Decision **PROPOSED DECISION OF ALJ WILSON** (Mailed 11/9/2012)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Consider the Annual Revenue Requirement Determination of the California Department of Water Resources and related issues.	Rulemaking 11-03-006 (Filed March 10, 2011)

DECISION ALLOCATING THE FINAL REVISED 2013 REVENUE REQUIREMENT DETERMINATION OF THE CALIFORNIA DEPARTMENT OF WATER RESOURCES

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1. Summary

In accordance with the Rate Agreement between the California Department of Water Resources (DWR) and this Commission, DWR submitted its 2013 revenue requirement determination of $864 million to this Commission on August 2, 2012. DWR then updated and made some changes to its revenue requirement and submitted a final revised 2013 revenue requirement determination on October 15, 2012. The final revised determination is for a revenue requirement of $861 million, a decrease of $3 million as compared to the August 2, 2012 submission.

In today's decision, we allocate DWR's final revised 2013 revenue requirement determination of $861 million to the electricity customers of Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) using the allocation methodology adopted in Decision (D.) 05-06-060, as modified by D.08-11-056.[1] The allocation will result in DWR recovering its electric power costs and bond-related financing costs for 2013 from the electric customers of these three utilities. As shown in Appendix A of this decision, the Power Charges of $1 million, to provide the necessary funds to cover DWR's 2013 energy costs, are allocated to the customers of PG&E and SDG&E at $0.24341 and $0.12327 per kilowatt-hour (kWh), respectively. The Bond Charge of $860 million is allocated to the customers of all three utilities at $0.00493 per kWh. We also adopt a methodology for the allocation of negative revenue requirements for PG&E and SCE for the year 2013.

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[1] See D.08-11-056 at 7-8.

2. Background

The California Department of Water Resources (DWR) submitted its 2013 revenue requirement determination to the Commission on August 2, 2012. This submission consisted of the "Determination of Revenue Requirements for the Period January 1, 2013 Through December 31, 2013," the "Notice of Determination of Revenue Requirements," and a memorandum from John Pacheco of DWR to President Michael R. Peevey of the Commission, all provided via electronic mail on August 2, 2012. The memorandum notified the Commission of DWR's 2013 revenue requirement determination, and requested "that the Commission calculate, revise and impose Bond Charges in accordance with Article V of the Rate Agreement…" and "that the Commission calculate, revise and impose Power Charges in accordance with Article VI of the Rate Agreement…."[2]

On August 29, 2012, Pacific Gas and Electric Company (PG&E) filed its Prehearing Conference Statement regarding issues of interest to it. On September 4, 2012, the Commission held a prehearing conference (PHC) to discuss the processing of DWR's 2013 revenue requirement determination. At the PHC, DWR informed the assigned Administrative Law Judge (ALJ), that it was planning to submit a revised 2013 revenue requirement determination to the Commission in early October 2012.

On October 4, 2012, DWR initiated its revision of the 2013 revenue requirement by issuing a "Proposed Revision to the Determination of Revenue Requirements." The deadline for submitting comments with DWR through its

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[2] The terms "Bond Charge" and "Power Charges" are defined in Article I of the Rate Agreement that was adopted in D.02-02-051.

administrative process was October 12, 2012. DWR did not receive any comments on its proposed revision.

On October 15, 2012, DWR submitted its final revised 2013 revenue requirement determination to the Commission. This submission consists of the October 15, 2012 "Proposed Revision to the Determination of Revenue Requirement for the Period January 1, 2013 Through December 31, 2013," "Notice of Proposed Revision of Determination of a Revenue Requirement," and DWR's October 15, 2012 memorandum to President Michael R. Peevey titled "Notification of Revised Revenue Requirement Determination for 2013." DWR stated in its final revised 2013 determination that it may propose further revisions to its 2013 revenue requirement, given the potential for significant or material changes in the California energy market. These changes in the market could include forecasted fuel costs, DWR's associated obligations and operations related to its long-term power contracts, novation of its power contracts, and many other events that may materially affect the realized or projected financial performance of the Power Charge or Bond Charge accounts. If such an event occurs, DWR will inform the Commission of such material changes and revise its 2013 revenue requirement accordingly.

