PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

I.D.# 10858

ENERGY DIVISION RESOLUTION E-4432

December 15, 2011

R E S O L U T I O N

Resolution E -4432. Pacific Gas and Electric Company (PG&E) consolidated electric revenue and rate changes effective January 1, 2012.

PROPOSED OUTCOME: Authorizes PG&E to revise electric rates effective January 1, 2012 to reflect revenue requirement changes approved by the Commission and the Federal Energy Regulatory Commission (FERC) by December 15, 2011, and amortization of balancing accounts. Rate and revenue changes made pursuant to this resolution are subject to audit, verification, and adjustment.

ESTIMATED COST: PG&E estimates a net increase in annual electric revenue requirements of approximately $398.1 million (a 3.6% increase in its system average rates as compared to present rates) for PG&E customers.

By Advice Letter 3896-E filed on September 1, 2011.

SUMMARY

PG&E proposes to revise electric rates effective January 1, 2012 to reflect revenue requirement changes authorized in various proceedings by the Commission or the FERC by December 15, 2011. For revenue requirements that are not yet approved by the Commission, PG&E is using an estimated amount, which it will true up by filing a supplemental advice letter in December 2011. PG&E's proposal is approved with modifications.

- PG&E shall —consistent with previous years' Annual Electric True-Up (AET) processes—submit by December 31, 2011 a supplement to Advice Letter (AL) 3896-E with revised tariffs effective January 1, 2012. The supplemental AL shall reflect only revenue requirement changes approved actions taken by the Commission or the FERC by December 15, 2011, as described in this resolution. The December supplemental AL will also include recorded balancing account data through October 31, 2011, and forecasted balancing account data for November and December 2011.

- Balances in balancing accounts authorized for recovery in rates shall be subject to future audit, verification, and adjustment.

This resolution includes a separate attachment "A" which lists, in alphabetical order, a list of terms and associated acronyms used throughout the resolution.

PG&E forecasts a consolidated net revenue requirement increase of $398.1 million on January 1, 2012.

PG&E estimates that there will be a net increase in electric revenue requirements of approximately $398.1 million on January 1, 2012, incorporating various increases and decreases, authorized or to be authorized, resulting in a 3.6% increase in system average electric rates. The consolidated net revenue requirement increase results from a CPUC-jurisdictional $621.2 million increase measured against a FERC-jurisdictional $223.1 million decrease.

BACKGROUND

The AET advice letter is the vehicle that PG&E has used for many years to consolidate revenue requirements which have been authorized by the Commission or by the FERC for recovery, and to amortize balances in regulatory accounts.

On September 1, 2010, PG&E filed AL 3727-E, its 2010 AET advice letter for rates effective January 1, 2011. Resolution E-4379 dated December 16, 2010 addressed that advice letter.

In AL 3727-E, PG&E proposed to consolidate electric revenue requirements authorized by the Commission and the FERC by the date of the last Commission meeting of 2010, and recover balances in regulatory accounts previously considered in Resolution E-4289 (December 17, 2009), which addressed PG&E's 2009 AET advice letter. PG&E included tables in AL 3727-E showing account balances requested for recovery as recorded through July 31, 2010. PG&E proposed that it submit a supplement to AL 3727-E in December 2010 to amortize balances recorded through October 2010, combined with forecasted December 2010 balances, and to consolidate all Commission and FERC-authorized revenue requirements for new rates effective January 1, 2011. Resolution E-4379 authorized PG&E to consolidate revenue requirements and amortize year end 2010 account balances upon filing a supplement to AL 3727-E.

On September 1, 2011, PG&E filed AL 3896-E, its eighth annual AET advice letter addressing electric revenues and rates to be effective January 1, 2012.

PG&E requests in AL 3896-E to recover revenue requirements authorized by the Commission and the FERC by December 15, 2011 (the date of the last scheduled Commission meeting in 2011), and to recover year end 2011 balances in the accounts authorized for recovery in last year's AET Resolution, E-4379.

PG&E forecasts a CPUC-jurisdictional revenue requirement net increase of $621.2 million.

In AL 3896-E PG&E estimates that there will be a CPUC-jurisdictional net increase in electric revenue requirements of approximately $621.2 million on January 1, 2012. This results from increases in some revenue components and decreases in others. The revenue increases PG&E forecasts total $744.8 million, and are comprised of: 1) $348.5 million for distribution revenue requirements including amortization of the balance in the Distribution Revenue Adjustment Mechanism account (DRAM); 2) $245.7 million in electricity procurement, ongoing competition transition charge (CTC), cost allocation mechanism (CAM) and Power Charge Indifference Amount (PCIA)[1] revenue requirements including amortization of balances in the Energy Resource Recovery Account (ERRA) and the Modified Transaction Cost Balancing Account (MTCBA); 3) $121.2 million for non-fuel related generation revenue requirements including amortization of balances in the Utility Generation Balancing Account (UGBA), and the Family Electric Rate Assistance Balancing Account (FERABA); and 4) $29.4 million in the Department of Water Resources (DWR) power and bond charge revenue

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[1] In D.10-12-035, the Commission adopted a settlement which established a charge that utilized the CAM approved in D.06-07-029, D.07-09-044, and D.08-09-012 to recover capacity costs of combined heat and power resources. The PCIA represents the above market costs associated with the California Dept of Water Resources revenue requirement and other generation resources that are recoverable from certain departing load customers.

requirements, DWR franchise fee revenue requirement, and amortization of the balance in the Power Charge Collection Balancing Account (PCCBA).

PG&E forecasts the following revenue decreases totaling $123.7 million, and are comprised of: 1) $74.6 million in public purpose program (PPP) revenue requirements including amortization of balances recorded in the Public Purpose Revenue Adjustment Mechanism account (PPPRAM), the California Alternate Rates for Energy Account (CAREA), and the Procurement Energy Efficiency Revenue Adjustment Mechanism account (PEERAM); 2) $39.0 million for the energy cost recovery amount (ECRA) which finances costs associated with PG&E's emergence from bankruptcy in 2004 including the Energy Recovery Bonds Balancing Account (ERBBA) revenue requirement and amortization of the ERBBA balance, and the Dedicated Rate Component (DRC) charges; and 3) $10.1 million for Nuclear Decommissioning revenue requirements including amortization of the balance in the Nuclear Decommissioning Adjustment Mechanism account (NDAM).

PG&E forecasts a FERC-jurisdictional revenue decrease of $ 223.1 million.

