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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2017. (U39M)	Application 15-09-001 (Filed September 1, 2015)

JOINT MOTION OF OFFICE OF RATEPAYER ADVOCATES, THE UTILITY REFORM NETWORK, ALLIANCE FOR NUCLEAR RESPONSIBILITY, CENTER FOR ACCESSIBLE TECHNOLOGY, COALITION OF CALIFORNIA UTILITY EMPLOYEES, COLLABORATIVE APPROACHES TO UTILITY SAFETY ENFORCEMENT, CONSUMER FEDERATION OF CALIFORNIA, ENVIRONMENTAL DEFENSE FUND, MARIN CLEAN ENERGY, MERCED IRRIGATION DISTRICT, MODESTO IRRIGATION DISTRICT, NATIONAL DIVERSITY COALITION, SMALL BUSINESS UTILITY ADVOCATES, SOUTH SAN JOAQUIN IRRIGATION DISTRICT, AND PACIFIC GAS AND ELECTRIC COMPANY FOR ADOPTION OF SETTLEMENT AGREEMENT

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SOUTH SAN JOAQUIN IRRIGATION DISTRICT, AND
PACIFIC GAS AND ELECTRIC COMPANY
FOR ADOPTION OF SETTLEMENT AGREEMENT

I. INTRODUCTION AND REQUEST FOR COMMISSION ACTION

Pursuant to Rule 12.1 of the California Public Utilities Commission's (Commission or CPUC) Rules of Practice and Procedure, the Office of Ratepayer Advocates (ORA), The Utility Reform Network (TURN), Alliance for Nuclear Responsibility (A4NR), Center for Accessible Technology (CforAT), Coalition of California Utility Employees (CUE), Collaborative Approaches to Utility Safety Enforcement (CAUSE), Consumer Federation of California (CFC), Environmental Defense Fund (EDF), Marin Clean Energy (MCE), Merced Irrigation District (Merced ID) Modesto Irrigation District (Modesto ID), National Diversity Coalition (NDC), Small Business Utility Advocates (SBUA), South San Joaquin Irrigation District (SSJID), and Pacific Gas and Electric Company (PG&E) (collectively, the Settling Parties) hereby jointly request that the Commission approve the Settlement Agreement (the Agreement), which is included as Attachment 1 to this Motion. The Agreement is a compromise among the Settling Parties' respective litigation positions to resolve all disputed issues raised by parties in the above-referenced proceeding, except for two contested issues explicitly identified in this motion. Unless otherwise provided in the Agreement, all proposals and recommendations by the Settling Parties, including, but not limited to, those set forth in the Joint Comparison Exhibit (JCE) (PG&E-37), are either withdrawn, if so indicated in the Agreement, or considered subsumed without adoption by the Agreement.

The Settling Parties request that the Commission issue a final decision approving the Agreement as expeditiously as possible.

This Motion is organized as follows. Section II describes the many interests represented by the 15 Settling Parties. Section III provides a procedural history of this matter. Section IV summarizes the litigation positions taken by the Settling Parties. Section V explains why the Agreement is reasonable, consistent with law, and in the public interest, as required by CPUC Rule 12.1(a). Section VI summarizes the Agreement. Section VII provides a brief conclusion.

As mentioned above, Attachment 1 to this Motion includes the Agreement. As required by CPUC Rule 12.1(a), PG&E is filing a separately-bound Joint Comparison Exhibit concurrent with this Motion that indicates the effect of the Agreement in relation to Settling Parties' litigation positions.

Pursuant to Rule 11.1 of the Rules of Practice and Procedure of the Commission, the Settling Parties are concurrently filing a motion to shorten time for comments and replies to the Agreement in order to allow the Assigned Commissioner and Administrative Law Judge (ALJ) to hold workshops or hearings during the currently-scheduled hearing room time in late August 2016.

II. INTERESTS OF SETTLING PARTIES

The Settling Parties represent the interests of PG&E and a variety of other interests. For example, ORA, TURN, CFC and NDC represent the diverse interests of consumers of gas and electricity, including low-income consumers. A4NR represents the interests of consumers concerned about PG&E's nuclear operations. CforAT represents the interests of disabled customers. CUE represents the interests of represented utility employees at PG&E and other utility employees throughout the state. CAUSE represents the interests of consumers with a focus on utility safety. EDF represents the interests of consumers regarding environmental issues. MCE represents the interests of consumers regarding community choice aggregation and related issues. Merced ID, Modesto ID, and SSJID represent the interests of irrigation districts. SBUA represents the interests of small businesses.

III. PROCEDURAL HISTORY

On September 1, 2015, PG&E filed its 2017 GRC Application. On October 29, 2015, the Commission convened a prehearing conference before Assigned Commissioner Michael Picker and Administrative Law Judge (ALJ) Stephen C. Roscow.

On September 29, 2015, ALJ Roscow hosted a workshop in which PG&E provided an overview of its GRC forecast.

In October and November 2015, PG&E served supplemental testimony.

On December 1, 2015, Assigned Commissioner Picker issued an "Assigned Commissioner's Ruling and Scoping Memo" setting the procedural schedule, as well as addressing the scope of the proceeding and other procedural matters. The procedural schedule called for settlement discussions in May – June 2016.

In December 2015, as well as January and February 2016, PG&E served supplemental testimony.

On March 7, 2016, the Commission's Safety and Enforcement Division (SED) Risk Assessment Division issued its Staff Report on the risk and safety aspects of PG&E's 2017 GRC.

On March 25, 2016, SED staff hosted a workshop to discuss the above-mentioned report.

On April 8, 2016, ORA served its testimony in response to PG&E's 2017 GRC Application and supporting testimony.

On April 29, 2016, TURN, A4NR, CAUSE, CUE, CFC, EDF, MCE, Merced ID, Modesto ID, NDC, SBUA and SSJID served their testimony.

On May 26 and 27, 2016, PG&E, CUE, EDF and SSJID served rebuttal testimony.

In May 2016 and continuing during the months thereafter, parties engaged in settlement discussions. These discussions led to various extensions of the procedural schedule for this GRC. Apart from the settlement discussions, International Brotherhood of Electrical Workers, AFL-CIO, Local Union 1245 and PG&E reached a separate agreement on staffing issues as part of the collective bargaining process.

In June 2016, PG&E served supplemental testimony and, on June 10, 2016, PG&E circulated a draft Joint Comparison Exhibit that provided a comparison of the revenue requirement positions of PG&E and the various parties.

On June 20, 2016, PG&E, A4NR, CUE, Friends of the Earth, IBEW Local 1245, National Resources Defense Council, and Environment California entered a separate agreement known as the "Joint Proposal to Retire Diablo Canyon Nuclear Power Plant at the Expiration of the Current Operating Licenses and Replace it with a Portfolio of GHG-Free Resources" (Joint Proposal on Diablo Canyon).

Through mid-July 2016, PG&E responded to nearly 8,000 individual data requests in this proceeding.

On July 21, 2016, pursuant to Rule 12.1(b), PG&E notified all parties on the service list of a settlement conference to be held on August 3, 2016 to discuss the terms of the Agreement. Following the settlement conference, the Settling Parties signed this Agreement.

IV. SUMMARY OF SETTLING PARTIES' LITIGATION POSITIONS

The following subsections summarize the various Settling Parties' litigation positions.

A. PG&E's Position

PG&E's litigation position would result in base revenue requirements of $4,279 million for electric distribution, $1,801 million for gas distribution, and $2,155 million for electric generation, resulting in increases over currently authorized revenues of $67 million for electric distribution, $59 million for gas distribution, and $193 million for electric generation.[1/] In addition, adoption of PG&E's litigation position would result in post-test year increases of $263 million in 2018 and $175 million in 2019 for electric distribution, $145 million in 2018 and $150 million in 2019 for gas distribution, and $59 million in 2018 and $43 million in 2019 for electric generation.[2/]

1/ Settlement Agreement, Appendix A, page 1.

2/ Settlement Agreement, Appendix B. These amounts, and all other amounts in this Agreement, are in nominal Federal Energy Regulatory Commission (FERC) dollars unless noted otherwise.

PG&E sought a variety of other non-revenue requirement related relief, such as the proposed closure of 26 customer service offices.[3/] A list of PG&E's requested relief is set forth in PG&E's September 1, 2015 Application.[4/]

B. ORA's Position

As reflected in ORA's testimony, ORA's litigation position was to recommend a total 2017 revenue requirement of $4,067 million for electric distribution, $1,683 million for gas distribution, and $2,081 million for electric generation, resulting in a decrease of $146 million, a decrease of $59 million, and an increase of $119 million, respectively, over currently authorized electric and gas distribution and generation-related revenues.[5/]

For 2018 and 2019, ORA recommended increases of $274 million and $283 million, respectively,[6/] or, in the alternative, $444 million and $361 million.[7/] ORA's primary recommendation would have resulted in increases of $142 million and $147 million for electric distribution in 2018 and 2019, respectively; $59 million and $61 million for gas distribution in 2018 and 2019, respectively; and $72 million and $75 million for electric generation in 2018 and 2019, respectively.[8/]

ORA also proposed a 4-year GRC term (i.e., 2017-2020). For 2020, ORA recommended a 3.50 percent increase in revenues over 2019 levels.[9/] ORA opposed closing 26 customer service offices.[10/]

C. TURN's Position

TURN made a number of recommendations, addressing almost every aspect of PG&E's operations. These recommendations included reducing overall Administrative and General and Human Resources spending, reducing ratepayer funding of the Short Term Incentive Plan (STIP), reducing

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3/ Exh. (PG&E-6), p. 5-2, lines 9-10.

4/ Application 15-09-001, September 1, 2015, "Request for Commission Orders", pp. 26-31.

5/ Exh. (ORA-1), p. 1, lines 26 to p. 2, line 2 and Table 1-1.

6/ Exh. (ORA-1), p. 3, Table 1-2.

7/ PG&E derived these numbers using ORA's Results of the Operations model and applying the parameters ORA specified in testimony. *See* Exh. (ORA-21), p. 21, line 19 to p. 26, line 8.

8/ Exh. (ORA-1), p. 3, Table 1-2.

9/ Exh. (ORA-1), p. 3, lines 7-10.

10/ Exh. (ORA-13), p. 37, lines 5-7.

Customer Care costs, reducing electric and gas distribution capital and expense items and related ratemaking adjustments for deferred or imprudent gas distribution spending, reducing electric generation capital and expense items and related ratemaking adjustments, reducing depreciation and rate base for numerous items, rejecting or reducing funding for numerous real estate projects and activities, and rejecting certain political costs. TURN also opposed PG&E's proposal to close up to 26 customer service offices, and offered policy recommendations related to safety, risk, and integrated planning; non-tariffed products and services; and Diablo Canyon, among other things.

D. A4NR's Position

A4NR recommended that PG&E file an annual Tier 1 advice letter describing plans to extend the operating licenses and authorities for the Diablo Canyon Nuclear Power Plant (Diablo Canyon).[11/] A4NR provided various ratemaking recommendations concerning the operations of Diablo Canyon, including a recommendation to provide alternative performance-based ratemaking.[12/]

E. CforAT's Position

In lieu of providing independent testimony in the GRC, CforAT negotiated a Memorandum of Understanding (MOU) with PG&E regarding various improvements to customer service for persons with disabilities. On September 1, 2015, CforAT and PG&E jointly submitted this MOU as part of Exhibit (PG&E-6).[13/]

F. CUE's Position

CUE recommended increasing safety and reliability of both the gas and electric distribution systems by accelerating the rate of replacing aging infrastructure but reducing the revenue requirement by $68 million by lengthening the depreciation schedule for certain equipment.[14/] CUE opposed closing 26 customer service offices.[15/]

11/ Exh. (A4NR-1), p. 2, lines 16-18.

12/ Exh. (A4NR-2), p. 2, lines 15-27.

13/ Exh. (PG&E-6), Chapter 5, Attachment A.

14/ Exh. (CUE-8-Errata to Prepared Direct Testimony of David Marcus), p. 2, lines 13-19.

15/ Exh. (CUE-8-Errata to Prepared Direct Testimony of David Marcus), p. 53, lines 8-9.

G. CAUSE's Position

CAUSE provided recommendations concerning the implementation of international standards and broader involvement of field employees in assessing safety conditions.[16/]

H. CFC's Position

CFC recommended various reductions concerning PG&E's insurance forecast[17/] and a reduction for the 2017 Gas Distribution Corrective Maintenance expense.[18/]

CFC supported PG&E's electric distribution reliability upgrade expenditures,[19/] proposed a requirement that PG&E continue to narrow the reliability performance gap between districts/divisions,[20/] and supported combining two existing electrical distribution reliability reports into one.[21/]

CFC recommended restructuring IT project budgets to better align with ratepayers' income growth[22/] and proposed an econometric forecast method for uncollectibles expense, rather than the established moving average revenue factor approach.[23/]

I. EDF's Position

EDF addressed PG&E's expenses and system improvements in relation to methane emissions reductions and long-term planning.[24/] EDF sought to ensure that PG&E has the ability to implement anticipated regulations requiring methane emissions reductions.

16/ Exh. (CAUSE-1), pp. 1-11.

17/ Exh. (CFC-1-Directors and Officers Insurance Expenses), p. 1, lines 28-29; Exh. (CFC-5-Property Insurance Expenses), p. 1, line 29 to p. 2, line 2; Exh. (CFC-3-Excess & Other Liability Insurance Expenses), p. 2, line 27 to p. 3, line 2.

18/ Exh. (CFC-7-Leak Management Corrective Maintenance Expenses), p. 1, lines 23-31.

19/ Exh. (CFC-2-Electric Distribution Reliability Upgrades), p. 1, line 27.

20/ Exh. (CFC-2-Electric Distribution Reliability Upgrades), p. 2, lines 1-3.

21/ Exh. (CFC-2-Electric Distribution Reliability Upgrades), p. 2, lines 4-5.

22/ Exh. (CFC-4-Information Technology Projects), p. 1, lines 20-24.

23/ Exh. (CFC-6-Uncollectibles Expenses), p. 1, lines 23-31.

24/ Exh. (EDF-1-Opening Testimony O'Connor), p. 7, lines 12-17.

J. MCE's Position

MCE recommended revising the methodology used for allocating PG&E's Public Purpose Program overhead expenses to improve competitive neutrality and allocating the legal costs associated with developing PG&E's Power Purchase Agreements to its generation rate.[25/]

K. Merced and Modesto IDs' Position

Merced ID and Modesto ID recommended rejecting PG&E's forecast for customer retention activities and booking the costs below-the-line,[26/] conditioning Economic Development Rate revenue requested in Phase 1 on the firm showing required by D.13-10-019 in Phase 2,[27/] and requiring continuation of transparent cost information for distribution projects by planning area.[28/]

L. NDC's Position

NDC recommended evaluation of executive compensation,[29/] an increase to PG&E's low-income consumer marketing, education and outreach budget[30/] and gradually reducing the closure of customer service offices.[31/]

M. SBUA's Position

SBUA negotiated an MOU with PG&E that includes a variety of service improvements for small businesses. On September 1, 2015, SBUA and PG&E jointly submitted this MOU as part of Exhibit (PG&E-6).[32/] SBUA advocated in the proceeding for the Commission to adopt the MOU and allocate sufficient funding for its provisions.[33/]

25/ Exh. (MCE), p. 9, lines 7-11.

26/ Exh. (MMID), p. 1, lines 7-10.

27/ Exh. (MMID), p. 1, lines 24-28.

28/ Exh. (MMID), p. 2, lines 3-5.

29/ Exh. (NDC), p. 7, lines 9-11.

30/ Exh. (NDC), p. 10, lines 18-21.

31/ Exh. (NDC), p. 12, lines 4-7.

32/ Exh. (PG&E-6), Chapter 2, Attachment A.

33/ Exh. (SBUA), p. 3.

N. SSJID's Position

SSJID recommended no funding for Customer Retention activities,[34] disallowing ratepayer funding for the Economic Development Program,[35] and denying a variety of forecasted items.[36]

V. THE COMMISSION SHOULD APPROVE THE AGREEMENT AS REASONABLE IN LIGHT OF THE WHOLE RECORD, CONSISTENT WITH LAW AND IN THE PUBLIC INTEREST

A. Legal Standard for Settlements

Commission Rule 12.1(d) sets forth the standard for approval of settlements:

> The Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

The Commission approves settlement agreements based on whether the settlement agreement is just and reasonable as a whole, not based on its individual terms:

> In assessing settlements we consider individual settlement provisions but, in light of strong public policy favoring settlements, we do not base our conclusion on whether any single provision is the optimal result. Rather, we determine whether the settlement as a whole produces a just and reasonable outcome.[37]

Numerous Commission decisions "have endorsed settlements as an 'appropriate method of alternative ratemaking' and express a strong public policy favoring settlement of disputes if they are fair and reasonable in light of the whole record."[38] It is long-standing Commission policy to strongly favor settlement.[39] This policy supports many worthwhile goals, including not only reducing the expense of litigation and conserving scarce Commission resources, but also allowing parties to reduce the risk that litigation will produce unacceptable results.[40]

The Commission's general policy supporting settlements was reiterated in the context of the current proceeding.[41]

34/ Exh. (SSJID-1), p. 1-3, lines 3-4.

35/ Exh. (SSJID-1), p. 1-3, lines 10-13.

36/ Exh. (SSJID-1), p. 1-3, lines 15-20.

37/ D.10-04-033, *mimeo*, p. 9.

38/ See, *e.g.*, D.05-10-041, *mimeo*, p. 47; D.15-03-006, *mimeo*, p. 6; and D.15-04-006, *mimeo*, p. 8.

39/ D.10-06-038, *mimeo*, p. 38.

40/ D.14-12-040, *mimeo*, p. 15.

41/ *Assigned Commissioner's Ruling and Scoping Memo* (Dec. 1, 2015), p. 17.

B. The Agreement Is Reasonable in Light of the Record as a Whole

The Settling Parties are knowledgeable and experienced regarding the issues in this GRC proceeding and have a well-documented history of strongly-held positions, leading to different recommendations in many areas. With respect to the overall test year 2017 revenue requirement, the JCE shows that the settled value falls within the ranges created by the Settling Parties' respective original positions.[42/] The Agreement reflects a reasonable balance of the various interests affected in this proceeding.

C. The Agreement Is Consistent with Law and Prior Commission Decisions

The Settling Parties believe, and herein represent, that no term of the Agreement contravenes statutory provisions or prior Commission decisions.[43/] The Settling Parties are aware of no statutory provisions or controlling law that would be contravened or compromised by the Agreement.

D. The Agreement Is in the Public Interest

The Agreement arrives at an overall 2017 test year consolidated gas and electric service rate and bill impact of approximately one percent that Settling Parties believe achieves a fair balance between safety, reliability and affordability. The Agreement will enable PG&E to comply with its obligations under Public Utilities Code Section 451 to "furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities…as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

VI. SUMMARY OF SETTLEMENT AGREEMENT

Articles 1 and 2 of the Agreement provide a brief introduction to the Agreement and set forth its procedural history. Article 3 of the Agreement sets forth the settled issues, including the overall revenue requirement. It provides that, using a starting point of PG&E's requested increase in its rebuttal testimony of $319 million,[44/] the Commission should allow a test year 2017 revenue requirement increase of $88 million, which is generally constructed using the other terms set forth therein. Article 4

42/ For example, see Exh. (PG&E-37), p. 2-192.

43/ In D.00-09-037 (p. 11), the Commission based its finding that the third criteria had been met on representation by the settling parties that they expended considerable effort ensuring that the Settlement Agreement comports with statute and precedents, and did not believe that any of its terms or provisions contravene statute or prior Commission decisions. *See also,* D.07-04-043, *mimeo*, p. 88.

44/ Exh. (PG&E-20), p. 1-2, Table 1, line 4.

of the Agreement sets forth two Contested Issues over which the Settling Parties were unable to gain consensus. These issues concern: (i) a third post-test year and (ii) gas leak management. The Settling Parties propose to present their respective positions on these contested issues through opening and reply comments on this Motion. Article 5 includes General Provisions of the Agreement.

A. Financial Provisions (Article 3)

1. Overall Revenue Requirement Provisions (Section 3.1.1)

a. 2017 Test Year (Section 3.1.1.1)

PG&E's original application sought a 2017 revenue requirement increase of $457 million over previously authorized rates.[45/] In PG&E's rebuttal testimony, PG&E reduced this request to an increase of $319 million.[46/]

ORA recommended an $85 million decrease to PG&E's 2017 revenue requirement from previously authorized rates.[47/] CUE recommended an overall $68 million reduction to PG&E's recommended revenue requirement.[48/] Although TURN provided a broad number of specific recommended reductions concerning PG&E's forecast, TURN did not calculate an overall recommended revenue requirement. No other party provided an overall revenue requirement recommendation.

Section 3.1.1.1 of the Agreement provides for a 2017 revenue requirement increase of $88 million. The increases (decreases) are $(62) million for electric distribution, $(3) million for gas distribution, and $153 million for electric generation. These overall amounts represent a fair compromise of the Settling Parties' litigation positions.

45/ Exh. (PG&E-1), p. 1-5, lines 11-15.

46/ Exh. (PG&E-20), p. 1-2, Table 1, line 4.

47/ Exh. (ORA-1), p. 2, Table 1-1.

48/ Exh. (CUE-8-Errata to Direct Prepared Testimony of David Marcus), p. 2, lines 17-19.

b. 2018-2019 Post-Test Years (Section 3.1.1.2)

PG&E's original application sought 2018 and 2019 revenue requirement increases of $489 million and $390 million, respectively.[49/] In PG&E's update testimony, PG&E reduced these requests to increases of $469 million and $368 million, respectively.[50/]

For 2018 and 2019, ORA recommended increases of $274 million and $283 million, respectively,[51/] or, in the alternative, $444 million and $361 million.[52/] TURN also made primary and alternative recommendations. TURN's primary recommendation was for increases of $469 million and $250 million, respectively.[53/] TURN's alternative recommendation was for increases of $458 million and $290 million, respectively.[54/] No other party provided an <u>overall</u> revenue requirement recommendation for the post-test years.

The Settling Parties agree to adopt the amounts from ORA's alternative proposal. Specifically, Section 3.1.1.2 provides that PG&E's annual post-test year adjustment for 2018 and 2019 will be fixed dollar amounts of $444 million in 2018, and $361 million in 2019. This provision also adopts ORA's recommendation to limit PG&E's exogenous Z-factor proposal to years other than the test year.[55/]

Because the Agreement results in additional cost containment incentives for PG&E consistent with recommendations from ORA and TURN, the Agreement's treatment of post-test year ratemaking is reasonable, in the public interest, and should be adopted.

c. 2020 Post-Test Year (Section 3.1.1.3)

See Section VI.C.1 for a discussion of this contested issue.

2. Gas Distribution (Section 3.1.2)

Section 3.1.2 of the Agreement reduces PG&E's Gas Distribution forecast by $18 million expense and $10 million capital in 2017, in the following areas:

49/ Exh. (PG&E-1), p. 1-5, lines 15-17.

50/ Exh. (PG&E-19), p. 2, Table 2, line 2.

51/ Exh. (ORA-1), p. 3, Table 1-2.

52/ PG&E derived these numbers using ORA's Results of the Operations model and applying the parameters ORA specified in testimony. *See* Exh. (ORA-21), p. 21, line 19 to p. 26, line 8.

53/ Exh. (TURN-12), p. 17, Table 2.

54/ Exh. (TURN-12), p. 17, Table 2.

55/ Exh. (PG&E-30), p. 1-15, lines 4-13.

a. Revenue Requirement Issues

(1) Expense

- $5.2 million for corrosion control (Major Work Categories (MWC) DG and FH);
- $2.5 million for leak management (MWC FI);
- $0.5 million for other support activities (MWC AB); and
- $9.3 million for gas operations technology (MWCs GZ and JV).

(2) Capital

- $10 million for new business (MWC 29)

Settlement for Gas Distribution reflects a reasonable compromise of the positions taken by the parties as reflected in Chapter 2.A of the JCE.

3. Electric Distribution (Section 3.1.3)

a. Revenue Requirement Issues

Section 3.1.3 of the Agreement reduces PG&E's Electric Distribution forecast by $7 million expense and $102 million capital in 2017, as follows:

(1) Expense

- $2.0 million for overhead maintenance (MWC KA);
- $1.2 million for capacity, including the Voltage and Volt-Ampere Reactive Optimization (VVO) program (MWCs BA and JV);
- $1.4 million for technology (MWC JV); and
- $2.5 million for mapping and records management (MWC GE).

(2) Capital

- $7 million for reliability (MWC 49);
- $10 million for substation asset management (MWC 48);
- $40.5 million for capacity projects, including those in support of the VVO and Distributed Energy Resource Integration programs (MWCs 06, 46 and 2F);
- $43.4 million for new business (MWC 16); and
- $23.7 million for Rule 20A undergrounding work (MWC 30).

The above reductions are offset by increases in the following areas:

- $14 million for cable replacement (MWC 56);

- $0.4 million for grasshopper switches (MWC 08); and
- $8.5 million for Fault Location, Isolation and Service Restoration System (FLISR) (MWC 49).

The settlement for Electric Distribution reflects a reasonable compromise of the positions taken by the parties as reflected in Chapter 2.B of the JCE.

b. Other Financial Issues

The settlement of the issues set forth below reflects a reasonable compromise of the positions taken by the parties, many of which are reflected in Chapter 2 of the JCE. Given the various parties' recommendations in this area, these provisions are supported by the record and, in light of the various compromises set forth in this Agreement, these provisions are reasonable and in the public interest.

(1) Pole Replacement (Section 3.1.3.2)

In response to PG&E's forecast for pole replacement, CUE recommended that PG&E should replace 9,400 more poles per year than PG&E forecast, at a capital cost of $130.090 million per year.[56/] Section 3.1.3.2 of the Agreement provides that PG&E will spend an additional $4 million for 2018 and an additional $6 million for 2019 for the accelerated retirement of higher risk poles, absorbing the cost of the increased pole replacement activity in the settled 2018 and 2019 post-test year revenue requirements.

(2) Cable Replacement (Section 3.1.3.3)

In response to PG&E's forecast for cable replacement, CUE recommended that PG&E increase its replacement of high molecular weight polyethylene (HMWPE) cable from 11.3 – 13 miles to 43.25 miles.[57/] Section 3.1.3.3 of the Agreement provides that PG&E shall plan to double its proposed level of HMWPE cable replacement work from 13 miles to 26 miles in 2017, as well as an additional 13 miles per year for the post-test years (i.e., a total of 21 miles in 2018 and 26 miles in 2019). The Section also provides that prior to any cable replacement project, PG&E shall evaluate whether targeted cable replacement using testing or, in select cases, rejuvenation is a more cost-effective option for such cable.

56/ Exh. (CUE-8-Errata to Prepared Testimony of David Marcus), p. 30, line 13 to p. 32, line 33.

57/ Exh. (CUE-8-Errata to Prepared Testimony of David Marcus), p. 46, line 13 to p. 47, line 14.

(3) **Grasshopper Switches (Section 3.1.3.4)**

Section 3.1.3.4 of the Agreement adopts CUE's recommendation that PG&E increase its replacement rates for grasshopper switches from 20 per year to 30 per year.[58/] No other party submitted testimony on this issue.

(4) **Fault Location, Isolation and Service Restoration (FLISR) (Section 3.1.3.5)**

In response to PG&E's forecast for FLISR, CUE recommended that PG&E quadruple its FLISR installations from 77 to 308 per year to increase reliability at a high benefit to cost ratio.[59/]

Section 3.1.3.5 of the Areement provides that PG&E shall increase its forecasted level of FLISR installations during the term of this GRC, from 77 to not more than 116 per year. The number and placement of FLISR installations shall be described and supported in PG&E's next GRC application.

4. **Energy Supply (Section 3.1.4)**

Section 3.1.4 of the Agreement reduces PG&E's Energy Supply expense forecast by $5 million in 2017, in the following areas:

- $0.5 million for Hydro Operations (MWCs AX, KH and KI); and
- $4.2 million for seismic studies at Diablo Canyon (MWC IG).

In conjunction with the reduction of $4.2 million for seismic studies, PG&E shall record its annual costs of seismic studies in the Diablo Canyon Seismic Studies Balancing Account for review and recovery through the Energy Resource Recovery Account (ERRA) filings. PG&E stipulates to the withdrawal of its proposal to retire the Diablo Canyon Seismic Studies Balancing Account.[60/]

The settlement for Energy Supply reflects a reasonable compromise of the positions taken by the parties as reflected in Chapter 2.C of the JCE.

58/ Exh. (CUE-8-Errata to Prepared Testimony of David Marcus), p. 36, line 1 to p. 37, line 2.

59/ Exh. (CUE-8-Errata to Prepared Testimony of David Marcus), p. 21, line 7 to p. 22, line 13.

60/ PG&E has agreed with A4NR's position to remove $4.17 million in seismic studies costs for Diablo Canyon from the GRCand instead, PG&E will continue the current practice of recording seismic studies costs in the Diablo Canyon Seismic Studies Balancing Account for review and recovery in the ERRA filings.

5. Customer Care (Section 3.1.5)

a. Revenue Requirement Issues

Section 3.1.5 of the Agreement reduces PG&E's Customer Care forecast by $31 million expense and $1.3 million capital in 2017, in the following areas:

(1) Expense

- $7.1 million for customer engagement (MWCs EZ, FK and IV);
- $14.7 million for pricing products (MWC EZ);
- $3.8 million for contact centers (MWC DK);
- $0.8 million for customer retention (MWC FK);
- $1.0 million for metering (MWC AR); and
- $3.2 million for billing, revenue and credit (MWC IS).

(2) Capital

- $1.3 million for information technology (MWC 2F).

The settlement for Customer Care reflects a reasonable compromise of the positions taken by the parties as reflected in Chapter 2.D of the JCE.

b. Other Financial Issues

Settlement of the issues set forth below reflects a reasonable compromise of the positions taken by the parties, many of which are reflected in Chapter 2 of the JCE. Given the various parties' recommendations in this area, these provisions are supported by the record and, in light of the various compromises set forth in this Agreement, these provisions are reasonable and in the public interest.

(1) Residential Rates Reform Memorandum Account (RRRMA) (Section 3.1.5.2)

In July 2015, the Commission issued D.15-07-001 in the Residential Rates OIR proceeding, which provided direction to the Investor-Owned Utilities (IOUs) on implementation of Time of Use (TOU) rate options. Among other things, the Commission ordered each IOU to create a memorandum account (the RRRMA for PG&E) to track costs related to implementation of the decision.[61/] The

[61/] D.15-07-001, *mimeo*, p. 335 (Ordering Paragraph 12).

Agreement addresses two issues with respect to the RRRMA: (1) recovery of costs recorded in 2015 and 2016; and (2) recovery of costs recorded in 2017 and beyond.