In her electronic ruling dated October 15, 2012, the assigned ALJ announced the procedure for the filing of a protest or objection to the allocation of the final revised 2013 revenue requirement determination. In particular, the ALJ reminded the service list that any protest or objection to the allocation of the final revised 2013 revenue requirement determination must be filed by noon on October 19, 2012. On October 19, 2012, SDG&E filed comments on the final revised 2013 revenue requirement, to which DWR responded on October 26,

2012. No other comments were filed. We discuss SDG&E's comments further in Section 3.2 of this decision.

On October 16, 2012, SDG&E filed a motion in which it requested that additional evidence be received into the record and that the special relief requested be granted. The additional evidence consists of an *Agreement Regarding Procedures Applicable to the Return of Net Negative DWR Power Charge Revenue Requirements* (Agreement) between SDG&E and DWR. SDG&E also requests authority to implement the procedures applicable to the return of the net negative Power Charge revenue requirements as provided under the terms of the Agreement. This issue is discussed in Section 3.3.2. below.

We confirm all assigned Commissioner and ALJ rulings herein.

3. Allocation of the Final Revised 2013 Revenue Requirement Determination

3.1. Background

The Commission's obligation is to calculate, revise, and impose the Bond Charge and Power Charges on the customers of the three electric utilities. This obligation is contained in the Rate Agreement that was adopted by the Commission in Decision (D.) 02-02-051, and Water Code §§ 80110 and 80134. We perform these calculations using the allocation methodology that we adopted in D.05-06-060, as modified by D.08-11-056, the results of which appear in Appendix A of this decision.

The final revised 2013 revenue requirement determination updated the information contained in the prior August 2, 2012 submission by incorporating DWR's preliminary actual operating results through April, 2012. The final revised determination used: 1) updated actual Electric Power Fund Operating and Bond Account operating results through September 30, 2012; 2) updated natural gas price forecasts and related assumptions; and 3) updated projections for contract costs for the remainder of the Power Supply Program, including the projected costs related to a natural gas Transportation Services Agreement (TSA), expiring in 2018, that was associated with the long term contract with Sunrise Power Company, LLC.

According to DWR, the final revised 2013 revenue requirement determination results in a total decrease of $3 million as compared to the original determination that was submitted on August 2, 2012, which is entirely comprised of a decrease in DWR's Bond Charge Revenue Requirement. As a result of the revisions, DWR plans to return $62 million to customers, which is $54 million less than planned in the August 2, 2012 filing. The decreased return of excess amounts is attributable to the addition of projections for costs associated with the TSA through 2018 and the effect of slightly higher power costs due to an increase in the gas price forecast for the remainder of 2012 and 2013. The Power Charge Revenue Requirement remains at $1 million since DWR plans to use excess amounts to pay for the majority its power costs. DWR plans to end 2013 with $121 million in the Power Charge accounts, $31 million more than projected in the August 2, 2012 filing, mostly attributable to retaining reserves that may be required to pay the projected TSA costs through the expiration of the contract. If such costs are not incurred, DWR will return any excess amounts to retail customers of the Investor-owned Utilities (IOU) and DWR after consulting with the Commission in subsequent revenue requirement determinations.

DWR's final revised 2013 revenue requirement determination contains the information needed to recover the revenue requirement from the utilities' customers for calendar year 2013. The final revised 2013 revenue requirement determination is based on the assumptions contained in Section D of DWR's revised determination. DWR considered a number of assumptions, including retail customer load, power supply, natural gas prices, and administrative and general expenses, as well as other considerations affecting DWR's revenues and expenses.

3.2. SDG&E Comments on Final Revised 2013 Revenue Requirement

In its October 19, 2012 comments to the final revised 2013 revenue requirement, SDG&E requests that it be permitted to reserve its rights, regarding the issue of the natural gas TSA[3]. SDG&E does not take issue with the updated revenue requirement shown in the final revised 2013 revenue requirement at this time, but wishes to reserve the right to contest the future determination of certain costs and the potential allocation among the utilities of such costs related to a pending TSA contract liability raised by the DWR in the final revised 2013 revenue requirement. As a result of DWR's negotiations regarding the TSA, DWR is examining its contract alternatives to determine if the contract can be modified, assigned or terminated. The DWR has included the costs associated with the TSA through the expiration of the contract in 2018 in the final revised 2013 revenue requirement. If, through negotiation and disposition efforts, the DWR does not incur these costs, SDG&E posits that the cash reserves held to pay these costs could be returned to ratepayers as "excess" amounts in a subsequent revenue requirement filing. SDG&E believes that DWR has not yet determined whether its final 2013 revenue requirement should or should not reflect amounts associated with the subject natural gas TSA and, if so, in what amounts. Since

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[3] The TSA was signed in 2003 and expires 2018. The TSA was associated with the expired contract with Sunrise Power Company, LLC.

the dollars associated with this issue have been included by DWR in its 2013 revenue requirement, the assigned ALJ has requested that parties review and comment on it. As this is an ongoing issue, we authorize the inclusion of this portion of DWR's 2013 revenue requirement on an interim basis, subject to refund pending the resolution of allocation of dollars associated with the natural gas TSA.

