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11-30-12
04:59 PM

ATTACHMENT 3

PACIFIC GAS AND ELECTRIC COMPANY
SmartMeter™ Opt-Out Program Phase 2
Application 11-03-014
Data Response

PG&E Data Request No.:	Aglet_005-01		
PG&E File Name:	SmartMeterOOPh2_DR_Aglet_005-Q01		
Request Date:	November 13, 2012	Requester DR No.:	005 (73)
Date Sent:	November 30, 2012	Requesting Party:	Aglet Consumer Alliance
PG&E Witness:	Ray Blatter	Requester:	James Weil

QUESTION 1

In PG&E Prepared Testimony served August 10, 2012, at p. 5-2, line 9, PG&E states, "PG&E proposes that revenue requirements associated with incremental costs to implement the [opt out] Program through December 2013 continue to be recorded monthly into [smart meter memorandum accounts.]" Please clarify whether the cited incremental costs – from which revenue requirements will be calculated – will be based on actual (recorded) expenses and capital expenditures or forecast (and adopted by the Commission) expenses and capital expenditures.

ANSWER 1

PG&E proposes to continue to record actual, recorded (not forecast) "incremental Operating and Maintenance (O&M) and Administrative and General (A&G) operating expenses and capital-related revenue requirements, excluding associated Franchise Fees and Uncollectibles (FF&U) expense" incurred for the SmartMeter™ Opt-Out Program to the electric and gas SmartMeter™ Opt-Out Memorandum Accounts (SOMA-E and SOMA-G, respectively) until December 31, 2013, consistent with its SOMA tariffs. Please note that, also consistent with the SOMA tariffs, the debits cited above are offset by monthly credit entries recorded to the SOMAs for revenues billed to participating customers for initial and monthly Opt-Out Program charges.

Please see the response to Data Request Aglet_005-02 for an explanation of the ratemaking treatment of the recorded balances in the SOMA-E and SOMA-G upon the proposed closure of the SOMAs on December 31, 2013.

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QUESTION 2

In PG&E Prepared Testimony served August 10, 2012, at p. 5-8, line 13 PG&E states, "If actual costs exceed the adopted cost forecast, PG&E will be at risk for costs associated with the scope that it has proposed for the [opt out] Program." Please describe in detail what changes will be made to PG&E's existing SOMA-E and SOMA-G memorandum accounts in order to implement PG&E's cost cap proposal. Briefly explain PG&E's intended revisions to current provisions and/or additions of new provisions to the SOMA-E and SOMA-G tariffs.

ANSWER 2

This response describes the changes PG&E proposes to make to its electric and gas SmartMeter^{TM} Opt-Out Memorandum Accounts (SOMA-E and SOMA-G, respectively) to implement PG&E's cost recovery proposal. PG&E's SOMA-E and SOME-G tariffs are included in its Electric Preliminary Statement Part FW and Gas Preliminary Statement Part CU, respectively. The only section in the SOMA tariffs that PG&E proposes to modify is Section 6, Disposition.

First, as described in the response to Data Request Aglet_005-01, PG&E proposes to continue to record actual, recorded (not forecast) "incremental Operating and Maintenance (O&M) and Administrative and General (A&G) operating expenses and capital-related revenue requirements, excluding associated Franchise Fees and Uncollectibles (FF&U) expense" incurred for the SmartMeter^{TM} Opt-Out Program to the SOMA-E and SOMA-G until December 31, 2013, consistent with its SOMA tariffs. Please note that, also consistent with the SOMA tariffs, the debits cited above are offset by monthly credit entries recorded to the SOMAs for revenues billed to participating customers for initial and monthly Opt-Out Program charges. Because these provisions are already included in PG&E's SOMA tariffs, no changes are needed to the tariffs except to include the end-date of December 31, 2013 in the revised Section 6.

Second, PG&E will implement its cost recovery proposal by consolidating the proposed electric changes to the Distribution Revenue Adjustment Mechanism (DRAM) account and consolidating the proposed gas changes to the Distribution Subaccount of the Core

Fixed Cost Account (CFCA) and Interim Relief and Distribution Subaccount of the Noncore Customer Class Charge Account (NCA). The electric provision is already included in Section 6 of PG&E's SOMA-E tariff, so no change is needed. However, Section 6 of the SOMA-G tariff refers only to the CFCA, so Section 6 will be modified to include the NCA.

