

APPENDIX A

**SETTLEMENT AGREEMENT ON RESIDENTIAL TIME-OF-USE RATE ISSUES IN
PG&E's 2015 RATE DESIGN WINDOW PROCEEDING (A.14-11-014)**

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 Settlement Agreement (Settling Parties) agree on a mutually acceptable outcome on the rate design issues in Application (A.) 14-11-014, "Application of Pacific Gas and Electric Company for Approval of its 2015 Rate Design Window Proposals" (commonly referred to as PG&E's 2015 RDW proceeding). The details of this Settlement Agreement are set forth herein.

This Settlement Agreement is a direct result of Administrative Law Judge (ALJ) Colette Kersten's and Assigned Commissioner Michel Florio's encouragement to the active parties to meet and seek a workable compromise. The active parties – Pacific Gas & Electric Company (PG&E), the Office of Ratepayer Advocates (ORA), and the Solar Energy Industries Association (SEIA) – hold differing views on numerous aspects of PG&E's initial residential TOU rate design proposals in this 2015 RDW proceeding. However the Parties bargained earnestly and in good faith to seek a compromise and to develop this Settlement Agreement, which is the product of arms-length negotiations among the Settling Parties on a number of disputed issues. During negotiations the Settling Parties considered the interests of all of the active parties on 2015 RDW TOU rate design issues and took into account the possibility that each Party may or may not prevail on any given issue. The Settling Parties affirm that this Settlement Agreement addresses each of these interests in a fair and balanced manner, and is reasonable, consistent with law and in the public interest.

The Settling Parties developed this Settlement Agreement by mutually accepting concessions and trade-offs among themselves. Thus, the various elements and sections of this Settlement Agreement are intimately interrelated, and should not be altered as the Settling Parties intend that this Settlement Agreement be treated as a package solution that strives to balance and align the interests of each party. Accordingly, the Settling Parties respectfully request that the

Commission promptly approve this Settlement Agreement without modification. Any material change to this Settlement Agreement shall render it null and void, unless all of the Settling Parties agree in writing to such changes.

II. SETTLING PARTIES

The Settling Parties in this 2015 RDW proceeding are as follows:

- Office of Ratepayer Advocates (ORA);
- Pacific Gas and Electric Company (PG&E); and
- The Solar Energy Industries Association (SEIA).

a. **PG&E** is an investor-owned public utility and is subject to the jurisdiction of the CPUC with respect to providing both gas and electric service to its CPUC-jurisdictional retail customers, including over 4.7 million residential electric customers.

b. **ORA** is a division of the Commission that represents the interests of public utility customers. Its goal is to obtain the lowest possible rate for service consistent with reliable and safe service levels. ORA has also been a strong advocate in R.12-06-013 (RROIR) for the widest possible residential TOU enrollment, as TOU rates are more cost-based than non-TOU rates. ORA has long supported a transition to default residential TOU with an opt-out to a menu of other rate choices, including optional TOU rates or a non-TOU rate Pursuant to California Public Utilities Code Section 309.5(a), in rate design matters, ORA is directed to primarily consider the interests of residential and small commercial customers.

c. **SEIA** is the national trade association of the United States solar industry. Through advocacy and education, SEIA and its approximately 1,000 member companies work to make solar energy a mainstream and significant energy source by expanding markets, removing barriers, strengthening the industry, and educating the public on the benefits of solar energy.

III. SETTLEMENT CONDITIONS

This Settlement Agreement resolves the issues raised by the Settling Parties in A.14-11-014, on certain residential time-of-use rate design issues, subject to the conditions set forth below:

1. This Settlement Agreement embodies the entire understanding and agreement of the Settling Parties with respect to the matters described, and it supersedes prior

oral or written agreements, principles, negotiations, statements, representations, or understandings among the Settling Parties with respect to those matters. In the event there is any conflict between the terms and scope of this Settlement Agreement as compared with the Joint Motion for Adoption that accompanies it, the Settlement Agreement shall govern.

2. This Settlement Agreement represents a negotiated compromise among the Settling Parties' respective litigation positions on the matters described, and the Settling Parties have assented to the terms of the Settlement only to arrive at the agreement embodied herein. Nothing contained in this 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 Settling Parties on these matters in this proceeding.
3. This 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 Settling Parties agree that this Settlement Agreement is reasonable in light of the testimony submitted, consistent with the law, and in the public interest.
5. The Settling Parties agree that the language in all provisions of this Settlement Agreement shall be construed according to its fair meaning and not for or against any Settling Party because that Settling Party or its counsel or advocate drafted the provision.
6. This Settlement Agreement may be amended or changed only by a written

agreement signed by the Settling Parties.