Therefore, if DWR proposes a revision to the authorized 2013 DWR revenue requirement subsequent to the issuance of this decision, we will provide parties the opportunity to comment on the reasonableness of such a revision, and consider all comments in ruling on such proposed revisions.

3.3. Negative Revenue Requirement

3.3.1. PG&E and SCE Methodologies

In past decisions (including D.10-12-006 and D.11-12-005) we authorized methods for determining and returning the negative revenue requirement to PG&E and SCE customers. We continue to use these adopted methodologies for PG&E and SCE.

3.3.2. SDG&E Methodology

In the current proceeding, SDG&E and DWR reached an agreement regarding a methodology for allocating the negative revenue requirement to SDG&E customers that is similar to those adopted for use by PG&E and SCE.[4]

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[4] SDG&E motion filed on October 16, 2012, entitled Motion of San Diego Gas & Electric Company (U-902-E) for the Receipt of Additional Evidence and the Granting of Special Relief. Attached to this motion is the Agreement Regarding Procedures Applicable to the Return of Net Negative DWR Power Charge Revenue Requirements.

Under the terms of the Agreement, SDG&E states that it would continue to administer those DWR power contracts allocated to it pursuant to the Commission's prior orders; and remit to DWR on a daily basis the cash received from its existing rates related to DWR's power contracts previously allocated to SDG&E. SDG&E would also establish a "Customer Return Credit Rate" by dividing the amount of the forecasted annual Customer Return Credit that DWR would return to SDG&E by the forecasted bundled service sales (in kWh) authorized by the Commission for the applicable calendar year, commencing with the 2013 calendar year.[5]

SDG&E would include a statement on its customer bills describing the nature of the credit. SDG&E will track the differences between the actual credits received from DWR and returned to customers arising from the underlying differences between forecasted and actual sales. This difference, whether an under-or over-collection, would be transferred to SDG&E's Energy Resource Recovery Account (ERRA) balancing account and reflected in SDG&E's commodity rates, until such time as SDG&E is no longer responsible for charges related to DWR's power contracts and DWR no longer returns credit amounts to SDG&E.

SDG&E submits the terms of the Agreement are reasonable and should be approved by the Commission, and assures the timely and full return to SDG&E's customers of the credits received by SDG&E from DWR in a manner consistent with the Commission's prior orders and the servicing agreements executed by DWR.

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[5] The Customer Return Credit Rate will be multiplied by a customer's usage during a billing month to arrive at the credit provided to the customer.

On October 31, 2012, Alliance for Retail Energy Markets (AReM) responded to SDG&E's motion. AReM does not object to SDG&E's request that its Exhibit SDG&E-1 be admitted into evidence, but is concerned that, given the language of the Agreement, the negative revenue requirement will be allocated to bundled customers only, and may not be allocated to Direct Access customers as well.

Given AReM's concerns and the lack of time to provide sufficient time to review these concerns before this decision must be issued, we defer consideration of SDG&E's request for adoption of its Agreement with DWR to a separate decision.

3.3.3. Effect on Rates

Based on these calculations, DWR will return approximately $48 million to PG&E customers, approximately $81 million to SCE customers, and collect $3 million from SDG&E customers in 2013 (Appendix A, at 1, line 19). This results in a reduction to the Power Charges allocated to PG&E's electric customers of approximately $26 million, a reduction to the Power Charges allocated to SCE's customers of approximately $70 million, and Power Charges allocated to SDG&E's electric customers of approximately $36 million (Appendix A, at 1, line 28).

3.4. Bond Charges

DWR requests that the Commission calculate, revise and impose the Bond Charge on the three utilities so as to satisfy the Rate Covenant in Article V of the Rate Agreement between DWR and the Commission. The Bond Charge is designed to recover DWR's costs associated with its bond financing activities from the utilities' customers.

DWR's final revised 2013 revenue requirement determination states that its 2013 revenue requirement for bond-related costs is $860 million. DWR's modeling in support of its final revised determination indicates that it will receive the required $860 million if the Commission sets the Bond Charge at $0.00493 per kWh. We adopt DWR's requested 2013 Bond Charge, and the Bond Charge rate of $0.00493 per kWh shall be allocated to the electric customers of PG&E, SCE, and SDG&E.

3.5. Power Charges

DWR requests that the Commission calculate, revise and impose Power Charges on the three utilities. The Power Charges are designed to provide the funds necessary to satisfy DWR's final revised 2013 revenue requirement determination for the cost of electric power sold to the utilities' customers.