(a) **Recovery of 2015-2016 Costs**

In D.15-07-001, the Commission stated that "[t]hese memo accounts would be subject to review in the utility's next GRC, with the burden on the utility to show that the expenditures were incremental, verifiable and reasonable.[62/] PG&E requested recovery of the actual costs tracked in the RRRMA as of the effective date of a final decision in this proceeding.[63/] ORA and TURN recommended that PG&E should file a separate application to recover those costs.[64/] ORA and TURN both stated that these costs should be subject to after-the-fact reasonableness review by the Commission.[65/] In rebuttal, PG&E agreed that the costs booked to the RRRMA should be subject to reasonableness review by the Commission, but recommended that PG&E should seek recovery of those costs through an advice filing as opposed to through separate application.[66/]

Section 3.1.5.2.1 of the Agreement provides that PG&E may seek recovery in rates of 2015-2016 costs booked to the RRRMA through a Tier 2 advice filing filed after the Commission's issuance of a final decision in the 2017 GRC. Prior to filing the advice filing, PG&E shall share a draft of the advice filing, and an accounting of the costs to be recovered, with ORA and TURN for their comment, which PG&E shall take into account in its submission of the advice filing.

(b) **Recovery of 2017 and Beyond Costs**

PG&E included a forecast for TOU implementation activities for 2017-2019 as part of its GRC forecast. Specifically, PG&E requested that the Commission adopt a 2017 forecast of $19.3 million in

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62/ *Id.* at p. 298.

63/ Exh. (PG&E-6), p. 3-14, lines 3-6.

64/ Exh. (ORA-13), p. 1, lines 21-23 and p. 24, lines 16-18; Exh. (TURN-8), p. 16, lines 9-10.

65/ Exh. (ORA-13), p. 25, lines 1-15; Exh. (TURN-8), p. 16, line 24 through p. 17, line 6.

66/ Exh. (PG&E-25), p. 3-19, lines 9-26.

total for residential rate reform activities in 2017.[67/] PG&E forecast additional amounts for 2018 and 2019 as follows: (1) a total of $40.4 million in 2018 and; (2) a total of $46.6 million in 2019.[68/]

ORA stated that there is uncertainty regarding these costs and recommended that they be removed from the GRC and tracked in a memorandum account.[69/] In the alternative, ORA recommended that PG&E be authorized to recover up to its forecast amounts in a one-way balancing account.[70/] TURN supported ORA's position that these costs should not be included in the GRC.[71/] In the event the Commission was to allow recovery of these costs through the GRC, TURN would oppose recovery beyond what the normal post test-year mechanism would provide for 2018 and 2019. [72/] In rebuttal, PG&E recommended that the Commission establish a new two-way balancing account for recovery of these costs.[73/] In the alternative, PG&E agreed with ORA's recommendation for a one-way balancing account, though with an opportunity for PG&E to recover costs beyond the amount of its GRC forecast.[74]

Section 3.1.5.2.2 of the Agreement authorizes PG&E to recover its recorded costs annually through PG&E's Annual Electric True-up (AET) advice letter filing up to a cumulative total of $57.9 million for the 2017-2019 period (the equivalent of PG&E's 2017 forecast of $19.3 million for each year). In the event that the Commission adopts a 4-year GRC cycle, PG&E shall be authorized to recover an additional $19.3 million in 2020 through the AET for such activities. PG&E may seek recovery via Tier 3 advice filing of additional costs incurred that exceed the amounts specified in this section.

67/ Exh. (PG&E-25), p. 3-6, Table 3-2, line 9.

68/ Exh. (PG&E-25), p. 3-6, Table 3-2, line 9.

69/ Exh. (ORA-13), p. 26, lines 10-15.

70/ Exh. (ORA-13), p. 26, line 16 through p. 27, line 2.

71/ Exh. (TURN-8), p. 16, lines 9-10.

72/ Exh. (TURN-8), p. 18, lines 9-19.

73/ Exh. (PG&E-25), p. 3-8 line 3 through p. 3-9, line 2.

74/ Exh. (PG&E-25), p. 3-9, lines 3-28.

(2) Shareholder Funding for Customer Retention (Section 3.1.5.3)

ORA, Merced and Modesto IDs, and SSJID each recommended that PG&E receive no funding for customer retention work and that PG&E be required to record customer retention costs below-the-line.[75/] PG&E forecast $807 thousand for these activities in MWC FK.[76/] Among other things, certain parties commented that PG&E's customer retention activities were for the purpose of blocking or opposing municipalization efforts,[77/] that they were unnecessary, and that they may increase costs to ratepayers.[78/] PG&E disagreed, stating that among other things, these activities were appropriate and helped to prevent spreading fixed costs to remaining customers as a result of uneconomic bypass.[79/]

Section 3.1.5.3 of the Agreement provides for a revenue requirement reduction of $807 thousand associated with the above-described work and, during the term of the 2017 GRC, provides PG&E shall record the above-described customer retention costs below-the-line and modify its below-the-line accounting standard accordingly.

(3) Economic Development Rate (Section 3.1.5.4)

PG&E forecasted $2.1 million in 2017 expense for Economic Development work. These expenses reside in MWC FK.[80/] Parties' recommendations regarding funding for this program are set forth in the JCE.[81/] Part of the $7.1 million reduction for Customer Engagement listed above includes a $1.2 million reduction for the Economic Development program. Section 3.1.5.4 of the Agreement explains that the $1.2 million reduction takes into account and accommodates Merced and Modesto IDs' recommendation that the Commission should condition any funding for the Economic Development Rate Program on the renewal of the Economic Development Rate in Phase II of the GRC, consistent with the requirements of D.13-10-019.[82/]

75/ Exh. (ORA-13), p. 42, lines 11-14; Exh. (SSJID-1), Chapter 2, pp. 2-1 to 2-21; Exh. (MMID), Chapter 4, pp. 12-28.

76/ Exh. (PG&E-6), p. 6-16, Table 6-5, line 2.

77/ Exh. (MMID), p. 14, line 26 to p. 16, line 12.

78/ Exh. (MMID), p. 1, lines 10-11.

79/ Exh. (PG&E-6), p. 6-1, lines 22-25; Exh. (PG&E-25), p. 6-7, line 25 to p. 6-13, line 8.

80/ Exh.(PG&E-6), p. 2-37, Table 2-3, line 3.

81/ Exh. (PG&E-37 V1), pp 2-427 through 2-430.

82/ Exh. (MMID), Chapter 6, p. 30.

(4) Customer Service and Outreach (Section 3.1.5.5)

NDC recommended that 70 percent of PG&E's marketing, education and outreach (ME&O) budget should be allocated to low-income customers with at least two-thirds targeted towards minorities.[83/] PG&E noted that funding for many ME&O budgets are set on a program-by-program basis in a number of balancing account proceedings outside the GRC.[84/] PG&E generally agrees, however, that targeting low-income and minority customers through marketing and outreach are important.[85/]

Section 3.1.5.5 of the Agreement targets 33% of PG&E's spending in various customer outreach areas toward communities of color and underserved communities. It requires PG&E to report in the next GRC regarding what percent of the annual funding amount over the term of the GRC that is authorized by the Commission for outreach and education on safety information, awareness, and emergency notifications was used for reaching these communities. The Agreement provides that PG&E may use ethnic media, community and faith based organizations, in-language materials, and other diverse marketing strategies to reach these communities.

(5) Customer Fees (Section 3.1.5.6)

PG&E proposed to reduce non-sufficient funds fees from the current fee of $11.00 to $7.00,[86/] on the grounds that reduced costs of notice generation, working capital and bank fees support the reduction.[87/] No party opposed the proposal.

PG&E also proposed to reduce reconnection fees and eliminate higher non-core hour fees.[88/] These reductions were largely driven by implementation of SmartMeter™ technology for residential customers, which has significantly lowered the cost to restore utility service.[89/] As such, PG&E

83/ Exh. (NDC), p. 10, lines 10-21.

84/ Exh. (PG&E-25), p. 3-21, lines 17-22.

85/ Exh. (PG&E-25), p. 3-21, lines 22-24.

86/ Exh. (PG&E-6), p. 8-26, lines 11-13.

87/ Exh. (PG&E-6), p. 8-26, lines 9-11.

88/ Exh. (PG&E-6), p. 8-25, lines 3-6.

89/ *Id*.

proposes single fees of $17.50 for non-CARE customers and $11.25 for CARE customers.[90] No party opposed the proposal.

Section 3.1.5.6 adopts PG&E's proposed reductions to its non-sufficient funds fees and reconnection fees.

(6) Uncollectibles (Section 3.1.5.7)

PG&E proposed revising the methodology to calculate the uncollectibles factor.[91] Under PG&E's proposed method, the factor would be calculated using the total net write off over ten years divided by the total revenue over ten years.[92] ORA noted that in the 2014 GRC, the Commission approved a methodology that would use a 10-year rolling average of the yearly uncollectibles factor and recommended the Commission continue to use that methodology.[93] Section 3.1.5.7 of the Agreement adopts ORA's recommendation.

6. Shared Services and Information Technology (IT) (Section 3.1.6)

Section 3.1.6 of the Agreement reduces PG&E's Shared Services forecast by $7.5 million expense and $5.4 million capital in 2017, in the following areas:

a. Revenue Requirement Issues

(1) Expense

- $0.9 million for sourcing (MWC JV);
- $3.3 million for real estate (MWC BI);
- $0.7 million for environmental programs (MWC JE); and
- $2.5 million for the Enterprise Corrective Action Program (MWC AB).

(2) Capital

- $5.4 million for real estate (MWC 23).

The settlement for Shared Services reflects a reasonable compromise of the positions taken by the parties as reflected in Chapter 2.E of the JCE.

90/ Exh. (PG&E-6), p. 8-26, Table 8-5.

91/ Exh. (PG&E-6), p. 8-26, line 16 to p. 8-27, line 13.

92/ Exh. (PG&E-6), p. 8-27, lines 5-7.

93/ Exh. (ORA-13), p. 55, lines 11-13.

b. Other Financial Issue

(1) Technical Assistance for Suppliers (Section 3.1.6.2)

PG&E forecast $1 million for the Technical Assistance Program in 2017.[94/] NDC stated that "PG&E must commit funds and resources to technical assistance and capacity building programs designed to help minority suppliers better serve PG&E and compete in the service territory. This will allow minorities to overcome racial barriers, and create a better equipped pool of diverse suppliers to serve the utility."[95/]

PG&E noted that collaborating with community partners on training, outreach and educational grants is currently an integral part of PG&E's operations and that the Company already supports a broad range of diverse business enterprise (DBE) technical assistance and capacity building initiatives in collaboration with different community organizations.[96/]

Section 3.1.6.2 of the Agreement provides that PG&E shall invest at least $800,000 annually toward technical assistance programs (MWC JL) that focus on developing small, minority-owned businesses. PG&E will work with NDC and other interested parties to discuss the effectiveness of technical assistance program expenditures, and discuss community-based organizations that have experience helping small businesses build their capacity.

Settlement of this issue reflects a reasonable compromise of the positions taken by the parties. Given the parties' recommendations in this area, this provision is supported by the record and, in light of the various compromises set forth in this Agreement, this provision is reasonable and in the public interest.

7. Human Resources (HR) (Section 3.1.7)

Section 3.1.7 of the Agreement reduces PG&E's HR expense forecast by $0.9 million for HR department costs and $83 million for HR Companywide expenses, in the following areas:

94/ Exh. (PG&E-7 WP 02-05), WP 5-13, line 14, fn. 3.

95/ Exh. (NDC), p. 15, lines 6-9.

96/ Exh. (PG&E-26), p. 5-5, lines 20-24; p. 5-10, lines 1-11.

a. Revenue Requirement Issues

(1) HR Department Cost Expense

- $0.9 million for HR department costs

(2) HR Companywide Expense

- $72.3 million for the Short Term Incentive Plan;
- $5.2 million for the medical and other benefits programs;
- $2.6 million for various non-qualified pension and defined contribution plans;
- $1.1 million for workers' compensation; and
- $2.1 million for Workforce Transition Program.

Settlement for HR reflects a reasonable compromise of the positions taken by the parties as reflected in Chapter 2.F of the JCE.

8. Administrative and General (A&G) (Section 3.1.8)

Section 3.1.8 of the Agreement reduces PG&E's A&G expense forecast by $1.7 million for A&G department costs and $7.7 million for A&G Companywide expense, in the following areas:

a. Revenue Requirement Issues

(1) A&G Department Cost Expense

- $0.4 million for the Finance organization;
- $0.8 million for Regulatory Affairs;
- $0.5 million for Executive Offices and Corporate Secretary; and
- $0.1 million for Corporate Affairs.

(2) A&G Companywide Expense

- $0.1 million for bank fees;
- $1.2 million for directors and officers liability insurance;
- $3.4 million for general liability insurance;
- $0.5 million for non-nuclear property insurance;
- $2.2 million for nuclear property insurance; and
- $0.3 million for Director fees and expenses.

Settlement for A&G reflects a reasonable compromise of the positions taken by the parties as reflected in Chapter 2.G of the JCE.

9. Technical and Accounting Issues (Section 3.1.9)

Section 3.1.9 of the Agreement provides detail regarding PG&E's Technical and Accounting Issues as indicated below:

a. Depreciation (Section 3.1.9.1)

The test year revenue requirement increase set forth above accounts for a reduction of $67 million of depreciation expense associated with the change in PG&E's requested net salvage rate depreciation parameters for certain asset classes, as reflected in Section 3.1.9.1. The 2017 depreciation parameters resulting from the Agreement are shown in the Settlement Agreement, Appendix C.

PG&E presented a detailed depreciation study for mass asset accounts, proposing updated depreciation parameters (i.e., net salvage rates, average service lives, and mortality curves) in support of its request for depreciation expense.[97/] ORA accepted most of PG&E's proposed depreciation parameters, but disagreed with the size of increases in net salvage rates for five accounts based on its interpretation of the principal of gradualism.[98/] ORA also proposed slightly longer service lives for two accounts.[99/] TURN proposed more significant changes to net salvage percentages and to service lives and curves.[100/] CUE also proposed significant changes to service lives based on PG&E's replacement activity for poles and gas mains.[101/] TURN and A4NR also proposed to lengthen the service life on generation assets.[102/]

The Agreement reduces PG&E's depreciation request by $67 million by modifying the requested net salvage rate for certain asset classes, but otherwise leaves intact PG&E's recommendations for service lives and curves. The Agreement is favorable to current customers because the agreed upon changes in parameters result in an overall lower revenue requirement increase to customers than the adopted changes in PG&E's 2014 GRC, and are, therefore, more gradual than the changes the

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97/ Exh. (PG&E-10), Chapter 10.

98/ Exh. (ORA-19), p. 1, line 18 to p. 2, line 3.

99/ Exh. (ORA-19), p. 2, lines 4-12.

100/ Exh. (TURN-11), Attachment 1, JSG-4, p. 110, JSG-1, p. 1.

101/ Exh. (CUE-8-Errata to Prepared Direct Testimony of David Marcus), pp. i-iii.

102/ Exh. (TURN-6), Attachment 1, Attachment V-2, pp. 41-42, Attachment V-4, pp. 48 and 50; A4NR-2, p. 29, lines 26-26.

Commission previously found reasonable in the 2014 GRC.[103/] The Agreement is also reasonable because the study was performed by the same experts using the same methods as the study the Commission found generally defensible in the last GRC.

b. 2015 and 2016 Capital Expenditures (Section 3.1.9.2)

The test year revenue requirement increase set forth above adopts ORA's recommendation for a reduction to PG&E's 2015 capital expenditure forecast largely based on 2015 recorded (not forecast) costs, as well as additional reductions in response to TURN's recommendations regarding gas distribution, totaling $186 million. PG&E opposed ORA's recommendation as inconsistent with the rate case plan.[104/] The test year revenue requirement additionally incorporates reductions to PG&E's 2016 capital expenditure forecast of $31 million, in response to recommendations of ORA and TURN. The settlement outcome in Section 3.1.9.2 is reasonable as an accommodation to ORA and TURN.

c. Income and Property Taxes (Section 3.1.9.3)

In Section 3.1.9.3, the Agreement adopts PG&E's forecast of income and property taxes which was not opposed by any party.

In the course of settlement negotiations TURN raised the issue of tax accounting changes for repairs, an issue which has arisen in recent GRCs of the other large utilities. This issue had not been raised in testimony. PG&E had agreed in the past to hold customers indifferent for Federal income tax purposes for tax accounting changes made prior to the date the Commission was informed of such changes. Consistent with its treatment of customers on these matters, PG&E has agreed to ORA and TURN's proposal for a Tax Repair Memorandum Account to track any future revenue requirement reductions (or increases) that might result from new tax accounting changes. Similar accounts have been adopted for the other large utilities.

d. Customer Deposits, Rate Base, and Related Issues (Section 3.1.9.4)

Customer Deposits – In Section 3.1.9.4, the Parties agree to adopt ORA and TURN's methodology to use short-term interest rate of 1.7% for customer deposits. The 1.7% is a compromise

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103/ See Exh. (PG&E-29), p. 10-13, line 16 to p. 10-16, line 2.

104/ Exh. (PG&E-20), p. 1-7, line 16 to p. 1-9, line 13.

between TURN's estimate of 1.4% and ORA's estimate of 2.05%.[105/] This results in a reduction of $6.4 million in the forecast revenue requirements. This reduction may be subject to adjustment prospectively, based on the results of the next Cost of Capital (COC) decision.

The Agreement provides for continuation of the interim revenue requirement adjustment for customer deposits, midway between the ORA and TURN recommended reductions.[106/] The Agreement also provides that, pending the result in the COC decision, this adjustment is subject to revision prospectively as of the date of such decision. These provisions of the Agreement term are reasonable as they are essentially a continuation of the result in the 2014 GRC.[107/]

Working Cash – PG&E requested that the Commission adopt its forecast of working cash which consisted of $172.3 million for electric distribution, $108.7 million for gas distribution and $208.9 million for electric generation.[108/] These working cash totals consisted of both an operational cash requirement and a working cash component resulting from a lead-lag study.[109/] PG&E asserted that its computations were consistent with Commission Standard Practice SP U-16.[110/]

ORA recommended a reduction in purchased power expense, as reflected in the lead-lag study, from $5,018 million to $4,275 million (resulting in a $22.1 million reduction in working cash).[111/] ORA argued that its reduction to purchase power expense, which was based on the most recent ERRA forecast of test year purchased power expense, better reflects PG&E's reduced future obligations.[112/] TURN agreed with ORA's purchased power adjustment.[113/] TURN also proposed adjustments to goods and services lag and various operational cash items, including accounts receivables, prepayments, and

105/ Exh. (TURN-6), p. 82; Exh. (ORA-20), p. 11, lines 17-18 and p. 12, Table 20-4.

106/ Exh. (ORA-20), p. 10, lines 2-5; Exh. (TURN-6), p. 62.

107/ D.14-08-032, *mimeo*, pp. 627-630.

108/ Exh. (PG&E-10), p. 13-1, lines 19-22.

109/ Exh. (PG&E-10), p. 13-2, lines 10-14.

110/ Exh. (PG&E-10), Chapter 13, p. 13-2, lines 14-17.

111/ Exh. (ORA-20), p. 8, lines 5-6.

112/ Exh. (ORA-20), p. 8, line 12 to p. 9, line 5.

113/ Exh. (TURN-6), p. 62.

Diablo Canyon refueling costs.[114/] In total, TURN's adjustments reduced PG&E's working cash request by an additional $94.5 million.[115/]

The adoption of the TURN/ORA position on this matter favors lower costs for customers and should be adopted.

Fuel Oil – Parties agree to adopt PG&E and ORA's forecast of $0 for fuel oil inventory.[116/] This settlement follows the treatment of past Commission decisions on fuel inventory and should be approved by the Commission.[117/]

e. Other Operating Revenue (OOR) (Section 3.1.9.5)

ORA's OOR recommendation, which increases PG&E's Other Operating Revenue forecast by $12.7 million for 2017, shall be adopted. As shown in Section 3.1.9.5, the settlement amount for the GRC OOR will be $130.7 million[118/] in 2017.

ORA proposed an increase in OOR of $13.2 million by using 2015 recorded data to forecast certain OOR items, rather than 2014 base year data.[119/] TURN agreed with ORA's recommendation and proposed an additional increase of $13.5 million based on using a different methodology to forecast a number of OOR items.[120/]

In rebuttal, PG&E argued against ORA's selective use of post base year data and argued that ORA's approach was inconsistent with the Rate Case Plan that incorporates the use of base year data in forecasting test year estimates.[121/] PG&E also argued against TURN's assertion of additional OOR on the grounds that TURN was selectively using data where it would increase OOR, but not taking into account circumstances where the data would suggest lower OOR.[122/]

114/ Exh. (TURN-6), p. 62.

115/ Exh. (PG&E-29), p. 13-3, Table 13-1, line 12; Exh. (TURN-6), p. 4.

116/ Exh. (PG&E-10), p. 14-4, lines 14-19; Exh. (ORA-20), p. 4, lines 16-17.

117/ D.14-08-032, *mimeo*, pp. 643-644.

118/ Excludes FERC jurisdictional revenues.

119/ Exh. (ORA-4), p. 8, Table 4-9, line 25.

120/ Exh. (TURN-6), p. 21-22; Exh. (TURN-10), p. 8-16.

121/ Exh. (PG&E-29), p. 17-5, line 31 to p. 17-6, line 3.

122/ Exh. (PG&E-29), p. 17-7, line 10 to p. 17-10, line 10.

Overall, the Settling Parties believe that increasing PG&E's test year forecast to the levels recommended by ORA represents a reasonable compromise of the differing recommendations of the parties.

f. Allocation of Common Costs (Section 3.1.9.6)

In Section 3.1.9.6 of the Agreement, the proposed allocation of common costs (A&G expenses and common plant) is approved for use in other, non-GRC Commission ratemaking mechanisms.

This allocation was not opposed, except by MCE,[123/] and should be approved. The resolution of MCE's issues is discussed in Section 3.2.7.2 of the Agreement.

g. Capitalization Rates (Section 3.1.9.7)

Section 3.1.9.7 adopts PG&E's proposed capitalization methodology. For purposes of calculating the revenue requirements, the 2017 forecast capitalization rates are 34.35% for Short Term Incentive Plan (STIP) and 42.43% for Remaining Vacation, Workers' Compensation, and Benefits.

PG&E's proposed capitalization rates are adopted for the term of the 2017 GRC for A&G departments of 12.23% for labor, 13.49% for materials and supplies, and 17.37% for Third Party Claims payments.

These provisions were not contested by any party and should be adopted.

h. Results of Operations (RO) Model (Section 3.1.9.8)

Section 3.1.9.8 provides that, unless changed by the terms of this Agreement, the underlying assumptions and methods used in PG&E's RO model to compute PG&E's revenue requirements, including cost allocations to unbundled cost categories (UCCs), as set forth in Exhibit (PG&E-10) are adopted.

This provision reflects the fact that the PG&E's RO modeling assumptions were generally uncontroverted. Those matters that were contested are addressed elsewhere in the Agreement.

10. Balancing and Memorandum Accounts (Section 3.1.10)

In opening testimony, PG&E proposed that a variety of existing balancing and memorandum accounts be maintained or closed.[124/] PG&E did not originally propose the creation of any new such

123/ Exh. (MCE-Errata to Testimony of Marin Clean Energy), p. 2, lines 5-8.

124/ Exh. (PG&E-1), p. 1-33, Table 1-4.

accounts.[125/] For the most part, PG&E's recommendations were unopposed. However, some parties opposed some of PG&E's proposals to close balancing accounts. For instance, A4NR opposed PG&E's recommendation to close the Diablo Canyon Seismic Studies Balancing Account.[126/] Other parties, such as EDF, proposed the adoption of new balancing accounts.[127/] Section 3.1.10 of the Agreement summarizes the various agreements on balancing and memorandum accounts.

a. Accounts To Be Retained and New Accounts

For the five accounts PG&E proposed to retain, no Party opposed PG&E's recommendation. Accordingly, the Agreement retains the following five accounts:

- Major Emergencies Balancing Account;
- Vegetation Management Balancing Account and associated Incremental Inspection and Removal Cost Tracking Account;
- Nuclear Regulatory Rulemaking Balancing Account;
- Hydro Relicensing Balancing Account; and
- Tax Act Memorandum Account.

PG&E also requested closure of two existing accounts that are maintained in some form.

A4NR opposed PG&E's closure of the Diablo Canyon Seismic Studies Balancing Account.[128/] The Agreement adopts A4NR's recommendation to continue the use of this account.

ORA and TURN opposed PG&E's proposal that would have resulted in elimination of the Residential Rate Reform Memorandum Account.[129/] The Agreement adopts ORA's proposal to continue the use of this memorandum account.

At the request of certain Settling Parties, two new accounts are being, or may be, created. In response to a recommendation from ORA and TURN, the Agreement establishes the new Tax Repair Memorandum Account addressed in Section 3.1.9.3 of the Agreement. In response to a

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125/ Exh. (PG&E-12), p. 9-1, lines 9-10.

126/ Exh. (A4NR-2), p. 4, lines 14-16.

127/ Exh. (EDF-1-Opening Testimony O'Connor), p. 9, lines 14-18.

128/ Exh. (A4NR-2), p. 4, lines 14-16.

129/ Exh. (ORA-13), p. 24, line 11 to p. 25, line 15; Exh. (TURN-8), p. 15, lines 3-6.

recommendation from EDF, the Agreement presents a New Environmental Regulatory Balancing Account for gas distribution.[130/] This new environmental account for gas distribution is one of the two contested provisions set forth in Article 4 of the Agreement.

b. Accounts to be Eliminated

No party opposed PG&E's request to close the following seven accounts and the Agreement would eliminate these accounts:

- Smart Grid Pilot Deployment Project Balancing Account
- San Francisco Incandescent Streetlight Replacement Memorandum Account
- Photovoltaic Program Memorandum Account
- Energy Data Center Memorandum Account
- Dynamic Pricing Memorandum Account
- SmartMeter™ Opt-Out Balancing Account
- Affiliate Transfer Fee Accounts

PG&E also proposed discontinuing the Gas Leak Survey and Repair Balancing Account, arguing that, consistent with objectives of test year ratemaking, balancing accounts should not recover ongoing costs of operations that can be reasonably forecasted.[131/] CFC argued that the account should continue until such time that PG&E determines an annual level of expenditure that would sustain the distribution system in perpetuity.[132/] The Agreement adopts PG&E's position.

Parties also proposed a number of new accounts that were listed in PG&E's rebuttal testimony but the Agreement does not adopt. CUE proposed balancing accounts for pole replacement and analysis.[133/] PG&E did not oppose funding the programs based on traditional ratemaking but noted that a balancing account was not appropriate given the fact that the costs were not volatile or outside PG&E's control.[134/] TURN also proposed a balancing account for a surge arrester program.[135/] PG&E

130/ Exh. (EDF-1-Opening Testimony O'Connor), p. 18, line 17 to p. 19, line 16.

131/ Exh. (PG&E-3), p. 6C-3, lines 2-12.

132/ Exh. (CFC-7-Leak Management Corrective Maintenance Expenses), p. 14, line 15 to p. 15, line 10.

133/ Exh. (CUE-8-Errata to Prepared Direct Testimony of David Marcus), p. 35, lines 8-11.

134/ Exh. (PG&E-31), pp. 9-3 to 9-4, Table 9-1, lines 1-5; Exh. (PG&E-22 V2), Chapter 6C; Exh. (PG&E-24), Chapter 3; Exh. (PG&E-23 V1), Chapters 6 and 8.

noted that this account was inappropriate given that the costs were not volatile or outside PG&E's control.[136/] The Agreement does not adopt balancing accounts for these programs.

c. Affiliate Transfer Fees (Section 3.1.10.4)

PG&E proposed a simplification to the accounting procedures for affiliate transfer fees.[137/] Pursuant to D.96-11-017, the electric and gas Affiliate Transfer Fees Accounts (ATFA) track and record employee transfer fees paid to PG&E by its holding company and affiliates. Annually through the Annual Electric True-up and Annual Gas True-up, the balance in the electric account is transferred to the Distribution Revenues Adjustment Mechanism (DRAM) and returned to customers while the balance in the gas account is transferred to the Core Fixed Cost Account (CFCA) and Noncore Customer Charge Account (NCA) and returned to customers. PG&E proposes simplifying the return of these transfer fees to customers by eliminating a number of steps in the accounting procedures. Rather than recording these fees in the ATFAs and transferring the balance to the DRAM/CFCA/NCA for return to customers, PG&E proposes to record these fees directly to the DRAM/CFCA/NCA and eliminate the electric and gas ATFAs. A new, separate accounting procedure will be added to the DRAM/CFCA/NCA to ensure these costs are easily identifiable and transparent. No party opposed this proposal. Section 3.1.10.4 of the Agreement adopts PG&E's proposal.

B. Non-Financial Provisions (Article 3)

Section 3.2 addresses the following non-revenue requirement-specific issues.

Settlement of the issues set forth below reflects a reasonable compromise of the positions taken by the parties, many of which are reflected in Chapter 2 of the JCE. Given the various parties' recommendations in this area, these provisions are supported by the record and, in light of the various compromises set forth in this Agreement, these provisions are reasonable and in the public interest.

135/ Exh. (TURN-3), p. 17, lines 17-19; Exh. (PG&E-31), p. 9-4, Table 9-1, line 5; Exh. (PG&E-23 V1), Chapter 6.

136/ Exh. (PG&E-31), p. 9-4, Table 9-1, line 5; Exh. (PG&E-23 V1), Chapter 6, p. 6-13, lines 10-28.

137/ Exh. (PG&E-12), p. 9-12, line 1 to p. 9-13, line 3.

1. Gas Distribution (Section 3.2.1)

a. Gas Leak Management (Section 3.2.1.1)

PG&E forecast performing leak survey on a 4-year cycle.[138/] ORA and TURN recommended that the Commission fund a 5-year leak survey cycle.[139/] EDF and CUE recommended that the Commission fund and require PG&E to perform a 3-year leak survey.[140/] CUE also recommended that PG&E be required and funded to perform an annual leak survey of Aldyl-A pipe, and EDF recommended additional monitoring of certain vintage pipe.[141/] EDF also recommended that the Commission authorize sufficient funds for PG&E to implement the emissions reduction measures currently under consideration in R.15-01-008 related to Senate Bill 1371[142/]

Section 3.2.1.1 of the Agreement adopts a reasonable compromise of these positions. First, it recognizes that the agreed-upon revenue requirement is sufficient for PG&E to perform leak survey on a 4-year cycle, and provides that PG&E will commence a 4-year cycle starting in 2017. To increase transparency and facilitate emissions reductions, it also requires PG&E to: (1) collect leak survey and leak find rate data by Maintenance Activity Type differentiated by leak grade; (2) perform analysis on the likelihood of Grade 3 leaks becoming more hazardous over time; (3) provide information on open leaks on a publicly accessible web site; (4) keep the number of open above-ground Grade 3 leaks at a minimum; (5) reduce the number of open below-ground Grade 3 leaks, as authorized funding allows; and (6) continue to work collaboratively with EDF and CUE to evaluate technologies that may be implemented for stationary leak monitoring at certain facilities.

b. Idle Gas Stubs (Section 3.2.1.2)

No party opposed PG&E's proposed policy change regarding the removal of idle gas stubs, which will result in creation of fewer new stubs and limit the re-use of existing stubs.[143/] The new

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138/ Exh. (PG&E-3), pp. 6C-24, line 5 to p. 6C-27, line 18.