7. The Settling Parties shall jointly request Commission approval of this Settlement Agreement and shall actively support its prompt approval and subsequent implementation of all of its provisions. 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, advocacy to Commissioners and their advisors as needed (to the extent allowed by Commission Rules), and other appropriate means as needed to obtain the requested approval. The Settling Parties shall use their best efforts to obtain a final Commission decision approval of this Settlement Agreement, without modification, and find it reasonable, consistent with law and in the public interest, by the Commission's October 22, 2015 meeting.
8. The Settling Parties intend this Settlement Agreement to be interpreted and treated as a unified, integrated agreement. As such, the Settlement Agreement is to be treated as a complete package and not as a collection of separate agreements on discrete issues. To accommodate the various interests related to diverse issues, the Settling Parties acknowledge that changes, concessions, or compromises by a Party or Parties in one section of this Settlement Agreement resulted in changes, concessions or compromises by the Parties in other sections. Consequently, the Parties agree to affirmatively oppose any proposed substantive modification of this Settlement Agreement, whether proposed by any non-Settling Party, or by the Commission in a Proposed Decision or Alternate Proposed Decision, unless all Settling Parties jointly agree to support such modification.
9. In the event that the Commission's final decision rejects or modifies this

Settlement Agreement, the Settling Parties reserve their rights under Rule 12.4 of the CPUC's Rules of Practice and Procedure, and the Settlement Agreement should not be admitted into evidence in this or any other proceeding

10. This Settlement Agreement shall be interpreted, governed and construed under the laws of the State of California, including Commission decisions, orders and rulings, as if executed and to be performed wholly within the State of California.

IV. PROCEDURAL HISTORY

This proceeding began on November 25, 2014, when PG&E filed Application (A.) 14-11-014, *Application of Pacific Gas & Electric Company for Approval of its 2015 Rate Design Window Proposals* (Application).

On December 4, 2014, Resolution ALJ-176-3347 preliminarily categorized this proceeding as rate setting, and determined that hearings would be necessary. On December 26, 2014 and December 31, 2014, respectively, ORA and SEIA filed protests, to which PG&E responded on January 8, 2015. On December 16, 2014, a Notice of Prehearing Conference was issued by Chief Administrative Law Judge (ALJ) Timothy J. Sullivan.

On January 14, 2015, ALJ Colette Kersten presided over a Prehearing Conference (PHC) in San Francisco, established the service list for the proceeding, discussed the scope of the proceeding, and developed a preliminary procedural schedule.

On January 29, 2015, Assigned Commissioner Michel P. Florio issued a "Scoping Memo and Ruling of Assigned Commissioner" ("Scoping Memo") establishing the schedule and setting the scope for this proceeding as follows:

ISSUES DETERMINED TO BE WITHIN SCOPE

- ISSUE 1. Should the Commission approve PG&E's application with the following components, either as proposed or with modifications?
- ISSUE 1.A. Update of the summer season definition applicable to the proposed Schedule E-TOU (Time of Use) from six months, May through October, to four months, from June through September, shown in Table 1-1 in Chapter 1 Prepared Testimony (pp. 1-11).
- ISSUE 1.B. Update of the peak and off-peak TOU period hours applicable to the proposed Schedule from E-TOU from 1:00 pm to 7:00 pm to 4:00 pm to 9:00 pm^{1/} on non-holiday weekdays with all other hours being off-peak.
- ISSUE 1.C. Review of *illustrative* rates (with and without fixed charges) for the proposed E-TOU Optional Rate, shown in Table 1-2 Chapter 1 Prepared Testimony (pp. 1-9). Based on approved season definitions and TOU time periods (A and B above), the E-TOU illustrative rates for residential customers will be updated with actual numbers to reflect the revenue requirements and sales assumptions at the time of implementation.
- ISSUE 1.D. If the Commission decides to keep the E-6 and E-7 rate schedules open to customers for a significant period, authorization for PG&E to then implement the new TOU period for E-6 and E-7 rate schedules. (Note: The Commission is expected to make a decision regarding E-6 and E-7 rate schedules in Rulemaking (R.) 12-06-013^{2/} this Spring 2015.)
- ISSUE 2. Are the methods and assumptions that PG&E used to justify specific relief reasonable? If not, are other alternatives justified?
- ISSUE 3. Is the use of forecasted 2020 generation costs to set TOU periods for 2015 appropriate?
- ISSUE 4. Do PG&E's available studies adequately address customer preferences regarding moving the summer on-peak period into evening hours?
- ISSUE 5. Is it reasonable to change the TOU period definitions only for the residential and not for the non-residential rate schedules in this proceeding?

^{1/} References to the "top of the hour" for any given hour may be referred to in this document in one of two ways: either with "00" for the minutes (e.g., "9:00 pm"), or with no "00" and just a whole hour digit (e.g., 9 pm). Both mean the same thing in this document.

^{2/} See R.12-06-013, "Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations," issued June 28, 2012.

