Decision **PROPOSED DECISION OF ALJ TSEN** (Mailed 12/5/14)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2015 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast (U39E).	Application 14-05-024 (Filed May 30, 2014)
And Related Matter.	Application 14-08-023

DECISION ADOPTING PACIFIC GAS AND ELECTRIC COMPANY'S 2015 ELECTRIC PROCUREMENT COST REVENUE REQUIREMENT FORECAST AND GRANTING THE COMPANY'S TRIGGER APPLICATION

Table of Contents

Title **Page**

DECISION ADOPTING PACIFIC GAS AND ELECTRIC COMPANY'S 2015 ELECTRIC PROCUREMENT COST REVENUE REQUIREMENT FORECAST AND GRANTING THE COMPANY'S TRIGGER APPLICATION 1
Summary 2
1. Background 3
2. Party Positions 5
2.1. ERRA Application 5
2.1.1. Marin Clean Energy 5
2.1.2. Agricultural Energy Consumers Association and California Farm Bureau Federation 5
2.1.3. Direct Access Customer Coalition and Alliance for Retail Energy Markets 5
2.1.4. Merced Irrigation District and Modesto Irrigation District 6
2.1.5. California Large Energy Consumers Association 6
2.1.6. Office of Ratepayer Advocates 6
2.1.7. Power and Water Resources Pooling Authority 6
2.1.8. Pacific Gas and Electric 7
2.2. Trigger Application 7
2.2.1. PG&E 7
3. PG&E's Updated Request 8
4. Discussion 10
5. Procedural Issues 13
5.1. Categorization and Need for Hearings 13
5.2. Motions to File Under Seal, for Confidential Treatment, and to Seal Evidentiary Record 13
5.2.1. Discussion - Confidential Treatment and Filing Under Seal 15
6. Reduction of Comment Period 16
7. Assignment of Proceeding 17
Findings of Fact 17
Conclusions of Law 20
ORDER 21

Attachment A: Stipulation among Pacific Gas and Electric Company…

DECISION ADOPTING PACIFIC GAS AND ELECTRIC COMPANY'S 2015 ELECTRIC PROCUREMENT COST REVENUE REQUIREMENT FORECAST AND GRANTING THE COMPANY'S TRIGGER APPLICATION

Summary

Today's decision adopts a 2015 electric procurement cost revenue requirement forecast of $5,359.2 million for Pacific Gas and Electric Company (PG&E).

Today's decision also approves PG&E's 2015 electric sales forecast and approves PG&E's rate proposals associated with its electric procurement related revenue requirements to be effective in rates January 1, 2015. By approving PG&E's Energy Resource Recovery Account (ERRA) revenue requirement forecast, we are also granting PG&E's request in Application (A.) 14-08-023[1] to collect a projected $423.7 million undercollection in its proposed 2015 rates.

PG&E may request that $5,359.2 million be included in rates at January 1, 2015, via a Tier 1 advice letter. PG&E revenue requirements will be consolidated with the revenue requirement changes under other Commission decisions in the Annual Electric True-up process. The rate changes will be effective on January 1, 2015.

We reserve our decision on the limited issue of vintaging methodology to be resolved in a second phase of A.14-05-024 in 2015.

[1] PG&E Filed A.14-08-023 Expedited Application of PG&E Regarding Energy Resource Recovery Account Trigger Mechanism to recover its projected 2014 undercollection.

1. Background

Pacific Gas and Electric Company (PG&E) filed Application (A.) 14-05-024 on May 30, 2014, seeking Commission approval of its 2015 Energy Resource Recovery Account (ERRA) forecast (ERRA Application). PG&E's total forecasted 2015 revenue requirements of $5,752.9 million, which represents an increase when compared to the revenue provided in current rates. PG&E asserts that the increase was due to several circumstances, such as higher than forecasted market prices for natural gas and electricity and replacement power purchases for reduced energy from hydroelectric sources, due to severe drought conditions. PG&E also pointed to a decrease in forecast because of a rise in Renewable Portfolio Standard (RPS) costs offset by lower Qualifying Facility (QF) and conventional generation capacity costs.

PG&E's Application was accompanied by prepared testimony consisting of eleven chapters and Appendix A.