In AL 3896-E, PG&E estimates a FERC-jurisdictional revenue decrease of $223.1 million effective January 1, 2012. This results from a decrease in four FERC components. PG&E expects 1) a $93.5 million decrease in "as settled" rates taking effect, related to the cost of owning and operating PG&E's transmission system which is addressed in the FERC transmission owner's (TO) rate case; 2) a $66.7 million decrease in rates related to an overcollection in the End Use Customer Refund Balancing Account (ECRBA), a mechanism that returns FERC-ordered refunds to retail transmission customers; 3) a $36.1 million decrease in rates related to the transmission revenue balancing account adjustment (TRBAA), a mechanism that ensures revenues received by PG&E from the California Independent System Operator (CAISO) are credited to PG&E's customers; and 4) a $26.7 million decrease in rates resulting from an overcollection in the reliability services balancing account (RSBA), a mechanism that allows transmission owners such as PG&E to recover reliability services costs assessed by the CAISO.

The following tables provide a breakdown of various increases and decreases adding up to the net increase of $ 398.1 million PG&E has estimated in AL 3896-E.

In AL 3896-E, PG&E provides illustrative rates effective January 1, 2012, based on revenue changes resulting from amortization of balances in regulatory accounts on December 31, 2011, and revenue requirement changes in Commission and FERC proceedings expected to be authorized by December 15, 2011. PG&E's forecasted account balances on December 31 are based on recorded balances through July 2011 and forecasted balances from August through December 2011.

A breakdown of the components of the annual revenue requirement increase estimated in AL 3896-E is shown below.

CPUC-authorized revenue changes effective January 1, 2012 forecasted by PG&E	**Million $**
Distribution revenue requirements including amortization of balances in the DRAM.	$348.5
Energy procurement, ongoing CTC, CAM, and PCIA revenue requirements including amortization of the ERRA and MTCBA accounts.	$245.7
Non-fuel generation revenue requirements including amortization of balances in the UGBA and FERABA accounts.	$121.2
DWR power and bond charge revenue requirements including DWR franchise fees, and amortization of the balance in the PCCBA account.	$29.4
PPP revenue requirements including amortization of balances in the PPPRAM, CAREA, and PEERAM accounts.	-$74.6
Energy cost recovery amount revenue requirements including the ERBBA revenue requirement and amortization of the balance in the ERBBA account, and DRC charges.	-$39.0
Nuclear Decommissioning revenue requirements including amortization of the balance in the NDAM account.	-$10.1
Total CPUC-authorized revenue change:	**$621.2**

FERC-authorized revenue changes effective January 1, 2012 forecasted by PG&E	**Million $**
Transmission Owner (TO) Rate Case	-$93.5
End Use Customer Refund Adjustment Balancing Account (ECRBA)	-$66.7
Transmission Revenue Balancing Account Adjustment (TRBAA)	-$36.1
Reliability Services (RS)	-$26.7
Total FERC-authorized revenue change:	**-$223.1**

PG&E expects that the CPUC-authorized increase combined with the FERC-authorized decrease will result in a net increase of $398.1 million.

Change in revenue requirements effective January 1, 2012 forecasted by PG&E	**Million $**
CPUC-authorized:	$621.2
FERC-authorized:	-$223.1
Total AET increase:	**$398.1**

According to AL 3896-E this will amount to a 3.6% increase in PG&E's system average bundled customer electric rate.

The revenue increases forecasted by PG&E include several significant "cost drivers".

The largest driver of the CPUC-authorized increases forecasted by PG&E is for distribution revenue requirements. Decision (D.)11-05-018 in PG&E's 2011 general rate case (GRC) authorized a 2012 attrition increase in electric distribution revenue requirements of $123 million. Additionally, an increase in 2012 for Smart Meter™ project costs and recovery of electric meter reading costs as authorized by D.11-05-018 contributes about $79 million to the increase in distribution revenue requirements.[2]

Also contributing to PG&E's projected increases in distribution revenue requirements is its request for funding demand response and air conditioning cycling programs pending before the Commission in Application (A.)11-03-001. A 2012 revenue requirement increase of about $77 million would result if the Commission approves PG&E's request in that application. An increase of about $15 million in 2012 distribution revenue requirements results from an increase in

[2] As stated in PG&E Advice Letter 3210-G/3850-E PG&E removed "$113 million in forecast meter readings costs from the requested GRC revenue requirement [in its 2011 Test Year GRC] and instead . . . record[s] actual meter reading costs in a . . . balancing account up to an annual cap of $76.2 million . . . in annual revenue consolidation proceedings."

PG&E's 2012 California Solar Initiative (CSI) budget based on the CSI budgets authorized in D.06-12-033 as modified by D.10-09-046 and D.11-07-031.[3]

PG&E's 2012 energy procurement, ongoing CTC, CAM, and PCIA revenue requirements forecasts are pending before the Commission in PG&E's 2012 ERRA A.11-06-004. The forecasted increase in these revenue requirements is largely due to gas price increases expected in 2012.

When PG&E filed AL 3896-E, it forecasted that PPP revenue requirements will decrease in 2012 partially offsetting the increase in other CPUC-jurisdictional components. This is largely due to the fact that the funding authorized by Public Utilities Code Section 399.8 for the public goods charge (PGC) expires at the end of 2011. The PGC includes energy efficiency (EE), renewables, and research demonstration and development (RDD) components. PG&E's 2011 funding for the three PGC components is approximately $191 million.[4]

Another factor which partially offsets PG&E's forecasted increase in CPUC jurisdictional revenue requirements is a decrease in the amounts to be amortized in certain balancing accounts (i.e., an increase in account overcollections to be returned to customers or a decrease in undercollections to be recovered from customers). For example, the amounts that PG&E expects it will amortize in rates effective January 1, 2012 in the ERBBA, the NDAM, and the PPPRAM are about $76 million, $13 million, and $88 million less, respectively, than the amounts currently being amortized in rates.

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[3] PG&E's September 30, 2011 response to Energy Division's 2nd data request on AL 3896-E.

[4] PG&E's 2011 PGC funding consisted of $119.4 million for energy efficiency programs, $36.5 million for renewables projects, and $34.9 million for RDD. On September 28, 2011 Commissioner Ferron issued a scoping memo in R.09-11-014 proposing that the Commission backfill PGC funding so that electric energy efficiency is funded in 2012 at the same level currently authorized in D.09-09-047. On October 6, 2011 the Commission issued an Order Instituting Rulemaking, R.11-10-003, to determine the impact on public benefits associated with the expiration of ratepayer charges pursuant to P.U. Code Section 399.8.

The FERC authorized revenue requirement decreases that PG&E forecasts will occur in January 2012 are due to the following: 1) in 2012 the settlement rates for the TO13 rate case result in a decrease versus the as-filed rates that were in effect since March 2011; 2) the refund reflected in the ECRBA for 2012 is based on the settlement of TO13 and is larger than the prior refund under TO12; 3) PG&E forecasts that expenditures recorded in the TRBAA will be lower in 2012; and 4) expenditures for reliability services (RS) are expected to decrease in 2012 because the CAISO has decreased the use of RS and has not renewed the contract for the Potrero Power Plant.[5]

PG&E's 2012 sales forecast is lower than the 2011 sales forecast.