- ISSUE 6. If the Commission decides that the peak period should be shifted to later in the day, should existing solar customers (or customers who have made other specific investments in recognition of the current time periods) be allowed to remain on a rate schedule that maintains the existing peak period for a defined length of time?
- ISSUE 7. Is PG&E's request reasonable pursuant to Public Utilities Code § 451 that requires each public utility to "furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment and facilities...as are necessary to promote the safety, health, and comfort and convenience of its patrons, employees, and the public?"

On March 10 and March 18, 2015, PG&E served an errata version of Chapters 1, 2, 3 and 5 of its original testimony to correct data that PG&E had recently determined had not been adjusted to account for Daylight Saving Time and to correct other minor errors. On May 1, 2015, ORA and SEIA each served their opening testimony. On May 26, 2015, PG&E and SEIA served rebuttal testimony.

ALJ Kersten presided over two days of Evidentiary Hearings, on June 22 and 23, 2015. During those hearings, eight witnesses representing all three active parties' interests were cross-examined, including on methodological issues. At the end of hearings, ALJ Kersten received into evidence exhibits representing upwards of 500 pages of testimony, and confirmed the Scoping Memo schedule's briefing deadlines of a July 21, 2015 for opening briefs and August 11, 2015 for reply briefs.

Informal settlement negotiations between PG&E and SEIA began in early June and expanded to include ORA shortly after the completion of hearings.

On July 3, 2015, the CPUC issued a final decision (D.15-07-001) in Phase 1 of the Residential Rate Reform Order Instituting Rulemaking (RROIR, R.12-06-013), which resolved certain issues affecting this proceeding.

On July 6, 2015, SEIA made a motion for an extension of the established briefing deadlines to allow the active parties more time to continue their ongoing settlement discussions, so as to take into account the RROIR decision, and still attempt to complete a Settlement

Agreement for submittal within 30 days after the last day of hearings (i.e., July 23, 2015), as provided for in Rule 12.1(a) of the Commission's Rules of Practice and Procedure. On July 6, 2015, ALJ Kersten granted that motion, stating "[i]f parties are unable to submit a settlement by July 23, 2015 as contemplated, then opening briefs shall be due on August 4, 2015 ... and reply briefs ... on August 25, 2015."

On July 10, 2015, PG&E served the required seven-day Notice of Settlement Conference on all Parties to A.14-11-014. The noticed Settlement Conference was held on July 20, 2015.

PG&E, SEIA and ORA were able to memorialize a final agreement and file this Joint Motion for Approval of Settlement Agreement on July 23, 2015 in a manner fully compliant with the Commission's rules

V. SETTLEMENT TERMS

Considering and both recognizing and compromising the litigation positions taken by the individual parties, the 2015 RDW Setting Parties agree to the rate design terms set forth in this Settlement Agreement. The rate design features agreed to in this Settlement Agreement are reasonable based on the record in this proceeding.

The Settling Parties agree to resolve the issues in this proceeding as follows:

A. E-TOU SCHEDULES

The Settling Parties have agreed to the implementation of two optional E-TOU rates with variations on peak hours so as to provide customer choice. The first is referred to herein as E-TOU-A (with Baseline Credit) and the second as E-TOU-B (without Baseline Credit).^{3/} Each shall have a California Alternative Rates for Energy (CARE) counterpart, termed EL-TOU-A (with Baseline Credit) and EL-TOU-B (without Baseline Credit). All references to E-TOU-A (with Baseline Credit) and E-TOU-B (without Baseline Credit) below shall be construed to

^{3/} The Settling Parties also agree that PG&E may develop different customer-facing names for E-TOU-A (with Baseline Credit) and E-TOU-B (without Baseline Credit) through pre-launch market research with residential customers. If PG&E deems different customer-facing names would be advisable, the Settling Parties agree that PG&E may make such a change by Advice Letter.

include the corresponding CARE counterpart rate schedule unless otherwise expressly noted.

1. PEAK and OFF-PEAK PERIOD HOURS:

A. SCHEDULE E-TOU-A (With Baseline Credit) PEAK PERIOD HOURS:

A new optional TOU rate, referred to herein as Schedule E-TOU-A (with Baseline Credit), shall be made available to PG&E's residential customers starting in 2016, as required by D. 15-07-001,^{4/} and the peak period hours for Schedule E-TOU-A shall be **3 pm to 8 pm** on non-holiday weekdays, all year, with all other hours being off-peak and no partial peak hours. Customers taking service under Schedule E-TOU-A shall move to a 4pm - 9 pm peak period by a date certain of January 1, 2020.