DWR's final revised determination states that its 2013 revenue requirement for the Power Charge is $1 million. We adopt DWR's requested 2013 Power Charge, and the Power Charges shall be calculated and allocated to the customers of PG&E and SDG&E as shown in Appendix A of this decision. The Power Charges allocated to the customers of PG&E and SDG&E are $0.24341 and $0.12327 per kWh, respectively.

4. Rehearing and Judicial Review

This decision construes, applies, implements, and interprets the provisions of Assembly Bill (AB) 1X (Chapter 4 of the Statutes of 2001-2002 First Extraordinary Session), and relates to the implementation of DWR's revenue requirement and the establishment and implementation of the Bond Charge and Power Charges necessary to recover that revenue requirement. Therefore, pursuant to Public Utilities Code Section 1731(c), any application for rehearing of this decision is due within 10 days after the date of issuance of this decision. The procedures contained in Public Utilities Code Section 1768 apply to the judicial review of a Commission order or decision that interprets, implements, or applies the provisions of AB 1X.

5. Reduction of Comment Period

Pursuant to Rule 14.6(b) of the Commission's Rules of Practice and Procedure, all parties stipulated to reduce the 30 day public review and comment period required by Section 311 of the Public Utilities Code to five days for opening comments and five days for reply comments. Pursuant to the parties' stipulation, opening comments will be filed on November 15, 2012, and reply comments will be filed on November 20, 2012. Opening comments were filed by SDG&E on November 15, 2012. No reply comments were filed.

6. Assignment of Proceeding

Michel Peter Florio is the assigned Commissioner, and Seaneen M. Wilson is the assigned ALJ in this proceeding.

Findings of Fact

1. DWR submitted its 2013 revenue requirement determination to the Commission on August 2, 2012.
2. A PHC was held on September 4, 2012 to discuss the processing of DWR's 2013 revenue requirement determination.
3. DWR's final revised 2013 revenue requirement determination was submitted to the Commission on October 15, 2012.
4. The main difference between the August 2, 2012 determination of $864 million and the October 15, 2012 final revised 2013 revenue requirement determinations of $861 million is due to a decrease in the Bond Charge Revenue Requirement of $3 million.

5. DWR's final revised 2013 revenue requirement determination contains the information needed to determine the revenue requirement allocated to utility customers for calendar year 2013.

6. The Bond Charge is designed to recover DWR's costs associated with its bond financing activities from the utilities' customers.

7. DWR's final revised 2013 revenue requirement for bond-related costs is $860 million, which results in a Bond Charge of $0.00493 per kWh.

8. The Power Charges are designed to provide the funds necessary to satisfy DWR's final revised 2013 revenue requirement for the cost of electric power sold to the utilities' customers.

9. DWR's final revised 2013 revenue requirement for the Power Charge is approximately $1 million, which results in the allocated Power Charges to the customers of PG&E and SDG&E as shown in Appendix A, at 2 of $0.24341 and $0.12327, respectively.

10. In its October 19, 2012 comments to the final revised 2013 revenue requirement, SDG&E requests that it be permitted to reserve its rights, regarding the issue of the natural gas TSA. SDG&E does not take issue with the updated revenue requirement shown in the final revised 2013 revenue requirement at this time, but wishes to reserve the right to contest the future determination of certain costs and the potential allocation among the utilities of such costs related to a pending TSA contract liability raised by the DWR in the final revised 2013 revenue requirement. As a result of DWR's negotiations regarding the TSA, DWR is examining its contract alternatives to determine if the contract can be modified, assigned, or terminated. The DWR has included the costs associated with the TSA through the expiration of the contract in 2018 in the final revised 2013 revenue requirement.

11. If DWR requests any revision to the authorized 2013 DWR revenue requirement, it should present any future proposal to the Commission, so that all parties to the current rulemaking have an opportunity to review and comment on such request.

12. As DWR contracts expire and are novated, DWR's required operating reserves are also reduced. With the novation of these contracts, utilities will experience a "negative revenue requirement", which will require operating reserves to be returned to the IOU's customers, resulting in a reduction of customer rates.

13. DWR will return approximately $48 million to PG&E customers, approximately $81 million to SCE customers, and charge $3 million to SDG&E customers in 2013 (Appendix A, at 1, line 19). This results in a reduction to the Power Charges allocated to PG&E's electric customers of approximately $26 million, a reduction to the Power Charges allocated to SCE's customers of approximately $70 million, and Power Charges allocated to SDG&E's electric customers of approximately $36 million (Appendix A, at 1, line 28).

14. On October 16, 2012, SDG&E filed a motion in which it requested that additional evidence, including an Agreement between SDG&E and DWR, be received into the record as Exhibit SDG&E-1, and that the Agreement be approved. This Agreement addresses a proposed methodology for allocating negative revenue requirements.