The Office of Ratepayer Advocates (ORA) filed a protest to the Application on July 2, 2014. On July 2, 2014 an additional protest was filed by Direct Access Customer Coalition (DACC) and Alliance for Retail Energy Markets (AReM). On July 2, 2014, responses were filed by Marin Clean Energy (MCE), as well as jointly filed by Merced Irrigation District and Modesto Irrigation District (MID), and the Agricultural Energy Consumers Association (AECA), and the California Farm Bureau Federation (CFBF), which essentially served as additional protests. PG&E filed a reply to protests on July 15, 2014.

Power and Water Resources Pooling Authority (PWRPA) filed a Motion for Party Status on July 8, 2014 which was granted by the assigned Administrative Law Judge (ALJ) on August 1, 2014. On July 23, 2014, the Commission held a workshop, at which PG&E further explained the factors

affecting its forecast. A prehearing conference (PHC) was held in San Francisco on August 1, 2014 to determine a service list for the proceeding, consider the scope of the proceeding and to develop a procedural timetable for the management of the proceeding. On August 22, 2014, MCE served testimony and AECA and CFBF jointly served testimony. On September 2, 2014 PG&E served its rebuttal testimony and AReM and DACC served their rebuttal testimony, jointly.

The Scoping Memorandum and Ruling of Assigned Commissioner (Scoping Memo) in the ERRA Application was issued September 3, 2014. On September 5, 2014, PG&E informed the assigned ALJ via electronic mail (e-mail) that all parties to the ERRA Application agreed that evidentiary hearings would not be required. AREM and DACC, CFBF and AReM, CLECA, PG&E and MCE filed their opening briefs on September 22, 2014. MCE and PG&E filed reply briefs on September 29, 2014.

On August 29, 2014 PG&E filed A.14-08-023 regarding a forecasted undercollection in its ERRA balancing account (Trigger Application).[2] PG&E forecasts that its ERRA account undercollection will be 8.17%, or 516.2 million by December 31, 2014. Rather than requesting an immediate change in rates, PG&E requested to address the undercollection through 2015 rates proposed in the ERRA Application. On September 22, 2014 the assigned ALJ issued an e-mail ruling setting PHC and required a joint case management statement on whether

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[2] Public Utilities (Pub. Util.) Code Section 454.3(d)(3) enacted by Assembly Bill (AB) 57 (Stats. 2002, Ch. 835), a trigger threshold of 5% of the electric utility's actual recorded generation revenues for the prior calendar year was established. The Commission, in Decision (D.) 02-10-062 directed the utility to file an expedited application for approval in 60 days when the new ERRA balance hits four percent.

the ERRA Application and the Trigger Application should be consolidated. The parties filed the joint case management statement on September 26, 2014, agreeing that the proceedings should be consolidated and that hearings are not necessary. A PHC was held on September 29, 2014 to determine additional issues and on October 6, 2014 the ALJ issued a ruling consolidating the proceedings A.14-05-024 and A.14-08-023 and amending the scope.

2. Party Positions

2.1. ERRA Application

2.1.1. Marin Clean Energy

In its Response to PG&E's Application and testimonies, MCE presented concerns about the Power Charge Indifference Adjustment (PCIA) vintaging methodology used by PG&E when extending contracts, and whether PG&E's methods of calculating its forecast assumptions are in accordance with Commission requirements.

2.1.2. Agricultural Energy Consumers Association and California Farm Bureau Federation

In their response to PG&E's Application, AECA and CFBF advocated that: 1) the Commission require PG&E to continue to provide agricultural sales data, but with more detail, in its annual ERRA Application filing; and 2) that weather fluctuations reflected in sales be taken into consideration when setting revenue requirements and rates for the agricultural class.

2.1.3. Direct Access Customer Coalition and Alliance for Retail Energy Markets

AReM and DACC did not file testimony but, in their protest to the Application, expressed concerns in the calculation and rate treatment of costs charged to Direct Access (DA) customers including calculation of the PCIA, the

Competition Transition Charge (CTC) and Cost Allocation Mechanism (CAM) charge.