B. SCHEDULE E-TOU-B (Without Baseline Credit) PEAK PERIOD

HOURS: An additional, alternative, new optional TOU rate, referred to herein as Schedule E-TOU-B (without Baseline Credit) shall also be made available to PG&E's residential customers, starting in 2016, at the same time the E-TOU-A becomes effective. The peak period hours applicable to the proposed Schedule E-TOU-B (without Baseline Credit) shall be **4 pm to 9 pm** on non-holiday weekdays, all year, with all other hours being off-peak and no partial peak hours, as supported by Chapters 2 and 3 of PG&E's testimony, and Chapters 1 and 2 of ORA's testimony. As allowed under the Commission's RROIR decision in D.15-07-001, Schedule E-TOU-B shall not have a baseline credit.^{5/}

2. CAPPING: Schedule E-TOU-B (without Baseline Credit) shall be subject to an initial enrollment cap of **225,000 customers**. Should Schedule E-TOU-B (without Baseline Credit) approach this initial cap due to substantial enrollment, PG&E shall be permitted to seek a higher enrollment cap in a future RDW or Phase 2 General Rate Case, including potentially in the required January 1, 2018 RDW filing addressing the terms for default TOU and other optional TOU residential rate design. Schedule E-TOU-A (with Baseline Credit) shall not be subject to any cap.

3. SUMMER SEASON DEFINITION: The definition of the summer season that shall be applicable to both proposed Schedules E-TOU-A and E-TOU-B shall be four months, from June through September, as shown in Table 1-1 in Chapter 1 of PG&E's Prepared Testimony (Exhibit PG&E-4, pp. 1-11).

4. RATES FOR BOTH E-TOU SCHEDULES

A. Schedule E-TOU-A (With Baseline Credit): Based on approved season definitions and TOU time periods for the residential opt-in rate known as

^{4/} See D.15-07-001, Conclusion of Law 5, "Consistent with our statutory obligation to ensure that rates are affordable, it is reasonable to require a baseline credit for at least one available TOU rate schedule."

^{5/} D.15-07-001, p. 181.

Schedule E-TOU-A (as described in 1.A., 2., and 3., above), PG&E's *illustrative* E-TOU-A rate values provided in **Appendix A** to the attached Settlement Agreement, and the underlying methods used to derive these rates, should be found reasonable for Schedule E-TOU-A. These illustrative rates were based on October 1, 2014 revenue requirements and sales, and shall be updated by PG&E with actual numbers to reflect the then-current revenue requirements and sales assumptions, by Advice Letter, at the time of implementation.

The E-TOU-A rate (with a Baseline Credit) also requires the calculation of new Baseline Quantities consistent with the four-month summer season underlying Schedule E-TOU-A. These new Baseline Quantities for Schedule E-TOU-A are presented in **Appendix B** to the attached Settlement Agreement. (This Baseline Quantity table was taken directly from PG&E's Rebuttal Testimony, Table 5-7, which was uncontested.) In addition, the E-TOU-A Baseline Credit shall reflect the difference on an ongoing basis between Schedule E-1 Tier 1 and the sales weighted average of all Schedule E-1 rates above Tier 1 implemented on the residential rate reform glide path adopted in D.15-07-001. This includes the CARE Discount percent glide path adopted in D.15-07-001. The CARE Discount percent glide path shall reflect the effective CARE discount before the impact of the bi-annual California Climate Credit (as decided in D.14-06-029).

B. Schedule E-TOU-B (Without Baseline Credit): Based on approved season definitions and TOU time periods for the residential opt-in rates known as Schedule E-TOU-B (as described in 1.B., 2., and 3. above), PG&E's *illustrative* E-TOU-B rate values provided in **Appendix C** to the attached Settlement Agreement, and the underlying methods used to derive these rates, should be found reasonable for Schedule E-TOU-B. These illustrative rates were based on October 1, 2014 revenue requirements and sales, and shall be updated by PG&E with actual numbers to reflect the then-current revenue requirements and sales assumptions, by a Tier 1 Advice Letter, at the time of implementation.

5. **EFFECTIVE DATES FOR E-TOU-A and E-TOU-B:** E-TOU-A and E-TOU-B shall become effective as soon as practicable in 2016. It may, however, not be possible for PG&E to be ready to offer these two schedules to customers on the January 1, 2016 date envisioned by the RROIR decision, given the necessary lead time after a final decision in this 2015 RDW proceeding for both billing system programming, as well as development and production of customer outreach and educational materials. Both Schedules E-TOU-A and E-TOU-B shall become effective, and be made available to PG&E's customers, on the same date. PG&E shall make every reasonable effort to make E-TOU-A and E-TOU-B available as soon as possible in 2016, but in no event later than June 1, 2016.
6. **INTERIM RATE CHANGES FOR E-TOU-A and E-TOU-B:** For both E-TOU-A and E-TOU-B, all interim electric rate changes going forward shall preserve the "equal cents" rate differentials by season and TOU period initially established when E-TOU-A and E-TOU-B are first implemented, until such time as PG&E's 2017 GRC Phase 2 revisions take effect.

7. GRANDFATHERING, TRANSITIONS, AND GLIDE PATHS

A. SCHEDULE E-7 TRANSITION:

There are currently approximately 63,000 PG&E residential customers taking service on Schedule E-7, and of them about 14,000 (or about 22%) have installed solar photovoltaic facilities.