139/ Exh. (ORA-6), p. 29, lines 3-7; Exh. (TURN-2), p. 28, line 10 to p. 30, line 7.

140/ Exh. (EDF-1-Opening Testimony O'Connor), p. 15, lines 9-16; Exh. (CUE-8 –Errata to Prepared Testimony of David Marcus), p. 48, line 12 to p. 50, line 13.

141/ Exh. (CUE-8–Errata to Prepared Testimony of David Marcus), p. 51, line 1 to p. 52, line 10; Exh. (EDF-1-Opening Testimony O'Connor), p. 14, lines 4-11.

142/ Exh. (EDF-1-Opening Testimony O'Connor), p. 7, line 18 to p. 20, line 9.

143/ Exh. (PG&E-3), p. 4-40, line 16 to p. 4-41, line 7; Exh. (PG&E-3 WP 02-05, 06A) WP 4-162 to WP 4-164.

policy will improve efficiency and safety by, among other things, reducing the risk of dig-ins.[144/] Section 3.2.1.2 of the Agreement adopts PG&E's proposed policy concerning the removal of idle gas stubs.

c. Gas Distribution Pipeline Replacement Program (GPRP) (Section 3.2.1.3)

In response to PG&E's forecasts for the Cross Bore Program,[145/] ORA recommended that PG&E be directed to submit annual reports to the Commission which track forecast as compared to actual cross bore work, and to explain any variances.[146/] PG&E opposed ORA's recommendation on the grounds that PG&E provides sufficiently detailed information to the Commission through its semi-annual Gas Distribution Pipeline Safety and Budget Compliance reports.[147/]

Section 3.2.1.3 of the Agreement adopts ORA's proposal. PG&E shall report on its Cross Bore Program within its Gas Distribution Pipeline Replacement Program annual report. PG&E will track forecast and actual values for number of inspections, number of repairs, and expenses, and explain variances between forecast and actual.

d. Gas Distribution Pipeline Safety Reports (GDPSR) (Section 3.2.1.4)

In response to requests made by Settling Parties during settlement negotiations, PG&E has agreed to various enhancements to the Gas Distribution Pipeline Safety Reports required by D.11-05-018, Attachment 5. The additional enhancements are described in Section 3.2.1.4. In the enhanced reports, PG&E shall report on units of work authorized and performed at the MAT level, as applicable. PG&E shall also provide an explanation of the reasons for not performing work specified in a GRC decision.

Section 3.2.1.4 also provides that the frequency of these reports should be changed from semiannual reports to annual reports. Nonetheless, this Section also explicitly provides that the Commission may retain the current semiannual reporting frequency. This provision is provided so as to

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144/ *Id.*

145/ Exh. (PG&E-3), p. 4-15, line 9 to p. 4-16, line 23.

146/ Exh. (ORA-7), p. 6, lines 14-23.

147/ Exh. (PG&E-22 V1), p. 4-18, lines 22-28.

allow the Commission to retain the current reporting frequency without modifying the Agreement and triggering the Settling Parties' rights under Rule 12.4(c).

2. Electric Distribution (Section 3.2.2)

a. Reliability Reporting (Section 3.2.2.1)

In response to PG&E's Reliability Program forecast, CFC recommended that PG&E provide data showing that PG&E was narrowing the reliability gap between worst-performing divisions.[148/] PG&E noted that many factors contributing to reliability are outside of PG&E's control.[149/] No other party submitted testimony on this issue.

Section 3.2.2.1 of the Agreement provides that PG&E will report in its next GRC the ratio of the averaged Customer Average Interruption Duration Index (CAIDI) statistics for the five worst performing divisions against the average for the five best performing divisions.

Separately, no party opposed PG&E's proposal to consolidate reliability reports, which will result in administrative efficiency.[150/] Section 3.2.2.1 of the Agreement therefore also adopts PG&E's proposal to consolidate reliability reports.

b. Annual Reporting (Section 3.2.2.2)

As reflected in the JCE, CUE recommended increases to PG&E's forecasts of asset replacements, across various asset categories.[151/] Settling parties agreed to various modifications to PG&E's forecast replacements, reflected herein. In addition, Settling Parties agreed to reporting requirements relating to some of these assets. Section 3.2.2.2 of the Agreement requires PG&E to report annually on work conducted on certain poles, circuit breakers, cable, overhead conductor, switches, FLISR installations and fuses.

148/ Exh. (CFC-2--Electric Distribution Reliability Upgrades), p. 7, lines 10-18.

149/ Exh. (PG&E-23 V1), p. 9-22, line 4 to p. 9-23, line 2.

150/ Exh. (PG&E-4), p. 9-31, lines 1-12.

151/ Exh. (PGE-37 V1), p. 2-224 to 2-227.

c. **Surge Arrester Progress Report (Section 3.2.2.3)**

TURN recommended a one-way balancing account in response to PG&E's forecast for surge arrester program, to address TURN's concerns regarding PG&E's unit forecast.[152/] PG&E opposed TURN's proposed balancing account but stated it was willing to include information in an annual report to address TURN's concerns.[153/] ORA recommended no reductions to the program, but did recommend reporting requirements that PG&E agreed were reasonable.[154/] No other party presented recommendations regarding the surge arrester program.

Section 3.2.2.3 of the Agreement adopts ORA's and TURN's recommendations that PG&E report annually on the progress of work in the Surge Arrester Grounding Program as part of PG&E's annual budget report.

d. **Pole Loading (Section 3.2.2.4)**

In response to PG&E's pole replacement forecast, CUE recommended that PG&E initiate a pole loading analysis program.[155/] PG&E agreed that such a program would be reasonable.[156/] Section 3.2.2.4 of the Agreement provides that PG&E will develop a program to identify overloaded poles and that PG&E shall prioritize replacing overloaded poles in high-risk areas.

e. **Overhead Conductor Study (Section 3.2.2.5)**

In response to PG&E's Reliability Program forecasts, CUE recommended that PG&E perform an overhead conductor study to learn its true distribution of service life, the near-term replacement rate and long-term steady-state replacement rate.[157/] PG&E objected to such a study as unnecessary on the grounds that PG&E had completed infrared inspections on 50 percent of the total overhead system and because PG&E's implementation of its System Tool for Asset Risk (STAR) would provide pertinent information in this area.[158/] No other party submitted testimony on this issue. Section 3.2.2.5 of the Agreement requires

152/ Exh. (TURN-3), p. 17, lines 17-19.

153/ Exh. (PG&E-23, V1). p. 6-19, fn. 63.

154/ Exh. (ORA-9), p. 26, lines 3-5.

155/ Exh. (PG&E-37 V1) p. 2-204.

156/ Exh. (PG&E-23, V1), p. 8-2, lines 7-9.

157/ Exh. (CUE-8-Errata to Prepared Testimony of David Marcus), p. 26, lines 7-12.

158/ Exh. (PG&E-23, V1), p. 9-20, lines 4-17.

PG&E to perform a study on its overhead conductor and to use this study to inform PG&E's next GRC application.

f. Facilities Charge (Section 3.2.2.6)

No party opposed PG&E's proposal to continue the facilities charge methodology for the light-emitting diode (LED) Streetlight Conversion Program approved in the 2014 GRC decision.[159] Section 3.2.2.6 of the Agreement adopts PG&E's proposal to continue the facilities charge.

g. Line Extension Reporting Requirements (Section 3.2.2.7)

PG&E proposed that the annual line extension report required under PG&E's 2003 GRC Decision be discontinued on the grounds that production of the report is burdensome and PG&E receives very limited feedback or questions in response.[160] TURN recommended that a portion of the report be submitted with workpapers for the base year in future GRCs. Specifically, PG&E shall in future GRCs include in its GRC base year workpapers the line extension data/information that was included in the annual line extension report at rows 1-14 of Attachment A, as well as the material included in Attachment B. For reference to a recently filed version of the Report, see "Pacific Gas and Electric Company Line Extension Data Collection Filing in Compliance with Decision 04-05-055", filed on March 30, 2015 in docket A.02-11-017.

Section 3.2.2.7 of the Agreement allows PG&E to discontinue the production of the annual Line Extension Reporting report mandated in PG&E's 2003 GRC. Instead, PG&E shall include in future GRCs certain information that was historically provided in the earlier report.

h. Rule 20A Work Credit Allocation (Section 3.2.2.8)

PG&E proposed that the Commission continue the annual Rule 20A work credit allocation amount of $41.3 million through 2019, which the Commission set in the 2011 GRC decision and continued in the 2014 GRC decision.[161] The purpose of setting the work credit allocation at $41.3

159/ Exh. (PG&E-4), p. 6-48, lines 2-5.

160/ Exh. (PG&E-4), p. 17-37, lines 5-9.

161/ Exh. (PG&E-4), p. 18-7, lines 9-12.

million in the 2011 GRC rather than the formula set forth in the Rule 20 tariff was to reduce the growing accumulation of work credit balances that cities and counties can use to fund Rule 20A projects.[162/]

ORA proposed setting the annual work credit allocation to zero, on the premise that doing so would reduce the accumulation of work credits more rapidly.[163/] No other party addressed PG&E's work credit allocation proposal.

Section 3.2.2.8 of the Agreement adopts PG&E's proposal that the Commission continue the annual Rule 20A work credit allocation amount of $41.3 million through the term of the 2017 GRC, in order to continue to reduce the number of accumulated allocations.

3. Energy Supply (Section 3.2.3)

a. Diablo Canyon Power Plant (Section 3.2.3.1)

A4NR[164/] and TURN[165/] raised a number of issues in their testimony related to license renewal of Diablo Canyon that have been addressed by PG&E's June 21, 2016 announcement that it has entered into a Joint Proposal under which it would seek Commission approval to retire Diablo Canyon at the end of its current Nuclear Regulatory Commission (NRC) operating licenses in 2024 (Unit 1) and 2025 (Unit 2) and replace Diablo Canyon's energy with a portfolio of energy efficiency and GHG-free energy resources. While the Joint Proposal requires Commission approval and will be filed in a separate application at the Commission, PG&E's decision under the Joint Proposal not to seek license renewal for Diablo Canyon resolves a number of issues raised by TURN and A4NR as set forth in Section 3.2.3.1 of the Settlement Agreement.

First, A4NR recommended that the depreciation schedule for Diablo Canyon, which currently assumes that the plant will cease operations when its NRC operating license expire, should be extended assuming that Diablo Canyon will operate into 2044.[166/] In Section 3.2.3.1.1 of the Settlement Agreement, A4NR withdraws its proposed revision to the depreciation schedule based on the

162/ Exh. (PG&E-4), p. 18-6, line 19 to p. 18-7, line 12.

163/ Exh. (ORA-10), p 56, lines 1-4.

164/ Exh. (A4NR-1), p. 2, lines 16-18.

165/ Exh. (TURN-6), p. 3, Section I(1).

166/ Exh. (A4NR-2), p. 23, line 27 to p. 34, line 25; Exh. (PG&E-29), p. 10-37, line 9 to p. 10-40, line 13.

assumption that the Joint Proposal will be approved by the Commission and Diablo Canyon will be retired consistent with the depreciation schedule proposed by PG&E in the GRC. A4NR reserves all rights if the Joint Proposal is rejected and PG&E elects to proceed with license renewal.

A second issue in contention was the treatment of the Unit 2 main generator stator project, a capital project in PG&E's 2017 GRC with a forecasted in-service date in 2019.[167/] A4NR and TURN both recommended that the forecasted costs for this capital project should not be pre-approved for the primary reason that the project may not be needed if PG&E does not proceed with license renewal. Both TURN and A4NR recommended that if PG&E decides to pursue the project, it should be subject to prudence review in the next GRC.[168/] In the Settlement Agreement, PG&E stipulates to the withdrawal of its request for pre-approval of the Unit 2 generator stator replacement project.[169/] Should PG&E proceed with the project, PG&E has agreed that the decision to proceed with the project and associated project costs will be subject to review as part of PG&E's next GRC application and that the parties reserve all rights to contest PG&E's decision to proceed with the project.[170/]

Third, A4NR proposed that the costs of PG&E's Independent Spent Fuel Storage Installation expansion project should be removed from rate base to address A4NR's allegation that PG&E has failed to adequately address California Energy Commission (CEC) recommendations on options for expediting the transfer of spent nuclear fuel assemblies to dry cask storage.[171/] In the Settlement Agreement, A4NR stipulates to the withdrawal of this recommendation, provided that PG&E conducts a study for expedited transfer of spent fuel assemblies as part of its Diablo Canyon site-specific decommissioning study, as called for in the Joint Proposal. A4NR reserves the right to contest recovery of costs related to spent fuel handling and storage if PG&E fails to conduct the studies called for in the Joint Proposal and coordinate with the CEC.[172/]

167/ Exh. (PG&E-5 WP 02-03), WP 3-125.

168/ Exh. (TURN-6), p. 9-11; Exh. (A4NR-2), p. 19, line 3 to p. 23, line 20.

169/ The project's costs remain in PG&E's capital spending forecast but since the project's in-service date is forecast to be in 2019, the project has no impact on the revenue requirement that would be approved in the Settlement Agreement.

170/ Settlement Agreement, Section 3.2.3.1.2.

171/ Exh. (A4NR-2), p. 37, line 23 to p.-39, line 19.

172/ Settlement Agreement Section 3.2.3.1.3.

Fourth, both TURN and A4NR recommended that PG&E be required to submit information annually to the Commission related to PG&E's decision-making on license renewal. TURN proposed that PG&E provide a cost-effectiveness showing in the next GRC and A4NR proposed that PG&E file annual advice letters addressing the status of license renewal and providing certain analysis.[173/] Since PG&E has decided in the Joint Proposal not to proceed with license renewal, TURN and A4NR agreed no longer to pursue these requests. However, in the Settlement Agreement, PG&E has agreed to submit Tier 1 advice letters notifying the Commission of any material changes to the condition of Diablo Canyon that may affect the retirement date. In addition, PG&E will on an annual basis update its GRC forecast of planned capital improvements, projects and additions for Diablo Canyon as part of its proposal for implementation of the Joint Proposal.[174/]

Fifth, A4NR has agreed to withdraw its proposal that the ratemaking for Diablo Canyon should be modified to a performance-based methodology.[175/]

b. Department of Energy Refund Credit (Section 3.2.3.2)

No party opposed PG&E's proposal to continue the mechanism to credit the Department of Energy refunds to the generation revenue requirement. Section 3.2.3.2 of the Agreement adopts PG&E's proposal.

c. Levelization of Costs (Section 3.2.3.3)

No party opposed PG&E's proposal to levelize the costs of the second refueling outage at Diablo Canyon and the Long Term Service Agreements at Colusa and Gateway Generating Stations.[176/] Section 3.2.3.3 of the Agreement adopts PG&E's proposal.

This section also adopts PG&E's proposal to true up in its next GRC any accelerated milestone payments due to the need to call on Colusa and Gateway Generating Stations more frequently. This

173/ Exh. (TURN-6), p. 4-9; Exh (A4NR-1), p. 3, line 9 to p. 7, line 16.

174/ Settlement Agreement Section 3.2.3.1.4

175/ Exh. (A4NR-2), p. 18, lines 5-29.

176/ Exh. (PG&E-24), p. 8-5, lines 19-22; Exh. (PG&E-37 V1), pp. 2-304 to 2-305 and pp. 2-393 to 2-394.

need arises from the increasingly complex challenge of balancing the system to address intermittent renewable resources.[177] No party opposed PG&E's proposal.

d. Photovoltaic (PV) Program Issues (Section 3.2.3.4)

No party opposed PG&E's proposal that the ongoing revenue requirement associated with PG&E's Photovoltaic Program assets should be included in the generation revenue requirement for the term of this rate case and the capital cost savings relating to the PV Program should continue to be credited to the Utility Generation Balancing Account.[178] Section 3.2.3.4 of the Agreement adopts PG&E's proposal.

4. Customer Care (Section 3.2.4)

a. Community Choice Aggregator (CCA) Services and Fees (Section 3.2.4.1)

In its GRC application, PG&E forecast costs for enhanced customer billing and Contact Center support to accommodate increasing third-party billing based on the growth of CCA programs.[179] In addition, D.13-04-020 requires PG&E to propose new Direct Access and CCA Service Fees in Phase 2 of its 2017 General Rate Case.[180]

Section 3.2.4.1 of the Agreement provides that in recognition of the connection between possible GRC Phase 1 investments and the services provided, and fees charged, to Community Choice Aggregators, MCE and PG&E will meet at least six months prior to the filing of PG&E's next GRC Phase 1 to discuss possible investments and their connection to CCA services and fees.

b. Future Consultation on Customer Retention (Section 3.2.4.2)

As discussed above in this motion, Sections 3.1.5 of the Agreement provides for a revenue requirement reduction of $807 thousand associated with customer retention activities in MWC FK and during the term of the 2017 GRC, PG&E will record those customer retention costs below-the-line.

177/ Exh. (PG&E-5), p. 5-42 line 28 to p. 5-43 line 9.

178/ Exh. (PG&E-5), p. 8-10, line 22 to p. 8-11, line 22; Exh. (PG&E-24), p. 8-5, lines 23-26; D.10-04-052, *mimeo*, p. 33.

179/ Exh. (PG&E-6), p. 1-3, lines 9-11.

180/ D.13-04-020, *mimeo,* p. 23, Ordering Paragraph 4.

Section 3.2.4.2 of the Agreement also provides that at least six months prior to filing the next GRC, PG&E shall contact the Merced, Modesto and South San Joaquin Irrigation Districts, as well as MCE, in order to inform these entities whether PG&E intends to seek ratepayer funding for such customer retention activities in the case.

c. Customer Service Offices (Section 3.2.4.3)

PG&E proposed closure of up to 26 of its customer service offices (CSO) in this GRC.[181/] ORA, TURN and CUE opposed the proposal.[182/] Section 3.2.4.3 of the Agreement provides that PG&E's request to close 26 customer service offices as part of this application is withdrawn without prejudice. The Section provides that, no earlier than July 1, 2018, PG&E may file an application seeking to close any of its customer service offices. Prior to filing any such application, PG&E shall engage with the IBEW 1245 to discuss impacted employees.

d. Telephone Service Level (Section 3.2.4.4)

PG&E proposed that the Commission reduce PG&E's Telephone Service Level from 80/20 (answering 80 percent of calls within 20 seconds) to 76/60[183/] based on evidence that due to the increase in self-service options, the Service Level Mandate is less critical than it was when established approximately 20 years ago.[184/] The proposed new mandate is consistent with the standard that applies to the Sempra Utilities.[185/]

No party has opposed the proposal.[186/] PG&E estimated that if adopted, the proposed reduction to the Service Level Mandate would result in a $2 million annual cost savings.[187/] While TURN did not oppose PG&E's proposal to modify telephone service levels, it argued that a $2.4 million reduction to PG&E's forecast would be appropriate, as opposed to the $2 million reduction PG&E had forecast.[188/]

181/ Exh. (PG&E-6), pp. 5-11 to 5-13.

182/ Exh.(ORA-13), p. 37, lines 5-13; Exh. (TURN-7), p. 2, lines 10-14; and Exh. (CUE-8-Errata to Prepared Testimony of David Marcus), pp. 52-53.

183/ Exh. (PG&E-6), p. 4-14, line 24 to p. 4-15, line 30.

184/ Exh. (PG&E-6), p. 4-15, lines 11-30.

185/ Exh.(PG&E-6), p. 4-15, lines 3-6.

186/ Exh. (PG&E-37 V1), pp. 2-445 to 2-447.

187/ Exh. (PG&E-6), p. 4-15, lines 8-10.

188/ Exh. (TURN-8), p. 22, line 18 to p. 23, line 7.

As discussed above, Section 3.1.5 of the Agreement provides for a reduction of $3.8 million to Call Center Operations expense for 2017. This reduction accounts for the cost savings attributable to the Commission's adoption of PG&E's proposal to reduce its Service Level Mandate.

Section 3.2.4.4 of the Agreement adopts PG&E's proposal.

e. Small Business Utility Advocates (Section 3.2.4.5)

SBUA and PG&E entered into an MOU regarding activities to better support the needs of PG&E's small business customers and jointly propose its adoption in this proceeding with one modification as described below. PG&E and SBUA have worked collaboratively since the 2014 GRC to identify opportunities to better serve small business customers within the GRC framework. This MOU builds on the successes of the 2014 MOU between the parties and reflects their continued commitment to improving service for small business customers. Specifically, the MOU calls for PG&E to dedicate $8.08 million annually in the areas of outreach, creation of a new PG&E internal small business organization, creation of webpage and technology resources, economic development, tracking systems for small businesses, and contracting opportunities.[189/] Procedurally, the MOU provides for ongoing semi-annual meetings to discuss settlement implementation.[190/] On September 1, 2015, SBUA and PG&E jointly submitted this MOU as part of Exhibit (PG&E-6), Chapter 2, Attachment A. SBUA advocated in the proceeding to adopt the MOU's specific provisions[191/] and recommended sufficient funding be allocated to support improvements for small businesses.[192/] No party has opposed the MOU. As described in Section 3.2.4.5 of the Agreement, SBUA and PG&E jointly propose that a provision of the MOU be revised to read:

> **"2.1 Spending Target**
> The Parties agree that PG&E will direct the equivalent of $8.08 million annually, or a total of $24.2 million for the years 2017-2019 (or a total of $32.32 million for the years 2017-2020), from its Customer and Community Services, Energy Solutions & Service budget to provide outreach and support for PG&E's Small Business customers through its

189/ Exh. (PG&E-6), Chapter 2, Attachment A.

190/ Exh. (PG&E-6), Chapter 2, Attachment A, Article 6.1.

191/ Exh. (SBUA), pp. 7-13.

192/ Exh. (SBUA), pp. 13-16.

> SMB programs. The Parties agree that PG&E will direct that funding toward Small Business outreach as follows:"

The purpose of this modification is to note PG&E's agreement to fully fund the work described under the MOU notwithstanding the $4 million reduction for Customer Account Services in MWC IV.

f. Center for Accessible Technology (Section 3.2.4.6)

The Center for Accessible Technology (CforAT) and PG&E entered into a MOU regarding activities to improve accessibility and jointly proposed its adoption in this proceeding. PG&E and CforAT have worked collaboratively over the last several GRCs to address accessibility issues within the GRC framework and to continue to improve service for PG&E's disabled customers. The MOU continues PG&E's and CforAT's commitment to continue working to improve upon a number of accessibility issues including: (1) PG&E's continued staffing of a Disability Access Coordinator to coordinate accessibility activities; (2) website accessibility (continued implementation of WCAG 2.0 standards, training, testing); (3) communication access issues (customer disability database, tracking preferred communications, large print and alternative communication methods); and (4) access to PG&E's local offices and neighborhood payment centers, around construction sites and pole locations. It also sets forth procedural requirements including an annual reporting process.[193/] On September 1, 2015, CforAT and PG&E jointly submitted this MOU as part of Exhibit (PG&E-6), Chapter 5, Attachment A. No party has opposed the MOU.

Section 3.2.4.6 of the Agreement provides that this MOU is adopted.

g. Accuracy Testing of Meters (Section 3.2.4.7)

Pursuant to GO 58-A, the Company is permitted to use statistical techniques to manage the accuracy of small and medium size gas meters by removing those gas meters where performance falls below prescribed standards.[194/] PG&E has provided evidence that the Company's Scheduled Meter Change (SMC) program effectively identifies meters for removal and that the cost of continuing to test these meters once removed exceeds the billing adjustments that result from those tests.[195/] Therefore, it

193/ Exh. (PG&E-6), Chapter 5, Attachment 5A, pp. A1 to A3.

194/ Exh. (PG&E-6), p. 7-17, lines 9-16.

195/ Exh. (PG&E-6), p. 7-17, lines 17-30.

is more cost effective to eliminate in-testing of meters removed through the SMC program. No party has opposed the proposal.

Section 3.2.4.7 of the Agreement adopts PG&E's proposal.

h. Reporting for Safety Net and Quality Assurance Programs (Section 3.2.4.8)

PG&E proposed to reduce the reporting frequency for the Safety Net Program and Quality Assurance Program reports to once a year.[196/] PG&E has provided evidence that the storm conditions at issue in the Safety Net Program reporting rarely occur outside the winter season.[197/] PG&E also proposed to reduce reporting on its Quality Assurance Program relating to service disruption response time and number of complaints resolved within 10 days, to once a year rather than quarterly.[198/] No party has opposed these proposals.

Section 3.2.4.8 adopts PG&E's proposals.

i. Customer Service and Outreach (Section 3.2.4.9)

NDC offered a number of comments about PG&E's marketing, education and outreach activities.[199/] As reflected in Section 3.1.5.6 of the Agreement, PG&E has committed to directing portions of its education and outreach funding to serving low-income and minority communities. Section 3.2.4.9 of the Agreement further provides that PG&E will continue to invite low-income and community-of-color advocates to participate on a Customer Advisory Panel to provide ongoing guidance relating to PG&E's overall outreach efforts. Meetings of the Customer Advisory Panel will occur in person at least twice a year and will be attended by a representative of PG&E's executive leadership. This section also provides that PG&E will provide testimony in its next GRC on its efforts to engage with community-based organizations on outreach activities.

196/ Exh. (PG&E-6), p. 9-19, lines 2-3.

197/ Exh. (PG&E-6), p. 9-19, lines 8-11.

198/ Exh. (PG&E-6), p. 9-19, lines 12-17.

199/ Exh. (NDC), p. 10, lines 9-21.

j. Economic Circumstances (Section 3.2.4.10)

NDC comments that it is important to consider the impact rate increases will have upon low-income communities, which are predominantly made up of minority groups.[200/] NDC also states, "[i]t is essential that proposed rate increases also be based in significant part on the economic health and well-being of the 70% of PG&E's customers who live from paycheck-to-paycheck."[201/] Prior to filing this GRC, PG&E met with various low-income minority groups to discuss the impact of the economic recovery on low-income minority organizations. At this meeting, PG&E and the participants discussed a number of challenges facing northern California, including high cost-of-living and home prices, high sales tax rates and the drought.[202/] PG&E also noted that to help address the needs of our financially disadvantaged customers, programs such as the California Alternate Rates for Energy and Family Electric Rate Assistance programs, as well as low income energy efficiency programs, will continue to be necessary.[203/]

Section 3.2.4.10 of the Agreement provides that PG&E will continue to meet annually with low-income minority organizations, and other interested parties, to discuss the economic circumstances in PG&E's service areas. As part of this meeting, the Parties will review economic metrics including unemployment rates, median wages, and changes in cost of living levels in California. In particular, the discussion will include the possible impact of economic circumstances on future rate changes requested by PG&E.

5. Shared Services and Information Technology (Section 3.2.5)

a. Supplier Diversity (Section 3.2.5.1)

(1) Aspirational Goal and Future GRC Testimony

NDC recommended that PG&E's Supplier Diversity goals must continue to rise, from 40 percent to 50 percent.[204/] PG&E disagreed with NDC's recommendation, noting that utilities that spend 40

200/ Exh. (NDC), p. 4, lines 5-10.

201/ Exh. (NDC), p. 5, lines 3-5.

202/ Exh. (PG&E-1), p. 1-7, line 19 to p. 1-8, line 2.

203/ *Id.*

204/ Exh. (NDC), p. 15, lines 3-5.

percent with diverse business enterprise are considered national leaders in supplier diversity.[205] PG&E also noted that its 2015 performance of 44 percent and $2.5 billion in certified diverse business enterprise (DBE) spend, which is the fourth consecutive year the Company has exceeded the $2 billion mark, places the utility not only in the top quartile, but as a national leader in supplier diversity.[206]

Section 3.2.5.1.1 of the Agreement provides that PG&E will report in the next GRC on its aspirational goal of 42 percent supplier contracts with diverse business enterprises in 2017 and provide a new aspirational goal for the test year of the next GRC.

(2) Hiring of Minority-Owned Businesses

NDC states that they "strongly support supplier diversity contracts that maximize the number of jobs in California and assists companies that serve and hire from their local communities. To best achieve a compromise, we would urge that the large Tier 1 companies be required to hold, with PG&E present, at least two meetings a year with potential contractors from the minority community."[207]

Section 3.2.5.1.2 of the Agreement provides that PG&E shall continue its efforts to hire minority-owned businesses for auditing, legal and other professional services and skilled labor needs, including meeting with key diverse business enterprise organizations attending the annual GO 156 *en banc* proceedings.

(3) Public Reports

NDC recommends that, PG&E "provide a breakdown both of supplier diversity and employment diversity for the largest Asian American subethnic groups such as Filipino American, Vietnamese American, Indian American, Chinese American, Japanese American, and Korean American."[208] PG&E disagreed with NDC's recommendation noting among other things, that this additional information will not be useful to determine labor markets or evaluate PG&E's hiring against a labor market and that demographic data for subethnic groups does not exist for labor markets.[209]

205/ Exh. (PG&E-26), p. 5-9, lines 8-9.

206/ Exh. (PG&E-26), p. 5-9, lines 15-18.

207/ Exh. (NDC), p. 14, lines 3-7.

208/ Exh. (NDC), p. 16, lines 5-8.

209/ Exh. (PG&E-27), p. 2-10, lines 3-12.

Section 3.2.5.1.3 of the Agreement acknowledges that PG&E reports publicly on various issues relating to diverse and small businesses and provides that PG&E will make its public reports on this topic available to NDC on an annual basis.

6. Human Resources (Section 3.2.6)

a. Employment Diversity (Section 3.2.6.1)

(1) Aspirational Goals

NDC recommends that PG&E set aspirational diversity goals for different employment categories.[210/] PG&E noted that it has already established good-faith aspirational diversity hiring goals in support of PG&E's goal that employees at all levels reflect the diversity of the communities it serves.[211/]

Section 3.2.6.1.1 of the Agreement provides that PG&E will continue to establish and further develop good-faith aspirational diversity hiring goals in support of PG&E's goal that PG&E's employees at all levels reflect the diversity of the communities PG&E serves. Diversity hiring goals will be established, measured, and reported in alignment with the factors used by the U.S. Department of Labor Office of Federal Contract Compliance Program and demographics available for the U.S. Census Bureau.

(2) Pipelines for Diverse Candidates

NDC commented on the importance of employment diversity noting that a more diverse workforce will encourage and support contracting with more diverse suppliers.[212/]

Section 3.2.6.1.2 of the Agreement provides that PG&E shall continue to provide and support activities that build both near-term and future pipelines of diverse candidates throughout its service territory.