2.1.4. Merced Irrigation District and Modesto Irrigation District

MID did not file testimony, but in their response to the Application, explained that they sought to: 1) ensure that Ongoing CTC is properly calculated, and 2) clarify the nature and extent of any New System Generation Charge PG&E proposes to impose on incremental Transferred Municipal Departing Load (MDL).

2.1.5. California Large Energy Consumers Association

California Large Energy Consumers Association (CLECA) did not file testimony, but in its brief it requested that the Commission reconcile the compliance of PG&E's allocation of the negative indifference credit to the pre-2009 Direct Access customer vintage with Commission principles.

2.1.6. Office of Ratepayer Advocates

The protest filed by the Office of Ratepayer Advocates (ORA) first sets forth the statutory authority for ERRA balancing accounts, then describes ORA's obligation to analyze the cost inputs and pricing utilized by PG&E in developing its forecast on behalf of ratepayers. ORA indicates that its examination would concentrate on PG&E's estimates of underlying gas prices, load, and other cost inputs to PG&E's model used in determining the forecast revenue requirement.

2.1.7. Power and Water Resources Pooling Authority

PWRPA did not file testimony, but in its motion for party status it expressed concern and interest in identifying, examining, and addressing issues related to PG&E's various non-by passable charge calculations for 2014,

including the PCIA and CTC. In particular PWRPA is concerned about the absence of supporting information and analysis in PG&E's proposal for charging a unique non-by passable charge relating to the QF/Combined Heat and Power CHP settlement agreement adopted by the Commission in D.10-12-035 and D.11-07-010 (New System Generation Charge).

2.1.8. Pacific Gas and Electric

In its reply to protests, filed testimony, rebuttal testimony, and briefs, PG&E maintains that the calculations supporting the forecast comply with Commission decisions, but that in any case, issues of methodology introduced by protests concerning the various calculations supporting its forecasts are outside of the scope of this ERRA proceeding. PG&E generally contends that the concerns about calculation methodology expressed by MCE and other parties should be taken up in a proceeding where methodology is under review. PG&E also requested that the Commission adopt the stipulation between PG&E, AECA, and CFBF.

2.2. Trigger Application

2.2.1. PG&E

PG&E's November update indicates an ERRA undercollection balance of $423.7 million by December 31, 2014.[3] PG&E attributes the undercollection primarily to: 1) unexpectedly higher gas and electric prices; and 2) lower hydro generation. PG&E's current effective ERRA rate uses the September 20, 2013 forward gas and power prices presented in its 2014 ERRA forecast November update (A.13-05-015), and approved by the Commission in

[3] PG&E November Update Table 10-2.

D.13-12-043. PG&E states that based on actual transactions and updated forecasts, natural gas prices increased by approximately 24% which affected PG&E's procurement costs. In addition, severe statewide drought conditions have limited hydro generation.[4]

Section 454.5(d)(3) and D.02-12-062 established the trigger mechanism through which a utility may timely recover or refund an ERRA balance when it reaches the threshold described above. Rather than requesting an immediate change to current rates, PG&E seeks Commission approval to recover the undercollection in the rates proposed in its 2015 ERRA application.

No parties to the consolidated proceedings have objected to PG&E's proposal.

3. PG&E's Updated Request

On November 4, 2014, PG&E served its Update, corrected on November 6, 2014, requesting adoption of a total 2015 electric procurement revenue requirement forecast of $5,359.2 million, which is approximately $393.8 million less than its May 30, 2014 application. This total is approximately $65.8 million higher than the 2014 revenue requirement currently reflected in present rates. Pursuant to the update, the $5,359.2 million consists of PG&E's 2015 ERRA revenue requirement forecast of $5,020.1 million, an Ongoing CTC revenue requirement forecast of $31.6 million,[5] a PCIA revenue requirement of

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[4] PG&E Prepared Testimony at 10-5 to 10-7.

[5] The Ongoing CTC forecast revenue requirement consists of the above-market costs associated with eligible contract arrangements entered into before December 20, 1995, and QF contract restructuring costs. CTC costs are recorded in the Modified Transition Cost Balancing Account.