As required by the Commission's RROIR decision (D.15-07-001), Schedules E-7 and EL-7 are to be eliminated on January 1, 2016 and these customers are to be migrated to E-TOU-A (with Baseline Credit) when that schedule becomes effective, unless they choose another rate.

However, as referenced in Item 5 above, depending on the timing of the final decision in this proceeding and the complexities involved in implementation, there may not be sufficient time to implement the E-TOU-A (with Baseline Credit) and E-TOU-B (without Baseline Credit) rate schedules by January 1, 2016. In order to avoid additional customer confusion which would be engendered by switching the current E-7 customers to Schedule E-1 for a minimal time period prior to the implementation of E-TOU-A and E-TOU-B, and consistent with the determination in RROIR Decision that *default* TOU schedules should have a baseline credit,^{6/} the Settling Parties agree that all E-7 customers shall be transitioned to Schedule E-TOU-A (with Baseline Credit) on January 1, 2016 or as soon thereafter as E-TOU-A is available for customer enrollment (whichever is later), unless they have otherwise elected to take service under Schedule E-TOU-B (without Baseline Credit) or under Schedule E-1. Existing E-7 customers may also elect to transfer to Schedule E-6 if they have submitted an E-6 rate change request one month prior to the date on which Schedule E-6 is closed to new customers.

If for any reason, such as metering limitations, PG&E is unable to convert an existing E-7 customer to TOU service upon request by a customer, that customer must convert to Schedule E-1 on January 1, 2016 (or the date E-TOU becomes available to customers, whichever is later) and remain on E-1, until such time as PG&E is able to implement the necessary metering or meter reprogramming change to support customers taking service under either E-TOU-A or E-TOU-B. Most affected customers have an existing interval meter in place which does not require a meter change. However, a substantial number of affected customers will require that PG&E either change out the existing meter or reprogram the existing meter to revise the TOU hours. This may require substantial lead time, and must be implemented by PG&E diligently in a manner consistent with smooth operations of the metering and billing systems involved, and to reflect meter manpower resource considerations. The Settling Parties recognize

^{6/} Id. p. 136

that these necessary meter changes and other efforts could take several months to implement.

B. SCHEDULE E-6 TRANSITION GLIDE PATH:

There are currently approximately 55,000 PG&E customers taking service on Schedule E-6, and of them about 45,000 (or about 82%) have installed solar photovoltaic facilities.

As decided in the RROIR decision (D.15-07-001), Schedules E-6 and EL-6 are to be closed to new customers on January 1, 2016. However, if E-TOU-A and E-TOU-B are not implemented by that date, then, with the closing of E-6, new customers will not have a TOU option and would have to go onto E-1 until the new E-TOU options become available several months later in 2016. In order to avoid this potential short-term gap, and the customer confusion it seems likely to cause, the Settling Parties agree that the closure of Schedule E-6 shall become effective as of the date E-TOU-A and E-TOU-B first become available as options for PG&E's residential customers. As also decided in the RROIR decision (D.15-07-001), Schedule E-6 shall remain active for existing customers for at least five years, and that the transition glide path to a new TOU rate shall be determined in A. 14-11-014 (i.e., this 2015 RDW proceeding).

Consistent with the RROIR decision (D.15-07-001), the Settling Parties agree that existing E-6 customers (whether or not they have installed solar photovoltaic facilities) on the rate schedule as of the time it is closed to new customers in 2016 shall be allowed to continue to receive service under Schedule E-6 subject to the following terms, including the following glide path that moves the Schedule E-6 TOU periods progressively closer to alignment with higher cost evening hours:

Overview of E-6 *Summer* Weekday/Non-Holiday TOU Period Glide Path

2016 – 2020	2021*	2022*
1 st Partial Peak - Frozen at current: 10 am – 1 pm	Noon – 3 pm	2 pm – 4 pm
Peak - Frozen at current: 1 pm – 7 pm	3 pm – 8 pm	4 pm – 9 pm
2 nd Partial Peak – Frozen at current: 7 pm – 9 pm	8 pm – 10 pm	9 pm – 10 pm
Weekend Partial Peak – Frozen at current: 5 pm – 8 pm (<i>weekends</i>)	*5 – 8 pm <i>Weekend</i> partial peak remains frozen for 2021 and 2022	

The Settling Parties agree that *winter* season partial peak TOU period for existing Schedule E-6 customers shall remain 5 pm – 8 pm on weekday/non-holidays, and there shall continue to be no weekend partial peak period.

The following agreements of the Settling Parties explain in greater detail the transition glide path for Schedule E-6 summarized in the Overview Table above:

1. Closure of E-6 to New Customers: Upon the first day that Schedule E-TOU-A and E-TOU-B become available for enrollment in 2016, Schedule E-6 shall be closed to new customers.