210/ Exh. (NDC), p. 15, lines 15-16. PG&E addresses NDC's recommendations regarding Suppler Diversity in Exh. (PG&E-26), p. 5-9, lines 4-28.

211/ Exh. (PG&E-27), p. 2-9, lines 18-22.

212/ Exh. (NDC), p. 15, lines 10-13.

(3) Future GRC Testimony

Section 3.2.6.1.3 of the Agreement provides that PG&E shall provide testimony in its next GRC on its efforts to promote diversity hiring at all levels and promote the development of near-term and future pipelines of diverse candidates. This testimony will include a comparison of PG&E's actual hiring for the 2017 base year against the aspirational goals referenced above.

b. Compensation (Section 3.2.6.2)

NDC offered a number of comments with respect to PG&E's executive compensation.[213/] Among those, NDC noted that while PG&E's current incentive structure appears to emphasize safety, including safety metrics totaling 50 percent of the STIP, NDC was concerned that no individual safety metric outweighs the single financial performance metric.[214/]

PG&E disagreed with NDCs recommendations. Among other things, PG&E noted PG&E has increased the weight of its total safety metric from 10 percent to 50 percent in the last four years. That fact that it is comprised of more than one metric has no bearing on the fact that safety metrics are the single biggest focus of the Company's STIP Program.[215/]

Section 3.2.6.2 of the Agreement addresses NDC and PG&E's comments on executive compensation. This section provides that PG&E's executive leadership and NDC may discuss safety metrics related to executive compensation and related issues during annual meetings between NDC and PG&E. It also provides that PG&E will continue during the term of the 2017 GRC to have shareholders fund the executives' STIP and all of the Long Term Incentive Plan.

7. A&G (Section 3.2.7)

a. Allocation of Legal Costs (Section 3.2.7.1)

MCE asserted that the allocation of legal costs to the generation UCC does not appropriately capture the time spent on Power Purchase Agreements (PPAs)[216/] MCE therefore, proposed to add $645 thousand to the A&G expenses otherwise allocated to the electric generation UCC.[217/] PG&E disagreed.

213/ Exh. (NDC), p. 6, line 12 to p. 9, line 16.

214/ Exh. (NDC), p. 7, lines 1-4.

215/ Exh. (PG&E-27), p. 3-28, lines 12-19.

216/ Exh. (MCE, Revised May 10, 2016), p. 8, lines 3-11.

217/ Exh. (MCE, Revised May 10, 2016), p. 8, line 15 to p. 9, line 4.

Among other things, PG&E noted that PG&E's allocation of A&G costs is a reasonable allocation of common costs, appropriately reflects cost causation, and should be adopted by the Commission.[218/] For several rate case terms, and consistent with the cost allocation methodology followed by FERC, PG&E has allocated common costs—including corporate services departments' expenses (which include A&G costs) and common and general plant—to the UCCs based on the ratio of recorded Operations and Maintenance (O&M) labor by UCC to the total company O&M labor.[219/] PG&E noted that for the Law Department, it has allocated $12.5 million, or 24.67%, to the generation UCC, the same allocation based on functional O&M labor applies equally to every corporate services department's costs.[220/]

Section 3.2.7.1 of the Agreement provides that PG&E's allocation of 24.67% of Law Department costs to generation rates will be adopted for the 2017 GRC, without further adjustment. It also provides that PG&E will prepare a study in order to assess whether the 24.67% allocation to generation activities is reasonable for PG&E's next GRC. PG&E will share a draft of the study results with MCE for comment and, should PG&E choose not to incorporate the final study results in its next GRC forecast, PG&E shall provide affirmative testimony explaining why.

b. Allocation of A&G Expenses Related to Public Purpose Programs (Section 3.2.7.2)

MCE proposed that the O&M labor associated with the Energy Efficiency Public Purpose Programs (EE/PPP) be transferred to generation labor for purposes of the allocation of A&G expense and common plant.[221/] PG&E disagreed on the basis that (1) PPP costs are recovered through distribution rates; (2) PPP charges are by statute non-bypassable charge for electric and gas customers; and (3) the Commission has determined that CCA customers can fully participate in these activities, both through PG&E's programs and programs operated by the CCA but funded from PG&E's PPP charges.[222/]

218/ Exh. (PG&E-29), p. 19-1, line 27 to p. 19-2, line 9.

219/ *Id.* A description of the development of O&M labor factors is provided in Exh. (PG&E-10), Chapter 7, Section C.

220/ Exh. (PG&E-29), p. 19-3, line 2 to p. 19-4, line 5.

221/ Exh. (MCE, Revised May 10, 2016), p. 5, line 22 to p. 6, line 8.

222/ Exh. (PG&E-29), p. 19-6, lines 9-14.

Section 3.2.7.2 of the Agreement provides that PG&E will prepare a workpaper that demonstrates where the final decision allocates the adopted A&G related overhead costs associated with EE programs.

c. Auditing (Section 3.2.7.3)

NDC supports supplier diversity contracts that maximize the number of jobs in California and assists companies that serve and hire from their local communities.[223/]

Section 3.2.7.3 of the Agreement addressed these comments as they relate to PG&E's auditing function. Specifically, the section provides that PG&E will (i) hire independent and reputable outside accounting firms to conduct auditing work and (ii) support such firms in subcontracting with minority-owned and other diverse auditing firms. It also provides that PG&E will encourage their main outside accounting firm to subcontract a significant portion of auditing work to minority-owned subcontractors consistent with PG&E's dedication to supplier diversity. PG&E will also provide testimony in its next GRC filing on its efforts to contract with independent and reputable firms for auditing work and to support subcontracting with minority-owned and other diverse auditing firms.

8. Reporting Obligations and Other Matters (3.2.8)

a. Overarching Principles (Section 3.2.8.1)

CUE identified a number of areas where it recommended that PG&E perform additional activities in order to move to a steady state level of work and to perform more work than PG&E proposed where the benefit greatly outweighs the costs.[224/] In many instances, PG&E responded that the additional activities were not yet justified by PG&E's operational or risk analyses.[225/]

To address such concerns, Section 3.2.8.1 of the Agreement articulates overarching principles regarding PG&E's steady state replacement rates and Reliability Program investments that will be reflected in PG&E's upcoming Risk Assessment and Mitigation Phase (RAMP) submittal.

223/ Exh. (NDC), p. 13, line 20 to p. 14, line 18.

224/ Exh. (CUE-8-Errata to Prepared Testimony of David Marcus), pp. i-iii.

225/ Exh. (PG&E-23 V1), p. 12-10, lines 18-23.

b. Safe and Reliable Service (Section 3.2.8.2)

Section 3.2.8.2 of the Agreement addresses a request from parties during settlement negotiations for a statement from PG&E regarding whether this Agreement will enable PG&E to provide safe and reliable service. This Section provides a statement from PG&E that it expects the Agreement to enable PG&E to comply with its obligations under Public Utilities Code Section 451.

c. Annual Spending Accountability Reports (Section 3.2.8.3)

During the settlement process, the Settling Parties agreed that PG&E should continue to provide annual Spending Accountability reports regarding budgeted and actual spending. Section 3.2.8.3 of the Agreement requires PG&E to provide annual reports patterned on the report described in D.14-12-025 and the Budget Reports previously required by D.11-05-018 and D.14-08-032.[226/] These reports will compare authorized expense and capital to actual spending for electric distribution, electric generation and gas distribution work as described in Section 3.2.8.3. For safety and reliability work, these reports will also compare units of work authorized with units of work performed. The Spending Accountability Reports will replace the Budget Reports required by D.11-05-018 and D.14-08-032.

d. Principles for Deferred Work (Section 3.2.8.4)

TURN recommended various capital disallowances for previously funded safety-related work that was not performed by PG&E in the 2014-2016 period concerning Aldyl-A Mains (MAT 14D), High Pressure Regulators (MWC 2K), Valves (MAT 50E) and Reliability Main Replacement (MAT 50A) on the grounds that deferring such work was contrary to principles set forth in Decisions 11-05-018 and 14-08-032.[227/] PG&E opposed such disallowances, explaining that the primary driver for decreased investment in these areas was increased investments in other areas following a risk-informed reprioritization.[228/]

Section 3.2.8.4 of the Agreement resolves this matter by summarizing principles articulated in the Commission's 2014 GRC decision on deferred work and PG&E's financial health. For previously funded safety work that PG&E deferred and for which PG&E seeks future funding, this Section requires

226/ D.14-12-025, *mimeo*, p. 44; D.11-05-018, *mimeo*, pp. 98-99 (Ordering Paragraph 42); and D.14-08-032, *mimeo*, p. 12.

227/ Exh. (TURN-1), p. 14, line 24 to p. 30, line 17; Exh. (TURN-2), p. 26, lines 9-15.

228/ Exh. (PG&E-22 V1), p. 1-6, line 26 to p. 1-15, line 16.

PG&E to demonstrate how the funding request is consistent with the identified principles. PG&E's demonstration may include a showing of what other work may have been undertaken in lieu of the deferred work.

e. Executive Level Engagement with Diverse Communities (Section 3.2.8.5)

In NDC's testimony, NDC commented on the importance of having access to PG&E's executive management as part of the GRC process and recommended that NDC should have an opportunity to meet at least once a year with PG&E's CEO.[229/]

Section 3.2.8.5 of the Agreement provides that one annual meeting will be held between NDC leadership and PG&E to discuss issues related to the Agreement. The section provides that PG&E's executive leadership shall participate in the annual meetings: one or more of PG&E's Presidents shall attend each annual meeting, along with those senior officers relevant to the agenda. In addition, the Chief Executive Officer of PG&E Corporation shall attend one of the annual meetings during the term of the 2017 rate case.

f. Safety (Section 3.2.8.6)

During the settlement process, Settling Parties acknowledged the importance of PG&E's continued efforts to improve the Company's safety culture. Specifically, Section 3.2.8.6 of the Agreement provides that Officers and Directors who lead PG&E's safety culture shall continue to participate and further engage in annual trainings in support of safety culture improvement. PG&E shall provide focused safety leadership training – which includes instruction on the importance of receiving input on safety issues from field personnel - to those managers and supervisors whose employees have the highest exposures and hazards. PG&E leadership shall continue to and actively solicit employee feedback on safety issues through field safety meetings, grassroots safety teams and its new Enterprise Corrective Action Program. PG&E shall continue to include safety training in all new leader orientation programs.

229/ Exh. (NDC), p. 5, line 20 to p. 6, line 10.

g. Enterprise Corrective Action Program (Section 3.2.8.7)

PG&E's Enterprise Corrective Action Program is designed to standardize and formalize the process by which safety and operational issues are identified, categorized, tracked and resolved through corrective actions.[230/] ORA recommended certain expense reductions to the program,[231/] which is reflected in the reduction set forth in Section 3.1.6.1.[232/]

Section 3.2.8.7 imposes deadlines on the roll-out of the program. Parties agree that by December 2017, PG&E will implement its Corrective Action Program to the electric line of business. By December 2018, PG&E will implement the Corrective Action Program in all its businesses.

h. Risk Management and Integrated Planning Process (Section 3.2.8.8)

PG&E presented testimony about is risk management and integrated planning process, including testimony describing PG&E as "the industry leader" in these areas.[233/] TURN submitted testimony describing PG&E's process as "opaque" and recommending various improvements, including an explicit prioritization of PG&E's proposed programs and projects.[234/] In rebuttal, PG&E stated that TURN's more general recommendations belonged in the Commission's Safety Model Assessment Proceeding, but also acknowledged certain areas that could benefit from improvement.[235/]

Section 3.2.8.8 requires that PG&E categorize its proposed risk mitigation programs and projects as either mandatory or discretionary. For the discretionary items, PG&E will be required to rank the items within a line of business by quintile (i.e., the programs and projects would need to be prioritized as within the top 20%, next 20%, etc.) or by a numeric ranking if such data is reasonably available. For work categorized as mandatory, PG&E will need to include information explaining such a categorization.

230/ Exh. (PG&E-7), p. 8A-1, lines 14-16.

231/ Exh. (ORA-14), p. 61, line 11 to p. 66, line 13.

232/ Exh. (PG&E-26), Chapter 8A.

233/ Exh. (PG&E-2), Chapters 3, 4 and 5, including Chapter 5, Attachment A, p. 2.

234/ Exh. (TURN-1), p. 2, line 9 to p. 14, line 17.

235/ Exh. (PG&E-21), Chapters 3 and 4.

PG&E presented testimony regarding its risk methodology and prioritization.[236] CAUSE submitted testimony regarding safety and identification and mitigation of hazards, recommending that PG&E engage in an ongoing examination of its safety practices to achieve continuous improvement.[237]

Section 3.2.8.8 requires PG&E to attempt to improve its ability to identify specific actions or specific locations that require remediation on an urgent basis, and to attempt to develop measurements to evaluate and compare the cost-effectiveness of specific initiatives to mitigate risk.

i. Disclosure of Safety Metrics (Section 3.2.8.9)

PG&E presented testimony regarding its measurement and benchmarking of performance in relation to various safety metrics.[238] During the settlement process, CAUSE and other Settling Parties agreed that PG&E should disclose its performance under various safety metrics. Specifically, Section 3.2.8.9 requires that PG&E shall provide to Settling Parties on request monthly data, if available, for each line of business showing a variety of safety metrics

j. Safety Standards and Benchmarking (Section 3.2.8.10)

CAUSE presented testimony proposing that the Commission rely on international standards to supervise the development of management systems that will require utilities to develop, maintain and document compliance with regulatory mandates.[239] In rebuttal, PG&E stated that it follows many recognized standards, but that PG&E must balance the cost of certification against its benefits.[240]

Section 3.2.8.10 requires that where possible, PG&E will consider using voluntary consensus standards when developing management systems or processes to improve safety, security, cybersecurity, facility inspections, and asset management. In its next GRC, PG&E shall disclose management system standards and other safety standards that it uses, and, until such time, PG&E shall provide various information to Settling Parties.

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236 Exh. (PG&E-2), Chapters 3, 4 and 5.

237 Exh. (CAUSE-1), pp. 1-11.

238 Exh. (PG&E-2), Chapter 2, p. 2-3.

239 Exh. (CAUSE-1), p. 5, lines 7-9.

240 Exh. (PG&E-2), Chapter 2, pp. 2-1 to 2-2.

C. Contested Issues (Article 4)

The parties identified below intend to address their positions on these contested issues in concurrent opening and reply comments on this Motion.

The parties identified below contend that evidentiary hearings on these issues are not necessary even though allowed for under Commission Rule 12.2. Rather, the parties maintain that these issues can be resolved through the information to be provided in the opening and reply comments.

1. Third Post-Test Year (Section 4.1)

The parties were unable to gain consensus on whether the term of PG&E's next GRC should be three or four years. TURN, A4NR, CAUSE and CFC recommend that the term of PG&E's next GRC be three years - the test year and two post-test years. PG&E and ORA recommend that the term of PG&E's next GRC be four years - the test year and three post-test years.

2. Gas Leak Management (Section 4.2)

The parties were unable to gain consensus on whether PG&E should be entitled to establish a new balancing account to record costs to comply with gas leak management requirements that may emerge from Commission Rulemaking R.15-01-008. CUE, EDF and PG&E recommend that such a balancing account be established in this proceeding. TURN, CAUSE and CFC oppose the recommendation. ORA opposes one of the provisions in this Section, proposing a four-year cycle in R.15-01-008.

D. General Provisions (Article 5)

Article 5 includes many general provisions common to these types of settlements. Indeed, many of these provisions can be found in the settlement of PG&E's 2011 GRC, approved by the Commission in D.11-05-018.

VII. CONCLUSION

The principal public interest affected by this GRC is delivery of safe, reliable electric and gas service at reasonable rates. The Agreement advances this interest because it sets forth a compromise that significantly reduces the revenue requirement sought by PG&E while providing PG&E reasonable test year and post-test year revenue requirement increases. Taken as a whole, the Agreement is reasonable in light of the entire record, consistent with the law, and in the public interest.

For the foregoing reasons, the Settling Parties hereby request that the Commission approve the Agreement and resolve the contested issues that will be addressed separately in comments.

Pursuant to Commission Rule 1.8(d), counsel or representatives for the Settling Parties has authorized PG&E to submit this Motion on their behalf.

Respectfully Submitted,

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PACIFIC GAS AND ELECTRIC COMPANY

Dated: August 3, 2016

SETTLEMENT AGREEMENT
AMONG
OFFICE OF RATEPAYER ADVOCATES,
THE UTILITY REFORM NETWORK,
ALLIANCE FOR NUCLEAR RESPONSIBILITY,
CENTER FOR ACCESSIBLE TECHNOLOGY,
COALITION OF CALIFORNIA UTILITY EMPLOYEES,
COLLABORATIVE APPROACHES TO UTILITY SAFETY ENFORCEMENT,
CONSUMER FEDERATION OF CALIFORNIA,
ENVIRONMENTAL DEFENSE FUND,
MARIN CLEAN ENERGY,
MERCED IRRIGATION DISTRICT,
MODESTO IRRIGATION DISTRICT,
NATIONAL DIVERSITY COALITION,
SMALL BUSINESS UTILITY ADVOCATES,
SOUTH SAN JOAQUIN IRRIGATION DISTRICT, AND
PACIFIC GAS AND ELECTRIC COMPANY

ARTICLE 1
1.0 INTRODUCTION

In accordance with Article 12 of the California Public Utilities Commission's (Commission or CPUC) Rules of Practice and Procedure, the Office of Ratepayer Advocates (ORA); The Utility Reform Network (TURN); the Alliance for Nuclear Responsibility (A4NR); Center for Accessible Technology (CforAT);[1/] Coalition of California Utility Employees (CUE); Collaborative Approaches to Utility Safety Enforcement (CAUSE); Consumer Federation of California (CFC); Environmental Defense Fund (EDF); Marin Clean Energy (MCE); Merced Irrigation District (Merced ID);[2/] Modesto Irrigation District (Modesto ID);[3/] National Diversity Coalition (NDC); Small Business Utility Advocates (SBUA); South San Joaquin Irrigation District (SSJID); and Pacific Gas and Electric Company (PG&E) (collectively, the Settling Parties) hereby enter into this Settlement Agreement (the Agreement) as a compromise among

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1/ CforAT joins only in the following portions of this Agreement: Article 1; Article 2; Article 3, Section 3.2.4.6; and Article 5.

2/ Merced ID joins only in the following portions of this Agreement: Article 1; Article 2; Article 3 Sections 3.1.5.1, 3.1.5.3, 3.1.5.4, and 3.2.4.2; and Article 5.

3/ Modesto ID joins only in the following portions of this Agreement: Article 1; Article 2; Article 3, Sections 3.1.5.1, 3.1.5.3, 3.1.5.4, and 3.2.4.2; and Article 5.

their respective litigation positions to resolve all disputed issues raised by parties in the revenue requirement phase of PG&E's test year 2017 General Rate Case (GRC), Application (A.) 15-09-001, except those issues set forth in Article 4.

ARTICLE 2

2.0 PROCEDURAL HISTORY

On September 1, 2015, PG&E filed its 2017 GRC Application. On October 29, 2015, the Commission convened a prehearing conference before Assigned Commissioner Michael Picker and Administrative Law Judge (ALJ) Stephen C. Roscow.

On September 29, 2015, ALJ Roscow hosted a workshop in which PG&E provided an overview of its GRC forecast.

In October and November 2015, PG&E served supplemental testimony.

On December 1, 2015, Assigned Commissioner Picker issued an "Assigned Commissioner's Ruling and Scoping Memo" setting the procedural schedule, as well as addressing the scope of the proceeding and other procedural matters. The procedural schedule called for settlement discussions in May – June 2016.

In December 2015, as well as January and February 2016, PG&E served supplemental testimony.

On March 7, 2016, the Commission's Safety and Enforcement Division (SED) Risk Assessment Division issued its Staff Report on the risk and safety aspects of PG&E's 2017 GRC.

On March 25, 2016, SED staff hosted a workshop to discuss the above-mentioned report.

On April 8, 2016, ORA served its testimony in response to PG&E's 2017 GRC Application and supporting testimony.

On April 29, 2016, TURN, , A4NR, CAUSE ,CUE, CFC, EDF, MCE, Merced ID, Modesto ID, NDC, SBUA, and SSJID served their testimony.

On May 26 and 27, 2016, PG&E, CUE, EDF, and SSJID served rebuttal testimony.

In May 2016 and continuing during the months thereafter, parties engaged in settlement discussions. These discussions led to various extensions of the procedural schedule for this

GRC. Apart from the settlement discussions, International Brotherhood of Electrical Workers, AFL-CIO, Local Union 1245 and PG&E reached a separate agreement on staffing issues as part of the collective bargaining process.

In June 2016, PG&E served supplemental testimony and, on June 10, 2016, PG&E circulated a draft Joint Comparison Exhibit that provided a comparison of the revenue requirement positions of PG&E and the various parties.

On June 20, 2016, PG&E, A4NR, CUE, Friends of the Earth, IBEW Local 1245, Natural Resources Defense Council, and Environment California entered a separate agreement known as the "Joint Proposal to Retire Diablo Canyon Nuclear Power Plant at the Expiration of the Current Operating Licenses and Replace it with a Portfolio of GHG-Free Resources" (Joint Proposal on Diablo Canyon).

Through mid-July 2016, PG&E responded to nearly 8,000 individual data requests in this proceeding.

On July 21, 2016, pursuant to Rule 12.1(b), PG&E notified all parties on the service list of a settlement conference to be held on August 3, 2016, to discuss the terms of the Agreement. Following the settlement conference, the Settling Parties signed this Agreement.

ARTICLE 3
3.0 SETTLED ISSUES

3.1 FINANCIAL PROVISIONS

3.1.1 Overall Revenue Requirement

3.1.1.1 Test Year 2017

The Settling Parties agree that, for the issues resolved in this Agreement, PG&E's 2017 CPUC jurisdictional GRC retail revenue requirement shall be $8,004 million, a 2017 revenue requirement increase of $88 million as compared to PG&E's requested increase of $319 million (Exhibit (PG&E-20), p. 1-2, Table 1-1), to be constructed based on other terms herein.[4/] The retail revenue requirement for electric distribution is $4,151 million, for gas distribution is $1,738 million, and for electric generation is $2,115 million. The increases (decreases) are ($62)

4/ These amounts, and all other amounts in this Agreement, are in Federal Energy Regulatory Commission (FERC) dollars unless noted otherwise.

million for electric distribution, ($3) million for gas distribution, and $153 million for electric generation. This information is shown in Appendix A.

3.1.1.2 Post-Test Years 2018 and 2019

The Settling Parties agree that PG&E's annual post-test year adjustment for 2018 and 2019 will be fixed dollar amounts of $444 million in 2018, and $361 million in 2019, except as provided for below concerning exogenous changes.

As shown in Appendix B to this Agreement, the 2018 increase shall be $250 million for electric distribution, $110 million for gas distribution, and $84 million for electric generation; and the 2019 increase shall be $195 million for electric distribution, $96 million for gas distribution, and $70 million for electric generation.

The Settling Parties agree that post-test year relief for 2018 and 2019 will be authorized in this GRC, and implemented by advice letter.

3.1.1.3 Post-Test Year 2020

See Article 4 for a contested issue concerning a third post-test year for 2020.

3.1.1.4 Exogenous Changes

For the post-test years, the Settling Parties agree that PG&E's mechanism will allow for positive and negative revenue requirement adjustments for exogenous Z-factors, as defined in Decision (D.) 14-08-032, page 661, with a $10 million deductible amount applicable to each factor each year.

3.1.2 Gas Distribution

The Settling Parties agree to $511 million for gas distribution expense and $1,001 million for capital expenditures for 2017.

3.1.2.1 Expense

The test year revenue requirement increase set forth above reduces PG&E's forecast for gas distribution expense by $18 million, including:

- $5.2 million for corrosion control (Major Work Categories (MWC) DG and FH);
- $2.5 million for leak management (MWC FI);

- $0.5 million for other support activities (MWC AB); and
- $9.3 million for gas operations technology (MWCs GZ and JV).

3.1.2.2 Capital

The test year revenue requirement increase set forth above reduces PG&E's forecast for gas distribution capital by $10 million for new business (MWC 29).

3.1.3 Electric Distribution

3.1.3.1 Test Year Revenue Requirement

The Settling Parties agree to $715 million for electric distribution expense and $1,694 million for capital expenditures for 2017.

3.1.3.1.1 Expense

The test year revenue requirement increase set forth above reduces PG&E's forecast for electric distribution expense by $7 million, including:

- $2.0 million for overhead maintenance (MWC KA);
- $1.2 million for capacity, including the Voltage and Volt-Ampere Reactive Optimization (VVO) program (MWCs BA and JV);
- $1.4 million for technology (MWC JV); and
- $2.5 million for mapping and records management (MWC GE).

3.1.3.1.2 Capital

The test year revenue requirement increase set forth above reduces PG&E's forecast for electric distribution capital by $102 million, including:

Reductions in the following areas:

- $7 million for reliability (MWC 49);
- $10 million for substation asset management (MWC 48);
- $40.5 million for capacity projects, including those in support of the VVO and Distributed Energy Resource Integration Capacity Program (MWCs 06, 46 and 2F);

- $43.4 million for new business (MWC 16); and
- $23.7 million for Rule 20A undergrounding work (MWC 30).

Offset, in part, by increases in the following areas:

- $14 million for cable replacement (MWC 56);
- $0.4 million for grasshopper switches (MWC 08); and
- $8.5 million for Fault Location, Isolation and Service Restoration (FLISR) (MWC 49).

3.1.3.2 Pole Replacement

PG&E shall spend an additional $4 million for 2018 and an additional $6 million for 2019 for the accelerated retirement of higher risk poles. PG&E will use risk analysis to identify the poles to be replaced under this provision. PG&E will absorb the cost of this increased pole replacement activity in the settled 2018 and 2019 post-test year revenue requirements. PG&E will (i) report the number of poles replaced as part of this initiative and the cost of those replacements, (ii) explain in general terms why that group of poles was chosen for replacement, and (iii) provide the underlying risk analysis.

3.1.3.3 Cable Replacement

PG&E shall plan to double its proposed level of high molecular weight polyethylene (HMWPE) cable replacement work from 13 miles to 26 miles in 2017. PG&E shall also plan to increase its proposed level of such work by an additional 13 miles per year for the post-test years (i.e., a total of 21 miles in 2018 and 26 miles in 2019), to the extent this level of replacement activity is supported by condition assessment. However, prior to any cable replacement project, PG&E shall evaluate whether targeted cable replacement using testing or, in select cases, rejuvenation is a more cost-effective option for such cable. PG&E shall provide the analysis it used to evaluate replacement options in the next GRC.

3.1.3.4 Grasshopper Switches

PG&E shall increase its replacement rates for grasshopper switches from 20 per year to 30 per year.

3.1.3.5 FLISR

PG&E shall increase its forecasted level of FLISR installations during the term of this GRC, from 77 to not more than 116 per year. The number and placement of FLISR installations shall be described and supported in PG&E's next GRC application. In determining where to install FLISR equipment, PG&E shall avoid redundancies between FLISR equipment and Line Sensors that may be installed through PG&E's Fault Indicators/Line Sensors program, and shall ensure that FLISR equipment is appropriate given the road access to the location.

3.1.4 Energy Supply

The Settling Parties agree to $739 million for energy supply expense and $480 million for capital expenditures for 2017. The test year revenue requirement increase set forth above reduces PG&E's forecast for Energy Supply expense by $5 million, including:

- $0.5 million for hydro operations (MWCs AX, KH and KI); and
- $4.2 million for seismic studies at Diablo Canyon Nuclear Power Plant (Diablo Canyon) (MWC IG).

In conjunction with the reduction of $4.2 million for seismic studies, PG&E shall record its annual costs of seismic studies in the Diablo Canyon Seismic Studies Balancing Account for review and recovery through the Energy Resource Recovery Account filings. PG&E stipulates to the withdrawal of its proposal to retire the Diablo Canyon Seismic Studies Balancing Account.

3.1.5 Customer Care

3.1.5.1 Test Year Revenue Requirement

The Settling Parties agree to $399 million for customer care expense and $197 million for capital expenditures for 2017.

3.1.5.1.1 Expense

The test year revenue requirement increase set forth above reduces PG&E's forecast for customer care expense by $31 million, including:

- $7.1 million for customer engagement (MWCs EZ, FK and IV);
- $14.7 million for pricing products (MWC EZ);

- $3.8 million for contact centers (MWC DK);
- $0.8 million for customer retention (MWC FK);
- $1.0 million for metering (MWC AR); and
- $3.2 million for billing, revenue and credit (MWC IS).

3.1.5.1.2 Capital

The test year revenue requirement increase set forth above reduces PG&E's forecast for Customer Care capital expenditures by $1.3 million for information technology (MWC 2F).

3.1.5.2 Residential Rates Reform Memorandum Account (RRRMA)

PG&E shall maintain and continue to use the RRRMA as follows:

3.1.5.2.1 2015-2016 Costs

PG&E may seek recovery in rates of 2015- 2016 costs booked to the RRRMA through a Tier 2 advice filing filed after the Commission's issuance of a final decision in the 2017 GRC. Prior to filing the advice filing, PG&E shall share a draft of the advice filing, and an accounting of the costs to be recovered, with ORA and TURN. ORA and TURN shall have 90 days to provide comments to PG&E. PG&E shall take ORA's and TURN's comments into account in its submission of the advice filing. To the extent PG&E does not adopt ORA's and TURN's recommendations, PG&E shall explain the basis for not adopting such recommendations.

3.1.5.2.2 2017 and Beyond Costs

In conjunction with the removal from this GRC of PG&E's forecasted activities for pricing products (MWC EZ), billing, revenue and credit (MWC IS), and information technology (MWC 2F), PG&E shall be authorized to track and record costs incurred in 2017 and beyond for residential rate reform implementation including default time-of-use through its RRRMA. PG&E shall be authorized to recover its recorded costs annually through PG&E's Annual Electric True-up (AET) advice letter filing up to a cumulative total of $57.9 million for the 2017 -2019 period (the equivalent of PG&E's 2017 forecast of $19.3 million for each year). In the event that the Commission adopts a 4-year GRC cycle, PG&E shall be authorized to recover an additional $19.3 million in 2020 through the AET for such activities. ORA may audit the RRRMA. PG&E may seek recovery via Tier 3 advice filing of additional costs incurred that exceed the amounts specified in this section. In such a filing, the incremental costs in excess of the above amounts will be subject to reasonableness review by the Commission and subject to disallowance.

3.1.5.3 Shareholder Funding for Customer Retention

Spending for customer retention activities (i.e., those historically booked to MWC FK and forecast at $800 thousand for 2017 by its Customer Care organization) shall be recorded below-the-line during the term of PG&E's 2017 GRC, and PG&E shall revise its below-the-line accounting standard accordingly. PG&E shall notify Merced ID, Modesto ID, and SSJID of such revision and provide a copy of the revised standard within 30 days of the revision being made.