$61.1 million,[6] D.06-07-030 PCIA forecast revenue requirement credit of $1.5 million, and the CAM forecast revenue requirement of $247.9 million.[7] According to PG&E, these updates reflect: 1) updated forward electric and gas prices; 2) an update to the final market price benchmark for certain non-bypassable charges; 3) more recent estimate of year-end account balances; 4) an update to the load forecasts of Sonoma Clean Power (SCP) and MCE; 5) updated load forecast to account for acquisition of the Hercules Municipal Utility; 6) updates to power purchase agreements that were pending approval at the Commission at the time of PG&E's original application; 7) update to the Department of energy spent fuel fee; 8) updates to reflect tier rate changes due to the issuance of D.14-06-29; 9) updates to the 12-month coincident peak load valued that are used in the New System Generation charge calculation; 10) a modified list of CAM-eligible contracts for those executed or renewed since June; and 11) the lump sum payment made by Modesto Irrigation District for the Transferred Municipal Departed Load non-bypassable charge obligation for Mountain House customers. Finally, the November update also shows a

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[6] The PCIA is applicable to departing load customers that are responsible for a share of the Department of Water Resources (DWR) power contracts or new generation resource commitments. The PCIA is intended to ensure that: 1) the departing load customers pay their share of the above-market portion of the DWR contract or new generation resource costs, and 2) bundled customers remain indifferent to customer departures. The utilities provide data to the Commission's Energy Division, which then performs calculations and provides results back to the utilities.

[7] The CAM revenue requirement arises from D.10-12-035, in which the Commission adopted a "QF/CHP Program Settlement Agreement" that resolved outstanding QF issues and provided for a transition from the existing QF program to a new QF/CHP program. In that decision, the Commission adopted the CAM as a method of recovering QF/CHP program costs through non-bypassable charges.

reduction in the projected trigger undercollection from $516.24 million to $423.7 million.

4. Discussion

No protesting party provided alternatives to the forecasted amounts proposed by PG&E in its ERRA or Trigger Applications. We find PG&E's ERRA forecast revenue requirement, pursuant to its Application, Amendment to its Application, and Update, to be reasonable and adopt it herein. By adopting PG&E's ERRA forecast revenue requirements, we also find reasonable, and authorize PG&E's request to recover its projected 2014 undercollection in rates to take effect on January 1, 2015.

In addition, PG&E's forecast of electric sales and proposed associated electric rates in Exhibit PG&E-1, PG&E-2, and PG&E-3, which are subject to the AET process,[8] should be adopted. These rates should be effective January 1, 2015.

Based on the joint response filed by AECA and CFBF, we asked parties to address whether PG&E should provide agricultural class sales data as part of its future ERRA applications. PG&E, AECA, and CFBF were able to come to

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[8] Pursuant to Commission Resolutions E-3906, E-3956, E-4032, E-4121, E-4217, E-4289, and E-4379, PG&E is required to file an advice letter by September 1st of each year with its preliminary forecast of electric rate changes expected to be effective January 1st of the following year. Pursuant to these resolutions, the AET advice letter provides a preliminary estimate of PG&E's electric rates expected to be effective on January 1st of the upcoming year. These preliminary estimates of rates include: 1) the forecast of balancing account balances (for December 31st of the current year) that will be amortized in the upcoming year; and 2) electric rate changes being considered in pending proceedings and advice letters, as well as advice letters that have not yet been filed but are expected to be filed and approved by the last Commission meeting date of the current year; but exclude 3) rate impacts that are subject to pending legislation, which would result in changes to electric rates on January 1st of the upcoming year.

agreement on this issue and submitted a joint stipulation resolving the matter. In future ERRA proceedings, PG&E has agreed to provide a summary of agricultural class sales data in its Forecast ERRA application. PG&E will also provide detailed information to AECA and CFBF as a response to any data requests. The compromise provides the requested information to interested parties without unduly increasing the size of future ERRA applications. We find the stipulation to be reasonable and adopt the stipulation attached as Attachment A.