15. On October 31, 2012, AReM responded to SDG&E's motion. AReM does not object to SDG&E's request that its Exhibit SDG&E-1 be admitted into evidence, but is concerned that, given the language of the Agreement, the negative revenue requirement will be allocated to bundled customers only, and may not be allocated to Direct Access customers as well.

Conclusions of Law

1. The Commission's obligation is to calculate, revise, and impose the Bond Charge and Power Charges on the customers of the three electric utilities.

2. As DWR has proposed a revision to its 2013 revenue requirement regarding the allocation of dollars associated with the natural gas TSA, the dollars associated with this revision should be authorized on an interim basis, subject to refund, in order to give parties an opportunity to comment on such treatment. Final consideration of this interim authority should be resolved in a future decision.

3. The methodology authorized in D.10-12-006 to return negative revenue requirement to PG&E electric customers should be adopted for 2013.

4. The methodology authorized in D.11-12-005 to return the negative revenue requirement to SCE customers should be adopted for 2013.

5. We should defer consideration of SDG&E's request in its October 16, 2012 motion for adoption of its Agreement with DWR, to a separate decision.

6. Exhibit SDG&E-1 should be received into the record of this proceeding.

7. The negative revenue requirements to be returned to PG&E and SCE customers for the year 2013, based on the methodologies discussed in Section 3.3.1 of this decison, should be adopted, as ordered herein.

8. DWR's requested 2013 Bond Charge should be adopted and allocated to the customers of PG&E, SCE, and SDG&E, as ordered herein.

9. DWR's requested 2013 Power Charge should be adopted and allocated to the customers of PG&E and SDG&E, as ordered herein.

10. This decision construes, applies, implements, and interprets the provisions of AB 1X, and relates to the implementation of DWR's revenue

requirement and the establishment and implementation of the Bond Charge and Power Charges necessary to recover that revenue requirement.

11. Within ten days of the effective date of this Order, PG&E and SDG&E should file Tier 1 advice letters, as provided for in General Order 96-B, with revised tariffs that reflect the adopted Power Charges. These new tariffs should be effective beginning January 1, 2013.

12. Public Utilities Code § 1731(c) (applications for rehearing are due within 10 days after the date of issuance of this order) and Public Utilities Code § 1768 (procedures applicable to judicial review) are applicable to this decision.

O R D E R

IT IS ORDERED that:

1. The California Department of Water Resource's 2013 revenue requirement determination of $861 million (as revised on October 15, 2012) is allocated to Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company, as shown in Appendix A of this decision, and as detailed below:

   a. As shown in Appendix A of this decision, the 2013 Power Charges allocated to the electric customers of Pacific Gas and Electric Company and San Diego Gas & Electric Company are set at $ $0.24341 and $0.12327 per kilowatt-hour, respectively, and shall go into effect on January 1, 2013.

   b. The California Department of Water Resources will:

      i. Return approximately $48 million to Pacific Gas and Electric Company's electric customers in 2013;

      ii. Return approximately $81 million to Southern California Edison Company's customers in 2013; and

iii. Collect approximately $3 million from San Diego Gas & Electric Company customers in 2013.

iv. These allocations result in a reduction to the 2013 Power Charges allocated to Pacific Gas and Electric Company's electric customers of $26 million, to the Power Charges allocated to Southern California Edison Company's customers of $70 million. Power Charges of approximately $36 million are allocated to SDG&E's electric customers (Appendix A, at 1, line 29).

c. As the California Department of Water Resources has proposed a revision to its 2013 revenue requirement regarding the allocation of dollars associated with the natural gas Transportation Services Agreement portion of the long term contract with Sunrise Power Company, LLC, the dollars associated with this revision is granted on an interim basis, subject to refund. Final consideration of this interim authority will be resolved in a future decision.

d. The 2013 Bond Charge allocated to the electric customers of Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company is set at $ 0.00493 per kWh, and shall go into effect on January 1, 2013.

2. The methodology authorized in Decision 10-12-006 to return the negative revenue requirement to Pacific Gas and Electric Company electric customers is adopted for 2013.

3. The methodology authorized in Decision 11-12-005 to return the negative revenue requirement to Southern California Edison Company customers is adopted for 2013.

4. We defer consideration of San Diego Gas & Electric Company's request in its October 16, 2012 motion for adoption of its *Agreement Regarding Procedures Applicable to the Return of Net Negative DWR Power Charge Revenue Requirements* with the California Department of Water Resources, to a separate decision.

5. Exhibit SDG&E-1 is received into the record of this proceeding.

6. The negative revenue requirements to be returned to Pacific Gas and Electric Company electric customers and Southern California Edison Company customers for the year 2013, based on the methodologies adopted in Ordering Paragraphs 3 and 4 above, are adopted.