PG&E states that for the balancing accounts with revenues, revenues are forecasted using 1) rates presently in effect in Preliminary Statement Part I, and 2) the sales forecast used in the revised 2012 ERRA Forecast Application (A.11-06-004).

PG&E provided illustrative January 1, 2012 electric rates to provide the Commission with an estimate of the effect of approval of this advice letter, as well as resolution of the pending and anticipated proceedings and advice letters discussed above. Rates are determined based on the sales forecast of the revised ERRA Forecast Application (A.11-06-004) served on August 31, 2011, and the rate design and revenue allocation methodology established in D.07-09-004 for rate changes between GRCs as modified by D.11-05-047 in PG&E's 2011 Phase II proceeding. As the 2012 sales forecast is lower than the 2011 forecast, the illustrative rates are higher than what they otherwise would be in the absence of the decrease in sales. According to PG&E, the lower sales forecast is driven primarily by the departure of bundled customers to Direct Access (DA) and Community Choice Aggregation (CCA).

PG&E proposes to file a December 2011 supplement to AL 3896-E prior to January 1, 2012 to consolidate updated balancing account balances and revenue requirement changes approved by the Commission and FERC.

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[5] PG&E's September 27, 2011 response to Energy Division's 2nd data request on AL 3896-E.

PG&E proposes to supplement AL 3896-E prior to the end of 2011 to incorporate (1) amortization of balances in accounts based on recorded data as of October 31, 2011, and forecast balances for November and December 2011, and (2) revenue requirement changes authorized by the Commission and FERC by December 15, 2011. The December supplemental AL would include the new rates and revised tariffs to become effective on January 1, 2012.

NOTICE

Notice of AL 3896-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and distributed electronically in accordance with Section 4.3 of General Order 96-B, and served on parties to A.08-05-022, A.09-12-020, A.10-01-014, A.10-03-014, A.10-08-002, A.10-08-011, A.11-02-011, A.11-03-001, A.11-05-019, A.11-06-004, A.11-06,028, R.07-01-041, R.08-02-007, R.08-03-008, R.09-01-019, R.09-06-018 and R.11-03-006.

PROTESTS

No parties submitted protests to PG&E's AL 3896-E.

DISCUSSION

PG&E's request to establish the 2012 ERBBA revenue requirement is granted.

The ERBBA records benefits and costs associated with Energy Recovery Bonds. In this AET filing, PG&E proposes that the 2012 ERBBA revenue requirement be established using a forecast of 2012 ERBBA activity, including the amortization of the December 31, 2011 forecast ERBBA balance. This provides the benefits to customers intended in D.04-11-015 and is consistent with the approach used in last year's AET AL 3727-E and approved in Resolution E-4379. PG&E's request to establish the 2012 ERBBA revenue requirement as proposed in this advice letter is granted. This includes establishing the ERBBA revenue requirement using the most recent Commission adopted rate of return.

PG&E is authorized to incorporate revenue requirement changes for 2012 resulting from decisions approved by December 15, 2011, in the following Commission proceedings.

If by December 15, 2011 the Commission authorizes PG&E to make revenue requirement changes effective January 1, 2012 as a result of decisions in the formal proceedings and for the items listed below, PG&E shall incorporate those changes in the December supplement to AL 3896-E. As described below PG&E shall file the supplement by December 31, 2011.

- Assembly Bill (AB) 32, Greenhouse Gas Implementation Fee, A.10-08-002.
- ERRA, ongoing CTC, PCIA, CAM, and the MTCBA, A.11-06-004.
- Renewables Portfolio Standard Cost Memorandum Account (RPSCMA), A.11-02-011. PG&E records third-party consultant costs incurred for the implementation and administration of the Renewables Portfolio Standard (RPS) in the RPSCMA. D.11-07-039 in PG&E's 2010 ERRA compliance proceeding allowed PG&E to transfer $386,000 recorded in the RPSCMA in 2009 to the ERRA for recovery in rates effective January 1, 2012 through the AET. Upon Commission approval of PG&E's 2011 ERRA compliance A.11-02-011, the approved 2010 RPSCMA balance shall be transferred to the ERRA for recovery (with ERRA recovery subject to a decision in A.11-06-004).
- 2012 DWR Power and Bond Charge revenue requirements, R.11-03-006.
- Demand Response (DR) Program, A.11-03-001.
- EE Risk/Reward Incentive Mechanism (RRIM), A.11-06-028, addressing energy savings achieved through the 2009 EE program year.
- Energy Savings Assistance (ESA) and CARE programs, A.11-05-019.
- 2011 Phase 3 GRC, A.10-03-014, to recover costs to implement a Revised Customer Energy Statement for all customers.
- Funding for EE, renewables, and/or RDD that the Commission authorizes in R.09-11-014 and/or R.11-10-003 to backfill funds no longer available through P.U. Code Section 399.8.
- 2012 CSI budget, authorized in R.10-05-004.

D. 11-10-014 authorizes PG&E to use unspent Evaluation, Measurement, and Verification (EM&V) funds for electric EE programs.

D. 11-10-014 authorizes PG&E to use unspent Evaluation, Measurement, and Verification (EM&V) funds for electric EE programs, to supplement the loss of gas energy efficiency funding resulting from Senate Bill (SB) 87, which requires transfer of PPP funds to the state's general fund. PG&E estimates in AL 3896-E that about $11 million of electric EM&V funds will be available to offset the loss of gas EE funding. Because the unpsent EM&V funds will be used for that purpose, they will not be refunded to ratepayers as proposed in AL 3896-E, and therefore this item should not be included in the December supplement to this advice letter.

PG&E should not reflect recovery of any costs for the Mokelumne River study in its supplement to AL 3896-E.

In AL 3896-E PG&E proposes to recover through the AET, costs approved by the Commission in A.10-08-011 to study the feasibility, licensing, and design of a pumped storage hydroelectric project on the Mokelumne River. The Commission dismissed A.10-08-011 without prejudice in D.11-09-025. Thus, we direct PG&E to exclude any costs for the Mokelumne River study in its December supplement to AL 3896-E.

PG&E is also authorized to incorporate in rates effective January 1, 2012 revenue requirement changes resulting from the following advice letters if they are made effective by December 15, 2011.

PG&E requests to incorporate in January 1, 2012 rates, revenue requirement changes associated with the advice letters listed below should they be approved by December 15, 2011. PG&E is authorized to do so.