PG&E, MCE, AReM and the DACC all submitted testimony on the issue of PCIA vintages. MCE proposes modifying the current approach to allocation of certain non-bypassable charges. Rather than considering ratepayer indifference within each separate customer vintage, MCE proposes considering overall ratepayer indifference to departing load as a whole,[9] across different vintage years. Pre-2009 vintage customers have accumulated a negative indifference amount to exceed 1 billion by the end of 2014, and MCE proposes that it be used to offset the indifference amount for customers in other vintages. DACC and AReM oppose MCE's proposal and advocate for customers of each vintage retaining any negative balance it accumulates. We find MCE's proposal to be unpersuasive. Pre-2009 vintage negative indifference amounts were accrued by direct access customers before the establishment of any community choice aggregations. It is unreasonable to allocate negative PCIA amounts accrued by one group of departing customers (Direct Access Customers) to another group of departing load customers (Community Choice Aggregation Customers).

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[9] MCE Testimony at 12.

Pre-2009 DA customers accrued the negative PCIA credits, and the credits should rightfully stay with that group. We note that MCE went beyond the scope of the current proceeding when it brought up negative PCIA balances after the issuance of the scoping memorandum. We reviewed PCIA charges to ensure compliance with past Commissions decisions and resolutions only, rather than the new issue on the application of negative balances. In comments to the Proposed Decision, MCE asks the issue of negative indifference amount be allowed in another proceeding. We decline to adopt that recommendation. If the issue of PCIA negative indifference amount is within the scope of another proceeding, it will be more appropriately addressed and included within the scope by the assigned Commissioner and ALJ of that proceeding.

The parties also raised issues related to vintaging. The first is how vintages are assigned to a particular service point, and the second relates to new service points established within a CCA territory after the phase in date. Because these issues may potentially affect other utilities such as San Diego Gas and Electric Company and Southern California Edison Company, participation by all interested parties should be allowed. We reserve these issues to be resolved in a second phase of the current proceeding, which will be clarified with the issuance of a new scoping memorandum in early 2015.

Finally, we asked parties to address any safety issues in the consolidated proceedings. In its Opening Brief, PG&E states that there are no safety issues since the proceeding does not involve authorization to procure energy from certain resources, nor does it concern PG&E's utility owned generation.[10] Safe

[10] PG&E Opening Brief at 13.

and reliable provision of utilities at predictable rates promotes public safety. Commission review of the ERRA Forecast and the Trigger application ensures that utilities use reasonable assumptions in arriving at the forecast and provide rate certainty to bundled customers. Procedural Issues

5. Categorization and Need for Hearings

In Resolution ALJ 176-3337, dated June 12, 2014, the Commission preliminarily categorized A.14-05-024 (ERRA forecast application) as ratesetting, and preliminarily determined that hearings were necessary. As noted above, on September 5, 2014, PG&E notified the assigned ALJ that PG&E had reached agreement with all active parties that hearings would not be necessary in this proceeding.

In Resolution ALJ 176-3342, dated September 11, 2014, the Commission preliminarily categorized A.14-08-023 (the Trigger application) as ratesetting, and preliminarily determined that hearings were necessary. As noted above, on September 26, 2014, PG&E notified the assigned ALJ that PG&E had reached agreement with all active parties that hearings would not be necessary in this proceeding.

Given these developments, we make a final determination here that the category is ratesetting, and a public hearing is not necessary in the consolidated proceedings.

5.1. Motions to File Under Seal, for Confidential Treatment, and to Seal Evidentiary Record

On October 30, 2014, PG&E filed a motion in which it requested authority to file confidential material under seal, including the confidential documents contained in a data request from Energy Division with monthly procurement

costs recorded in the New System Generation Balancing Account and Non-Tariff Balancing Account, pursuant to Rule 11.4 and General Order (GO) 66-C.

On November 4, 2014, PG&E filed two motions in which it requested authority to file confidential material under seal. The first motion included: (1) the Prepared Testimony served by PG&E in this proceeding on May 30, 2014, which has been designated as Exhibit PG&E-1 (the public version of PG&E's Prepared Testimony) and PG&E-1-C (the confidential version of the PG&E Testimony); and 2) The Update to Prepared Testimony served by PG&E in this proceeding on November 4, 2014, which has been designated as Exhibit PG&E-3 (the public version of PG&E's November update) and PG&E-3-C (the confidential version of PG&E's November Update), pursuant to Rule 11.4 and GO 66-C. The second motion requested authority to file confidential material under seal, including the contents of an *ex parte* communication containing pricing data from a third party vendor for calculations of the green and brown adder for non-bypassable charges provided to Energy Division and PG&E, filed pursuant to Rule 11.4 and GO 66-C.