7. The California Department of Water Resources 2013 Bond Charge is adopted and allocated to customers of Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company, as adopted in Ordering Paragraph 1.

8. The California Department of Water Resources 2013 Power Charge is adopted and allocated to the customers of Pacific Gas and Electric Company and San Diego Gas & Electric Company as adopted in Ordering Paragraph 1.

9. Within ten days of the effective date of this Order, Pacific Gas and Electric Company and San Diego Gas & Electric shall file Tier 1 advice letters, as provided for in General Order 96-B, with revised tariffs that reflect the adopted Power Charges. If approved, these new tariffs shall be effective beginning January 1, 2013.

10. Public Utilities Code Section 1731(c) (applications for rehearing are due within 10 days after the date of issuance of the order or decision) and Public Utilities Code Section 1768 (procedures applicable to judicial review) are applicable to this decision.

11. Rulemaking 11-03-006 remains open.

This order is effective today.

Dated ______________________________, at San Francisco, California.

APPENDIX A

Allocation of 2013 Revenue Requirement

Among Utilities

APPENDIX A

Allocation of 2013 Revenue Requirement Among Utilities
California Department of Water Resources
(Dollars in millions)

Line	Description	PG&E	SCE	SDG&E	Total	Reference
1	Allocation Percentages	42.20%	47.50%	10.30%	100.00%	Decision 05-06-060
2						
3	2004-2011 Expenses	12,033	15,090	4,436	31,560	Actuals
4	2004-2011 Revenues	11,963	14,400	4,549	30,913	Actuals
5	Amount to be collected from /(returned to) the IOU USBA	$ 70	$ 690	$ (113)	$ 647	Line 3 - Line 4
6						
7	2012 Expenses	85	46	124	255	actuals through Aug-12 then projected
8	2012 Revenues	(267)	(328)	83	(512)	actuals through Aug-12 then projected
9	Amount to be collected from /(returned to) the IOU USBA	$ 352	$ 374	$ 41	$ 768	Line 7 - Line 8
10						
11	**Balancing Calculation**					
12	December 31, 2013 Projected PCA Balance: Desired Allocation	51	57	12	121	
13	January 1, 2004 Starting PCA Balance: Desired Allocation	701	789	171	1,660	
14	Amount to be collected from /(returned to) the IOU USBA	$ (650)	$ (731)	$ (159)	$ (1,540)	Line 12 - Line 13
15						
16	Fixed Transfer Payments	180	(414)	234	-	
17	2004-2012 True-up	422	1,064	(72)	1,415	Line 5 + Line 9
18	Starting and Ending balance True-up	(650)	(731)	(159)	(1,540)	Line 14
19	Cumulative True-up to be collected from/(returned to) IOU USBA	$ (48)	$ (81)	$ 3	$ (125)	Subtotal
20						
21	**2013 Revenue Requirement Determination**					
22	Avoidable Costs	5	-	-	5	2013RptRR
23	Net CFC	11	-	31	42	2013RptRR
24	Fixed Transfer Payments	(2)	2	(0)	-	
25	Administrative and General	8	9	2	19	2013RptRR
26	Interest Earnings on Fund Balance	(0)	(0)	(0)	(1)	2013RptRR
27	Balancing Transfer between IOUs [(+) is pmt, (-) is receipt]	(48)	(81)	3	(125)	Line 19
28	Net Allocation of Revenue Requirements	**$ (26)**	**$ (70)**	**$ 36**	**$ (60)**	
29						
30	Remittance Table					
31	Negative RR with DWR Deliveries	21			21	Amount based on power costs only (Lines 22-26)
32	Negative RR without DWR Deliveries		(70)		(70)	Amount based on net RR (Line 28)
33	Positive RR with DWR Deliveries			36	36	Amount based on net RR (Line 28)
34	Subtotal	**$ 21**	**$ (70)**	**$ 36**		
35						
36	DWR Delivered Energy (GWh)	88	NA	289	376	RR
37	Calendar Year Remittance Rates ($/MWh)	243.41	NA	123.27		Line 34 divided by Line 36
38						
39	IOU Remitances	21		36		
40	Return of Excess Amounts	(48)	(70)	-	(117)	
41	Final Allocation of Revenue Requirements (after remittances)	**$ (26)**	**$ (70)**	**$ 36**	**$ (60)**	

California Department of Water Resources
2013 Revenue Requirement Filing
(Dollars in millions)