- PG&E filed AL 3848-E in May 2011 in compliance with D.11-05-018 in its 2011 GRC to update the Nuclear Decommissioning (ND) revenue requirements for 2011 and 2012. AL 3848-E was made effective January 1, 2011 by Energy Division staff disposition. The 2012 ND revenue requirement presented in AL 3848-E, $44.27 million, shall be reflected in the December supplement to AL 3896-E.
- PG&E filed AL 3241-G/3919-E on October 5, 2011, to implement 2012 attrition increases to its 2011 electric distribution and generation revenue requirements, $123 million, and $22 million, respectively, as authorized by D.11-05-018 in its 2011 GRC.
- In AL 3241-G/3919-E PG&E also presented the 2012 Cornerstone Improvement Project (CIP) revenue requirement. The CIP is an electric distribution reliability project approved by D.10-06-048. PG&E filed AL 3716-E in 2010 to provide its calculation of the CIP revenue requirements for 2011, 2012, and 2013 in compliance with D.10-06-048. Energy Division staff disposition made AL 3716-E effective in September 2010. The 2012

CIP revenue requirement presented by PG&E in AL 3241-G/3919-E is $32.537 million, the same amount shown in AL 3716-E.

- PG&E also presented in AL 3241-G/3919-E the 2012 electric generation revenue requirement associated with seismic studies at Diablo Canyon. D.10-08-003 approved funding for these studies. The 2012 revenue requirement including franchise fees and uncollectibles (FFU) expense presented by PG&E in the advice letter, $11.9 million, is based on the amount approved in D.10-08-003 (which excludes FFU), and the FFU rates approved in PG&E's 2011 GRC D.11-05-018.
- PG&E filed AL 3920-E on October 5, 2011 to include the revenue requirements for the Fuel Cell Project and Photovoltaic Program in the UGBA in compliance with D.10-04-028, and D.10-04-052, respectively; and to include the revenue requirements for the incremental income taxes associated with accelerated amortization of retired meters in the DRAM in compliance with D.11-05-018 in PG&E's 2011 GRC.
- PG&E proposes to consolidate any changes to the balance in the Headroom Account (HA) in its December supplement to AL 3896-E if the review of AL 2521-E, which addresses HA balances from prior years, is completed by December 15, 2011. PG&E has substantially amortized the balance in the HA pursuant to Resolutions E-3956-E, E-4032, and E-4217 issued on prior AET advice letters, so that amounts recorded in the account could be returned to customers. The December 31, 2011 forecasted balance is approximately $164,000.
- Long-Term Procurement Plan Technical Assistance Memorandum Account (LTAMA). Consistent with D.07-12-052, the LTAMA records the technical assistance costs associated with the implementation and administration of the Long-Term Procurement Plan (LTPP). PG&E filed AL 3915-E on September 30, 2011 to request authorization to transfer the balance from the LTAMA to the ERRA.

Pursuant to D.04-11-015 PG&E's annual Dedicated Rate Component (DRC) true-up advice letter shall become effective on January 1, 2012 if it is filed by December 16, 2011.

PG&E seeks to include in rates effective January 1, 2012, the revenue changes associated with the DRC charge true-up advice letter which it will file in mid-December pursuant to D.04-11-015. That decision established the DRC charge update process and sets forth that this advice letter shall become effective on the later of, 15 days after the date it is filed or on the first day of the first calendar quarter after the advice letter is filed. In accordance with D.04-11-015 PG&E is authorized to include the changes associated with its annual DRC charge true-up advice letter in rates effective January 1, 2012 if PG&E files the advice letter by December 16, 2011.

Recovery in rates effective January 1, 2012, of the balances recorded in the Long Term Technical Assistance Memorandum Account and the Renewables Portfolio Standard Cost Memorandum Account is contingent on Commission authorization to amortize the ERRA balance by December 15, 2011.

As noted above PG&E will transfer the LTAMA balance to the ERRA if the Commission approves AL 3915-E. In its 2012 ERRA forecast proceeding, A.11-06-004, PG&E proposes to amortize the year-end 2011 ERRA balance in rates over calendar year 2012.[6] Thus, recovery of the year end 2011 balance in the LTAMA will be reflected in PG&E's December supplement to AL 3896-E, if AL 3915-E is approved by December 15, 2011, and if the Commission approves a decision in A.11-06-004 by that same date.

Also as noted above, PG&E will transfer the 2010 balance recorded in the RPSCMA to the ERRA for recovery in rates if authorized by a decision in A.11-02-011. Thus, recovery of the balance in the RPSCMA will be reflected in PG&E's December supplement to AL 3896-E if the Commission approves a decision in A.11-02-011 by December 15, 2011 authorizing transfer of the RPSCMA balance to the ERRA, and if the Commission approves a decision in A.11-06-004 by that same date authorizing amortization of the ERRA balance.

PG&E's Self-Generation Incentive Program (SGIP) has been extended as a result of recent legislation.

On September 22, 2011, AB 1150 was signed into law. AB 1150 extended SGIP funding through the end of 2014, and results in an SGIP revenue requirement of $29.5 million for 2012. PG&E will include this amount for funding in PG&E's December supplemental AET filing in AL 3896-E, for rates effective January 1, 2011.

[6] A.11-06-004, PG&E Prepared Testimony Chapter 1, pp. 1-15.

PG&E is allowed to amortize balances in accounts previously authorized by the Commission.

This resolution allows PG&E to amortize the following accounts through this year's AET advice letter, as previously approved for recovery by Resolution E-4379 which addressed PG&E's AET AL 3727-E filed in 2010: The DRAM, PPPRAM, NDAM, UGBA, PEERAM, PCCBA, Hazardous Substance Mechanism (HSM), CAREA, ERBBA, FERABA, Affiliate Transfer Fees Account (ATFA), Customer Energy Efficiency Incentive Account (CEEIA), SmartMeter Project Balancing Account (SBA-E), Demand Response Revenue Balancing Account (DRRBA), Pension Contribution Balancing Account (PCBA), British Columbia Renewable Study Balancing Account (BCRSBA), the Non-Tariffed Balancing Account (NTBA), and the Land Conservation Plan Environmental Remediation Memorandum Account (LCPERMA).

PG&E is authorized to transfer the balance in the Cornerstone Improvement Project Balancing Account (CIPBA) to the DRAM for recovery in rates effective January 1, 2012, subject to limits set forth in PG&E's tariff.

The CIPBA records the difference between the CIP revenue requirement authorized by the Commission in D.10-06-048 and PG&E's costs for implementing the project subject to a limitation on the total capital costs incurred from 2010 through 2013. According to PG&E's CIPBA tariff, Electric Preliminary Statement Part FL, the disposition of the balance in the CIPBA will be determined in the AET by transferring the balance to the DRAM at the end of each year. Accordingly, the year end 2011 CIPBA balance shall be transferred to the DRAM for recovery in rates effective January 1, 2012 subject to the capital cost limitation set forth in PG&E's tariff ($357.448 million over the 2010 to 2013 time period).