On November 6, 2014, PG&E filed a motion in which it requested authority to file confidential material under seal, including the contents of an *ex parte* communication containing the confidential update to testimony served by PG&E on November 6, 2014, pursuant to Rule 11. 4 and GO 66-C. On November 14, 2014, PG&E filed a motion in which it requested authority to file confidential material under seal, including the contents of an *ex parte* communication containing the confidential update to testimony served by PG&E in this proceeding on November 6, 2014, pursuant to Rule 11.4 and GO 66-C. On November 20, 2014, PG&E filed a motion in which it requested authority to file confidential material under seal, including the contents of an *ex parte*

communication containing the confidential version of testimony served by PG&E in this proceeding on May 30, 201, pursuant to Rule 11.4 and GO 66-C.

Rule 11.4 addresses a request to seal documents that have been filed, while Rule 11.5 addresses sealing all or part of an evidentiary record. GO 66-C provides definitions and guidance regarding public and confidential records provided to and requested from the Commission. By D.06-06-066, we implemented Senate Bill (SB) 1488[11] which required that we examine our practices regarding confidential information, as it applies to the confidentiality of electric procurement data (that may be market sensitive) submitted to the Commission.

5.1.1. Discussion - Confidential Treatment and Filing Under Seal

PG&E states that Exhibits PG&E-1-C, and PG&E-3-C, contain confidential information, including market sensitive information such as forecasts of load, sales, and purchase power requirements, that if disclosed would put PG&E at a competitive disadvantage. PG&E has requested confidential treatment for the same information contained in its *ex parte* notices filed on November 4, November 6, November 14, and November 20, 2014.

We have granted similar requests for confidential treatment in the past[12] and do so again herein. We therefore authorize the confidential treatment, pursuant to GO 66-C and D.06-06-066, of PG&E's Exhibits PG&E-1-C and PG&E-3-C as set forth in the ordering paragraphs of this decision.

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[11] Chapter 690, Stats. 2004.

[12] *See* D.11-12-031.

Since the confidential versions of PG&E's Prepared Testimony and Update to Prepared Testimony are filed, we grant PG&E's motion to file these documents under seal pursuant to Rule 11.4. Pursuant to Rule 11.5, we seal the confidential portions of the evidentiary record, which include Exhibits PG&E-1C and PG&E3-C.

PG&E states that documents filed in its ex parte notice, served on October 30 and November 4, 2014 contain confidential information, including market sensitive information and monthly electric procurement costs, that if disclosed would put PG&E at a competitive disadvantage.

We have granted similar confidential treatment in the past[13] and do so again herein. We therefore authorize the confidential treatment, pursuant to D.06-06-066, of the documents filed in PG&E's *ex parte* notices filed on October 30 and November 4, 2014.

The confidential versions of PG&E's *ex parte* notices are filed in this proceeding, we thus grant PG&E's motion to file these documents under seal pursuant to Rule 11.4.

6. Reduction of Comment Period

Pursuant to Rule 14.6(b) of the Commission's Rule 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 10 days. Pursuant to the parties' stipulation, PG&E filed comments on December 11, 2014, MCE and ORA filed comments on December 15, 2014. Comments which pertain

[13] *Id.*

to the proposed decision and is supported by the record has been addressed accordingly.

7. Assignment of Proceeding

Michel Peter Florio is the assigned Commissioner and S. Pat Tsen is the assigned ALJ in this proceeding.

Findings of Fact

1. By Resolution ALJ 176-3337, dated June 12, 2014, A.14-05-025 was categorized as ratesetting with hearings needed.

2. By Resolution ALJ 176-3342, dated September 11, 2014, A.14-08-023 was categorized as ratesetting with hearings needed.

3. Protests to A.14-05-023 (ERRA Forecast) were filed by ORA, MCE, jointly by AReM and DACC, and jointly by MID and AECA and CFBF. PG&E filed a reply to protests on July 15, 2013.

