.11	$13.24	0.96%
	Wtr Max	$4.90	$4.95	0.96%		$0.00	$0.00		$4.90	$4.95	0.96%
Pri Volt Disc	Smr Peak	$3.46	$3.55	2.60%		$5.25	$5.24	-0.12%	$8.70	$8.79	0.96%
	Smr Max	$8.56	$8.78	2.60%		$2.98	$2.87	-3.75%	$11.54	$11.65	0.96%
	Wtr Max	$4.75	$4.80	0.96%		$0.00	$0.00		$4.75	$4.80	0.96%
Trans Volt Disc	Smr Peak	$3.46	$3.55	2.60%		$5.25	$5.24	-0.12%	$8.70	$8.79	0.96%
	Smr Max	$1.49	$1.52	2.60%		$1.90	$1.90	-0.32%	$3.39	$3.42	0.96%

	Wtr Max	$0.69	$0.70	0.96%	$0.00	$0.00		$0.69	$0.70	0.96%
ENERGY ($/kWh)	Smr Peak	$0.01792	$0.02032	13.38%	$0.13682	$0.13541	-1.03%	$0.18770	$0.18988	1.16%
	Smr Off-Peak	$0.00000	$0.00000		$0.04542	$0.04495	-1.03%	$0.07838	$0.07910	0.92%
	Wtr Part-Peak	$0.00000	$0.00000		$0.06446	$0.06380	-1.03%	$0.09742	$0.09795	0.54%
	Wtr Off-Peak	$0.00000	$0.00000		$0.03754	$0.03715	-1.03%	$0.07050	$0.07130	1.14%

AG 5C PROPOSED RATES		Current Dist	**Proposed Dist**		Current Gen	**Proposed Gen**		Current Total	**Proposed Total**	
CUST CHARGE ($/MO.)		$160.00	$161.54	0.96%				$160.00	$161.54	0.96%
DEMAND ($/kW)	Smr Peak	$5.14	$5.16	0.38%	$9.68	$9.69	0.09%	$14.82	$14.85	0.19%
	Smr Part-Peak	$1.22	$1.23	0.38%	$1.82	$1.82	-0.14%	$3.04	$3.04	0.07%
	Srm Max	$4.82	$4.84	0.38%	$0.00	$0.00		$4.82	$4.84	0.38%
	Wtr Part-Peak	$0.71	$0.72	0.38%	$0.00	$0.00		$0.71	$0.72	0.38%
	Wtr Max	$3.01	$3.02	0.38%	$0.00	$0.00		$3.01	$3.02	0.38%
Pri Volt Disc	Smr Peak	$4.84	$4.85	0.38%	$7.70	$7.69	-0.07%	$12.53	$12.55	0.10%
	Smr Part-Peak	$1.22	$1.23	0.38%	$1.82	$1.82	-0.14%	$3.04	$3.04	0.07%
	Srm Max	$4.82	$4.84	0.38%	$0.00	$0.00		$4.82	$4.84	0.38%
	Wtr Part-Peak	$0.71	$0.72	0.38%	$0.00	$0.00		$0.71	$0.72	0.38%
	Wtr Max	$2.80	$2.81	0.38%	$0.00	$0.00		$2.80	$2.81	0.38%
Trans Volt Disc	Smr Peak	$0.00	$0.00		$5.90	$5.95	0.96%	$5.90	$5.95	0.96%
	Smr Part-Peak	$0.00	$0.00		$1.80	$1.82	0.96%	$1.80	$1.82	0.96%
	Srm Max	$2.09	$2.10	0.38%	$0.00	$0.00		$2.09	$2.10	0.38%
	Wtr Part-Peak	$0.00	$0.00		$0.00	$0.00		$0.00	$0.00	
	Wtr Max	$1.03	$1.03	0.38%	$0.00	$0.00		$1.03	$1.03	0.38%
ENERGY ($/kWh)	Smr Peak	$0.00000	$0.00000		$0.11221	$0.11154	-0.59%	$0.14493	$0.14569	0.53%
	Smr Part-Peak	$0.00000	$0.00000		$0.06441	$0.06403	-0.59%	$0.09713	$0.09818	1.08%
	Smr Off-Peak	$0.00000	$0.00000		$0.04663	$0.04635	-0.59%	$0.07935	$0.08050	1.45%
	Wtr Part-Peak	$0.00000	$0.00000		$0.05196	$0.05165	-0.59%	$0.08468	$0.08580	1.33%
	Wtr Off-Peak	$0.00000	$0.00000		$0.04386	$0.04360	-0.59%	$0.07658	$0.07775	1.53%