PG&E is authorized to transfer the balance in the Smart Grid Memorandum Account (SGMA) to the DRAM for recovery in rates effective January 1, 2012, subject to the limits set forth in PG&E's tariff.

The SGMA records and recovers PG&E's costs for Smart Grid projects as authorized by the Commission in D.09-09-029. In accordance with the SGMA tariff, Preliminary Statement FD, disposition of the balance recorded for projects approved by the Commission and the Department of Energy is transferred to the DRAM at the end of each year for recovery through the AET process. According to the SGMA tariff, PG&E shall make a separate request to recover revenue requirements in excess of amounts adopted in D.09-09-029. Accordingly, the year end 2011 SPGMA balance shall be transferred to the DRAM for recovery in rates effective January 1, 2012 subject to the limitation on cost recovery through the AET that is set forth in PG&E's tariff. [7]

PG&E is allowed to transfer the balance in the Diablo Canyon Seismic Studies Balancing Account (DCSSBA) to the UGBA for recovery in rates effective January 1, 2012, subject to the funding cap established by D.10-08-003.

D.10-08-003 authorized PG&E to recover up to $16.73 million (excluding FFU) for seismic studies at Diablo Canyon for the period from 2011 through 2013. Pursuant to D.10-08-003 PG&E established the DCSSBA to record the difference between the amount forecast in D.10-08-003 and PG&E's actual costs for the studies. PG&E's DCSSBA tariff, Electric Preliminary Statement Part FM, sets forth that the annual balance in the DCSSBA shall be transferred to the UGBA for recovery in rates. Accordingly, the year end 2011 balance in the DCSSBA shall be transferred to the UGBA for recovery in rates effective January 1, 2012, subject to a maximum of $16.73 million, which is the limit on cost recovery set forth in D.10-08-003.

PG&E is allowed to transfer the balance in the Electric Meter Reading Costs Balancing Account (MRCBA-E) to the DRAM for recovery in rates effective January 1, 2012, subject to the annual cap set forth in its tariffs.

The MRCBA-E records and recovers electric meter reading costs pursuant to D.11-05-018 in PG&E's Test Year 2011 GRC. The combined balance of the

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[7] Preliminary Statement Part FD, Smart Grid Memorandum Account, Part 3: Once a project is approved by the Commission and by the Department of Energy (DOE), the balance in the subaccount for that project is transferred to the Distribution Revenue Adjustment Mechanism (DRAM) Account at the end of each year for recovery through the Annual Electric True-up Advice letter until the PG&E portion of the total expenditure amount adopted for that project is reached. Revenue requirements associated with expenditures in excess of the adopted amounts shall continue to accrue in the subaccount, but are not transferred to DRAM for recovery unless and until authorized by the Commission.

MRCBA-E and the Gas Meter Reading Costs Balancing Account (MRCBA-G, Gas Preliminary Statement Part CR) is capped annually at $76.2 million. In accordance with PG&E's MRCBA-E tariff, Electric Preliminary Statement Part FQ, disposition of the balance in the account shall be through the AET advice letter process, via the DRAM. PG&E is hereby authorized to transfer its MRCBA-E year-end balance to the DRAM for recovery in rates effective January 1, 2012, subject to the annual maximum of $76.2 million authorized by D.11-05-018 and set forth in PG&E's tariffs.

PG&E's request in AL 3896-E to submit recorded data through October 31, 2011 and forecasted December 31, 2011 balances for recovery in its December supplemental advice letter is granted.

In previous years' AET Resolutions (E-4121, E-4217, E-4289, and E-4379), the Commission allowed PG&E to submit an AET supplemental advice letter reflecting recorded account balance data from January through October, and forecasted balances for November and December for years 2007, 2008, 2009, and 2010, respectively. We allow PG&E to use recorded data from January 1 through October 31, 2011, and forecast data for November and December 2011 to update account balances in its December supplement to AL 3896-E.

The balances in all accounts authorized for recovery in rates are subject to audit, verification, and adjustment as necessary.

The balances in the accounts authorized for recovery by this resolution are subject to future audit, verification and adjustment.

We note that pursuant to D.09-12-048, PG&E may file an advice letter to implement residential rate changes allowed by Public Utilities Code Section 739.9 (SB 695) later this month. However, since those changes are revenue neutral, they will not affect revenue requirements.

SB 695 signed into law in October 2009 added Section 739.9 to the Public Utilities Code. That section allows the Commission to increase residential rates for usage up to 130 percent of baseline (Tier 1 and 2 rates) by specific percentages based on specific indices. In developing illustrative rates in AL 3896-E, PG&E assumed a 3 percent increase to non-CARE Tier 1 and Tier 2 rates (the lower bound of potential increases specifically mentioned in Section 739.9) and no increase to CARE Tier 1 and Tier 2 rates. PG&E then set non-CARE rates for usage in excess of 130 percent of baseline to ensure the revenue allocated to the residential class is fully collected, while maintaining the fixed differential (4 cents per kWh) between non-CARE Tier 3 and Tier 4 rates approved by D.11-05-047, in phase 2 of PG&E's 2011 GRC, A.10-03-014.

In November 2011, PG&E will file a separate advice letter seeking approval of a January 1, 2012 increase to residential rates for usage up to 130 percent of baseline in accordance with the provisions adopted in D.09-12-048 which implemented P.U. Code Section 739.9. If that advice letter is approved by December 15, 2011, PG&E shall reflect those rate changes in its December supplement to AL 3896-E.

PG&E shall revise its AL 3896-E AET estimate to reflect actual changes authorized by the Commission and FERC by December 15, 2011.

PG&E shall supplement AL 3896-E by December 31, 2011 to reflect the actual rate and revenue changes authorized by the Commission by December 15, 2011 in the proceedings and advice letters specified in this resolution, , and actual changes authorized by the FERC by that same date. The December supplement to AL 3896-E shall also incorporate updated balances of accounts to be amortized in rates on January 1, 2012. The rates PG&E files in its supplemental advice letter will be reviewed for compliance after January 1, 2012. If any rates filed in the December supplement are not in compliance with this order, PG&E shall modify the rates as required and re-bill customers if necessary, or make other appropriate adjustments in a timely manner. This process is consistent with the procedure established in prior resolutions addressing PG&E AET advice letters.[8]

The rates authorized by this resolution shall be subject to refund to the same extent that they are subject to refund at the FERC.