		2013 RR Filing (actuals through Aug-12)			
Line	**Description**	**PG&E**	**SCE**	**SDG&E**	**Total**
1	**Beginning Balance in Power Charge Accounts**				**245**
2					
3	Power Charge Revenues				
4	Power Charge Accounts Operating Revenues	1	-	0	1
5	Power Charge Revenues from Direct Access Customers	-	-	-	-
6	**Total Power Charge Revenues**	**1**	-	**0**	**1**
7	IOU Specific Revenue				
8	Surplus (Off-System Sales) Revenue	-	-	-	-
9	Extraordinary Receipts	(26)	(29)	(6)	(62)
10	Avoidable Revenues	-	-	-	-
11	ISO Reimbursement	-	-	-	-
12	Non-IOU Specific Revenue				
13	(Non-IOU Specific Revenue % Allocator)	42.20%	47.50%	10.30%	100.00%
14	Williams (RMR, and ISO Market)	-	-	-	-
15	Extraordinary Receipts (see breakout below)	-	-	-	-
16	Non-Avoidable Revenue	-	-	-	-
17	**Total Non-IOU Specific Revenue**	-	-	-	-
18	**Subtotal**	**(26)**	**(29)**	**(6)**	**(62)**
19	Interest Earnings on Fund Balances	0	0	0	1
20	**Total Power Charge Accounts Operating Revenues**	**(25)**	**(29)**	**(6)**	**(60)**
21					
22	Power Costs				
23	*Non-Avoidable % Allocator*	*42.20%*	*47.50%*	*10.30%*	*100.00%*
24	Non Avoidable Costs	11	-	31	42
25	Williams Gas Adjustment - projected for remainder of year	-	-	-	-
26	Net Non Avoidable Costs	11	-	31	42
27	Avoidable Costs	5	-	-	5
28	Total Contract Costs	16	-	31	46
29	Other Non-Allocated Costs	-	-	-	-
30	**Total Power Costs**	**16**	-	**31**	**46**
31					
32	Gas Collateral Costs	-	-	-	-
33	Administrative and General Expenses	8	9	2	19
34	**Total Power Charge Accounts Operating Expenses**	**24**	**9**	**33**	**65**
35					
36	Net Operating Revenues	(48)	(38)	(39)	(125)
37					
38	**Ending Aggregate Balance in Power Charge Accounts**				**$ 121**
	* applicable to true-up calculations only				

California Department of Water Resources
2012 Revenue Requirement Filing
(Dollars in millions)

		2012 RR Filing				2012 RR Filing (actuals through Aug-12)			
Line	**Description**	**PG&E**	**SCE**	**SDG&E**	**Total**	**PG&E**	**SCE**	**SDG&E**	**Total**
1	**Beginning Balance in Power Charge Accounts**				981				**1,013**
2									
3	Power Charge Revenues								
4	Power Charge Accounts Operating Revenues	15	31	24	71	94	32	61	188
5	Power Charge Revenues from Direct Access Customers	-	-	-	-	33	8	6	47
6	**Total Power Charge Revenues**	**15**	**31**	**24**	**71**	**127**	**41**	**67**	**235**
7	IOU Specific Revenue								
8	Surplus (Off-System Sales) Revenue	-	-	-	-	-	-	-	-
9	Extraordinary Receipts	(291)	(328)	(71)	(690)	(406)	(382)	-	(787)
10	Avoidable Revenues	-	-	-	-	(0)	-	12	12
11	ISO Reimbursement	-	-	-	-	-	-	-	-
12	Non-IOU Specific Revenue								
13	(Non-IOU Specific Revenue % Allocator)	*42.20%*	*47.50%*	*10.30%*	*100.00%*	42.20%	47.50%	10.30%	100.00%
14	Williams (RMR, and ISO Market)	-	-	-	-	-	-	-	-
15	Extraordinary Receipts (see breakout below)	-	-	-	-	11	12	3	26
16	Non-Avoidable Revenue	-	-	-	-	(0)	-	0	0
17	**Total Non-IOU Specific Revenue**	-	-	-	-	**11**	**12**	**3**	**26**
18	**Subtotal**	**(291)**	**(328)**	**(71)**	**(690)**	**(395)**	**(369)**	**15**	**(749)**
19	Interest Earnings on Fund Balances	1	1	0	3	1	1	0	2
20	**Total Power Charge Accounts Operating Revenues**	**(275)**	**(295)**	**(47)**	**(616)**	**(267)**	**(328)**	**83**	**(512)**
21									
22	Power Costs								
23	*Non-Avoidable % Allocator*	*42.20%*	*47.50%*	*10.30%*	*100.00%*	*42.20%*	*47.50%*	*10.30%*	*100.00%*
24	Non Avoidable Costs	90	36	48	173	73	36	55	164
25	Williams Gas Adjustment - projected for remainder of year	-	-	-	-	-	-	-	-
26	Net Non Avoidable Costs	90	36	48	173	73	36	55	164
27	Avoidable Costs	4	-	66	71	2	-	61	64
28	Total Contract Costs	94	36	114	244	75	36	116	227
29	Other Non-Allocated Costs	-	-	-	-	2	2	0	4
30	**Total Power Costs**	**94**	**36**	**114**	**244**	**77**	**38**	**117**	**232**
31									
32	Gas Collateral Costs	(0)	-	2	2	(0)	-	5	5
33	Administrative and General Expenses	9	10	2	21	8	9	2	19
34	**Total Power Charge Accounts Operating Expenses**	**103**	**46**	**118**	**267**	**85**	**46**	**124**	**255**
35									
36	Net Operating Revenues	(377)	(340)	(165)	(883)	(352)	(374)	(41)	(768)
37									
38	**Ending Aggregate Balance in Power Charge Accounts**				**99**				**$ 245**