2. Grandfathered Existing E-6 Customers: All existing E-6 customers (who are on that rate schedule as of the first date on which both E-TOU-A and E-TOU-B become available to customers) shall be billed under the following seven-year transition glide path for their TOU periods and seasons. This E-6 transition glide path gradually moves them from their current 1 pm – 7 pm summertime weekday/non-holiday peak period with a three-hour partial peak before and a two-hour partial peak after, to ultimately arrive at a 4 pm – 9 pm peak period with no partial peaks by January 1, 2023, as follows:

a) For the first five years (January 1, 2016 - December 31, 2020): all customers who continue to take service under Schedule E-6 shall retain their current 1 pm - 7 pm summer peak period, their partial peak periods from 10 am – 1 pm and 7 pm – 9 pm on weekday/non-holidays, and 5 pm-8 pm on weekends in summer, and their current 5 pm – 8 pm winter weekday/non-holiday partial-peak period. During the first five years while grandfathered on Schedule E-6, the summer season shall remain May through October.

b) From January 1, 2021 – December 31, 2021:, grandfathered existing E-6 customers' summer *peak* period shall change to 3 pm - 8 pm, with summer *partial-peak* hours from Noon – 3 pm and 8 pm – 10 pm weekday/non-holidays, 5 pm – 8 pm on all summer weekends, and 5pm – 8pm on weekday/non-holidays in the winter season. The summer season for Schedule E-6 shall change to become a four-month period, from June through September, consistent with E-TOU-A and E-TOU-B

c) From January 1, 2022 – December 31, 2022, grandfathered existing E-6 customers' summer *peak* period shall change to 4 pm - 9 pm (the same as E-TOU-B), but with *partial-peak* hours from 2 pm – 4 pm and 9 pm – 10 pm on summer weekday/non-holidays, and 5pm – 8pm on summer weekends. For weekday/non-holidays in winter, the partial peak shall remain 5pm - 8pm. The summer season for Schedule E-6 shall remain June through September until December 31, 2022.

d) On January 1, 2023, all remaining grandfathered E-6 customers shall be transitioned to PG&E's then-existing default residential

rate schedule, unless they indicate that they instead prefer to take service under a then-existing optional schedule.

In addition, residential TOU pilots are expected to be offered in 2016 – 2018, and a default residential TOU rate may be available as early as 2019. Grandfathered E-6 customers shall be eligible for random selection to receive offers to opt-into any of the Opt-In Pilot Tariffs PG&E will be testing during 2016 and 2017, however if they elect to move from E-6 to one of these opt-in pilot rates, or if they opt-into the default TOU residential rate, those who do so shall not be entitled to return to Schedule E-6. In contrast, the Settling Parties agree that grandfathered E-6 customers shall not be included in the selection pool for PG&E's Default TOU Pilot rates, which will begin being tested in 2018, to ensure that no grandfathered E-6 customer is forced to leave that rate before either they voluntarily choose another rate, or the expiration of the rate as of January 1, 2023. More generally, grandfathered E-6 customers may remain on that rate only so long as they continuously maintain service on E-6 after 2016 and beyond. For example, if an owner or renter occupant who has been taking service under E-6 at a given address moves away, the new owner or renter occupant establishing a new account there shall not be eligible for E-6. Similarly, grandfathered E-6 customers who move to a new residence within PG&E's service territory shall not be eligible for E-6 at the new residence.

3. During the entire grandfathering transition period described above, Schedule E-6's current four-tiered rate structure (i.e., number of tiers and tier differentials) shall change in accord with the tier flattening for Schedule E-1, as adopted in the RROIR in D.15-07-001, under the same glide path timetable adopted in the RROIR for E-1 rates. If any other changes are made to the E-1 rates in CPUC decisions subsequent to the RROIR decision (D.15-07-001), those shall also apply to E-6 (and/or EL-6). Similarly, changes to tiers and tier differentials for Schedule EL-6 for CARE customers shall be tied to changes to Schedule EL-1.

4. Any party may propose changes to the summer season definition for E-1 in PG&E's 2017 GRC Phase 2 proceeding which, if approved, shall not apply to Schedule E-6. Schedule E-6 shall still retain its existing six-month summer and winter seasons after PG&E's 2017 GRC Phase 2 proceeding and through December 31, 2020. However, due to the temporary nature of grandfathered Schedule E-6, PG&E will not be required to develop updated baseline quantities based on a six-month summer season, but shall instead continue to use the currently effective baseline quantities from 2015, unless baseline quantities based on a six-month summer season are updated for other reasons in PG&E's 2017 GRC Phase 2. The seasons on grandfathered Schedule E-6 shall change to a summer season of June through September in 2021, and continue through December 31, 2022 when this rate sunsets.

5. There shall be no guarantee of specific Schedule E-6 TOU rate levels or rate differentials for on-peak vs. part-peak vs. off-peak rates after PG&E's 2017 GRC Phase 2 effective date. These will be litigated in PG&E's 2017 GRC Phase 2 proceeding.