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[8] The following resolutions on prior PG&E AET advice letters authorized this same process; the effective date of the new rates addressed by the resolution is in parentheses: Resolution E-3906 (Jan. 1, 2005); Res. E-3956 (Jan. 1, 2006); Res. E-4032 (Jan. 1, 2007); Res. E-4121 (Jan.1, 2008); Res. E-4217 (Jan. 1, 2009); Res. E-4289 (Jan. 1, 2010); Res. E-4379 (Jan. 1, 2011).

Under the filed rate doctrine, the Commission is obligated to allow PG&E to recover FERC-authorized costs for reliability services, transmission access, transmission revenue adjustments, and base transmission (TO) rate changes, adjusted for end use customer refunds required to be paid to customers. It is just and reasonable for PG&E to begin recovering FERC-authorized revenues addressed in AL 3896-E that are authorized by December 15, 2011. The rates authorized by this resolution shall be subject to refund to the same extent that they are subject to refund at the FERC.

PG&E submitted supplemental AL 3896-E-A to amend the accounting of energy efficiency funding and the illustrative Public Purpose Program rates filed in AL 3896-E.

In AL 3896-E PG&E assumed that the PGC would not be extended and that the energy efficiency portion of the PGC would be recovered through the PEERAM in 2012. PG&E eliminated the revenue components of the PGC which has been recovered through the PPPRAM, and combined the EE component of the PGC with the procurement portion of EE authorized by the Commission in the PEERAM revenue requirement.

After PG&E filed AL 3896-E, Commissioner Ferron issued a scoping memo on September 28, 2011 in R.09-11-014 requesting comments on a proposal to backfill PGC funding so that EE is funded in 2012 at the same level as currently authorized by D.09-09-047. The scoping memo proposes that the 2012 EE funding that replaces the amount funded by the PGC be recovered just as the PGC would have been – on the basis of usage. In its October 12, 2011 comments on Commissioner Ferron's scoping memo, PG&E proposed to continue to recover the PGC portion of EE funding at the 2011 adopted level through the PPPRAM.

On October 26, 2011, PG&E submitted supplemental AL 3896-E-A, to reflect the 2012 EE funding that replaces the amount funded through the PGC, in the PPPRAM revenue requirement, and to remove an equal and offsetting amount from the PEERAM, resulting in a revenue-neutral adjustment. This accounting of EE funds is consistent with PG&E's proposal in R.09-11-014. Supplemental AL 3896-E-A explains that 1) expiration of the PGC is being addressed in Phase III of R.09-11-014 for energy efficiency and in R.11-10-003 for other PGC-funded programs; and 2) that revenue allocation and rate design methodologies for PGC

EE and procurement EE were adopted by the CPUC in D.07-09-004 in phase 2 of PG&E's 2007 GRC.

Accounting for the PGC EE in the PPPRAM rather than the PEERAM has a residual effect on rate design because of the revenue allocation and rate design methodologies adopted in D.07-09-004 for PGC EE and procurement EE. In AL 3896-E-A, PG&E submitted illustrative rates indicating the residual January 1, 2012 rate changes, when compared to illustrative rates shown in AL 3896-E.

PG&E shall include the accounting and rate design reflected in supplemental AL 3896-E-A , in its December 2011 supplement to the AET advice letter, subject to any modifications that the Commission approves in a decision in R.09-11-014.

COMMENTS

Per statutory requirement, a draft resolution was mailed to parties for comment.

Public Utilities Code section 311(g)(1) generally requires resolutions to be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Accordingly the draft resolution was served on PG&E and issued for public review and comment no later than 30 days prior to a vote of the Commission.

FINDINGS AND CONCLUSIONS

1. The AET is a process in which PG&E's revenue requirements authorized by the Commission in various proceedings are consolidated. The AET is also a forum for PG&E to recover costs recorded in memorandum and balancing accounts which have been reviewed and approved for recovery by the Commission in a separate proceeding or advice letter, or are pending separate review that will be completed prior to end of the year.
2. PG&E filed AL 3896-E on September 1, 2011, proposing to establish 2012 electric rates to recover balances in accounts, establish the 2012 ERBBA revenue requirement, and consolidate Commission- and FERC-authorized rate changes, effective January 1, 2012.
3. It is reasonable for PG&E to establish the 2012 ERBBA revenue requirement using a forecast of 2012 ERBBA activity, including the amortization of

December 31, 2011, forecast ERBBA balance, consistent with what was authorized in Resolution E-4379 addressing PG&E's last AET.

4. PG&E should supplement AL 3896-E by December 31, 2011 to reflect the revenue requirement changes authorized by this Commission and FERC, and to update balances in accounts specified in this resolution to be amortized beginning January 1, 2012. The updated balances, revenues, and rates should be subject to future audit, verification, and adjustment pending review of the December supplement to AL 3896-E.
5. PG&E's December supplement to AL 3896-E should reflect in rates all FERC-authorized revenue requirement changes approved by December 15, 2011 and all Commission authorized revenue requirement changes and amortization of account balances, to the extent approved by December 15, 2011, in the following proceedings and advice letter filings:

- A.10-08-002, AB 32, Greenhouse Gas Implementation Fee.
- A.11-06-004, ERRA, ongoing CTC, PCIA, CAM, and the MTCBA.
- A. 11-02-011 and A.11-06-004: Recovery of the RPSCMA balance in rates effective January 1, 2012, only if the Commission approves transfer of the 2010 RPSCMA balance to the ERRA in A.11-02-011, and amortization of the ERRA in A.11-06-004.
- R.11-03-006, 2012 DWR Power and Bond Charge revenue requirements.
- A. 11-03-001, Demand Response Program.
- A.11-06-028, Energy Efficiency Risk/Reward Incentive Mechanism, addressing energy savings achieved through the 2009 EE program year.
- A.11-05-019, Energy Savings Assistance and California Alternate Rates for Energy Programs.
- A.10-03-014, 2011 Phase 3 GRC, to recover costs to implement a Revised Customer Energy Statement for all customers.
- R.09-11-014 and/or R.11-10-003, funding for EE, renewables and/or RDD programs.
- R.10-05-004, 2012 CSI budget.
- AL 3848-E in compliance with D.11-05-018; the 2012 Nuclear Decommissioning revenue requirement filed in AL 3848-E has already been approved by Energy Division staff disposition.
- AL 3241-G/3919-E implementing the 2012 attrition year electric distribution and generation revenue increases authorized by D.11-05-018; the 2012 Cornerstone Improvement Project (CIP) revenue requirements

authorized by D.10-06-048; and the 2012 revenue requirement for seismic studies at Diablo Canyon authorized by D.10-08-003.