3.1.5.4 Economic Development Rate

The agreed-upon $1.2 million reduction for PG&E's Economic Development Program takes into account and accommodates Merced and Modesto IDs' recommendation that PG&E should not receive ratepayer funding for the Economic Development Rate at this time because the Rate is subject to review and approval in Phase 2 of this GRC under the terms required by D.13-10-019. Nothing in this section shall limit, condition, or otherwise affect Settling Parties' Phase 2 proposals regarding the Economic Development Rate.

3.1.5.5 Customer Service and Outreach

In order to better inform the underserved minority community about upcoming changes in rate design, developments in solar energy, and other Commission activities, PG&E shall undertake the following activities:

3.1.5.5.1 Rate Change/High Impact Education and Outreach

Of the $1.7 million per year in its 2017 GRC forecast for Rate Change/High Impact/Super User Energy Charge education and outreach, PG&E shall target the following for education and outreach activities targeting communities of color and underserved communities in order to relate information on rate options, opportunities to save money on energy, and developments in solar energy: 33 percent of the amount recorded into the RRRMA over the term of the GRC for these activities (not to exceed a total of $1.7 million from 2017-2019 GRC or not to exceed $2.3 million from 2017-2020 if the Commission approves a third post-test year).

3.1.5.5.2 Default TOU Education and Outreach

For 2018 and 2019, PG&E has included $9.7 million and $11.6 million, respectively, for education and outreach on default time-of-use (TOU) rates. (For 2017, PG&E has forecast no such funding.) In 2018 and 2019, PG&E shall target the following for default TOU rate education specifically for communities of color and underserved communities: 33 percent of the amount recorded into the RRRMA over the 2018-2019 period for these activities (not to exceed $7.0 million over the 2018-2019 period). PG&E has forecast no such funding for these activities in 2020. If the Commission approves a third post-test year, to the extent outreach on default TOU rates is still ongoing, PG&E shall target 33 percent of the amount recorded into a separate balancing account in 2020 for those activities (not to exceed $3.5 million for 2020) for education and outreach for communities of color and underserved communities.

3.1.5.5.3 Future GRC Testimony

PG&E shall report in the next GRC regarding what percent of the annual funding amount over the term of the GRC that is authorized by the Commission for outreach and education on safety information, awareness, and emergency notifications was used for reaching communities of color and underserved communities.

3.1.5.5.4 Outreach and Education Methods

For the various above outreach and education activities, PG&E may use ethnic media, community and faith based organizations, in-language materials, and other diverse marketing strategies to reach communities of color and underserved communities.

3.1.5.6 Customer Fees

The reconnection fee shall be reduced to $17.50 for non-CARE customers and $11.25 for CARE customers. The non-sufficient funds fee shall be reduced to $7.00.

3.1.5.7 Uncollectibles

ORA's proposal that the uncollectible mechanism remain the same as the Commission approved methodology from the 2014 GRC is adopted. The 2017 uncollectible factor will be determined based on a 10-year rolling average of the uncollectible factors from 2006 to 2015. The uncollectible factor for the post-test years will be revised annually by advice letter filing using a 10-year rolling average based on updated historical data.

3.1.6 Shared Services and Information Technology (IT)

3.1.6.1 Test Year Revenue Requirement

The Settling Parties agree to $422 million for shared services and IT expense and $494 million for capital expenditures for 2017.

3.1.6.1.1 Expense

The test year revenue requirement increase set forth above reduces PG&E's forecast for Shared Services and IT by $7.5 million, including:

- $0.9 million for sourcing (MWC JV);
- $3.3 million for real estate (MWC BI);
- $0.7 million for environmental programs (MWC JE); and
- $2.5 million for the Enterprise Correction Action Program (MWC AB).

3.1.6.1.2 Capital

The test year revenue requirement increase set forth above reduces PG&E's forecast for shared services capital by $5.4 million for real estate (MWC 23).

3.1.6.2 Technical Assistance for Suppliers

PG&E shall invest at least $800,000 annually toward technical assistance programs (MWC JL) that focus on developing small, minority-owned businesses. PG&E will work with NDC and other interested parties to discuss the effectiveness of technical assistance program expenditures, and discuss community-based organizations that have experience helping small businesses build their capacity. Nothing in this paragraph requires PG&E to provide funding for community-based organizations discussed with NDC and other interested parties as part of the technical assistance programs.

3.1.7 Human Resources (HR)

3.1.7.1 Department Costs

The test year revenue requirement increase set forth above reduces PG&E's forecast for HR department cost expense by $0.9 million.

3.1.7.2 Companywide Expense

The test year revenue requirement increase set forth above reduces PG&E's forecast for HR Companywide expense by $83 million, including:

- $72.3 million for the Short Tem Incentive Plan (STIP);
- $5.2 million for medical and other benefits programs;
- $2.6 million for various non-qualified pension and defined contribution plans;
- $1.1 million for workers' compensation; and
- $2.1 million for Workforce Transition Program.

3.1.8 Administrative and General (A&G)

3.1.8.1 Department Costs

The test year revenue requirement increase set forth above reduces PG&E's forecast for A&G department cost expense by $1.7 million, including:

- $0.4 million for the Finance organization;
- $0.8 million for the Regulatory Affairs organization;
- $0.5 million for Executive Offices and Corporate Secretary; and
- $0.1 million for the Corporate Affairs organization.

3.1.8.2 Companywide Expense

The test year revenue requirement increase set forth above reduces PG&E's forecast for A&G Companywide expense by $7.7 million, including:

- $0.1 million for bank fees;
- $1.2 million for directors and officers liability insurance;
- $3.4 million for general liability insurance;
- $0.5 million for non-nuclear property insurance;

- $2.2 million for nuclear property insurance; and
- $0.3 million for Director fees and expenses.

3.1.9 Technical and Accounting Issues

3.1.9.1 Depreciation

The test year revenue requirement increase set forth above accounts for a reduction of $67 million from PG&E's total forecasted depreciation rate change revenue requirement. The 2017 depreciation parameters resulting from the Agreement are shown in Appendix C.

3.1.9.2 2015 and 2016 Capital Expenditures

The test year revenue requirement increase set forth above includes a reduction of $186 million to PG&E's 2015 capital expenditure forecast and $31 million to PG&E's 2016 capital expenditure forecast.

3.1.9.3 Income and Property Taxes

PG&E's forecast of income and property taxes is adopted.

PG&E shall create a two-way Tax Repair Memorandum Account (TRMA) to track during the term of this GRC the impact on the CPUC jurisdictional revenue requirement authorized in this proceeding resulting from: (1) any new income tax accounting method change associated with the Internal Revenue Service (IRS) or California Franchise Tax Board (CFTB) for tax years 2017 through 2019 (and 2020, if a third post-test year is authorized by the Commission for PG&E) and (2) any changes in Federal or California tax law, final or temporary regulations or other IRS/CFTB administrative guidance issued for reliance by taxpayers that impacts the determination of repair deductions for tax years 2017-2019 (and 2020, if a third post-test year is authorized by the Commission for PG&E). The Tax Repair Memorandum Account shall remain open to reflect these changes for tax years 2017 – 2019 (and 2020, if a third post-test year is authorized by the Commission for PG&E) until closed by approval of a Tier 2 advice filing. Any expansion or extension of bonus depreciation during the term of this GRC shall be addressed through the existing Tax Act Memorandum Account (TAMA) mechanism, the same procedure as was used in PG&E's last GRC.

3.1.9.4 Customer Deposits, Rate Base, and Related Issues

3.1.9.4.1 Customer Deposits

Settling Parties agree to adopt ORA and TURN's methodology to use short-term interest rate of 1.7% for customer deposits. 1.7% is a compromise between TURN's estimate of 1.4% and ORA's estimate of 2.05%. This results in a reduction of $6.4 million in revenues. This reduction may be subject to adjustment prospectively, based on the results of the next Cost of Capital decision.

3.1.9.4.2 Working Cash

3.1.9.4.2.1 Lead-Lag Calculation

Settling Parties agree to adopt ORA and TURN's forecast of $4,275 million for purchased power expense in the lead-lag calculation.

Settling Parties agree to adopt 26 days for the goods and services lag. This is a compromise between TURN's, ORA's and PG&E's forecast and is equivalent to the figure adopted in PG&E's 2014 GRC.

3.1.9.4.2.2 Operational Cash and Other Requirements

Settling Parties agree to adopt TURN's forecast of $151.5 million for other receivables. Settling Parties agree to adopt TURN's forecast of $78 million for prepayments. Settling Parties agree to adopt PG&E's forecast of generation prepayments related to Diablo Canyon. This results in a reduction of $20.2 million to rate base.

3.1.9.4.3 Fuel Oil Inventory

Parties agree to adopt PG&E and ORA's forecast of $0 for fuel oil inventory.

3.1.9.5 Other Operating Revenue

ORA's Other Operating Revenue recommendations, which increase PG&E's Other Operating Revenue forecast by $12.7 million for 2017, shall be adopted. The settlement amount for the GRC Other Operating Revenues will be $130.7 million in 2017.

3.1.9.6 Allocation of Common Costs

The proposed allocation of common costs (A&G expenses and common plant) is approved for use in other, non-GRC Commission ratemaking mechanisms. See Appendix D.

3.1.9.7 Capitalization Rates

PG&E's proposed capitalization rates methodology is adopted. For 2017, the rates are 34.35% for Short-Term Incentive Plan (STIP); 42.43% for Remaining Vacation, Workers' Compensation, and Benefits; and 17.37% for Third Party Claims payments.

PG&E's proposed capitalization rates for A&G departments of 12.23% for labor and 13.49% for materials and supplies are adopted.

3.1.9.8 Results of Operations Model

Unless changed by the terms of this Agreement, the underlying assumptions and methods used in PG&E's results of operation model to compute PG&E's revenue requirements, including cost allocations to unbundled cost categories (UCCs) as set forth in Exhibit (PG&E-10), are adopted.

3.1.10 Balancing and Memorandum Accounts

3.1.10.1 Accounts to be Maintained

The following accounts shall be maintained:

- Major Emergencies Balancing Account;
- Diablo Canyon Seismic Studies Balancing Account;

- Vegetation Management Balancing Account[5/] and associated Incremental Inspection and Removal Cost Tracking Account;
- Nuclear Safety Balancing Account;
- Hydro Relicensing Balancing Account;
- Residential Rate Reform Memorandum Account;and
- Tax Act Memorandum Account.

3.1.10.2 Accounts to be Eliminated

The following accounts shall be eliminated:

- Gas Leak Survey and Repair Balancing Account;
- Smart Grid Pilot Deployment Project Balancing Account;
- San Francisco Incandescent Streetlight Replacement Memorandum Account;
- Photovoltaic Program Memorandum Account;
- Energy Data Center Memorandum Account;
- Dynamic Pricing Memorandum Account; and
- SmartMeter™ Opt-Out Balancing Account.

3.1.10.3 Accounts to be Created

The following new balancing account shall be created:

- Tax Repair Memorandum Account.

The following new balancing account may be created:

- New Environmental Regulatory Balancing Account for gas distribution.

See Section 4.2 Contested Issues.

5/ The annual cap for the Vegetation Management Balancing Account shall be $200 million.

3.1.10.4 Affiliate Transfer Fees

PG&E will no longer record employee transfer fees paid to PG&E by its holding company and affiliates to the Affiliate Transfer Fees Accounts, which shall be eliminated. Rather, PG&E will record these fees to the Distribution Revenue Adjustment Mechanism, Core Fixed Cost Account, or Noncore Customer Charge Account, as appropriate, in order to return such fees to customers.

3.2 NON-FINANCIAL PROVISIONS

3.2.1 Gas Distribution

3.2.1.1 Gas Leak Management

3.2.1.1.1 PG&E agrees with CUE and EDF that it is reasonable to begin performing leak surveys on a 4-year cycle starting in 2017.

3.2.1.1.2 PG&E agrees, starting in the test year, to collect data on number of services surveyed and leak find rates as a function of Maintenance Activity Type (MAT) Code differentiated by grade of leak. PG&E plans to develop the capability to differentiate leak find rates by leak survey technology/approach and will make the information available as part of its gas distribution pipeline safety reporting once this capability is deployed.

3.2.1.1.3 Due to the uncertainties and limited information available for underground Grade 3 leaks, PG&E will evaluate the feasibility of developing an assessment methodology to determine the likelihood of their becoming more serious over time. PG&E shall use historical leak data and the Distribution Integrity Management Program (DIMP) risk model factors to determine their impacts on the likelihood of Grade 3 leaks becoming Grade 2+, 2 or Grade 1 leaks over time. Regardless of the determination of likelihood that a Grade 3 leak will remain the same or become more serious over time, PG&E shall repair Grade 3 leaks within the timeline for repair mandated in the Phase 1 Order Instituting Rulemaking 15-01-008 decision. If a Grade 3 leak becomes a Grade 2+, 2, or Grade 1 over time, it shall be repaired within the timeline for that grade as mandated by the Phase I decision in R.15-01-008.

3.2.1.1.4 EDF and PG&E agree that providing regularly updated information/mapping on open leaks on PG&E's system that would be available on a publicly accessible website is desirable. PG&E agrees to target implementation of this practice in January 2018.

3.2.1.1.5 PG&E will keep the number of open above-ground Grade 3 leaks at a minimum, and repair above-ground Grade 3 leaks within the time frame required by the Commission recognizing that a small number will exist as a result of ongoing survey results and efficient scheduling of repairs.

3.2.1.1.6 PG&E will reduce the number of open below-ground grade 3 leaks, as authorized funding allows.

3.2.1.1.7 PG&E will continue to work collaboratively with EDF and CUE to evaluate technologies that may be implemented for stationary leak monitoring at certain facilities.

See also Article 4 for contested issues concerning gas leak management.

3.2.1.2 Idle Gas Stubs

PG&E's proposed policy concerning the removal of idle gas stubs is adopted. Under the new policy, a newly created stub would be assessed for reuse at the time the cut-off is requested. If the stub is determined to be unsuitable for reuse, the entire service would be cut-off at the connection to the distribution main.

3.2.1.3 Gas Distribution Pipeline Replacement Program

PG&E shall continue the current Gas Distribution Pipeline Replacement Program reporting requirements and annual report. PG&E shall report on its Cross Bore Program within its Gas Distribution Pipeline Replacement Program annual report. PG&E shall track forecast and actual values for number of inspections, number of repairs, and expenses, plus explain variances between forecast and actual.

3.2.1.4 Gas Distribution Pipeline Safety Reports

PG&E shall continue to provide the Gas Distribution Pipeline Safety Reports (GDPSRs) required by D.11-05-018, Attachment 5, however the Parties agree that the frequency of these reports should be changed from semiannual reports to annual reports, due no later than March 31, unless the Commission directs that the current frequency shall be retained. The reports shall continue until discontinued by order of the Commission. The reports shall be served on the Directors of SED and Energy Division, and on the service list for the most recent General Rate Case.

The reports shall be enhanced in the following manner. PG&E shall provide units of work, when applicable, at the MAT level. These enhanced reporting provisions, as further described below, apply to the following items specified under the heading "Budgeting, Spending and Project Reprioritization" in D.11-05-018, Attachment 5:

-- Item 7, Status of Capital Projects and O&M Work
- Table 7-1, Gas Distribution O&M Expense: Table is reconfigured to include decision-authorized units and decision-authorized funding (budget and actuals at the MAT code level will continue to be reported as done in GDPSR 2015-02)

-- Item 10, Forecasted Capital Project Status
- Table 10-1, Summary Gas Distribution Capital Programs in GRC Forecast and Actuals" "2014 GRC Forecast" data is replaced with decision-authorized units and decision-authorized funding (budget and actuals at MAT code level will continue to be reported as done in GDPSR 2015-02)
- Discussion is to reflect applicable MATs and to include units

-- Item 12, Variance Explanations Between Decision Allocations and Actual Spending Request
- This requirement in D.11-05-018, Attachment 5, is revised to read as follows: "To the extent that PG&E does not fully spend the amounts for capital projects or O&M related to pipeline safety, integrity management, and reliability specified in the [GRC Decision] *or does not perform the units of work specified in the GRC Decision*, explain the reasons for doing so."

3.2.2 Electric Distribution

3.2.2.1 Reliability Reporting

PG&E shall report in its next GRC the ratio of the averaged Customer Average Interruption Duration Index (CAIDI) statistics for the five worst performing divisions against the average for the five best performing divisions. (Ratio = CAIDI of the worst 5 divisions / CAIDI of the best 5 divisions.) PG&E will show the CAIDI Ratios for each of the most recent three years for which data is available as follows: (A) If PG&E's divisional statistics show a narrowing of the gap between worst-performing and best-performing divisions over the three years, merely presenting the statistics will be sufficient; (B) If the gap has widened, PG&E will explain why it has widened, and explain the steps PG&E is taking to improve performance in lower-performing divisions over the coming GRC term.

PG&E's proposal to consolidate reliability reports is adopted. Specifically, PG&E shall consolidate the two existing reliability reports mandated in PG&E's 1996 and 2003 GRC decisions.

3.2.2.2 Annual Reporting

PG&E shall report annually as part of its annual reports described in Section 3.2.8.3 on (i) the number of poles replaced through the Pole Replacement and other company programs as available, and the age of poles in PG&E's system, (ii) the number of stand alone circuit breakers replaced or installed across all company programs, (iii) the miles of paper-insulated lead sheath cable (PILC) and HMWPE cable, respectively, replaced or rejuvenated across all company programs, (iv) the number of miles of overhead conductor replaced across all company programs, (v) the number of grasshopper switches replaced across all company programs, (vi) the number of FLISR installations in the Reliability program and (vii) the number of overhead fuse installations across all company programs.

3.2.2.3 Surge Arrester Progress Report

For this GRC term, PG&E shall report annually on the progress of work in the Surge Arrester Grounding program as part of PG&E's annual reports described in Section 3.2.8.3 (or a successor report), including the provision of the following information: (i) the units completed in the Surge Arrester Grounding program in the previous year; (ii) the total amount of customer spend in the Surge Arrester Grounding program in the previous year; and (iii) a count of locations mistakenly identified in PG&E's location survey, to address TURN's concerns about PG&E's unit count forecast.

3.2.2.4 Pole Loading

PG&E shall develop, on an accelerated basis, a program to identify overloaded poles that do not meet current loading standards. Further, PG&E shall prioritize replacing overloaded poles in high-risk areas, starting with wildfire areas.

3.2.2.5 Overhead Conductor Study

PG&E shall perform a study on the overhead conductor on its system, using existing or new data sources, to learn its expected service life, the distribution of asset vintages across PG&E's system, the primary factors associated with the need to replace overhead conductor, and to derive a reasonable forecast of near term and long term replacement rates, considering expected service lives, vintage of assets, and additional factors correlated with asset deterioration or other conditions indicating the appropriateness of asset replacement. This study shall be used to inform PG&E's next GRC application.

3.2.2.6 Facilities Charge

PG&E shall continue the facilities charge associated with the light-emitting diode (LED)

Streetlight conversion program.

3.2.2.7 Line Extension Reporting Requirement

PG&E shall discontinue the production of the annual Line Extension Reporting report mandated in PG&E's 2003 GRC. Instead, PG&E shall include in future GRCs certain information that was historically provided in the earlier report. Specifically, PG&E shall in future GRCs include for the GRC base year in its workpapers the line extension data/information in rows 1-14 of Attachment A, of the earlier report, as well as the material included in Attachment B of the earlier report.

3.2.2.8 Rule 20A Work Credit Allocation

PG&E's proposal regarding the Rule 20A work credit allocation shall be adopted. Specifically, the annual work credit allocation amount of $41.3 million shall be extended through the term of the 2017 GRC.

3.2.3 Energy Supply

3.2.3.1 Diablo Canyon Nuclear Power Plant (Diablo Canyon)

3.2.3.1.1 A4NR withdraws its recommendations with respect to decreasing annual depreciation expense for remaining Diablo Canyon net investment, without prejudice to A4NR's raising the issue in any and all such Commission proceedings as A4NR may deem necessary and proper in the event the Joint Proposal on Diablo Canyon fails to be approved by the Commission and PG&E elects to proceed with license renewal for Diablo Canyon.

3.2.3.1.2 PG&E withdraws its request for pre-approval of the Unit 2 main generator stator project in this proceeding. Should PG&E proceed with the project, the project will be subject to review as part of PG&E's next GRC application. In any Commission proceeding where PG&E submits the project for Commission approval and/or the rate recovery of project costs, A4NR, TURN and any other party may contest (a) PG&E's judgment as to the Unit 2 operating conditions and/or PG&E's economic and/or engineering analyses offered in support of the project and/or (b) the rate recovery of the project costs.

3.2.3.1.3 A4NR withdraws its ratemaking recommendations with respect to the Diablo Canyon Independent Spent Fuel Storage Installation expansion project, provided that PG&E conducts a study, as part of its detailed Diablo Canyon site specific decommissioning study specified in Section 5.4.1 of the Joint Proposal, of the options for post shut-down expedited transfer of spent nuclear fuel to dry cask storage, coordinates such studies with the California Energy Commission (CEC), and evaluates the CEC's recommendations and input in good faith. Nothing in this stipulation shall waive any right of A4NR to contest the reasonableness of PG&E's costs of interim spent fuel handling, transfer or storage in the event, if, in A4NR's sole judgment, PG&E has failed to conduct the studies or coordinate the studies with the CEC in a manner consistent with the terms of this agreement and the Joint Proposal.

3.2.3.1.4 (A) A4NR withdraws its recommendation that the Commission order PG&E to file an annual Tier 1 advice letter regarding the material conditions affecting PG&E's decision to pursue the NRC license extensions for Diablo Canyon, provided that the withdrawal of A4NR's recommendation shall be without prejudice to A4NR's raising the proposal for such an advice letter in any and all such Commission proceedings as A4NR may deem necessary and proper in the event the Joint Proposal fails to be approved by the Commission for any reason.

(B) In lieu of the annual advice letter recommended by A4NR, PG&E shall notify the Commission via a Tier 1 advice letter of any material changes to the condition of the plant as may affect the planned retirement date of Diablo Canyon, provided that PG&E's stipulation to file such an annual advice letter shall be without effect in the event the Joint Proposal fails to be approved by the Commission for any reason. PG&E shall also provide an annual update to its Test Year 2017 General Rate Case forecast of the planned capital improvements, projects and additions for Diablo Canyon as part of its implementation of the Joint Proposal, should the Joint Proposal be approved by the Commission.

3.2.3.1.5 A4NR withdraws its recommendations proposing a new Schedule DC balancing account, provided that the withdrawal of A4NR's recommendations for a new Schedule DC balancing account shall be without prejudice to A4NR's raising the recommendation in any and all such Commission proceedings as A4NR may deem necessary and proper in the event the Joint Proposal fails to be approved by the Commission for any reason.

3.2.3.2 Department Of Energy Refund Credit

PG&E's proposal to continue the mechanism to credit the Department of Energy refunds to the generation revenue requirement is adopted.

3.2.3.3 Levelization of Costs

The revenue requirement figures set forth above levelize the costs of the second refueling outage at Diablo Canyon and the Long Term Service Agreements at Colusa and Gateway Generating Stations.

PG&E's proposal is adopted to true up in its next GRC any accelerated milestone payments due to the need to call on Colusa and Gateway Generating Stations more frequently. This need arises from the increasingly complex challenge of balancing the system to address intermittent renewable resources.

3.2.3.4 Photovoltaic (PV) Program Issues

The ongoing revenue requirement associated with PG&E's PV Program assets should be included in the generation revenue requirement for term of this rate case and the capital cost savings relating to the PV Program should continue to be credited to the Utility Generation Balancing Account.

3.2.4 Customer Care

3.2.4.1 Community Choice Aggregators (CCA) Services and Fees

In recognition of the connection between possible GRC Phase 1 investments and the services provided, and fees charged, to Community Choice Aggregators, MCE and PG&E will meet at least six months prior to the filing of PG&E's next GRC Phase 1 to discuss possible investments and their connection to CCA services and fees.

3.2.4.2 Future Consultation on Customer Retention

At least six months prior to filing the next GRC, PG&E shall contact Merced ID, Modesto ID, South San Joaquin ID, and MCE, in order to inform these entities whether PG&E intends to seek ratepayer funding for such customer retention activities in the case.

3.2.4.3 Customer Service Offices

PG&E's request to close 26 customer service offices as part of this application is withdrawn without prejudice. No earlier than July 1, 2018, PG&E may file an application seeking to close any of its customer service offices. At least two months in advance of filing such an application, PG&E shall engage in effects bargaining with IBEW 1245 regarding any employees impacted by the proposed closure(s). The status of such effects bargaining will not prevent PG&E from filing its application.

3.2.4.4 Telephone Service Level

PG&E shall be required to answer 76 percent of calls within 60 seconds, a change from the prior level of 80 percent of calls answered within 20 seconds.

3.2.4.5 Memorandum of Understanding (MOU) with SBUA

The Memorandum of Understanding between SBUA and PG&E set forth in Exhibit

(PG&E-6), Chapter 2, Attachment A, is adopted, however, Section 2.1 should be revised to state:

> "The Parties agree that PG&E will direct the equivalent of $8.08 million annually, or a total of $24.2 million for the years 2017-2019 (or a total of $32.32 million for the years 2017-2020), from its Customer and Community Services, Energy Solutions & Service budget to provide outreach and support for PG&E's Small Business customers through its SMB programs. The Parties agree that PG&E will direct that funding toward Small Business outreach as follows:".

3.2.4.6 MOU with CforAT

The Memorandum of Understanding between the CforAT and PG&E set forth in Exhibit (PG&E-6), Chapter 5, Attachment A, is adopted.

3.2.4.7 Accuracy Testing of Meters

PG&E need not perform in-testing of gas meters removed through the Scheduled Meter Change program.

3.2.4.8 Reporting for Safety Net and Quality Assurance Programs

PG&E shall continue to produce the Safety Net Program and Quality Assurance Program reports on an annual, not quarterly, basis.

3.2.4.9 Customer Service and Outreach

3.2.4.9.1 Customer Advisory Panel

PG&E shall continue to invite low-income and community-of-color advocates to participate on a Customer Advisory Panel. The scope of the advisory panel will include ongoing guidance relating to PG&E's overall outreach efforts. Meetings of the Customer Advisory Panel will occur in person at least twice a year. To increase the awareness and responsiveness of PG&E executive leadership to issues of concern in communities of color, PG&E and NDC agree that at least one officer from PG&E's Regulatory Affairs Organization, Customer Care Organization or External Affairs Organization will be present at each in-person meeting of the Customer Advisory Panel.

3.2.4.9.2 Future GRC Testimony

PG&E shall provide testimony in its next GRC on its efforts to engage with community based organizations on outreach activities.

3.2.4.10 Economic Circumstances

In recognition of the reality that minority communities are disproportionately burdened by adverse economic conditions, PG&E shall meet annually with low-income minority organizations, and other interested parties, to discuss the economic circumstances in PG&E's service areas. As part of this meeting, the participants will review economic metrics including unemployment rates, median wages, and changes in cost of living levels in California. In particular, the discussion will include the possible impact of economic circumstances on future rate changes requested by PG&E. This meeting can be conducted as part of the Customer Advisory Panel meetings discussed above.

PG&E shall include in its next GRC filing testimony on how economic conditions in its service territory were considered in calculating their rate request. As part of that showing, PG&E will include materials it prepared that were used at the economic circumstances meeting, including those materials relating to unemployment rates, median wages, and changes in cost of living levels in California. Additionally, in its next GRC, PG&E shall provide cost of living data for each county in its service territory, and compare that data to the national average, for at least the five most recent years with available cost of living data.

3.2.5 Shared Services and Information Technology

3.2.5.1 Supplier Diversity

3.2.5.1.1 Aspirational Goal and Future GRC Testimony

In order to better reflect the diversity of the community, PG&E shall report in the next GRC on its aspirational goal of 42% supplier contracts with diverse business enterprises in 2017 and provide a new aspirational goal for the test year of the next GRC.

3.2.5.1.2 Hiring of Minority-Owned Businesses

PG&E shall continue its efforts to hire minority-owned businesses for auditing, legal and other professional services and skilled labor needs. Such efforts will include meeting with key diverse business enterprise organizations attending the annual GO 156 *en banc* proceedings, no later than 60 days after the *en banc* hearing, to discuss cooperative methods for achieving GO 156 goals and addressing other issues raised by the CPUC.

3.2.5.1.3 Public Reports

PG&E reports publicly on various issues relating to diverse and small businesses. PG&E will make its public reports on this topic available to NDC and other interested parties on an annual basis.

3.2.6 Human Resources

3.2.6.1 Employment Diversity

3.2.6.1.1 Aspirational Goals

PG&E will continue to establish and further develop good-faith aspirational diversity hiring goals in support of PG&E's goal that PG&E's employees at all levels reflect the diversity of the communities PG&E serves. Diversity hiring goals will be established, measured, and reported in alignment with the factors used by the U.S. Department of Labor Office of Federal Contract Compliance Program and demographics available from the U.S. Census Bureau.

3.2.6.1.2 Pipelines for Diverse Candidates

PG&E shall continue to provide and support activities that build both near-term and future pipelines of diverse candidates throughout its service territory.

3.2.6.1.3 Future GRC Testimony

PG&E shall provide testimony in its next GRC on its efforts to promote diversity hiring at all levels and promote the development of near-term and future pipelines of diverse candidates. This testimony shall include a comparison of PG&E's actual hiring for the 2017 base year against the aspirational goals referenced above.

3.2.6.2 Compensation

PG&E's executive leadership and NDC may discuss safety metrics related to executive compensation and related issues during their annual meetings described in Section 3.2.8.5.

PG&E shall continue during the term of the 2017 GRC to have shareholders fund the executives' Short Term Incentive Plan and all of the Long Term Incentive Plan.

3.2.7 Administrative and General (A&G)

3.2.7.1 Allocation of Legal Costs

PG&E's allocation of 24.67 % of law department costs to generation rates will be adopted for the 2017 GRC, without further adjustment.

PG&E shall prepare a study -- based on historic recorded costs -- of law department activities in order to assess whether the 24.67 % allocation to generation activities is reasonable for PG&E's next GRC. The study will be limited to law department costs and shall not extend to other corporate services organizations.

PG&E shall share a draft of the study results (using non-privileged, non-confidential information) with MCE for comment within 60 days of issuance of a final decision in this proceeding.

Should PG&E choose not to incorporate the final study results in its next GRC forecast, PG&E shall provide affirmative testimony that includes the study results and explains the basis for not incorporating the study results.

3.2.7.2 Allocation of A&G Expenses Related to Public Purpose Programs

PG&E shall prepare a workpaper that demonstrates where the final decision allocates the adopted A&G related overhead costs associated with Energy Efficiency programs. PG&E shall prepare this workpaper and provide it to MCE and other interested parties within 60 days of issuance of a final decision in this proceeding.