6. While Schedule E-6's current 2015 rate pricing levels by TOU period shall generally be preserved as is, Schedule E-6 shall continue to be subject to standard updates with each future electric rate change using standard interim GRC Phase 2 "equal percent" rate change rules going forward in and after 2016, until such time as PG&E's 2017 GRC Phase 2 revisions take effect.

VI. 2015 RDW RATES

The Settlement Agreement addresses and resolve all of the rate design issues within the scope of PG&E's 2015 RDW proceeding. The 2015 RDW Settling Parties agree that the rate design issues that are resolved in this Settlement Agreement are unopposed by any party.

The Settlement Agreement established, and the Settling Parties present in Appendices A, B and C attached hereto, illustrative rate values using October 1, 2014 revenue requirements and sales. The illustrative rates in those Appendices shall be adjusted consistent with the terms of this Settlement Agreement and any Commission decision(s) revising PG&E's authorized revenue requirements or sales forecasts. PG&E shall file the final rates by Tier 1 Advice Letter, for implementation after the decision in this proceeding, based on the then-existing actual updated revenue requirement and sales forecast. The rates adopted through that Advice Letter filing shall remain in effect until the effective date of the rate change implementing Phase II of PG&E's next GRC proceeding, unless otherwise expressly provided herein.

The Settling Parties agree that the illustrative rate values provided in Appendices A, B and C, as attached to this 2015 RDW Settlement Agreement, and the methodologies used to develop them, are reasonable.

VII. TIMING OF RATE CHANGES

It is the intent of the Settling Parties that PG&E should be authorized to file a Tier 1 Advice Letter implementing tariffs containing the rate changes resulting from this Settlement Agreement as soon as practicable following the issuance of a final Commission decision

approving this Settlement Agreement. The timing for implementation of these various 2015 RDW rate changes agreed to above by the Settling Parties, once effective after the Advice Letter process, shall also be subject to the following caveats as agreed by the Settling Parties: To the extent that any elements of this Settlement Agreement will require employee training and/or changes to PG&E systems beyond those required for a normal change in rate value and/or development and production of customer outreach materials, these structural, system and customer outreach changes will be implemented by PG&E diligently in a manner consistent with smooth operations of the systems involved and as necessary to create and produce effective customer outreach materials. The Settling Parties recognize that these necessary systems changes and other efforts could take a few months to implement. Both Schedules E-TOU-A and E-TOU-B shall be implemented on the same date, as early as possible in 2016. Any delays shall not result in implementing one of these new TOU options before the other.

VIII. SETTLEMENT EXECUTION

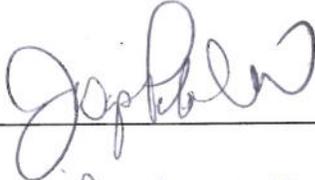
This Settlement Agreement may be executed in separate counterparts by different Settling Parties hereto, and all so executed will be binding and have the same force and effect as if all the Settling Parties had signed one and the same document. Each such counterpart will be deemed to be an original,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

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The undersigned represent that they are authorized to sign on behalf of the Party represented, for the purposes of this this 2015 RDW Settlement Agreement.

Office of Ratepayer Advocates (ORA)

By: 

Title: Acting Director - ORA

Date: 7/23/15

The undersigned represent that they are authorized to sign on behalf of the Party represented, for the purposes of this this 2015 RDW Settlement Agreement.

Pacific Gas and Electric Company (PG&E)

By: Gail L. Alcum

Title: Attorney for PG&E

Date: 7/23/15

The undersigned represent that they are authorized to sign on behalf of the Party represented, for the purposes of this this 2015 RDW Settlement Agreement.

The Solar Energy Industries Association (SEIA)

By: _____

Title: Attorney

Date: July 23, 2015

Appendix A

ILLUSTRATIVE RATES FOR SCHEDULE E-TOU-A OPTIONAL SCHEDULE E-TOU-A TOTAL RATES 3 PM - 8 PM PEAK HOURS, WITH A BASELINE CREDIT AND A \$10 MINIMUM BILL

Line No.	Residential Customers	Season (Months)	Peak Rate (Cents Per kWh)	Off-Peak Rate (Cents Per kWh)	Minimum Bill (Dollar Per Month)
1	Non-CARE	Summer (June-September)	35.1	27.5	\$10.00
2	Non-CARE	Winter (all other months)	23.7	22.3	\$10.00
3	Non-CARE	Baseline Credit	8.2	8.2	
4	CARE	Summer (June-September)	21.8	17.1	\$5.00
5	CARE	Winter (all other months)	14.7	13.8	\$5.00
6	Non-CARE	Baseline Credit	4.4	4.4	

Appendix B

Baseline Quantities for Schedule E-TOU-A

APPLICABLE EXCLUSIVELY TO SCHEDULE E-TOU-A WITH A BASELINE CREDIT FOR A FOUR-MONTH SUMMER SEASON (JUNE THROUGH SEPTEMBER) AND EIGHT MONTH WINTER SEASON