- AL 3920-E to include the revenue requirements for the Fuel Cell Project and the Photovoltaic Program in the UGBA, authorized by D.10-04-028 and D.10-04-052, respectively; and to include the revenue requirements for the incremental income taxes associated with accelerated amortization of retired meters in the DRAM as authorized by D.11-05-018.
- AL 2521-E addressing the Headroom Account balance.
- AL 3915-E requesting authorization to transfer the Long-Term Technical Assistance Memorandum Account balance to the ERRA; recovery of the LTAMA balance effective January 1, 2012 requires that both AL 3915-E be approved, and the Commission approve amortization of the ERRA balance in A.11-06-004.

6. D.11-07-039 authorized transfer to the ERRA of the 2009 balance in the RPSCMA. Transfer to the ERRA of the 2010 RPSCMA balance is pending in A.11-02-011.
7. D.11-10-014 authorizes PG&E to use unspent EM&V funds for electric energy efficiency programs, to supplement the loss of gas energy efficiency funding resulting from SB 87, and therefore these unspent funds will not be refunded to ratepayers.
8. In accordance with D.04-11-015, PG&E will file an annual true-up advice letter to adjust the DRC Charges for the Energy Recovery Bonds (ERB) pursuant to D.04-11-015. PG&E's December supplement to AL 3896-E should reflect in rates the revenue requirement changes associated with PG&E's annual DRC Charge true-up advice letter if PG&E files that advice letter by December 16, 2011.
9. PG&E's December supplement to AL 3896-E should reflect Self Generation Incentive Program funding for 2012 pursuant to the enactment of AB 1150.
10. In Resolution E-4379, the Commission allowed PG&E to consolidate in rates effective January 1, 2011 amortization of December forecast balances updated to reflect recorded data as of October 31, 2010 in the DRAM, PPPRAM, NDAM, UGBA, PEERAM, PCCBA, HSM, CAREA, ERBBA, FERABA, ATFA, CEEIA, SBA, DRRBA, PCBA, BCRSBA, NTBA, and the LCPERMA.
11. PG&E should, through the current AET, recover balances in these same accounts.
12. PG&E's Preliminary Statement Part FL sets forth that disposition of the balance in the CIPBA will be determined in the AET by transferring the balance to the DRAM at the end of each year, and establishes a limit on recovery of capital costs for the CIP over the 2010 to 2013 time period.

13. PG&E's Preliminary Statement FD sets forth that disposition of the balance in the SGMA shall be through the AET by transferring the balance to the DRAM at the end of each year, and limits the amount to be recovered for Smart Grid projects through the AET to the revenue requirements authorized by D.09-09-029.
14. PG&E's Preliminary Statement FM sets forth that disposition of the balance in the DCSSBA shall be through the AET by transferring the annual balance to the UGBA.
15. D.10-08-003 limits the amount that PG&E may recover for seismic studies at Diablo Canyon to $16.73 million, excluding FFU, over the period from 2011 through 2013.
16. PG&E's Preliminary Statement FQ sets forth that disposition of the balance in the MRCBA-E shall be through the AET advice letter process via the DRAM, and limits the combined balance in the electric and gas meter reading balancing accounts to $76.2 million annually.
17. It is reasonable to authorize PG&E's request to submit the December 2011 supplemental advice letter with forecasted December 31, 2011 account balances which include recorded data through October 31, 2011.
18. PG&E should be allowed to amortize, subject to future audit, verification, and adjustment all accounts authorized in the ordering paragraphs of this resolution.
19. PG&E's proposal to modify residential rates pursuant to Public Utilities Code Section 739.9 is subject to approval of an advice letter PG&E will file in November 2011 seeking to increase residential rates for usage up to 130 percent of baseline.
20. In accordance with the filed rate doctrine the Commission allows PG&E to recover FERC-authorized costs for reliability services, transmission access, transmission revenue adjustments, and base transmission (TO) rate changes, adjusted for end-use customer refunds required to be paid to customers.
21. It is just and reasonable for PG&E to begin recovering in rates FERC-authorized revenues that are authorized by December 15, 2011.
22. The rates authorized by this resolution should be subject to refund to the same extent that they are subject to refund at the FERC.

THEREFORE IT IS ORDERED THAT:

1. PG&E's request in Advice Letter 3896-E is approved with modifications and only to the extent described in the ordering paragraphs below.

2. PG&E's request to establish the 2012 ERBBA revenue requirement using a forecast of 2012 ERBBA activity, including the amortization of the December 31, 2011 forecast ERBBA balance, is approved.
3. No later than December 31, 2011, PG&E shall file a December supplement to AL 3896-E with revised tariffs. The supplemental filing shall be effective on January 1, 2012, but remain subject to Energy Division determination that PG&E is in compliance with this resolution. The updated revenues and rates contained in the December supplemental filing shall be subject to audit, verification and adjustment. PG&E shall provide to the Energy Division and any party requesting them, workpapers supporting the rates filed in this supplemental advice letter and the revenue allocation underlying those rates. The December supplement shall do the following:
   a. Amortize over one year based on December 31, 2011 forecast amounts, updated with recorded data as of October 31, 2011, balances in the following accounts: DRAM, PPPRAM, NDAM, UGBA, PEERAM, PCCBA, HSM, CAREA, ERRBA, FERABA, ATFA, CEEIA, SBA, DRRBA, PCBA, BCRSBA, NTBA, LCPERMA, CIPBA, SGMA, DCSSBA, MRCBA-E. The balances in the SGMA and the MRCBA-E are authorized to be transferred to the DRAM for recovery in rates subject to the limitations on cost recovery set forth in PG&E's SGMA (up to the annual aggregate Commission- and DOE-approved budget amount for each approved project) and MRCBA-E ($76.2 million in combined annual balances between the MRCBA-E and the MRCBA-G) tariffs; the balance in the DCSSBA is authorized to be transferred to the UGBA for recovery in rates, subject to the limitation on cost recovery ($16.73 million over the three-year period 2011 through 2013) set forth in D.10-08-003. The balance in the CIPBA is authorized to be transferred to the DRAM for recovery in rates subject to the limitation on cost recovery set forth in PG&E's tariff Preliminary Statement Part FL ($357.448 million over the 2010 to 2013 time period).
   b. Reflect in rates the 2012 ERBBA revenue requirement;
   c. Reflect in rates the 2012 revenue requirement for the California Solar Initiative authorized by D.06-12-033 as modified by D.10-09-046 and D.11-07-031 (in R.10-05-004).
   d. Reflect in rates revenue changes associated with PG&E's annual DRC charges true-up advice letter if PG&E files that advice letter by December 16, 2011.

e. Reflect in rates the 2012 Self Generation Incentive Mechanism revenue requirement, to evaluate qualifying technologies and incentives in managing energy efficiency programs, of $29.5 million.
f. Reflect in rates all FERC-authorized revenue requirement changes approved by December 15, 2011, and all Commission-authorized revenue requirement changes and amortization of account balances approved by December 15, 2011, in those proceedings or advice letter filings specified in Finding and Conclusion No. 5, subject to the conditions specified therein for recovery of the RPSCMA and LTAMA; to the extent Commission approval is not granted by December 15, 2011, PG&E shall not include items from any of those proceedings or advice letter filings specified in Finding and Conclusion No. 5.