4. No protests were filed on A.14-08-023 (Trigger Application).

5. A.14-05-024 and A.14-08-023 were consolidated by ALJ Ruling on October 6, 2014.

6. After service of testimony, parties to the consolidated proceedings agreed that hearings were not necessary.

7. PG&E's updated 2015 ERRA forecast revenue requirement, Ongoing CTC forecast revenue requirement, PCIA credit, CAM revenue requirement, sales forecast and associated rates, are supported by exhibits and filed documents.

8. In A.14-05-024, PG&E requests, pursuant to its Application, Amendment to its Application, Update, and Revised Update, that the Commission adopt a total 2015 electric procurement forecast of $5,359.2 million, consisting of PG&E's 2015 ERRA revenue requirement forecast of $5,020.1 million, an Ongoing CTC revenue requirement forecast of $31.6 million, a PCIA revenue requirement of

$61.1 million, D.06-07-030 PCIA forecast revenue requirement credit of $1.5 million, and the CAM forecast revenue requirement of $247.9 million.

9. In A.14-08-023, PG&E requests, pursuant to its Application and Update, that the Commission authorize it to recover a projected $423.7 million ERRA undercollection through rates proposed in its 2015 ERRA Application.

10. No protesting party provided alternatives to the 2015 forecasted amounts requested by PG&E for ERRA, Ongoing CTC, PCIA credit, CAM revenue requirement, and electric sales and rates.

11. No parties protested A.14-08-023.

12. The total 2015 electric procurement forecast of $5,359.2 million is approximately $65.8 million higher than the 2014 revenue requirement currently in present rates.

13. PG&E's November update reflects: 1) updated forward electric and gas prices; 2) an update to the final market price benchmark for certain non-bypassable charges; 3) more recent estimate of year-end account balances; 4) an update to the load forecasts of SCP and Marin Clean energy; 5) updated load forecast to account for acquisition of the Hercules Municipal Utility; 6) updates to power purchase agreements that were pending approval at the Commission at the time of PG&E's original application; 7) update to the Department of energy spent fuel fee; 8) updates to reflect tier rate changes due to the issuance of D.14-06-209; 9) updates to the 12-month coincident peak load valued that are used in the New System Generation charge calculation; 10) modified the list of CAM-eligible contracts for those executed or renewed since June; and 11) accounts for the lump sum payment made by Modesto Irrigation District for the Transferred Municipal Departed Load non-bypassable charge obligation for Mountain House customers.

14. PG&E, the Agricultural Energy Consumers Association and California Farm Bureau Federation entered and submitted a joint stipulation resolving the issue on agricultural class sales data.

15. MCE requests that negative PCIA balances be distributed to departing load customers across vintages.

16. Negative PCIA balances were accrued pre-2009, by Direct Access customers prior.

17. MCE and DACC request that Commission review PG&E's current method of assigning vintages to existing and new service points for departing customers.

18. A Commission determination on vintaging methodology would affect utilities other than PG&E.

19. In its reply comments, PG&E states that it is using existing methodologies in its vintage assignments in the current proceeding.

20. Rule 11.4 addresses a request to seal documents that have been filed.

21. Rule 11.5 addresses sealing all or part of an evidentiary record.

22. By D.06-06-066, we set forth guidelines for confidential information, as it applies to the confidentiality of electric procurement data (that may be market sensitive) submitted to the Commission.

23. PG&E requested that selected exhibits be given confidential treatment pursuant to GO 66-C and D.06-06-066.

24. We have granted similar requests for confidential treatment in the past.

25. PG&E requested that the confidential version of its Application and Amendment to its Application be filed under seal pursuant to Rule 11.4.

26. PG&E requested that the confidential portions of the evidentiary record be sealed pursuant to Rule 11.5.

Conclusions of Law

1. PG&E's updated 2015 ERRA revenue requirement forecast of $5,020.1 million, an Ongoing CTC revenue requirement forecast of $31.6 million, a PCIA revenue requirement of $61.1 million, D.06-07-030 PCIA forecast revenue requirement credit of $1.5 million, and the CAM forecast revenue requirement of $247.9 million should be adopted.

2. PG&E's updated 2014 ERRA Trigger application forecasting an undercollection in the amount of $423.7 million should be granted.

