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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 16-06-013
(Filed June 30, 2016)

**FIFTH STATUS REPORT
OF PACIFIC GAS AND ELECTRIC COMPANY
ON BEHALF OF SETTLEMENT DISCUSSION PARTIES**

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Dated: July 13, 2017

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I. INTRODUCTION

Pursuant to the Administrative Law Judge's (ALJ) ruling, dated March 31, 2017, granting the parties' joint request for a suspension of the original schedule for Phase II of PG&E's 2017 General Rate Case (GRC), and the ALJ's Ruling, dated June 26, 2017 granting the parties additional time for settlement discussions, PG&E submits this, its fifth report on the status of settlement discussions in this proceeding. PG&E presents below the required information on settlement status, as of July 12, 2017, in as much detail as possible consistent with the confidentiality provisions of Rule 12.6 of the CPUC's Rules of Practice and Procedure.

II. STATUS UPDATES BY ISSUE

A. Marginal Costs and Revenue Allocation

Since the initial settlement conference on March 24, 2017, the parties have been exploring possible approaches to a potential settlement on Marginal Costs and Revenue Allocation (MC/RA), through a series of subsequent, regular conference calls. Earnest negotiations progressed steadily, in a collaborative and positive manner.

After intensive discussions, based on model runs to analyze different scenarios to help assess a range of settlement possibilities, the parties are pleased to report that they have reached a settlement in principle on revenue allocation, with some related issues yet to be resolved.

PG&E has begun the process of drafting a Marginal Cost/Revenue Allocation (MC/RA) settlement agreement, and, based on prior experience, expects that the process of finalizing and

executing the MC/RA agreement may take several more weeks before it can be filed. In previous PG&E GRC Phase II proceedings, the parties filed settlement agreements serially, as they were completed, and PG&E proposes to do so here as well, to avoid having to wait for all issues to be discussed and agreed to before presenting the CPUC with the agreements on issues already settled. Typically, the MC/RA settlement has been filed first, followed by supplemental settlements on various rate design issues. The ALJ’s proposed decision would then encompass the entire group of related settlements, which would be considered together with any litigated issues, and any contested settlements, for a single final CPUC decision on all GRC Phase II issues.

The next scheduled meeting to finalize the MC/RA settlement is set for July 13, 2017.

B. Rate Design Issues

PG&E compiled a list of 13 settlement sub-groups to help organize and guide settlement discussions, and asked the parties to indicate each sub-group in which they are interested in participating. The sub-groups are responsive to the issue areas that various settlement parties want to discuss. These settlement sub-groups may eventually be combined or revised, to some extent, to reduce the number of formal settlement agreements. In addition, some parties have expressed desire for different or additional sub-groups. The 13 settlement sub-groups are:

PG&E 2017 GRC Phase 2 Settlement Sub-Groups
1. Marginal Cost and Revenue Allocation
2. Residential Rates
3. Small Light and Power Rates
4. Medium and Large Light and Power Rates
5. Agricultural Rates
6. Standby Rates
7. Economic Development Rates
8. DA/CCA Fees
9. E-CREDIT
10. Master Meter Discount
11. Streetlight Rate Design
12. TOU Transition (solar)
13. TOU Transition (non-solar)

In the past, discussions on most rate design issues have begun in earnest once an agreement in principle was reached on marginal costs and revenue allocation. The status of each rate design settlement sub-group is described below.

1. Streetlight Rates (Sub-Group 11)

On April 6, 2017, the sub-group of parties interested in streetlight rate design held its first settlement conference on Streetlight Rate Design issues. The meeting was quite productive, with several issues identified that are uncontested. A second meeting was held June 27, with a follow up scheduled for July 18, 2017.

2. Economic Development Rate (Sub-Group 7)

PG&E has held three settlement conferences on the Economic Development Rate (EDR) on May 10, 2017, May 30, June 26 and July 12. Exploration of settlement is proceeding in good faith, with discussion amongst the interested parties making progress seeking to identify whether and if so what EDR issues might be able to be settled. The next meeting is scheduled for August 2.

3. Schedule E-CREDIT (Sub-Group 9)

PG&E has contacted the parties interested in settlement on Schedule E-CREDIT to assess the potential for settlement. An agreement in principle on this issue has been reached, and PG&E has drafted proposed settlement agreement language. Once filed, this settlement would be consolidated with other settlements so that the Commission can render a single decision in the proceeding.

4. Master Metered Rates (Sub-Group 10)

PG&E has held four settlement conferences on Master Meter rate design, on May 9, May 23, June 13, and July 6. Discussions have thus far clarified the interested parties' positions. The next conference is scheduled for July 18.

5. Direct Access and Community Choice Aggregation Fees (SubGroup 8)

Settlement conferences on DA/CCA fees have been held, on May 30, June 14, and June 27. The next conference is scheduled for July 17.

6. Standby plus Medium and Large Light and Power Rate Design (Sub Groups 4 and 6)

PG&E has scheduled an initial settlement conference on Standby rates, as well as Medium and Large Light and Power rate design, for July 20.

7. TOU Transition Issues for Solar Customers (Sub-Group 12)

An initial settlement conference call on transition issues for solar customers was held on June 30. The initial discussion included rate design for grandfathered TOU periods as well as rate design for RES-BCT (Local Government Renewable Energy Self-Generation Bill Credit Transfer). A second call to continue discussing these issues is scheduled for July 21, 2017.

8. Rate Design for Other Customer Classes (Sub-Groups 2, 3 and 5)

Finally, PG&E has scheduled initial conference calls for: Residential rate design (July 19), Small Light and Power rate design (July 25), and Agricultural rate design (July 24).

III. CONCLUSION

The parties to the 2017 GRC Phase II proceeding continue to be grateful for ALJ Cooke's rulings granting the requested additional time and flexibility in the schedule to allow the parties to conduct further settlement discussions, including those described in this status report. It remains very important to allow adequate time for full discussion of all marginal cost, revenue allocation, and rate design issues prior to the service of rebuttal testimony, so as to either eliminate or significantly limit any issues that might remain unresolved after supplemental settlement discussions are completed.

The parties look forward to reporting further progress in their next Status Report, which, per the ALJ's Ruling, is scheduled to be filed on August 3, 2017.

Respectfully submitted,

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