3.2.7.3 Auditing

3.2.7.3.1 Minority-Owned and Other Diverse Firms

PG&E shall (i) hire independent and reputable outside accounting firms to conduct auditing work and (ii) support such firms in subcontracting with minority-owned and other diverse auditing firms. PG&E shall encourage its main outside accounting firm to subcontract a significant portion of auditing work to minority-owned subcontractors consistent with PG&E's dedication to supplier diversity.

3.2.7.3.2 Future GRC Testimony

PG&E shall provide testimony in its next GRC filing on its efforts to contract with independent and reputable firms for auditing work and to support subcontracting with minority-owned and other diverse auditing firms.

3.2.8 Reporting Obligations and Other Matters

3.2.8.1 Overarching Principles

The Settling Parties agree on the following principles:

(1) PG&E should strive for reasonable rates of steady state replacement, consistent with risk-informed decision making, for crucial operating equipment necessary to provide safe and reliable service. Such steady state replacement includes pro-active replacement of an asset prior to in-service failure when warranted based on risk and engineering analysis that considers vintage, material properties, environmental conditions, life-extension maintenance practices, and any other relevant parameters. PG&E should strive to reduce post-failure replacement for assets where failure can result in unreasonable safety or cost impacts. PG&E will evaluate and explain in its Risk Assessment and Mitigation Phase (RAMP) filing next rate case showing how its existing capital asset maintenance and replacement activities, including both pro-active and post-failure replacement, and costs thereof, promote cost-effective and risk informed steady state replacement.

(2) For the Reliability Program investments in the Electric line of business, PG&E should strive to install equipment necessary or useful to providing reliable service consistent with a holistic and measured approach to system reliability solutions. PG&E may consider Value of Service (VOS) benefit to cost ratios, and other factors, e.g., the Risk Informed Budget Allocation (RIBA) process, to support the associated prioritization in spending.

These principles should, as a general matter, be reflected in PG&E's next RAMP proposal. In those instances where PG&E's RAMP proposal does not follow these principles, PG&E should explain the basis for PG&E's proposal.

3.2.8.2 Safe and Reliable Service

PG&E agrees that this Agreement should enable PG&E to comply with its obligations under Public Utilities Code Section 451 to "furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment and facilities…as are necessary to promote the safety, health, comfort and convenience of its patrons, employees, and the public."

3.2.8.3 Annual Spending Accountability Reports

PG&E shall provide Spending Accountability Reports, patterned on the report of the same name described in D.14-12-025 and the Budget Reports previously required by D.11-05-018, Ordering Paragraph 42. These Spending Accountability Reports shall replace the Budget Reports required by D.11-05-018 and D.14-08-032.

The Reports shall compare authorized expense and capital spending to actual spending for electric distribution, electric generation, and any gas distribution work not covered by the GDPSRs. In addition, for work in these lines of business that is undertaken for safety or reliability, the reports shall provide the required information at the MAT level, as applicable, and compare authorized units of work with actual units of work performed. PG&E shall provide an explanation of any significant deviations between authorized and actual spending and between authorized and actual units of work.

PG&E will file these reports annually by March 31st of the year following the period covered by the report. The reports shall be served on the Directors of SED and Energy Division and the service list for the most recent General Rate Case. The reports shall continue until discontinued by order of the Commission.

3.2.8.4 Principles for Deferred Work

The Parties agree to the following principles, which were reflected in PG&E's 2014 GRC decision:

> (1) Where funds are originally collected from ratepayers based on representations that the work is necessary to provide safe and reliable service and, yet, PG&E does not perform all of the designated work, the fact that PG&E must pay for a higher priority activity or program does not nullify or extinguish its responsibilities to fund forecasted and authorized work unless such work is no longer deemed necessary for safe and reliable service.
>
> (2) PG&E is responsible for providing safe and reliable customer service whether or not its overall spending matches funding levels authorized or imputed in rates.
>
> (3) PG&E bears the risk that, as a result of meeting spending obligations necessary to provide safe and reliable service, the earned rate of return may be less than the authorized return.

(4) While PG&E has finite funds to meet capital and operational needs, PG&E is not restricted to spending only up to the forecast adopted in a GRC.

(5) PG&E bears the responsibility – and has discretion – to adjust priorities to accommodate changing conditions after test year forecasts are adopted. Readjusting spending priorities, however, only involves the ranking and sequence of spending. Reprioritizing spending for new projects does not automatically justify postponing projects previously deemed necessary for safe and reliable service.

(6) The GRC process is a tool in supporting PG&E's ongoing ability to provide safe and reliable service while affording a reasonable opportunity to earn its rate of return and thereby attract capital to fund its infrastructure needs. Adopted revenue requirements and the disposition of disputed ratemaking issues should be consistent with the goal of supporting PG&E's ability to provide safe and reliable service while maintaining its financial health and ability to raise capital.

PG&E agrees that, in the next GRC and its next Gas Transmission and Storage rate case, PG&E will need to take additional steps in order to seek ratepayer funding for work that was previously authorized and funded when all of the following are true:

(a) The work was requested and authorized based on representations that it was needed to provide safe and reliable service;

(b) PG&E did not perform all of the authorized and funded work, as measured by authorized (explicit or imputed) units of work; and

(c) PG&E continues to represent that the curtailed work is necessary to provide safe and reliable service.

Specifically, for any work that meets these conditions, PG&E's direct showing in support of the reasonableness of its forecast in the rate case shall provide at a minimum, a demonstration of how the specific funding request is consistent with the principles above, and may include a showing of (i) why the authorized work was not performed in the time forecasted, (ii) how the authorized funding was used, if at all, for other purposes and (iii) whether such other purposes related to the provision of safe and reliable service.

To the extent that authorized funding for safety-related work was used for other purposes, PG&E's showing in support of its forecast for additional funding for the curtailed work shall include a demonstration of the reasonableness of the alternative work for the purpose of evaluating the appropriateness of the new funding request. However, nothing in this provision is intended to modify PG&E's obligation, consistent with cost of service ratemaking, to demonstrate the reasonableness of recorded capital spending, whether or not done as a replacement for previously authorized and funded safety-related work.

3.2.8.5 Executive Level Engagement with Diverse Communities

NDC and PG&E value a cooperative working relationship between PG&E executives and community leaders. In order to further strengthen and develop that relationship, PG&E shall hold one annual meeting with NDC leadership. One or more of PG&E's Presidents will attend each annual meeting, along with those senior officers relevant to the agenda. In addition, the Chief Executive Officer of PG&E Corporation will attend one of the annual meetings. Participants at these meetings will discuss issues pertaining to the implementation of the provisions of this Agreement, as well as other related issues that PG&E or NDC may wish to discuss. Representatives of NDC and of PG&E's Community Relations or Regulatory Affairs organizations will work together to prepare an agenda in advance of the meeting. These meetings are separate from the Customer Advisory Panel meetings described above.

3.2.8.6 Safety

Officers and Directors who lead PG&E's safety culture shall continue to participate and further engage in annual trainings in support of safety culture improvement. PG&E shall provide focused safety leadership training – which includes instruction on the importance of receiving input on safety issues from field personnel – to those managers and supervisors whose employees have the highest exposures and hazards. PG&E leadership shall continue to and actively solicit employee feedback on safety issues through field safety meetings, grassroots safety teams and its new Enterprise Corrective Action Program. PG&E shall continue to include safety training in all new leader orientation programs.

3.2.8.7 Enterprise Corrective Action Program

By December 2017, PG&E will implement its Enterprise Corrective Action Program to the electric line of business. By December 2018, PG&E will implement the Enterprise Corrective Action Program in all its businesses.

3.2.8.8 Risk Management and Integrated Planning Process

PG&E's next GRC request shall categorize its proposed risk mitigation programs and projects, shown at the MAT level, as applicable, as either "mandatory" or "discretionary."

For such discretionary programs and projects, PG&E will rank the programs and projects from highest priority to lowest priority within a line of business. The ranking for each line of business shall be broken out by quintiles based on percentage of total line of business spending for discretionary programs and projects. PG&E shall provide a numeric ranking of programs and projects where PG&E has prepared such a ranking or where such data is reasonably available. PG&E will provide an explanation of the methodology that PG&E used to prepare the above rankings.

For work that PG&E categorizes as mandatory, PG&E shall include the following information in its case-in-chief:

(1) An explanation of why PG&E views the work as mandatory;
(2) If the categorization as mandatory is based on PG&E's conclusion that the work is a "best practice," an explanation of why PG&E considers the work to be a best practice; and
(3) If only a portion of the work effort is mandatory, an explanation and approximate quantification of which portion is mandatory and which portion is not mandatory. The non-mandatory provision should be included in the ranking of discretionary programs and projects discussed above.

PG&E agrees that additional development of its risk methodology is necessary to prioritize risk mitigation actions within each risk in the registry of each line of business. In order to maximize the total effectiveness of PG&E's safety programs, it will be necessary to execute some actions to mitigate many registered risks simultaneously, including some risks with lower risk scores. PG&E will attempt to improve its ability to identify specific actions or specific locations that require remediation on an urgent basis. This includes methods to increase the frequency and/or reliability of input from front line employees and customers. PG&E also agrees to attempt to develop measurements to evaluate and compare the cost-effectiveness of specific initiatives to mitigate risk.

If a decision in the S-MAP proceeding (A.15-05-002 et al) specifies a methodology for categorizing or ranking proposed mitigations, that methodology shall be used to prepare the above rankings or establish the cost-effectiveness of specific risk mitigation initiatives. Furthermore, this settlement provision may be superseded by a different manner of categorizing or ranking risk mitigation programs or projects if a decision in the S-MAP proceeding expressly supersedes this provision.

3.2.8.9 Disclosure of Safety Metrics

Annually for the prior calendar year, PG&E shall provide to Settling Parties on request monthly data, if available, for each line of business showing the following safety metrics (to the extent applicable to the line of business): (1) Incidents of wires down, (2) 911 Emergency Response, (3) Dig-in reductions, (4) Gas emergency response, (5) Diablo Canyon Safety and Reliability Indicators, (6) Hydro public safety index, (7) Lost work day case rate, (8) OSHA recordable rate (injuries per 200,000 production hours), (9) Near-hits reported, (10) preventable motor vehicle accidents, (11) serious preventable motor vehicle accidents, (12) contractor lost work days, (13) contractor days away, (14) contractor OSHA recordable rate, (15) number of fires requiring engine response attributed to PG&E operations, and (16) employee fatalities and life-altering injuries attributed to PG&E operations. PG&E will make a good faith effort to provide non-confidential data where requested. PG&E may require parties to sign a nondisclosure agreement as appropriate.

3.2.8.10 Safety Standards and Benchmarking

Where possible, PG&E will consider using voluntary consensus standards when developing management systems or processes to improve safety, security, cybersecurity, facility inspections, and asset management. In its next GRC, PG&E agrees to disclose management system standards and other safety standards that it uses, and may at its option provide a narrative explaining progress and challenges in their implementation. Until that disclosure, except as restricted by law or licensing agreement, PG&E will (1) provide this information to any Settling Party who requests it without restriction on disclosure and (2) allow review of any standard being used. PG&E will attempt to identify industry-wide measurements related to safety and to compare its performance at the enterprise or line-of-business level as appropriate.

Annually, PG&E will discuss progress in prioritizing and evaluating the effectiveness of safety initiatives, including its Near Hit reporting program and Enterprise Correction Action Program, with Settling Parties who request such information through meetings at mutually convenient times and through disclosure of documents as appropriate.

ARTICLE 4

4.0 CONTESTED ISSUES

4.1 THIRD POST-TEST YEAR

ORA and PG&E agree that a third post-test year 2020 should be added and the revenue requirement change should be comparable to ORA's alternative recommendation for 2019, resulting in the following amount: $361 million increase for 2020.

TURN, A4NR , CAUSE and CFC oppose the third post-test year.

4.2 GAS LEAK MANAGEMENT

CUE, EDF and PG&E agree to the following provisions:

4.2.1 PG&E agrees to support adoption of a minimum 3-year leak survey cycle in R.15-01-008. PG&E agrees to begin the process of transitioning to a minimum 3-year leak survey cycle if the Commission mandates and funds the use of a 3-year cycle in R.15-01-008 and to complete such transition within three years of adoption or as ordered by the Commission.

4.2.2 CUE, EDF and PG&E agree that, to enable PG&E to implement new regulatory requirements upon their adoption in Phase I of R.15-01-008, a New Environmental Regulatory Balancing Account (NERBA) should be adopted. PG&E shall be authorized to track and record to the NERBA incremental Gas Distribution Emission Reduction Costs associated with new regulatory requirements pertaining to gas distribution leak management activities, adopted in Phase I of R.15-01-008, until the Commission makes a decision regarding costs in Phase II. As used herein, "Gas Distribution Emission Reduction Costs" refers to the cost of leak survey, leak repair, leak measurement, leak detection and/or measurement equipment, or other gas distribution emission reduction measures ordered in R.15-01-008 and beyond the level set forth in this Settlement Agreement.

4.2.3 PG&E will file a Tier 1 Advice Letter after the Commission's issuance of a final decision in the 2017 GRC to establish the NERBA.

4.2.4 PG&E is authorized to recover the costs recorded to the NERBA annually by including them in PG&E's Annual Gas True-up advice letter filing. ORA may audit such account.

TURN, CAUSE and CFC oppose the above provisions. ORA opposes provision 4.2.1. and has proposed a four-year leak survey cycle in R.15-01-008.

ARTICLE 5

5.0 GENERAL PROVISIONS

5.1 RESOLUTION OF ISSUES

This Agreement is presented to the Commission pursuant to Article 12 of the Commission's Rules of Practice and Procedure. As a compromise among their respective litigation positions, the Settling Parties hereby agree that this Agreement resolves all disputed issues raised in this proceeding, except those set forth in Article 4 of this Agreement.

5.2 COMPROMISE; NO PRECEDENT

The Settling Parties agree that this Agreement represents a compromise to which all Settling Parties have contributed. It does not constitute an agreement or endorsement of disputed facts and law presented by the Settling Parties in this proceeding. No provision of this Agreement shall be construed against any Settling Party because that Settling Party or its counsel drafted the provision. Except as provided in Commission Rule 12.5, the Settling Parties agree that this Agreement does not constitute precedent regarding any principle or issue in this proceeding or in any future proceeding. Specifically, it does not limit the discretion of any Settling Party to argue in future proceedings (1) that it is unjust or unreasonable to make ratepayers pay a second time for activities explicitly authorized or reasonably implied by this Agreement or (2) that PG&E has not provided safe and reliable service. Furthermore, the specific treatment for the accounting of certain costs in this proceeding does not limit the discretion of PG&E or other parties to propose different accounting treatment for such costs in future proceedings.

5.3 ENTIRE AGREEMENT

This Agreement embodies the entire understanding and agreement of the Settling Parties with respect to the matters described herein. Except as described in this Agreement, the Agreement supersedes and cancels any and all prior oral or written agreements, principles, negotiations, statements, representations, or understandings among the Settling Parties. This Agreement constitutes the entire agreement among the Settling Parties and, except as expressly provided herein, settles all differences among them, including differences that overlap with positions taken by non-settling parties, as to the issues presented in this proceeding. Unless otherwise provided in this Agreement, all proposals and recommendations by the Settling Parties, including, but not limited to, those set forth in the Joint Comparison Exhibit (Exh. (PG&E-37)), are either withdrawn, if so indicated above, or considered subsumed without adoption by this Agreement.

5.4 MANAGEMENT DISCRETION

The fact that Settling Parties set forth specific amounts for certain categories of costs, by itself, is not intended to limit PG&E's management discretion to spend funds, provided that such discretion is exercised in a manner consistent with PG&E's obligation to provide safe and reliable service, as well as relevant Commission requirements and orders.

5.5 JOINT SUPPORT

The Settling Parties shall jointly request Commission approval of this Agreement. The Settling Parties additionally agree to actively support prompt approval of the Agreement. Active support shall include briefing, comments on the proposed decision, written and oral testimony if testimony is required, appearances, and other means as needed to obtain the approvals sought. The Settling Parties further agree to participate jointly in briefings to Commissioners and their advisors as needed regarding the Agreement and the issues compromised and resolved by it.

5.6 EXECUTION AND AMENDMENT

This Agreement and any amendment thereto may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be amended or changed only by a written agreement signed by all Settling Parties.

5.7 EFFECTIVE DATE AND TERM

This Agreement shall become effective among the Settling Parties on the date the last Settling Party executes the Agreement as indicated below. Unless otherwise expressly stated, the obligations set forth in this Agreement shall be limited to the term of this rate case.

5.8 STIPULATION OF EVIDENCE

So as to provide an evidentiary record upon which the Commission may evaluate the reasonableness of the terms of this Agreement, the Settling Parties stipulate to the identification and receipt into the evidentiary record of this proceeding all testimony and supporting documents having previously been served upon the parties. The Settling Parties agree to file and support a separate motion before the Commission for this purpose.

In Witness Whereof, intending to be legally bound, the Settling Parties hereto have duly executed this Agreement on behalf of the parties they represent.

//

OFFICE OF RATEPAYER ADVOCATES

By: *Original Signed by*

Name: Elizabeth Echols

Date: August 3, 2016

THE UTILITY REFORM NETWORK

By: *Original Signed by*

Name: Hayley Goodson

Date: August 3, 2016

ALLIANCE FOR NUCLEAR RESPONSIBILITY

By: *Original Signed by*

Name: Rochelle Becker

Date: August 3, 2016

CENTER FOR ACCESSIBLE TECHNOLOGY

By: *Original Signed by*

Name: Melissa W. Kasnitz

Date: August 3, 2016

COALITION OF CALIFORNIA UTILITY EMPLOYEES

By: *Original Signed by*

Name: Marc D. Joseph

Date: August 3, 2016

COLLABORATIVE APPROACHES TO UTILITY SAFETY ENFORCEMENT

By: *Original Signed by*

Name: Scott J. Rafferty

Date: August 3, 2016

CONSUMER FEDERATION OF CALIFORNIA

By: *Original Signed by*

Name: Nicole Johnson

Date: August 3, 2016

ENVIRONMENTAL DEFENSE FUND

By: *Original Signed by*

Name: Amanda Johnson

Date: August 3, 2016

MARIN CLEAN ENERGY

By: *Original Signed by*

Name: Jeremy Waen

Date: August 3, 2016

MERCED IRRIGATION DISTRICT

By: *Original Signed by*

Name: Ann L. Trowbridge

Date: August 3, 2016

MODESTO IRRIGATION DISTRICT

By: *Original Signed by*

Name: Greg Salyer

Date: August 3, 2016

NATIONAL DIVERSITY COALITION

By: *Original Signed by*

Name: Faith Bautista

Date: August 3, 2016

SMALL BUSINESS UTILITY ADVOCATES

By: *Original Signed by*

Name: James Birkelund

Date: August 3, 2016

SOUTH SAN JOAQUIN IRRIGATION DISTRICT

By: *Original Signed by*

Name: Vidhya Prabhakaran for P. Rietkerk

Date: August 3, 2016

PACIFIC GAS AND ELECTRIC COMPANY

By: *Original Signed by*

Name: Steven E. Malnight

Date: August 3, 2016

APPENDIX A

APPENDIX A

A. 15-09-001

PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE
RESULTS OF OPERATIONS
SUMMARY OF PROPOSED INCREASE OVER ADOPTED 2016
PG&E REBUTTAL & SETTLEMENT
(MILLIONS OF NOMINAL DOLLARS)

Line No.	Description	2016 Adopted	2017 PG&E Proposed	Difference (Proposed vs. Adopted)	2017 Settlement	2017 Difference (Settlement vs. Adopted)	2017 Difference (Settlement vs. Proposed)
		A	B	C (B-A)	D	E (D-A)	F (D-B)
1	Electric Distribution						
2	Operation and Maintenance	649	721	72	711	62	(10)
3	Customer Services	181	212	31	193	12	(19)
4	Administrative & General	472	407	(65)	382	(90)	(25)
5	Less: Revenue Credits (Other Operating Revenues (OOR) & Wheeling)	(88)	(118)	(30)	(118)	(30)	(0)
6	FF&U, Other Adjs, Taxes Other than Income	78	90	12	82	4	(8)
7	Return, Taxes, Depreciation, and Amortization	2,920	2,966	46	2,901	(19)	(65)
8	Retail Revenue Requirement	4,213	4,279	67	4,151	(62)	(128)
9	Gas Distribution Total						
10	Operation and Maintenance	375	449	74	433	58	(16)
11	Customer Services	138	144	6	139	1	(5)
12	Administrative & General	260	276	16	259	(2)	(18)
13	Less: Revenue Credits (OORs & Wheeling)	(25)	(18)	8	(28)	(3)	(10)
14	FF&U, Other Adjs, Taxes Other than Income	48	55	6	50	2	(4)
15	Return, Taxes, Depreciation, and Amortization	945	894	(51)	886	(59)	(8)
16	Retail Revenue Requirement	1,742	1,801	59	1,738	(3)	(62)
17	Electric Generation						
18	Operation and Maintenance	640	655	15	650	10	(5)
19	Customer Services	-	5	5	2	2	(3)
20	Administrative & General	278	291	13	272	(6)	(19)
21	Less: Revenue Credits (OORs & Wheeling)	(18)	(5)	13	(6)	12	(1)
22	FF&U, Other Adjs, Taxes Other than Income	(89)	39	128	37	126	(2)
23	Return, Taxes, Depreciation, and Amortization	1,150	1,170	20	1,159	9	(11)
24	Retail Revenue Requirement	1,962	2,155	193	2,115	153	(40)
25	Total						
26	Operation and Maintenance	1,664	1,825	161	1,794	131	(31)
27	Customer Services	319	361	42	334	15	(27)
28	Administrative & General	1,011	974	(36)	912	(99)	(62)
29	Less: Revenue Credits (OORs & Wheeling)	(131)	(140)	(9)	(152)	(21)	(12)
30	FF&U, Other Adjs, Taxes Other than Income	38	184	146	170	132	(14)
31	Return, Taxes, Depreciation, and Amortization	5,016	5,030	15	4,946	(70)	(84)
32	Retail Revenue Requirement	$ 7,916	$ 8,235	**$ 319**	8,004	**$ 88.4**	**$ (230.5)**

APPENDIX A

A. 15-09-001

PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE
COST SUMMARY

(in thousands of nominal dollars)

Expense **2017**

Line No.	Exhibit	PG&E Forecast	ORA Reduction	TURN Reduction	Settlement	Settlement Reduction
1	3 Gas	$ 528,220	$ (70,178)	$ (4,990)	$ 510,673	$ (17,547)
2	4 Electric	$ 722,160	$ (48,332)	$ (23,587)	$ 715,016	$ (7,145)
3	5 Energy Supply	$ 743,878	$ (20,051)	$ (11,341)	$ 739,208	$ (4,670)
4	6 Customer	$ 429,454	$ (43,108)	$ (102,644)	$ 398,865	$ (30,589)
5	7 Shared Services/IT	$ 429,577	$ (39,038)	$ (17,707)	$ 422,046	$ (7,531)
6	8 Human Resources IT	$ 1,134	$ -	$ -	$ 1,134	$ -
7	9 A&G IT	$ 6,743	$ -	$ -	$ 6,743	$ -
8	**Total**	**$ 2,861,166**	**$ (220,707)**	**$ (160,269)**	**$ 2,793,685**	**$ (67,482)**

A&G Department Costs **2017**

Line No.	Organization	PG&E Forecast	ORA Reduction	TURN Reduction	Settlement	Settlement Reduction
13	8 Human Resources	$ 61,418	$ (4,387)	$ (14)	$ 60,500	$ (918)
14	9 Finance	$ 45,795	$ (395)	$ -	$ 45,400	$ (395)
15	9 Risk and Audit	$ 22,411	$ (366)	$ -	$ 22,411	$ (0)
16	9 Regulatory Affairs	$ 25,751	$ (166)	$ (1,095)	$ 25,000	$ (751)
17	9 Law Department	$ 50,770	$ (734)	$ -	$ 50,770	$ (0)
18	9 Executive Offices and Corporate Secretary	$ 9,176	$ (456)	$ -	$ 8,720	$ (456)
19	9 Corporate Affairs	$ 32,992	$ (571)	$ (130)	$ 32,878	$ (114)
20	**Total**	**$ 248,314**	**$ (7,075)**	**$ (1,240)**	**$ 245,679**	**$ (2,635)**

Capital Expenditures **2015**

Line No.	Exhibit	PG&E Forecast	ORA Reduction	TURN Reduction	Settlement	Settlement Reduction
25	3 Gas	$ 736,370	$ (49,902)	$ (28,097)	$ 676,468	$ (59,902)
26	4 Electric	$ 1,629,802	$ (48,418)	$ (40,273)	$ 1,581,384	$ (48,418)
27	5 Energy Supply	$ 577,215	$ (78,230)	$ (7,816)	$ 498,985	$ (78,230)
28	6 Customer	$ 177,737	$ -	$ -	$ 177,737	$ -
29	7 Shared Services/IT	$ 443,070	$ (3,244)	$ (73,524)	$ 439,826	$ (3,244)
30	8 Human Resources	$ 5,152	$ -	$ -	$ 5,152	$ -
31	9 A&G	$ 32,699	$ 3,821	$ -	$ 36,521	$ 3,821
32	**Total**	**$ 3,602,045**	**$ (175,973)**	**$ (149,710)**	**$ 3,416,072**	**$ (185,973)**

Capital Expenditures **2016**

Line No.	Exhibit	PG&E Forecast	ORA Reduction	TURN Reduction	Settlement	Settlement Reduction
37	3 Gas	$ 736,108	$ (19,530)	$ (31,845)	$ 711,108	$ (25,000)
38	4 Electric	$ 1,618,969	$ (49,711)	$ (44,632)	$ 1,613,785	$ (5,184)
39	5 Energy Supply	$ 549,793	$ 0	$ (16,444)	$ 549,793	$ -
40	6 Customer	$ 186,947	$ (708)	$ -	$ 186,239	$ (708)
41	7 Shared Services/IT	$ 429,377	$ -	$ (31,934)	$ 429,377	$ -
42	8 Human Resources	$ 6,103	$ -	$ -	$ 6,103	$ -
43	9 A&G	$ 27,929	$ -	$ -	$ 27,929	$ -
44	**Total**	**$ 3,555,226**	**$ (69,949)**	**$ (124,855)**	**$ 3,524,335**	**$ (30,892)**

Capital Expenditures **2017**

Line No.	Exhibit	PG&E Forecast	ORA Reduction	TURN Reduction	Settlement	Settlement Reduction
49	3 Gas	$ 1,011,036	$ -	$ (405,865)	$ 1,001,036	$ (10,000)
50	4 Electric	$ 1,795,890	$ (88,070)	$ (171,022)	$ 1,694,228	$ (101,662)
51	5 Energy Supply	$ 480,160	$ -	$ (22,775)	$ 480,160	$ -
52	6 Customer	$ 198,089	$ (1,325)	$ -	$ 196,764	$ (1,325)
53	7 Shared Services/IT	$ 499,359	$ -	$ (101,977)	$ 493,997	$ (5,361)
54	8 Human Resources	$ 3,605	$ -	$ -	$ 3,605	$ -
55	9 A&G	$ 33,256	$ -	$ -	$ 33,256	$ -
56	**Total**	**$ 4,021,394**	**$ (89,395)**	**$ (701,639)**	**$ 3,903,046**	**$ (118,349)**

APPENDIX A

A. 15-09-001

PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE
COST SUMMARY

(in thousands of nominal dollars)

Companywide Expense Detail **2017**

Companywide Expense	PG&E Forecast	ORA Reduction	TURN Reduction	Settlement	Settlement Reduction
DOT Drug Testing	$ 519	$ -	$ -	$ 519	$ -
Employee Relocation Program	$ 12,275	$ (3,161)	$ -	$ 12,275	$ -
Tuition Refund Program	$ 3,037	$ -	$ -	$ 3,037	$ -
Utility STIP for Non-Officers	$ 147,177	$ (90,146)	$ (103,032)	$ 75,000	$ (72,177)
Corporation STIP for Non-Officers	$ 232	$ (142)	$ (163)	$ 90	$ (142)
Dental Plans	$ 33,976	$ -	$ (1,076)	$ 33,976	$ -
Employee Health Care Contributions	$ (35,535)	$ -	$ -	$ (35,535)	$ -
Group Life Insurance Benefits	$ 826	$ -	$ -	$ 826	$ -
Medical Programs	$ 428,666	$ -	$ (17,072)	$ 424,000	$ (4,666)
Service Awards	$ 1,100	$ (1,100)	$ -	$ 550	$ (550)
Vision Benefits	$ 3,732	$ -	$ -	$ 3,732	$ -
Retirement Savings Plan	$ 87,515	$ -	$ -	$ 87,515	$ -
Emergency Dependent Care	$ 400	$ -	$ -	$ 400	$ -
Corporation Non-Qualified Pension (Pay-As-You-Go)	$ 825	$ (412)	$ (412)	$ 413	$ (412)
Non-Qualified Defined Contribution Plans	$ 825	$ (413)	$ (413)	$ 413	$ (412)
Postretirement Life Insurance (Pay-As-You-Go)	$ 3,267	$ -	$ -	$ 3,267	$ -
Postretirement Life Insurance - Trust Contributions	$ 3,637	$ -	$ -	$ 3,637	$ -
Postretirement Medical -Trust Contributions	$ 20,107	$ -	$ -	$ 20,107	$ -
Postretirement Medical (Pay-As-You-Go)	$ 973	$ -	$ -	$ 973	$ -
Non- Qualified Pension (Pay-As-You-Go)	$ 3,408	$ (1,704)	$ (1,704)	$ 1,704	$ (1,704)
Corporation Non-Qualified Defined Contribution Plans	$ 150	$ (78)	$ (78)	$ 79	$ (71)
LTD (Pay-As-You-Go) and STD & Leave Admin	$ 1,146	$ -	$ -	$ 1,146	$ -
Long Term Disability	$ 31,719	$ -	$ -	$ 31,719	$ -
Workers Compensation	$ 42,967	$ (925)	$ (2,596)	$ 41,900	$ (1,067)
Workforce Mgt (Severance & Transitional Pay)	$ 16,503	$ -	$ (5,006)	$ 14,500	$ (2,003)
Workforce Transition (Outplacement Asst)	$ 423	$ -	$ (124)	$ 350	$ (73)
Bank Fees	$ 4,831	$ -	$ (71)	$ 4,760	$ (71)
Remaining Vacation	$ 7,283	$ -	$ -	$ 7,283	$ -
Directors and Officers Liability Insurance	$ 2,395	$ (1,198)	$ (1,197)	$ 1,198	$ (1,197)
General Liability Insurance and Miscellaneous	$ 55,374	$ (4,310)	$ (6,502)	$ 52,000	$ (3,374)
Non-Nuclear Property	$ 22,049	$ -	$ (1,003)	$ 21,500	$ (549)
Nuclear Property	$ 5,964	$ -	$ (2,769)	$ 3,744	$ (2,220)
Holding Company - Liability Insurance	$ 600	$ -	$ -	$ 600	$ -
Holding Company - Property Insurance	$ 6	$ -	$ -	$ 6	$ -
Settlements and Judgments	$ 27,449	$ -	$ -	$ 27,449	$ -
Third Party Claims	$ 16,012	$ -	$ -	$ 16,012	$ -
Misc. Gen Exp-Dir Fee	$ 1,958	$ -	$ (271)	$ 1,687	$ (271)
Total	**$ 953,789**	**$ (103,589)**	**$ (143,489)**	**$ 862,832**	**$ (90,957)**