* applicable to true-up calculations only

California Department of Water Resources
2011 Revenue Requirement Filing
(Dollars in millions)

		2011 RR Filing				2011 actuals			
Line	**Description**	**PG&E**	**SCE**	**SDG&E**	**Total**	**PG&E**	**SCE**	**SDG&E**	**Total**
1	**Beginning Balance in Power Charge Accounts**				1,594				**1,614**
2									
3	Power Charge Revenues								
4	Power Charge Accounts Operating Revenues	115	316	79	509	227	662	110	999
5	Power Charge Revenues from Direct Access Customers	-	-	-	-	40	55	3	99
6	**Total Power Charge Revenues**	**115**	**316**	**79**	**509**	**268**	**717**	**113**	**1,098**
7	IOU Specific Revenue								
8	Surplus (Off-System Sales) Revenue	-	-	-	-	-	-	-	-
9	Extraordinary Receipts	-	-	-	-	(486)	-	-	(486)
10	Avoidable Revenues	-	-	-	-	44	6	44	95
11	ISO Reimbursement	-	-	-	-	-	-	-	-
12	Non-IOU Specific Revenue								
13	(Non-IOU Specific Revenue % Allocator)	*42.20%*	*47.50%*	*10.30%*	*100.00%*	42.20%	47.50%	10.30%	100.00%
14	Williams (RMR, and ISO Market)	-	-	-	-	-	-	-	-
15	Extraordinary Receipts (see breakout below)	-	-	-	-	104	117	25	245
16	Non-Avoidable Revenue	-	-	-	-	0	14	1	16
17	**Total Non-IOU Specific Revenue**	-	-	-	-	**104**	**131**	**27**	**262**
18	**Subtotal**	-	-	-	-	**(338)**	**137**	**71**	**(130)**
19	Interest Earnings on Fund Balances	3	3	1	6	2	2	0	4
20	**Total Power Charge Accounts Operating Revenues**	**118**	**319**	**79**	**515**	**(69)**	**856**	**185**	**972**
21									
22	Power Costs								
23	*Non-Avoidable % Allocator*	*42.20%*	*47.50%*	*10.30%*	*100.00%*	*42.20%*	*47.50%*	*10.30%*	*100.00%*
24	Non Avoidable Costs	218	1,100	143	1,461	209	984	161	1,355
25	Williams Gas Adjustment - projected for remainder of year	0	0	0	0	-	-	-	-
26	Net Non Avoidable Costs	218	1,100	143	1,461	209	984	161	1,355
27	Avoidable Costs	9	31	104	145	51	19	101	171
28	Total Contract Costs	228	1,131	248	1,606	260	1,004	262	1,526
29	Other Non-Allocated Costs	-	-	-	-	(1)	(1)	(0)	(3)
30	**Total Power Costs**	**228**	**1,131**	**248**	**1,606**	**259**	**1,002**	**262**	**1,523**
31									
32	Gas Collateral Costs	9	33	4	46	15	7	10	32
33	Administrative and General Expenses	11	13	3	27	8	9	2	19
34	**Total Power Charge Accounts Operating Expenses**	**248**	**1,177**	**254**	**1,679**	**282**	**1,018**	**274**	**1,574**
35									
36	Net Operating Revenues	(131)	(858)	(175)	(1,164)	(350)	(162)	(89)	(601)
37									
38	**Ending Aggregate Balance in Power Charge Accounts**				**430**			**$**	**1,013**

* applicable to true-up calculations only

(END OF APPENDIX A)

APPENDIX B
Exhibit List

Exh. No.	Description/Title of Exhibit
SDG&E-1	Agreement Regarding Procedures Applicable to the Return of Net Negative DWR Power Charge Revenue Requirements

(END OF APPENDIX B)