4. PG&E shall include revenue-neutral residential rate changes for usage of up to 130% of baseline under P.U. Code Section 739.9 in its December supplemental advice letter filing, if the Commission approves by December 15, 2011 an advice letter that PG&E files in November 2011 in accordance with D.09-12-048.
5. Balances in all accounts authorized for recovery by this resolution are subject to audit, verification and adjustment.
6. The rates authorized by this resolution shall be subject to refund to the same extent that they are subject to refund at the FERC.
7. If any rates filed in the December supplement are not in compliance with this order, PG&E shall modify rates as required and make any necessary billing or other adjustments in a timely manner.
8. If PG&E requests amortization of future balances in the accounts authorized for amortization in this resolution by means of the annual electric true-up advice letter for rates effective January 1, it shall file the advice letter no later than September 1 of the year prior to when rates become effective. The advice letter shall reflect balances recorded as of July 31 of the year in which the advice letter is filed and the estimated balances for August through December of that year.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on December 15, 2011; the following Commissioners voting favorably thereon:

Paul Clanon
Executive Director

Attachment A

Resolution E-4432 addressing PG&E Advice Letter 3896-E

List of Acronyms in Alphabetical Order:

A.	Application
AB	Assembly Bill
AL	Advice Letter
AET	Annual Electric True-up
ATFA	Affiliate Transfer Fees Account
BCRSBA	British Columbia Renewable Study Balancing Account
CAISO	California Independent System Operator
CAM	Cost Allocation Mechanism
CAREA	California Alternate Rates for Energy Account
CEEIA	Customer Energy Efficiency Incentive Account
CIPBA	Cornerstone Improvement Project Balancing Account
CSI	California Solar Initiative
CTC	Competition Transition Charge
D.	Decision
DCSSBA	Diablo Canyon Seismic Studies Balancing Account
DR	Demand Response
DRC	Dedicated Rate Component
DRAM	Distribution Revenue Adjustment Mechanism
DRRBA	Demand Response Revenue Balancing Account
DWR	California Department of Water Resources
ECRA	Energy Cost Recovery Amount
ECRBA	End Use Customer Refund Balancing Account
EE	Energy Efficiency
EM&V	Evaluation, Measurement, and Verification
ERBBA	Energy Recovery Bonds Balancing Account
ESA	Energy Savings Assistance
FERABA	Family Electric Rate Assistance Balancing Account
FERC	Federal Energy Regulatory Commission
FF&U	Franchise Fees and Uncollectibles
ERRA	Energy Resource Recovery Account
GRC	General Rate Case
HA	Headroom Account
HSM	Hazardous Substance Mechanism

Attachment A

Resolution E-4432 addressing PG&E Advice Letter 3896-E

List of Acronyms in Alphabetical Order (continued):

LCPERMA	Land Conservation Plan Environmental Remediation Memorandum Account
LTAMA	Long-Term Procurement Plan Technical Assistance Memorandum Account
NDAM	Nuclear Decommissioning Adjustment Mechanism
NTBA	Non-Tariffed Balancing Account
MTCBA	Modified Transition Cost Balancing Account
PEERAM	Procurement Energy Efficiency Revenue Adjustment Mechanism
PCIA	Power Charge Indifference Amount
PCBA	Pension Contribution Balancing Account
PCCBA	Power Charge Collection Balancing Account
PPP	Public Purpose Program
PPPRAM	Public Purpose Programs Revenue Adjustment Mechanism
PGC	Public Goods Charge
R.	Rulemaking
RDD	Research Demonstration and Development
RPS	Renewables Portfolio Standard
RPSCMA	Renewables Portfolio Standard Cost Memorandum Account
RRIM	Risk/Reward Incentive Mechanism
RS	Reliability Services
RSBA	Reliability Services Balancing Account
SB	Senate Bill
SBA-E	SmartMeter™ Project Balancing Account
SGIP	Self Generation Incentive Program
SGMA	Smart Grid Memorandum Account
TO	Transmission Owners
TRBAA	Transmission Revenue Balancing Account Adjustment
UGBA	Utility Generation Balancing Account

STATE OF CALIFORNIA Edmund G. Brown Jr., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

I.D.# 10858

November 15, 2011 Resolution E-4432
Commission Meeting Date: December 15, 2011

TO: PARTIES TO DRAFT RESOLUTION E-4432

Enclosed is draft Resolution E-4432 of the Energy Division. It will be on the agenda at the December 15, 2011 Commission meeting. The Commission may then vote on this Resolution or it may postpone a vote until later.

When the Commission votes on a draft Resolution, it may adopt all or part of it as written, amend, modify or set it aside and prepare a different Resolution. Only when the Commission acts does the Resolution become binding on the parties.

Parties may submit comments on the draft Resolution no later than December 5, 2011.

Comments should be submitted to:

Honesto Gatchalian and Maria Salinas
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
jnj@cpuc.ca.gov; mas@cpuc.ca.gov

A copy of the comments should be submitted to:

Felix Robles
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Email: fvr@cpuc.ca.gov

Comments may be served by email. Any comments on the draft Resolution must be received by the Energy Division by December 5, 2011. Those submitting comments must serve a copy of their comments on 1) the entire service list attached to the draft Resolution, 2) all Commissioners, and 3) the Director of the Energy Division, the Chief Administrative Law Judge and the General Counsel, on the same date that the comments are submitted to the Energy Division.

Comments shall be limited to fifteen pages in length plus a subject index listing the recommended changes to the draft Resolution, a table of authorities and an appendix setting forth the proposed findings and ordering paragraphs.

Comments shall focus on factual, legal or technical errors in the proposed draft Resolution. Comments that merely reargue positions taken in the advice letter or protests will be accorded no weight and are not to be submitted.

Late submitted comments will not be considered.

/s/ Gurbux Kahlon
Gurbux Kahlon
Program Manager
Energy Division

Enclosure: Service List
Certificate of Service

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of Draft Resolution E-4432 on all parties in these filings or their attorneys as shown on the attached list.

Dated November 15, 2011 at San Francisco, California.

/s/ Honesto Gatchalian

Honesto Gatchalian

NOTICE

Parties should notify the Energy Division, Public Utilities Commission, 505 Van Ness Avenue, Room 4002 San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the Resolution number on the service list on which your name appears.

Service List
Draft Resolution E-4432

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