Companywide Expense Summary **2017**

Companywide Expense	PG&E Forecast	ORA Reduction	TURN Reduction	Settlement	Settlement Reduction
Exhibit 7	519	0	0	519	0
Exhibit 8	809,348	(98,081)	(131,676)	726,073	(83,275)
Exhibit 9	143,922	(5,508)	(11,813)	136,240	(7,682)
Total	**$ 953,789**	**$ (103,589)**	**$ (143,489)**	**$ 862,832**	**$ (90,957)**

APPENDIX A
PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE
O&M Expense

(in thousands of nominal dollars) **A.15-09-001**

Line No.	Exhibit	Chapter	MWC	MWC Description	PG&E 2017 Forecast	ORA Reduction	TURN Reduction	Settlement	Notes	Reduction From PG&E Forecast
1	3	4	EX	Gas Distribution Meter Protection	1,467	-		1,467	Adopts PG&E's forecast	-
2	3	4	FI	Gas Distribution Corrective Maintenance	3,050	(7)		3,050	Adopts PG&E's forecast	-
3	3	4	JQ	Gas Distribution Integrity Management (Non Balancing Account)	34,977	(26)		34,977	Adopts PG&E's forecast	-
4	3	4	JS	Gas Distribution Integrity Management (Balancing Account)	-				Adopts PG&E's forecast	-
5	3	4 Total			39,495	(33)	-	39,495		-
6	3	5	GM	Manage Energy Efficiency-Non Balancing Account	5,432	-		5,432	Adopts PG&E's forecast	-
7	3	5 Total			5,432	-	-	5,432		-
8	3	6A	DD	Provide Field Service	108,867	-		108,867	Adopts PG&E's forecast	-
9	3	6A	DF	G&E T&D Locate and Mark	40,658	-		40,658	Adopts PG&E's forecast	-
10	3	6A	FH	Gas Distribution Preventive Maintenance	19,714	(1,254)		19,714	Adopts PG&E's rebuttal forecast	-
11	3	6A	FI	Gas Distribution Corrective Maintenance	27,529	(5,547)		27,529	Adopts PG&E's forecast	-
12	3	6A	HY	Change/Maintain Used Gas Meters	4,292	-		4,292	Adopts PG&E's forecast	-
13	3	6A	JU	Gas Distribution Leak Survey & Repair	-				Adopts PG&E's forecast	-
14	3	6A Total			201,060	(6,801)	-	201,060		-
15	3	6B	DG	Gas Distribution Cathodic Protection	29,461	-	(7,402)	26,000	Adopts partial TURN adjustment	(3,461)
16	3	6B	FH	Gas Distribution Preventive Maintenance	5,258	(2,528)	(3,830)	3,500	Adopts partial ORA and TURN adjustments	(1,758)
17	3	6B	FI	Gas Distribution Corrective Maintenance	28,362	(8,087)		28,362	Adopts PG&E's forecast	-
18	3	6B	JU	Gas Distribution Leak Survey & Repair	-				Adopts PG&E's forecast	-
19	3	6B Total			63,081	(10,615)	(11,232)	57,862		(5,219)
20	3	6C	DE	Gas Distribution Leak Survey	40,226	(5,356)	(4,791)	40,226	Adopts PG&E's forecast	-
21	3	6C	FI	Gas Distribution Corrective Maintenance	90,348	(14,584)	11,629	87,846	Adopts partial ORA, TURN and CFC adjustments	(2,502)
22	3	6C	JU	Gas Distribution Leak Survey & Repair	-				Adopts PG&E's forecast	-
23	3	6C Total			130,574	(19,940)	6,838	128,072		(2,502)
24	3	7	FG	Gas Distribution Operate System	16,992	(1,435)		16,992	Adopts PG&E's rebuttal forecast	-
25	3	7	GG	Gas Transmission & Distribution System Modeling	12,311	(1,409)		12,311	Adopts PG&E's forecast	-
26	3	7 Total			29,303	(2,844)	-	29,303		-
27	3	8	LK	Gas Distribution WRO - Maintenance	6,294			6,294	Adopts PG&E's forecast	-
28	3	8 Total			6,294	-	-	6,294		-
29	3	9	GZ	Compressed Natural Gas Stations	2,502	(1,459)		1,700	Adopts partial ORA adjustment	(802)
30	3	9	JV	Maintain IT Applications & Infrastructure	35,486	(28,486)		27,000	Adopts partial ORA adjustment	(8,486)
31	3	9 Total			37,988	(29,945)	-	28,700		(9,288)
32	3	10	AB	Miscellaneous Expense	4,538	-	(596)	4,000	Adopts partial TURN adjustment	(538)
33	3	10	DN	Develop & Provide Training	4,078	-		4,078	Adopts PG&E's forecast	-
34	3	10	GF	Gas Transmission & Distribution System Mapping	6,377	-		6,377	Adopts PG&E's forecast	-
35	3	10 Total			14,993	-	(596)	14,455		(538)
36	**3 Total**				**528,220**	**(70,178)**	**(4,990)**	**510,673**		**(17,547)**
37	4	3	AB	Support and Emergency Preparedness and Response	9,238	(1)	(946)	9,238	Adopts PG&E's forecast	-
38	4	3 Total			9,238	(1)	(946)	9,238		-
39	4	4	BH	Electric Distribution Routine Emergency	88,825	(6,855)		88,825	Adopts PG&E's rebuttal forecast	-
40	4	4	IF	Electric Distribution Major Emergency	46,419	-		46,419	Adopts PG&E's rebuttal forecast	-
41	4	4 Total			135,244	(6,855)	-	135,244		-
42	4	5	BA	Electric Distribution Operate System	35,553	(4,844)		35,553	Adopts PG&E's forecast	-
43	4	5	DD	Provide Field Service	31,756	(4,712)	-	31,756	Adopts PG&E's forecast	-
44	4	5	JV	Maintain IT Applications & Infrastructure	-				Adopts PG&E's forecast	-
45	4	5 Total			67,309	(9,556)	-	67,309		-
46	4	6	BF	Electric Distribution T&D Patrol/Inspection	59,980	-		59,980	Adopts PG&E's forecast	-
47	4	6	BK	Maintenance Other Equipment	3,090	-		3,090	Adopts PG&E's forecast	-
48	4	6	KA	Electric Distribution Maintenance OH General	75,640	(5,451)	(16,402)	73,640	Adopts partial ORA and TURN adjustments	(2,000)
49	4	6	KB	Electric Distribution Maintenance UG	24,361	-		24,361	Adopts PG&E's forecast	-
50	4	6	KC	Electric Distribution Maintenance Network	7,073	-		7,073	Adopts PG&E's forecast	-
51	4	6 Total			170,144	(5,451)	(16,402)	168,144		(2,000)
52	4	7	HN	Electric Distribution Tree Trimming Balancing Account	200,031	-		200,031	Adopts PG&E's forecast	-
53	4	7 Total			200,031	-	-	200,031		-
54	4	8	GA	Electric Distribution T&D Maintenance OH Poles	14,567	-		14,567	Adopts PG&E's forecast	-
55	4	8 Total			14,567	-	-	14,567		-
56	4	10	HX	Electric Distribution T&D Automation & Protection	2,119	-		2,119	Adopts PG&E's forecast	-
57	4	10 Total			2,119	-	-	2,119		-
58	4	12	GC	Electric Distribution Substation O&M	42,135	-		42,135	Adopts PG&E's forecast	-
59	4	12 Total			42,135	-	-	42,135		-
60	4	13	BA	Electric Distribution Operate System	391	(391)	(262)	83	Adopts partial ORA and TURN adjustments	(308)

APPENDIX A
PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE
O&M Expense

(in thousands of nominal dollars) **A.15-09-001**

Line No.	Exhibit	Chapter	MWC	MWC Description	PG&E 2017 Forecast	ORA Reduction	TURN Reduction	Settlement	Notes	Reduction From PG&E Forecast
61	4	13	JV	Maintain IT Applications & Infrastructure	1,262	(1,262)	(800)	352	Adopts partial ORA and TURN adjustments	(910)
62	4	13 Total			1,653	(1,653)	(1,062)	435		(1,218)
63	4	14	FZ	Electric Distribution Planning & Operations Engineer	21,657	-		21,657	Adopts PG&E's forecast	-
64	4	14 Total			21,657	-	-	21,657		-
65	4	15	JV	Maintain IT Applications & Infrastructure	7,405	(7,405)		6,000	Adopts partial ORA adjustment	(1,405)
66	4	15 Total			7,405	(7,405)	-	6,000		(1,405)
67	4	16	GE	Electric Distribution Mapping	8,922	(8,922)	(5,177)	6,400	Adopts partial ORA and TURN adjustments	(2,522)
68	4	16 Total			8,922	(8,922)	(5,177)	6,400		(2,522)
69	4	17	EV	Manage Service Inquiries	14,641	(3,343)		14,641	Adopts PG&E's forecast	-
70	4	17	EW	Electric Distribution TD WRO - Maintenance	17,886	-		17,886	Adopts PG&E's forecast	-
71	4	17 Total			32,527	(3,343)	-	32,527		-
72	4	19	AB	Miscellaneous Expense	1,991	-		1,991	Adopts PG&E's forecast	-
73	4	19	DN	Develop & Provide Training	7,219	(5,146)		7,219	Adopts PG&E's forecast	-
74	4	19 Total			9,210	(5,146)	-	9,210		-
75	**4 Total**				**722,160**	**(48,332)**	**(23,587)**	**715,016**		**(7,145)**
76	5	3	AB	Miscellaneous Expense	20,920			20,920	Adopts PG&E's forecast	-
77	5	3	AK	Manage Environmental Operations	3,134			3,134	Adopts PG&E's forecast	-
78	5	3	BP	Manage Diablo Canyon Power Plant Business	4,486			4,486	Adopts PG&E's forecast	-
79	5	3	BQ	Diablo Canyon Power Plant Support Services	48,864			48,864	Adopts PG&E's forecast	-
80	5	3	BR	Operate Diablo Canyon Power Plant	108,310	(1,551)		108,310	Adopts PG&E's forecast	-
81	5	3	BS	Maintain Diablo Canyon Power Plant Assets	155,625			155,625	Adopts PG&E's forecast	-
82	5	3	BT	Nuclear Generation Fees	18,142	-		18,142	Adopts PG&E's rebuttal forecast	-
83	5	3	BU	Procure Diablo Canyon Power Plant Materials & Services	-				Adopts PG&E's forecast	-
84	5	3	BV	Maintain Diablo Canyon Power Plant Configuration	51,963			51,963	Adopts PG&E's forecast	-
85	5	3	CR	Manage Waste Disposal & Transportation	105			105	Adopts PG&E's forecast	-
86	5	3	EO	Provide Nuclear Support	214			214	Adopts PG&E's forecast	-
87	5	3	IG	Manage Various Balancing Account Processes	13,584			9,414	Adopts A4NR's recommendation to move costs for DCPP seismic studies to ERRA	(4,170)
88	5	3 Total			425,348	(1,551)	-	421,178		(4,170)
89	5	4	AB	Miscellaneous Expense	3,004	(803)		3,004	Adopts PG&E's forecast	-
90	5	4	AK	Manage Environmental Operations	1,505	(43)		1,505	Adopts PG&E's forecast	-
91	5	4	AX	Maintain Reservoirs, Dams & Waterways	32,179	(4,613)	(721)	32,054	Adopts partial ORA and TURN adjustments	(125)
92	5	4	AY	Habitat and Species Protection	203			203	Adopts PG&E's forecast	-
93	5	4	BC	Perform Reimbursement Work for Others	-				Adopts PG&E's forecast	-
94	5	4	EP	Manage Property & Buildings	2,071	(491)		2,071	Adopts PG&E's forecast	-
95	5	4	ES	Implement Environment Projects	111			111	Adopts PG&E's forecast	-
96	5	4	IG	Manage Various Balancing Account Processes	3,949			3,949	Adopts PG&E's forecast	-
97	5	4	KG	Operate Hydro Generation	54,782	(758)		54,782	Adopts PG&E's forecast	-
98	5	4	KH	Maintain Hydro Generating Equipment	36,045	(739)	(120)	35,970	Adopts partial ORA and TURN adjustments	(75)
99	5	4	KI	Maintain Hydro Building, Ground, Infrastructure	14,803	(2,007)	(452)	14,503	Adopts partial ORA and TURN adjustments	(300)
100	5	4	KJ	License Compliance Hydro Generation	38,418	(4,172)		38,418	Adopts PG&E's forecast	-
101	5	4	None	TURN Expense General Reduction			(9,749)		None	
102	5	4 Total			187,070	(13,626)	(11,042)	186,570		(500)
103	5	5	AK	Manage Environmental Operations	3,266	(243)		3,266	Adopts PG&E's forecast	-
104	5	5	KK	Operate Fossil Generation	17,054	(1,141)		17,054	Adopts PG&E's rebuttal forecast	-
105	5	5	KL	Maintain Fossil Generating Equipment	34,891	616		34,891	Adopts PG&E's rebuttal forecast	-
106	5	5	KM	Maintain Fossil Building, Ground, Infrastructure	2,805			2,805	Adopts PG&E's forecast	-
107	5	5	KQ	Operate Alternative Generation	802	(364)		802	Adopts PG&E's forecast	-
108	5	5	KR	Maintain Alternate Generation Generating Equipment	3,569	(79)	(299)	3,569	Adopts PG&E's forecast	-
109	5	5	KS	Maint Alternative Generation Building ,Ground, Infrastructure	670			670	Adopts PG&E's forecast	-
110	5	5 Total			63,058	(1,211)	(299)	63,058		-
111	5	6	AB	Miscellaneous Expense	2,784			2,784	Adopts PG&E's forecast	-
112	5	6	BI	Maintenance Buildings	170			170	Adopts PG&E's forecast	-
113	5	6	CT	Acquire & Manage Electric Supply	53,702	(1,750)		53,702	Adopts PG&E's forecast	-
114	5	6	CV	Acquire & Manage Gas Supply	4,343			4,343	Adopts PG&E's forecast	-
115	5	6 Total			60,999	(1,750)	-	60,999		-
116	5	7	JV	Maintain IT Applications & Infrastructure	7,403	(1,913)		7,403	Adopts PG&E's forecast	-
117	5	7 Total			7,403	(1,913)	-	7,403		-
118	**5 Total**				**743,878**	**(20,051)**	**(11,341)**	**739,208**		**(4,670)**
119	6	2	EL	Develop New Revenue	13,502	-	(6,426)	13,502	Adopts PG&E's forecast	-

APPENDIX A
PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE
O&M Expense

(in thousands of nominal dollars) **A.15-09-001**

Line No.	Exhibit	Chapter	MWC	MWC Description	PG&E 2017 Forecast	ORA Reduction	TURN Reduction	Settlement	Notes	Reduction From PG&E Forecast
120	6	2	EZ	Manage Various Customer Care Processes	8,438	(1,841)	(8,437)	6,596	Adopts partial ORA and TURN adjustments	(1,842)
121	6	2	FK	Retain & Grow Customers	2,123	(1,147)	(2,123)	900	Adopts partial ORA, TURN, MMID and SSJID adjustments	(1,223)
122	6	2	GM	Manage Energy Efficiency-Non Balancing Account	2,990	-		2,990	Adopts PG&E's forecast	-
123	6	2	HW	Manage Customer Generation	-			-	Adopts PG&E's forecast	-
124	6	2	IV	Provide Account Services	29,262	(3,593)	(29,262)	25,262	Adopts partial ORA and TURN adjustments, but agrees to fully fund SBUA MOU of $8.08M annually for outreach and support for PG&E's small buisness customers.	(4,000)
125	6	2	IW	Manage Demand Response	-			-	Adopts PG&E's forecast	-
126	6	2 Total			56,315	(6,581)	(46,248)	49,251		(7,064)
127	6	3	EZ	Manage Various Customer Care Processes	27,656	(18,572)	(19,530)	12,956	Adopts ORA and TURN's recommendation to move $14.7 M of RROIR forecast to MEMO Account	(14,700)
128	6	3	GM	Manage Energy Efficiency-Non Balancing Account	4,702	-		4,702	Adopts PG&E's forecast	-
129	6	3	ID	Manage SmartMeter	-	-		-	Adopts PG&E's forecast	-
130	6	3	IG	Manage Various Balancing Account Processes	-	-		-	Adopts PG&E's forecast	-
131	6	3 Total			32,359	(18,572)	(19,530)	17,658		(14,700)
132	6	4	DK	Manage Customer Inquiries	102,317	(11,118)	(13,515)	98,500	Adopts partial ORA and TURN adjustments	(3,817)
133	6	4 Total			102,317	(11,118)	(13,515)	98,500		(3,817)
134	6	5	DK	Manage Customer Inquiries	11,851	-		11,851	Adopts PG&E's forecast	-
135	6	5	EZ	Manage Various Customer Care Processes	826	-		826	Adopts PG&E's forecast	-
136	6	5	IU	Collect Revenue	21,077	-		21,077	Adopts PG&E's forecast	-
137	6	5 Total			33,754	-	-	33,754		-
138	6	6	FK	Retain & Grow Customers	807	(807)		-	Adopts ORA, MMIDs and SSJID's recommendation that customer retention activities should not be funded by ratepayers in the 2017 GRC period.	(807)
139	6	6 Total			807	(807)	-	-		(807)
140	6	7	AR	Read & Investigate Meters	24,208	-	(19,584)	23,208	Adopts partial TURN adjustment	(1,000)
141	6	7	DD	Provide Field Service	2,547	-		2,547	Adopts PG&E's forecast	-
142	6	7	EY	Change/Maintain Used Electric Meters	22,101	-		22,101	Adopts PG&E's forecast	-
143	6	7	EZ	Manage Various Customer Care Processes	-	-			Adopts PG&E's forecast	-
144	6	7	HY	Change/Maintain Used Gas Meters	14,966	-		14,966	Adopts PG&E's forecast	-
145	6	7	ID	Manage SmartMeter	-	-			Adopts PG&E's forecast	-
146	6	7	IG	Manage Various Balancing Account Processes	7,147	550	(528)	7,147	Adopts PG&E's rebuttal forecast	-
147	6	7 Total			70,970	550	(20,112)	69,970		(1,000)
148	6	8	AR	Read & Investigate Meters	3,352	-		3,352	Adopts PG&E's rebuttal forecast	-
149	6	8	EZ	Manage Various Customer Care Processes	3,544	-		3,544	Adopts PG&E's forecast	-
150	6	8	IG	Manage Various Balancing Account Processes	305	-		305	Adopts PG&E's forecast	-
151	6	8	IS	Bill Customers	72,236	(5,730)	(3,239)	69,036	Adopts ORA and TURN's recommendation to move $3.2M of RROIR forecast to MEMO Account	(3,200)
152	6	8	IT	Manage Credit	22,491	-		22,491	Adopts PG&E's forecast	-
153	6	8	IU	Collect Revenue	16,870	-		16,870	Adopts PG&E's forecast	-
154	6	8 Total			118,798	(5,730)	(3,239)	115,598		(3,200)
155	6	9	EZ	Manage Various Customer Care Processes	8,509	(850)		8,509	Adopts PG&E's forecast	-
156	6	9	IG	Manage Various Balancing Account Processes	36	-		36	Adopts PG&E's forecast	-
157	6	9 Total			8,545	(850)	-	8,545		-
158	6	10	ID	Manage SmartMeter	-	-		-	Adopts PG&E's forecast	-
159	6	10	JV	Maintain IT Applications & Infrastructure	5,590	-		5,590	Adopts PG&E's forecast	-
160	6	10 Total			5,590	-	-	5,590		-
161	**6 Total**				**429,454**	**(43,108)**	**(102,644)**	**398,865**		**(30,589)**
162	7	2	AB	Miscellaneous Expense	-			-	Adopts PG&E's forecast	-
163	7	2	FL	Safety Engineering & OSHA Compliance	26,991	(1,763)		26,991	Adopts PG&E's forecast	-
164	7	2	JV	Maintain IT Applications & Infrastructure	486			486	Adopts PG&E's forecast	-
165	7	2 Total			27,476	(1,763)	-	27,476		-
166	7	3	AB	Miscellaneous Expense	-			-	Adopts PG&E's forecast	-
167	7	3	BP	Manage Diablo Canyon Power Plant Business	4,203	(7)		4,203	Adopts PG&E's forecast	-
168	7	3	JV	Maintain IT Applications & Infrastructure	488			488	Adopts PG&E's forecast	-
169	7	3 Total			4,691	(7)	-	4,691		-
170	7	4	AB	Miscellaneous Expense	-				Adopts PG&E's forecast	-
171	7	4	JL	Procure Materials & Services	-				Adopts PG&E's forecast	-
172	7	4	JV	Maintain IT Applications & Infrastructure	-				Adopts PG&E's forecast	-
173	7	4 Total			-	-	-	-		-

APPENDIX A
PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE
O&M Expense

(in thousands of nominal dollars) **A.15-09-001**

Line No.	Exhibit	Chapter	MWC	MWC Description	PG&E 2017 Forecast	ORA Reduction	TURN Reduction	Settlement	Notes	Reduction From PG&E Forecast
174	7	5	JL	Procure Materials & Services	13,976	(3,601)		13,976	Adopts PG&E's forecast	-
175	7	5	JV	Maintain IT Applications & Infrastructure	4,200	(933)		3,267	Adopts ORA's adjustment	(933)
176	7	5 Total			18,176	(4,534)	-	17,243		(933)
177	7	6	AB	Miscellaneous Expense	-				Adopts PG&E's forecast	-
178	7	6	BI	Maintenance Buildings	18,148	(7,507)	(10,316)	14,800	Adopts partial ORA and TURN adjustments	(3,348)
179	7	6	EP	Manage Property & Buildings	-				Adopts PG&E's forecast	-
180	7	6	JH	Implement Real Estate Strategy	6,154			6,154	Adopts PG&E's forecast	-
181	7	6	JV	Maintain IT Applications & Infrastructure	-				Adopts PG&E's forecast	-
182	7	6 Total			24,302	(7,507)	(10,316)	20,954		(3,348)
183	7	7	AB	Miscellaneous Expense	-				Adopts PG&E's forecast	-
184	7	7	AK	Manage Environmental Operations	9,961	(9)		9,961	Adopts PG&E's rebuttal forecast	-
185	7	7	AY	Habitat and Species Protection	353	(1)		353	Adopts PG&E's forecast	-
186	7	7	CR	Manage Waste Disposal & Transportation	2,570			2,570	Adopts PG&E's forecast	-
187	7	7	ES	Implement Environment Projects	1,344			1,344	Adopts PG&E's forecast	-
188	7	7	FA	Special A&G/Other Customers-Budget Department	1,715			1,715	Adopts PG&E's rebuttal forecast	-
189	7	7	JE	Manage Land Services	5,725	(2,372)		5,000	Adopts partial ORA adjustment	(725)
190	7	7	JK	Manage Environmental Remediation (Earnings)	7,924	(1,103)		7,924	Adopts PG&E's forecast	-
191	7	7	JV	Maintain IT Applications & Infrastructure	-				Adopts PG&E's forecast	-
192	7	7 Total			29,592	(3,485)	-	28,867		(725)
193	7	8A	AB	Miscellaneous Expense	13,525	(7,433)		11,000	Adopts partial ORA adjustment	(2,525)
194	7	8A Total			13,525	(7,433)	-	11,000		(2,525)
195	7	8B	AB	Miscellaneous Expense	14,343		(7,391)	14,343	Adopts PG&E's forecast with remedy costs removed	-
196	7	8B	JV	Maintain IT Applications & Infrastructure	11,455	(11,158)		11,455	Adopts PG&E's forecast with remedy costs removed	-
197	7	8B	KF	GT&D Implementing Regulatory Change	-			-	Adopts PG&E's forecast	-
198	7	8B Total			25,798	(11,158)	(7,391)	25,798		-
199	7	9	JV	Maintain IT Applications & Infrastructure	286,017	(3,151)		286,017	Adopts PG&E's forecast	-
200	7	9	KX	Provide Human Resource Services	-			-	Adopts PG&E's forecast	-
201	7	9	LL	Charges from Affiliates	-			-	Adopts PG&E's forecast	-
202	7	9 Total			286,017	(3,151)	-	286,017		-
203	**7 Total**				**429,577**	**(39,038)**	**(17,707)**	**422,046**		**(7,531)**
204	**Grand Total**				**2,853,289**	**(220,707)**	**(160,269)**	**2,785,808**		**(67,482)**

APPENDIX A
PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE
Administrative & General

(in thousands of nominal dollars) **A.15-09-001**

Line No.	Exhibit	Corporate Services Organization	2017 PG&E Forecast	ORA Reduction	TURN Reduction	Settlement	Notes	Reduction from PG&E Forecast
1	8	Human Resources	61,418	(4,387)	(14)	$ 60,500	Adopts partial ORA's adjustment	$ (918)
2	9	Finance	45,795	(395)	0	$ 45,400	Adopts ORA's adjustment	$ (395)
3	9	Risk and Audit	22,411	(366)	0	$ 22,411	Adopts PG&E's forecast	$ (0)
4	9	Regulatory Affairs	25,751	(166)	(1,095)	$ 25,000	Adopts partial ORA and TURN adjustments	$ (751)
5	9	Law Department	50,770	(734)	0	$ 50,770	Adopts PG&E's forecast	$ (0)
6	9	Executive Offices and Corporate Secretary	9,176	(456)	0	$ 8,720	Adopts ORA's adjustment	$ (456)
7	9	Corporate Affairs	32,992	(571)	(130)	$ 32,878	Adopts partial ORA and TURN adjustments	$ (114)
8		Total	**248,314**	**(7,075)**	**(1,240)**	**$ 245,679**		**$ (2,635)**
9								

10			2017					
11		IT Expense	PG&E Forecast	ORA Reduction	TURN Reduction	Settlement	Notes	Reduction from PG&E Forecast
12	8	Human Resources - IT	1,134	0	0	1,134	Adopts PG&E's forecast	$ -
13	9	Finance - IT	1,546	0	0	1,546	Adopts PG&E's forecast	$ -
14	9	Risk and Audit - IT	1,830	0	0	1,830	Adopts PG&E's forecast	$ -
15	9	Regulatory Affairs - IT	200	0	0	200	Adopts PG&E's forecast	$ -
16	9	Corporate Affairs - IT	3,167	0	0	3,167	Adopts PG&E's forecast	$ -
17		**Total**	**7,877**	**0**	**0**	**7,877**		$ -
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APPENDIX A
PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE
Administrative & General

(in thousands of nominal dollars) **A.15-09-001**

				2017				
19		Companywide Expense	PG&E Forecast	ORA Reduction	TURN Reduction	Settlement	Notes	Reduction from PG&E Forecast
20	7	DOT Drug Testing	519	0	0	519	Adopts PG&E's forecast	0
21		**Exhibit 7**	**519**	**0**	**0**	**519**		**0**
22	8	Employee Relocation Program	12,275	(3,161)	0	12,275	Adopts PG&E's forecast	0
23	8	Tuition Refund Program	3,037	0	0	3,037	Adopts PG&E's forecast	0
24	8	Utility STIP for Non-Officers	147,177	(90,146)	(103,032)	75,000	Adopts partial ORA and TURN adjustments	(72,177)
25	8	Corporation STIP for Non-Officers	232	(142)	(163)	90	Adopts ORA's adjustment	(142)
26	8	Dental Plans	33,976	0	(1,076)	33,976	Adopts PG&E's forecast	0
27	8	Employee Health Care Contributions	(35,535)	0	0	(35,535)	Adopts PG&E's forecast	0
28	8	Group Life Insurance Benefits	826	0	0	826	Adopts PG&E's forecast	0
29	8	Medical Programs	428,666	0	(17,072)	424,000	Adopts partial TURN's adjustment	(4,666)
30	8	Service Awards	1,100	(1,100)	0	550	Adopts 50% of ORA's adjustment	(550)
31	8	Vision Benefits	3,732	0	0	3,732	Adopts PG&E's forecast	0
32	8	Retirement Savings Plan	87,515	0	0	87,515	Adopts PG&E's forecast	0
33	8	Emergency Dependent Care	400	0	0	400	Adopts PG&E's forecast	0
34	8	Corporation Non-Qualified Pension (Pay-As-You-Go)	825	(412)	(412)	413	Adopts ORA and TURN's adjustments	(412)
35	8	Non-Qualified Defined Contribution Plans	825	(413)	(413)	413	Adopts ORA and TURN's adjustments	(412)
36	8	Postretirement Life Insurance (Pay-As-You-Go)	3,267	0	0	3,267	Adopts PG&E's forecast	0
37	8	Postretirement Life Insurance - Trust Contributions	3,637	0	0	3,637	Adopts PG&E's forecast	0
38	8	Postretirement Medical -Trust Contributions	20,107	0	0	20,107	Adopts PG&E's forecast	0
39	8	Postretirement Medical (Pay-As-You-Go)	973	0	0	973	Adopts PG&E's forecast	0
40	8	Non- Qualified Pension (Pay-As-You-Go)	3,408	(1,704)	(1,704)	1,704	Adopts ORA and TURN's adjustments	(1,704)
41	8	Corporation Non-Qualified Defined Contribution Plans	150	(78)	(78)	79	Adopts partial ORA and TURN adjustments	(71)
42	8	LTD (Pay-As-You-Go) and STD & Leave Admin	1,146	0	0	1,146	Adopts PG&E's forecast	0
43	8	Long Term Disability	31,719	0	0	31,719	Adopts PG&E's forecast	0
44	8	Workers Compensation	42,967	(925)	(2,596)	41,900	Adopts partial ORA and TURN adjustments	(1,067)
45	8	Workforce Mgt (Severance & Transitional Pay)	16,503	0	(5,006)	14,500	Adopts partial TURN's adjustment	(2,003)
46	8	Workforce Transition (Outplacement Asst)	423	0	(124)	350	Adopts partial TURN's adjustment	(73)
47		**Exhibit 8**	**809,348**	**(98,081)**	**(131,676)**	**726,073**		**(83,275)**

APPENDIX A
PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE
Administrative & General