RESIDENTIAL TARGET BASELINE QUANTITIES BASED ON 2008-2012 USAGE (1) Current Baseline Quantities (6 Month Summer) vs. Proposed 4-Month Summer

TERRITORY	SUMMER (2)			WINTER (2)			SUMMER (2)			WINTER (2)		
	4-Month		Pctg. Chg.	8-Month		Pctg. Chg.	4-Month		Pctg. Chg.	8-Month		Pctg. Chg.
	Current Daily	Target Daily		Current Daily	Target Daily		Current Daily	Target Daily		Current Daily (3)	Target Daily	
	E-1, E-3, E-6, E-7, E-A7, E-9, ES, ESR, ET (3) (and CARE)						EM (4) (and CARE)					
	ALL-ELECTRIC QUANTITIES (kWh)						ALL-ELECTRIC QUANTITIES (kWh)					
P	16.4	17.4	6.1%	29.6	27.8	-6.1%	9.1	9.6	5.5%	15.4	14.4	-6.5%
Q	8.3	8.2	-1.2%	29.6	27.8	-6.1%	5.4	5.3	-1.9%	15.4	14.4	-6.5%
R	18.8	20.6	9.6%	29.8	28.6	-4.0%	9.2	10.0	8.7%	15.4	14.6	-5.2%
S	16.4	17.4	6.1%	27.1	25.8	-4.8%	9.1	9.6	5.5%	15.3	14.5	-5.2%
T	8.3	8.2	-1.2%	14.9	14.1	-5.4%	5.4	5.3	-1.9%	9.8	9.2	-6.1%
V	13.6	13.2	-2.9%	26.6	25.3	-4.9%	8.0	7.7	-3.8%	14.5	13.7	-5.5%
W	20.8	23.3	12.0%	20.6	20.5	-0.5%	10.3	11.1	7.8%	12.9	12.6	-2.3%
X	9.3	9.4	1.1%	16.7	15.9	-4.8%	7.5	7.4	-1.3%	14.0	13.2	-5.7%
Y	13.0	12.8	-1.5%	27.1	25.6	-5.5%	8.1	7.9	-2.5%	18.0	17.4	-3.3%
Z	7.7	7.4	-3.9%	18.7	17.2	-8.0%	4.8	4.6	-4.2%	12.5	11.8	-5.6%
	BASIC QUANTITIES (kWh)						BASIC QUANTITIES (kWh)					
P	13.8	15.3	10.9%	12.3	11.9	-3.3%	5.9	6.4	8.5%	5.6	5.3	-5.4%
Q	7.0	7.0	0.0%	12.3	11.9	-3.3%	3.9	3.9	0.0%	5.6	5.3	-5.4%
R	15.6	17.6	12.8%	11.0	11.1	0.9%	6.6	7.3	10.6%	5.3	5.3	0.0%
S	13.8	15.3	10.9%	11.2	11.2	0.0%	5.9	6.4	8.5%	5.1	5.1	0.0%
T	7.0	7.0	0.0%	8.5	8.2	-3.5%	3.9	3.9	0.0%	4.8	4.6	-4.2%
V	8.7	8.6	-1.1%	10.6	10.3	-2.8%	4.3	4.2	-2.3%	5.2	5.0	-3.8%
W	16.8	19.2	14.3%	10.1	10.5	4.0%	7.4	8.3	12.2%	5.5	5.6	1.8%
X	10.1	10.5	4.0%	10.9	10.6	-2.8%	5.4	5.6	3.7%	6.2	6.0	-3.2%
Y	10.6	10.8	1.9%	12.6	12.0	-4.8%	9.0	8.9	-1.1%	8.3	8.0	-3.6%
Z	6.2	6.2	0.0%	9.0	8.2	-8.9%	5.3	5.1	-3.8%	5.9	5.4	-8.5%

(1) Data is from May 2008 through April 2012.

(2) The current Summer season is May through October. The target or proposed Summer season is June through September.

(3) These baseline allowances cover 98 percent of electric households in PG&E's service territory.

(4) These baseline allowances cover 2 percent of electric households in PG&E's service territory.

Appendix C

Illustrative Rates for Schedule E-TOU-B

**OPTIONAL SCHEDULE E-TOU-B TOTAL RATES
(4 PM - 9 PM PEAK HOURS, WITHOUT BASELINE CREDIT, WITH A \$10 MINIMUM BILL)**

Line No.	Residential Customers	Season (Months)	Peak Rate (Cents Per kWh)	Off-Peak Rate (Cents Per kWh)	Minimum Bill (Dollar Per Month)
1	Non-CARE	Summer (June-September)	32.7	22.4	\$10.00
2	Non-CARE	Winter (all other months)	19.3	17.5	\$10.00
3	CARE	Summer (June-September)	20.4	13.9	\$5.00
4	CARE	Winter (all other months)	12.1	10.9	\$5.00