Third, the proposed consolidated changes to the DRAM, CFCA, and NCA accounts would cover the "test period" for PG&E's SmartMeter™ Opt-Out Program Phase 2 request of February 1, 2012 through December 31, 2013. PG&E has requested that the CPUC approve its revenue requirement request for this period (net of revenues billed to participating customers' for initial and monthly Opt-Out Program charges). Consistent with that approach, PG&E's proposed revenue requirement cap would apply to the actual costs incurred, net of revenues from Program charges billed, during the entire period February 1, 2012 through December 31, 2013.

The revenue requirement cap would be applied on December 31, 2013. The analysis would compare the total two-year electric and gas revenue requirements approved by the Commission in this Phase 2 proceeding (which sets the cap) with the actual two-year revenue requirements recorded in SOMA-E and SOMA-G as of December 31, 2013. Consistent with the SOMA tariffs, these actual revenue requirements would reflect monthly credit entries recorded to the SOMAs for revenues billed to participating customers for initial and monthly Opt-Out Program charges. Likewise, the forecast revenue requirements would reflect forecast revenues billed to participating customers for initial and monthly Opt-Out Program charges. If the actual December 31, 2013 revenue requirements recorded in the SOMAs exceed the authorized revenue requirement cap, PG&E will be at risk for these costs. Under PG&E's proposed approach, only the actual December 31, 2013 revenue requirements recorded in the SOMAs that are equal to or less than the authorized revenue requirement cap are to be recovered from distribution customers. Note that PG&E proposes that the total electric and gas SmartMeter™ Opt-Out Program revenue requirements authorized by the Commission in this Phase 2 proceeding together comprise the revenue requirement cap.

Fourth, PG&E proposes to implement the consolidated changes to the DRAM account described above through PG&E's Annual Electric True-Up (AET) and the consolidated changes to the CFCA and NCA through PG&E's Annual Gas True-Up (AGT). Because the Commission has stated that it will issue its Phase 2 decision on cost recovery and cost allocation issues in mid-2013, PG&E anticipates that these proposed changes will be included in its AET and AGT filings made in late 2013. If approved, the rate changes needed to recover the revenue requirement for the two-year 2012-2013 test period would therefore go into effect on January 1, 2014. PG&E proposes to modify Section 6, Disposition, of the SOMA-E and SOMA-G tariffs to include the provisions described above.

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PG&E Data Request No.:	Aglet_005-03		
PG&E File Name:	SmartMeterOOPh2_DR_Aglet_005-Q03		
Request Date:	November 13, 2012	Requester DR No.:	005 (75)
Date Sent:	November 30, 2012	Requesting Party:	Aglet Consumer Alliance
PG&E Witness:	Ray Blatter	Requester:	James Weil

QUESTION 3

Please explain how PG&E intends to implement the proposed cost cap for partial years, for example if the Commission approves the cost cap after January 1, 2013, or if the Commission issues a decision in PG&E's test year 2014 general rate case after January 1, 2014. What will be the effective dates of the proposed cost cap?

ANSWER 3

Under PG&E's proposal, the "test period" for its SmartMeter™ Opt-Out Program request in this Phase 2 proceeding is February 1, 2012 through December 31, 2013. Hence, PG&E has requested that the CPUC approve its revenue requirement request for this period (net of revenues billed to participating customers' for initial and monthly Opt-Out Program charges). Consistent with that approach, PG&E's proposed revenue requirement cap would apply to the actual costs incurred, net of revenues from Program charges billed, during the entire period February 1, 2012 through December 31, 2013. PG&E does not propose to implement the proposed cost cap for "partial years."

As explained in more detail in the response to Data Request Aglet_005-02, PG&E will implement its cost recovery proposal by:

- consolidating the proposed electric changes to the Distribution Revenue Adjustment Mechanism (DRAM) account through PG&E's Annual Electric True-Up (AET), and
- consolidating the proposed gas changes to the Distribution Subaccount of the Core Fixed Cost Account (CFCA) and Interim Relief and Distribution Subaccount of the Noncore Customer Class Charge Account (NCA) through PG&E's Annual Gas True-Up (AGT).

Because the Commission has stated that it will issue its decision in mid-2013 on cost recovery and cost allocation issues in this Phase 2 proceeding, PG&E anticipates that these proposed changes will be included in its AET and AGT filings made in late 2013.