3. The stipulation between PG&E, the Agricultural Energy Consumers Association and California Farm Bureau Federation should be approved as part of this decision and PG&E should provide agricultural class sales data to AECA and CFBF upon the parties filing of a data request.

4. MCE's request to allocate negative PCIA balances accrued by DA customers to CCA customers should be denied.

5. The issue on vintaging methodology should be resolved in the second phase of this proceeding.

6. PG&E's 2015 forecast of electric sales and associated rates should be adopted, subject to the AET process.

7. PG&E's calculation of the forecast 2015 ERRA, Ongoing CTC, PCIA, and CAM should be in compliance with all applicable Commission decisions and requirements.

8. We should authorize the confidential treatment of PG&E's Exhibits PG&E-1C and PG&E-3-C, pursuant to GO 66-C and D.06-06-066.

9. We should grant PG&E's motion to file the confidential versions of its Testimony and Update to Testimony under seal pursuant to Rule 11.4.

10. We should seal the confidential portions of the evidentiary record, which consist of Exhibit PG&E-1-C and PG&E-3-C, pursuant to Rule 11.5.

11. This decision should be effective immediately so that it may be reflected in rates effective January 1, 2015.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company (PG&E) is authorized to recover a total 2015 electric procurement cost revenue requirement forecast of $5,359.2 million, which consists of PG&E's 2015 Energy Resource Recovery Account revenue requirement forecast of $5,020.1 million, an Ongoing Competition Transition Charge revenue requirement forecast of $31.6 million, a Power Charge Indifference Adjustment (PCIA) revenue requirement of $61.1 million, Decision 06-07-030 PCIA forecast revenue requirement credit of $1.5 million, and the Cost Allocation Mechanism forecast revenue requirement of $247.9 million.

2. Pacific Gas and Electric Company is authorized to recover the projected $423.7 million 2014 Energy Resource Recovery Account (ERRA) undercollection in the approved 2015 ERRA revenue requirements.

3. Pacific Gas and Electric Company's requested 2015 forecast of electric sales and associated rates are adopted, subject to the Annual Electric True-up process.

4. Pacific Gas and Electric Company shall consolidate the revenue requirement and sales forecast adopted in this order with the revenue requirement effects of other recent Commission decisions through the Annual Electric True-Up process.

5. Pacific Gas and Electric Company's calculation of the forecast Energy Resource Recovery Account forecast, forecast Ongoing Competition Transition Charge, forecast Power Charge Indifference Amount, and forecast Cost Allocation Methodology must be in compliance with all applicable Commission decisions and requirements.

6. We approve the joint stipulation submitted by Pacific Gas and Electric Company, the Agricultural Energy Consumers Association and California Farm Bureau Federation and attach it to this Decision as Attachment A.

7. Pacific Gas and Electric Company shall provide agricultural class data to the Agricultural Energy Consumers Association and California Farm Bureau Federation in response to the parties' data request in future Energy Resource Recovery Account Forecast Applications.

8. Pacific Gas and Electric Company's motion to file the confidential version of its Testimony and Update to Testimony under seal is granted, pursuant to Rule 11.4 of the Commission's Rules of Practice and Procedure.

9. Pacific Gas and Electric Company's (PG&E) Exhibits PG&E-1C and PG&E-3-C are granted confidential treatment for a period of three years from the date of this order. During this three-year period, this information may not be viewed by any person other than the assigned Commissioner, the assigned Administrative Law Judge (ALJ), the Assistant Chief ALJ, or the Chief ALJ, except as agreed to in writing by PG&E, or as ordered by a court of competent jurisdiction. If PG&E believes that it is necessary for this information to remain under seal for longer than three years, PG&E may file a motion providing a justification for a further extension at least 30 days before the expiration of the three-year period granted by this order.

10. The confidential portions of the evidentiary record, consisting of Exhibits PG&E-1-C and PG&E-3-C are sealed, pursuant to Rule 11.5 of the Commission's Rules of Practice and Procedure.

12. Hearings are not necessary.

13. Application 14-05-024 shall remain open to address vintaging methodologies in Phase II.

14. Application 14-08-023 is closed.

This order is effective today.

Dated _____, at San Francisco, California.