(in thousands of nominal dollars) **A.15-09-001**

				2017				
48		Companywide Expense	PG&E Forecast	ORA Reduction	TURN Reduction	Settlement	Notes	Reduction from PG&E Forecast
	9	Bank Fees	4,831	0	(71)	4,760	Adopts TURN's adjustment	(71)
49	9	Remaining Vacation	7,283	0	0	7,283	Adopts PG&E's forecast	0
50	9	Directors and Officers Liability Insurance	2,395	(1,198)	(1,197)	1,198	Adopts ORA, TURN and CFC adjustments	(1,197)
51	9	General Liability Insurance and Miscellaneous	55,374	(4,310)	(6,502)	52,000	Adopts ORA, TURN and CFC partial adjustments	(3,374)
52	9	Non-Nuclear Property	22,049	0	(1,003)	21,500	Adopts CFC's adjustment	(549)
53	9	Nuclear Property	5,964	0	(2,769)	3,744	Adopts partial TURN's adjustment	(2,220)
54	9	Holding Company - Liability Insurance	600	0	0	600	Adopts PG&E's forecast	0
55	9	Holding Company - Property Insurance	6	0	0	6	Adopts PG&E's forecast	0
56	9	Settlements and Judgments	27,449	0	0	27,449	Adopts PG&E's forecast	0
57	9	Third Party Claims	16,012	0	0	16,012	Adopts PG&E's forecast	0
58	9	Misc. Gen Exp-Dir Fee	1,958	0	(271)	1,687	Adopts TURN's adjustment	(271)
59		**Exhibit 9**	**143,922**	**(5,508)**	**(11,813)**	**136,240**		**(7,682)**
60								
61		**Total Companywide Expense**	**953,789**	**(103,589)**	**(143,489)**	**862,832**		**(90,957)**

APPENDIX A
PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE
Capital Expenditure

(in thousands of nominal dollars) **A.15-09-001**

Line No.	Exhibit	Chapter	MWC	MWC Description	PG&E 2017 Forecast	ORA Reduction	TURN Reduction	Settlement	Notes	Reduction from PG&E Forecast
1	3	4	14	Gas Distribution Pipeline Replacement Program	409,220	-	(237,375)	409,220	Adopts PG&E's forecast	-
2	3	4	27	Gas Meter Protection-Capital	361	-		361	Adopts PG&E's forecast	-
3	3	4	50	Gas Distribution Reliability General	98,400	-	(37,061)	98,400	Adopts PG&E's forecast	-
4	3	5	31	Natural Gas Vehicle - Station Infrastructure	4,000	-		4,000	Adopts PG&E's forecast	-
5	3	5	50	Gas Distribution Reliability General	32,665	-		32,665	Adopts PG&E's forecast	-
6	3	5	2K	Gas Distribution Replacement/Convert Customer High-Pressure Regu	41,123	-	(41,123)	41,123	Adopts PG&E's forecast	-
7	3	6A	74	Install New Gas Meters	3,526	-		3,526	Adopts PG&E's forecast	-
8	3	6B	50	Gas Distribution Reliability General	21,555	-	(4,040)	21,555	Adopts PG&E's forecast	-
9	3	6C	50	Gas Distribution Reliability General	112,667	-	(67,926)	112,667	Adopts PG&E's forecast	-
10	3	6C	52	Gas Distribution Leak Replacement/Emergency	680	-		680	Adopts PG&E's forecast	-
11	3	7	47	Gas Distribution Capacity	46,176	-		46,176	Adopts PG&E's forecast	-
12	3	7	4A	Gas Distribution Control Operations Assets	39,417	-		39,417	Adopts PG&E's forecast	-
13	3	8	29	Gas Distribution Customer Connects	79,200	-	(12,397)	69,200	Adopts TURN's partial adjustment	(10,000)
14	3	8	51	Gas Distribution Work at the Request of Others	64,653	-		64,653	Adopts PG&E's forecast	-
15	3	9	2F	Build Information Technology Applications & Infrastructure	38,120	-		38,120	Adopts PG&E's forecast	-
16	3	10	5	Tools & Equipment	2,725	-		2,725	Adopts PG&E's forecast	-
17	3	10	78	Manage Buildings	16,549	-	(5,943)	16,549	Adopts PG&E's forecast	-
18	**3 Total**				**1,011,036**	**-**	**(405,865)**	**1,001,036**		(10,000)
19	4	3	21	Emergency Preparedness and Response	7,950	-		7,950	Adopts PG&E's forecast	-
20	4	4	17	Electric Distribution Routine Emergency	143,053	-		143,053	Adopts PG&E's rebuttal forecast	-
21	4	4	95	Electric Distribution Major Emergency	53,017	-		53,017	Adopts PG&E's rebuttal forecast	-
22	4	5	63	Electric Transmission & Distribution Control System/ Facility	1,060	-		1,060	Adopts PG&E's forecast	-
23	4	5	2F	Build Information Technology Applications & Infrastructure	-	-		-	Adopts PG&E's forecast	-
24	4	6	2A	Electric Distribution Installation/Replacement Overhead General	131,985	-		131,985	Adopts PG&E's forecast	-
25	4	6	2B	Electric Distribution Install/Replacement Underground	45,336	-		45,336	Adopts PG&E's forecast	-
26	4	6	2C	Electric Distribution Install/Replacement Network	19,186	-		19,186	Adopts PG&E's forecast	-
27	4	8	7	Electric Distribution Install/Replacement Overhead Poles	103,597	-		103,597	Adopts PG&E's forecast	-
28	4	9	8	Electric Distribution Reliability Base	49,714	-	(14,290)	50,114	Adopts CUE's recommendation to increase by $400k for grasshopper switches	400
29	4	9	49	Electric Distribution Reliability Circuit/Zone	81,514	-	(20,780)	83,014	Adopts TURN's recommended reduction of $7M to Fault Indicators/Line Sensors; reduction is offset by CUE's recommendation of $8.5M increase to FLISR installation	1,500
30	4	10	9	Electric Distribution Automation & Protection	43,460	-		43,460	Adopts PG&E's forecast	-
31	4	11	56	Electric Distribution Replace Underground Asset-Generation	93,174	-	(18,444)	107,174	Adopts CUE's recommendation to increase by $14M for cable replacement	14,000
32	4	12	48	Electric Distribution Substation Replacement Other Equipment	87,000	-	(41,418)	77,000	Adopts TURN's partial adjustment	(10,000)
33	4	12	54	Electric Distribution Substation Replacement Transformer	40,097	-		40,097	Adopts PG&E's forecast	-
34	4	12	58	Electric Distribution Replacement Substation Safety	2,271	-		2,271	Adopts PG&E's forecast	-
35	4	12	59	Electric Distribution Substation Emergency Replacement	42,400	-		42,400	Adopts PG&E's forecast	-
36	4	13	6	Electric Distribution Line Capacity	108,191	(14,593)	(12,266)	94,800	Adopts ORA and TURN partial adjustments	(13,391)
37	4	13	46	Electric Distribution Substation Capacity	85,161	(6,721)	(14,925)	65,700	Adopts ORA and TURN's adjustments, rounded to $65.7M	(19,461)
38	4	13	2F	Build Information Technology Applications & Infrastructure	10,919	(10,919)	(7,344)	3,300	Adopts ORA and TURN's partial adjustments	(7,619)
39	4	15	2F	Build Information Technology Applications & Infrastructure	45,857	-		45,857	Adopts PG&E's forecast	-
40	4	15	3M	Smart Grid Pilot Program	-	-			Adopts PG&E's forecast	-
41	4	17	10	Electric Distribution Work at the Request of Others General	94,065	-		94,065	Adopts PG&E's forecast	-
42	4	17	16	Electric Distribution Customer Connects	434,351	(21,310)	(41,555)	391,000	Adopts ORA and TURN's adjustments, rounded to $391M	(43,351)
43	4	18	30	Electric Distribution Work at the Request of Others Rule 20A	83,740	(34,527)		60,000	Adopts partial ORA adjustment	(23,740)
44	4	19	5	Tools & Equipment	(16,874)	-		(16,874)	Adopts PG&E's forecast	-
45	4	19	23	Implement Real Estate Strategy	5,667	-		5,667	Adopts PG&E's forecast	-
46	**4 Total**				**1,795,890**	**(88,070)**	**(171,022)**	**1,694,228**		(101,662)

APPENDIX A
PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE
Capital Expenditure

(in thousands of nominal dollars) **A.15-09-001**

Line No.	Exhibit	Chapter	MWC	MWC Description	PG&E 2017 Forecast	ORA Reduction	TURN Reduction	Settlement	Notes	Reduction from PG&E Forecast
47	5	3	3	Office Furniture & Equipment	232	-		232	Adopts PG&E's forecast	-
48	5	3	4	Fleet / Automatic Equipment	817	-		817	Adopts PG&E's forecast	-
49	5	3	5	Tools & Equipment	1,158	-		1,158	Adopts PG&E's forecast	-
50	5	3	20	Diablo Canyon Power Plant Capital	144,189	-	(22,775)	144,189	Adopts PG&E's forecast	-
51	5	3	3I	Nuclear Safety and Security	13,304	-		13,304	Adopts PG&E's forecast	-
52	5	4	5	Tools & Equipment	985	-		985	Adopts PG&E's forecast	-
53	5	4	11	Relicensing Hydro Generation	734	-		734	Adopts PG&E's forecast	-
54	5	4	12	Implement Environment Projects	3,991	-		3,991	Adopts PG&E's forecast	-
55	5	4	2L	Install/Replacement for Hydro Safety & Regulation	37,727	-		37,727	Adopts PG&E's forecast	-
56	5	4	2M	Install/Replacement Hydro Generating Equipment	103,421	-		103,421	Adopts PG&E's forecast	-
57	5	4	2N	Install/Replacement Reserve	66,817	-		66,817	Adopts PG&E's forecast	-
58	5	4	2P	Install/Replacement Hydro Building Ground Infrastructure	13,004	-		13,004	Adopts PG&E's forecast	-
59	5	4	3H	Hydroelectric License & License Conditions	26,986	-		26,986	Adopts PG&E's forecast	-
60	5	5	3	Office Furniture & Equipment	50	-		50	Adopts PG&E's forecast	-
61	5	5	5	Tools & Equipment	330	-		330	Adopts PG&E's forecast	-
62	5	5	2R	Install/Replacement for Fossil Safety & Regulation	2,600	-		2,600	Adopts PG&E's forecast	-
63	5	5	2S	Install/Replacement Fossil Generating Equipment	11,051	-		11,051	Adopts PG&E's forecast	-
64	5	5	2T	Install/Replacement Fossil Building Ground Infrastructure	150	-		150	Adopts PG&E's forecast	-
65	5	5	3A	Install/Replacement for Alternative Generation Safety & Regulation	30	-		30	Adopts PG&E's forecast	-
66	5	5	3B	Install/Replacement AltGen Generating Equipment	281	-		281	Adopts PG&E's forecast	-
67	5	5	3C	Install/Replacement AltGn Building Ground Infrastructure	-	-		-	Adopts PG&E's forecast	-
68	5	7	2F	Build Information Technology Applications & Infrastructure	52,300	-		52,300	Adopts PG&E's forecast	-
69	5	7	3M	Install/Replacement Various Balancing Account	-	-		-	Adopts PG&E's forecast	-
70	**5 Total**				**480,160**	**-**	**(22,775)**	**480,160**		-
71	6	2	3M	Install/Replace Various Balance Account	-	-		-	Adopts PG&E's forecast	-
72	6	4	21	Miscellaneous Capital	2,000	-		2,000	Adopts PG&E's forecast	-
73	6	4	23	Implement Real Estate Strategy	-	-		-	Adopts PG&E's forecast	-
74	6	5	21	Miscellaneous Capital	625	-		625	Adopts PG&E's forecast	-
75	6	7	1	Information Technology - Desktop Computers	500	-		500	Adopts PG&E's forecast	-
76	6	7	5	Tools & Equipment	2,565	-		2,565	Adopts PG&E's forecast	-
77	6	7	25	Install New Electric Meters	53,577	-		53,577	Adopts PG&E's forecast	-
78	6	7	74	Install New Gas Meters	91,428	-		91,428	Adopts PG&E's forecast	-
79	6	7	97	Manage SmartMeter	-	-		-	Adopts PG&E's forecast	-
80	6	7	3J	Smart Meter Opt Out	547	-		547	Adopts PG&E's forecast	-
81	6	8	21	Miscellaneous Capital	5,000	-		5,000	Adopts PG&E's forecast	-
82	6	10	2F	Build Information Technology Applications & Infrastructure	41,847	(1,325)		40,522	Adopts ORA and TURN's recommendation to move RROIR costs to memo account	(1,325)
83	**6 Total**				**198,089**	**(1,325)**	**-**	**196,764**		(1,325)

APPENDIX A
PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE
Capital Expenditure

(in thousands of nominal dollars) **A.15-09-001**

Line No.	Exhibit	Chapter	MWC	MWC Description	PG&E 2017 Forecast	ORA Reduction	TURN Reduction	Settlement	Notes	Reduction from PG&E Forecast
84	7	2	2F	Build Information Technology Applications & Infrastructure	1,726	-		1,726	Adopts PG&E's forecast	-
85	7	3	4	Fleet / Automotive Equipment	107,837	-		107,837	Adopts PG&E's forecast	-
86	7	3	5	Tools & Equipment	1,009	-		1,009	Adopts PG&E's forecast	-
87	7	3	28	Electric Vehicle - Station Infrastructure	3,203	-		3,203	Adopts PG&E's forecast	-
88	7	3	2F	Build Information Technology Applications & Infrastructure	100	-		100	Adopts PG&E's forecast	-
89	7	4	5	Tools & Equipment	622	-		622	Adopts PG&E's forecast	-
90	7	4	21	Miscellaneous Capital	492	-		492	Adopts PG&E's forecast	-
91	7	4	2F	Build Information Technology Applications & Infrastructure	-	-		-	Adopts PG&E's forecast	-
92	7	5	2F	Build Information Technology Applications & Infrastructure	8,200	-		8,200	Adopts PG&E's forecast	-
93	7	6	22	Maintain Buildings	50,215	-		50,215	Adopts PG&E's forecast	-
94	7	6	23	Implement Real Estate Strategy	115,361	-	(101,977)	110,000	Adopts partial TURN adjustment	(5,361)
95	7	6	2F	Build Information Technology Applications & Infrastructure	-	-		-	Adopts PG&E's forecast	-
96	7	7	5	Tools & Equipment	300	-		300	Adopts PG&E's forecast	-
97	7	7	12	Implement Environment Projects	6,207	-		6,207	Adopts PG&E's forecast	-
98	7	7	2F	Build Information Technology Applications & Infrastructure	-	-		-	Adopts PG&E's forecast	-
99	7	8A	2F	Build Information Technology Applications & Infrastructure	500	-		500	Adopts PG&E's forecast	-
100	7	8B	2F	Build Information Technology Applications & Infrastructure	2,948	-		2,948	Adopts PG&E's forecast with remedy costs removed	-
101	7	9	2F	Build Information Technology Applications & Infrastructure	200,639	-		200,639	Adopts PG&E's forecast	-
102	7	9	3J	Smart Meter Opt Out	-	-		-	Adopts PG&E's forecast	-
103	**7 Total**				**499,359**	**-**	**(101,977)**	**493,997**		(5,361)
104	8	2	2F	Build Information Technology Applications & Infrastructure	930	-		930	Adopts PG&E's forecast	-
105	8	3	2F	Build Information Technology Applications & Infrastructure	-	-		-	Adopts PG&E's forecast	-
106	8	4	22	Maintain Buildings	150	-		150	Adopts PG&E's forecast	-
107	8	4	2F	Build Information Technology Applications & Infrastructure	-	-		-	Adopts PG&E's forecast	-
108	8	6	5	Tools & Equipment	420	-		420	Adopts PG&E's forecast	-
109	8	6	22	Maintain Buildings	780	-		780	Adopts PG&E's forecast	-
110	8	6	2F	Build Information Technology Applications & Infrastructure	1,325	-		1,325	Adopts PG&E's forecast	-
111	**8 Total**				**3,605**	**-**	**-**	**3,605**		-
112	9	2	2F	Build Information Technology Applications & Infrastructure	3,906	-		3,906	Adopts PG&E's forecast	-
113	9	3	2F	Build Information Technology Applications & Infrastructure	11,850	-		11,850	Adopts PG&E's forecast	-
114	9	4	2F	Build Information Technology Applications & Infrastructure	3,000	-		3,000	Adopts PG&E's forecast	-
115	9	5	2F	Build Information Technology Applications & Infrastructure	-	-		-	Adopts PG&E's forecast	-
116	9	7	21	Miscellaneous Capital	-	-		-	Adopts PG&E's forecast	-
117	9	7	2F	Build Information Technology Applications & Infrastructure	14,500	-		14,500	Adopts PG&E's forecast	-
118	**9 Total**				**33,256**	**-**	**-**	**33,256**		-
119	**Grand Total**				**4,021,394**	**(89,395)**	**(701,639)**	**3,903,046**		**(118,349)**
120										
121	* GT&S remedy-related costs have been removed from MWC 2F (2016 and 2017) and MWC JV (2017)									

APPENDIX A
PACIFIC GAS AND ELECTRIC COMPANY - 2017 GENERAL RATE CASE
Capital Expenditure Summary - 2015 and 2016

A.15-09-001

(in Thousands of Nominal Dollars)

Line No.	Exhibit	Chapter	MWC	MWC Description	2015 PG&E Forecast	2015 ORA Reduction	2015 TURN Reduction	2015 Settlement	Reduction from PG&E Forecast	2016 PG&E Forecast	2016 ORA Reduction	2016 TURN Reduction	2016 Settlement	Notes	Reduction from PG&E Forecast
1	**3**	**4**	14	Gas Distribution Pipeline Replacement Program	210,864	24,769		235,633	$ 24,769	228,103	-		228,103	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
2	**3**	**4**	27	Gas Meter Protection-Capital	335	304		639	$ 304	182	-		182	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
3	**3**	**4**	50	Gas Distribution Reliability General	87,338	11,654		98,992	$ 11,654	73,772	-		73,772	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
4	**3**	**5**	31	Natural Gas Vehicle - Station Infrastructure	3,660	(16)		3,644	$ (16)	3,800	22		3,800	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
5	**3**	**5**	50	Gas Distribution Reliability General	21,604	(6,503)		15,101	$ (6,503)	24,829	(946)		24,829	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
6	**3**	**5**	2K	Gas Distribution Replacement/Convert Customer High-Pressure Regu	13,166	4,620		17,786	$ 4,620	32,122	(2,667)		32,122	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
7	**3**	**6A**	74	Install New Gas Meters	4,549	(238)		4,311	$ (238)	3,134	-		3,134	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
8	**3**	**6B**	50	Gas Distribution Reliability General	8,644	(2,474)		6,170	$ (2,474)	10,653	-		10,653	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
9	**3**	**6C**	50	Gas Distribution Reliability General	89,632	(38,893)	(9,176)	50,739	$ (38,893)	98,038	(16,335)	(14,353)	83,038	2015: Adopts ORA's recommendation 2016: Adopts TURN's recommendation to remove $15M from PG&E's forecast	(15,000)
10	**3**	**6C**	52	Gas Distribution Leak Replacement/Emergency	650	789		1,439	$ 789	664	396		664	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
11	**3**	**7**	47	Gas Distribution Capacity	27,775	(815)		26,960	$ (815)	35,118	-		35,118	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
12	**3**	**7**	4A	Gas Distribution Control Operations Assets	30,723	(4,047)		26,676	$ (4,047)	26,836	-		26,836	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
13	**3**	**8**	29	Gas Distribution Customer Connects	80,000	(13,586)	(12,454)	66,414	$ (13,586)	74,901	-	(12,370)	64,901	2015: Adopts ORA's recommendation 2016: Adopts TURN's partial adjustment	(10,000)
14	**3**	**8**	51	Gas Distribution Work at the Request of Others	59,450	14,938		74,388	$ 14,938	64,155	-		64,155	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
15	**3**	**9**	2F	Build Information Technology Applications & Infrastructure	40,625	166	(6,467)	30,791	$ (9,834)	39,041	-		39,041	2015: Adopts ORA's recommendation and removes $10M for Pathfinder as recommended by TURN 2016: Adopts PG&E's forecast	-
16	**3**	**10**	5	Tools & Equipment	50,383	(43,996)		6,387	$ (43,996)	2,660	-		2,660	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
17	**3**	**10**	78	Manage Buildings	6,971	3,426		10,397	$ 3,426	18,100	-	(5,122)	18,100	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
18	**3 Total**				**736,370**	**(49,902)**	**(28,097)**	**676,468**	$ (59,902)	**736,108**	**(19,530)**	**(31,845)**	**711,108**		(25,000)
19	**4**	**3**	21	Emergency Preparedness and Response	19,900	(10,859)		9,041	$ (10,859)	12,392	-		12,392	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
20	**4**	**4**	17	Electric Distribution Routine Emergency	135,942	9,844		145,786	$ 9,844	138,735	-		138,735	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
21	**4**	**4**	95	Electric Distribution Major Emergency	59,563	-		59,563	$ -	51,416	-		51,416	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
22	**4**	**5**	63	Electric Transmission & Distribution Control System/ Facility	24,200	(3,609)		20,591	$ (3,609)	1,850	-		1,850	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
23	**4**	**5**	2F	Build Information Technology Applications & Infrastructure	1,159	(1,211)		(52)	$ (1,211)	1,000	-		1,000	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
24	**4**	**6**	2A	Electric Distribution Installation/Replacement Overhead General	103,526	6,450		109,976	$ 6,450	114,445	-		114,445	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
25	**4**	**6**	2B	Electric Distribution Install/Replacement Underground	39,813	3,693		43,506	$ 3,693	46,438	-		46,438	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
26	**4**	**6**	2C	Electric Distribution Install/Replacement Network	19,018	676		19,694	$ 676	15,970	-		15,970	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
27	**4**	**8**	7	Electric Distribution Install/Replacement Overhead Poles	98,431	4,622		103,053	$ 4,622	76,288	-		76,288	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
28	**4**	**9**	8	Electric Distribution Reliability Base	46,126	(16,465)		29,661	$ (16,465)	43,053	-		43,053	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
29	**4**	**9**	49	Electric Distribution Reliability Circuit/Zone	61,907	(11,758)		50,149	$ (11,758)	61,269	-		61,269	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
30	**4**	**10**	9	Electric Distribution Automation & Protection	37,820	6,461		44,281	$ 6,461	39,270	-		39,270	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
31	**4**	**11**	56	Electric Distribution Replace Underground Asset-Generation	110,399	(19,494)		90,905	$ (19,494)	127,288	-		127,288	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
32	**4**	**12**	48	Electric Distribution Substation Replacement Other Equipment	61,825	(12,641)		49,184	$ (12,641)	67,504	-		67,504	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
33	**4**	**12**	54	Electric Distribution Substation Replacement Transformer	50,398	(3,827)		46,571	$ (3,827)	32,867	-		32,867	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
34	**4**	**12**	58	Electric Distribution Replacement Substation Safety	1,052	2,170		3,222	$ 2,170	1,833	-		1,833	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
35	**4**	**12**	59	Electric Distribution Substation Emergency Replacement	19,554	14,538		34,092	$ 14,538	41,120	-		41,120	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
36	**4**	**13**	6	Electric Distribution Line Capacity	93,114	2,609		95,723	$ 2,609	91,411	-		91,411	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
37	**4**	**13**	46	Electric Distribution Substation Capacity	54,804	13,497	(47)	68,301	$ 13,497	65,792	-	(897)	65,792	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
38	**4**	**13**	2F	Build Information Technology Applications & Infrastructure	-	-		-	$ -	-	-		-	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
39	**4**	**15**	2F	Build Information Technology Applications & Infrastructure	41,679	(8,324)		33,355	$ (8,324)	31,349	-		31,349	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-

(in Thousands of Nominal Dollars)

Line No.	Exhibit	Chapter	MWC	MWC Description	2015 PG&E Forecast	2015 ORA Reduction	2015 TURN Reduction	2015 Settlement	Reduction from PG&E Forecast	2016 PG&E Forecast	2016 ORA Reduction	2016 TURN Reduction	2016 Settlement	Notes	Reduction from PG&E Forecast
40	**4**	**15**	3M	Smart Grid Pilot Program	27,325	-		27,325	$ -	8,677	-		8,677	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
41	**4**	**17**	10	Electric Distribution Work at the Request of Others General	98,000	(4,665)		93,335	$ (4,665)	93,521	-		93,521	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
42	**4**	**17**	16	Electric Distribution Customer Connects	355,000	444	(40,226)	355,444	$ 444	409,325	(17,214)	(43,735)	409,325	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
43	**4**	**18**	30	Electric Distribution Work at the Request of Others Rule 20A	76,000	(34,115)		41,885	$ (34,115)	80,184	(32,497)		75,000	2015: Adopts ORA's recommendation 2016: Adopts ORA's recommendation made in settlement	(5,184)
44	**4**	**19**	5	Tools & Equipment	(11,631)	16,248		4,617	$ 16,248	(39,379)	-		(39,379)	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
45	**4**	**19**	23	Implement Real Estate Strategy	4,878	(2,703)		2,175	$ (2,703)	5,352	-		5,352	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
46	**4 Total**				**1,629,802**	**(48,418)**	**(40,273)**	**1,581,384**	**$ (48,418)**	**1,618,969**	**(49,711)**	**(44,632)**	**1,613,785**		(5,184)

APPENDIX A
PACIFIC GAS AND ELECTRIC COMPANY - 2017 GENERAL RATE CASE
Capital Expenditure Summary - 2015 and 2016

A.15-09-001

(in Thousands of Nominal Dollars)

Line No.	Exhibit	Chapter	MWC	MWC Description	2015 PG&E Forecast	2015 ORA Reduction	2015 TURN Reduction	2015 Settlement	Reduction from PG&E Forecast	2016 PG&E Forecast	2016 ORA Reduction	2016 TURN Reduction	2016 Settlement	Notes	Reduction from PG&E Forecast
47	5	3	3	Office Furniture & Equipment	232	60		292	$ 60	232	-		232	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
48	5	3	4	Fleet / Automatic Equipment	963	81		1,044	$ 81	917	-		917	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
49	5	3	5	Tools & Equipment	782	260		1,042	$ 260	1,158	-		1,158	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
50	5	3	20	Diablo Canyon Power Plant Capital	176,735	1,654	(2,772)	178,389	$ 1,654	175,554	-	(16,438)	175,554	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast Costs for the Stator 2 project are included	-
51	5	3	3I	Nuclear Safety and Security	59,700	(16,414)		43,286	$ (16,414)	36,068	-		36,068	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
52	5	4	5	Tools & Equipment	1,001	1,563		2,563	$ 1,563	962	-		962	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
53	5	4	11	Relicensing Hydro Generation	6,006	(2,942)		3,064	$ (2,942)	3,593	-		3,593	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
54	5	4	12	Implement Environment Projects	3,709	(1,436)		2,274	$ (1,436)	3,894	-		3,894	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
55	5	4	2L	Install/Replacement for Hydro Safety & Regulation	53,987	(21,275)	(205)	32,712	$ (21,275)	47,519	-		47,519	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
56	5	4	2M	Install/Replacement Hydro Generating Equipment	111,219	(1,286)		109,933	$ (1,286)	92,404	-		92,404	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
57	5	4	2N	Install/Replacement Reserve	75,361	(23,148)	(4,809)	52,214	$ (23,148)	71,515	-		71,515	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
58	5	4	2P	Install/Replacement Hydro Building Ground Infrastructure	14,021	(2,294)		11,727	$ (2,294)	18,297	-		18,297	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
59	5	4	3H	Hydroelectric License & License Conditions	22,394	(2,809)	(30)	19,585	$ (2,809)	21,586	-	(6)	21,586	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
60	5	5	3	Office Furniture & Equipment	-	-		-	$ -	-	-		-	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
61	5	5	5	Tools & Equipment	300	(24)		276	$ (24)	372	-		372	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
62	5	5	2R	Install/Replacement for Fossil Safety & Regulation	280	(158)		122	$ (158)	2,650	-		2,650	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
63	5	5	2S	Install/Replacement Fossil Generating Equipment	10,184	(4,287)		5,897	$ (4,287)	18,173	-		18,173	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
64	5	5	2T	Install/Replacement Fossil Building Ground Infrastructure	1,200	1,049		2,249	$ 1,049	300	-		300	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
65	5	5	3A	Install/Replacement for Alternative Generation Safety & Regulation	29	(29)		-	$ (29)	30	-		30	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
66	5	5	3B	Install/Replacement AltGen Generating Equipment	150	139		289	$ 139	121	-		121	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
67	5	5	3C	Install/Replacement AltGn Building Ground Infrastructure	10	(10)		-	$ (10)	-	-		-	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
68	5	7	2F	Build Information Technology Applications & Infrastructure	32,864	(4,569)		28,295	$ (4,569)	51,350	-		51,350	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
69	5	7	3M	Install/Replacement Variation Balance Account	6,089	(2,356)		3,733	$ (2,356)	3,100	0		3,100	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
70	**5 Total**				**577,215**	**(78,230)**	**(7,816)**	**498,985**	**$ (78,230)**	**549,793**	**0**	**(16,444)**	**549,793**		-
71	6	2	3M	Install/Replace Various Balance Account	3,749	-		3,749	$ -	-	-		-	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
72	6	4	21	Miscellaneous Capital	-	-		-	$ -	1,928	-		1,928	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
73	6	4	23	Implement Real Estate Strategy	-	-		-	$ -	-	-		-	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
74	6	5	21	Miscellaneous Capital	2,898	-		2,898	$ -	7,718	-		7,718	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
75	6	7	1	Information Technology - Desktop Computers	196	-		196	$ -	500	-		500	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
76	6	7	5	Tools & Equipment	1,041	-		1,041	$ -	1,410	-		1,410	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
77	6	7	25	Install New Electric Meters	42,335	-		42,335	$ -	53,714	-		53,714	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
78	6	7	74	Install New Gas Meters	86,907	-		86,907	$ -	88,096	-		88,096	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
79	6	7	97	Manage Smart Meter	-	-		-	$ -	-	-		-	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
80	6	7	3J	Smart Meter Opt Out	1,407	-		1,407	$ -	997	-		997	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
81	6	8	21	Miscellaneous Capital	-	-		-	$ -	-	-		-	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
82	6	10	2F	Build Information Technology Applications & Infrastructure	39,204			39,204	$ -	32,584	(708)		31,876	2015: Adopts PG&E's forecast 2016: Adopts ORA and TURN's recommendation to move RROIR costs to memo act	(708)
83	**6 Total**				**177,737**	**-**	**-**	**177,737**	**$ -**	**186,947**	**(708)**	**-**	**186,239**		(708)
84	7	2	2F	Build Information Technology Applications & Infrastructure	2,000	(328)		1,672	$ (328)	3,453	-		3,453	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
85	7	3	4	Fleet / Automotive Equipment	118,242	3,425		121,667	$ 3,425	122,427	-		122,427	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-

APPENDIX A
PACIFIC GAS AND ELECTRIC COMPANY - 2017 GENERAL RATE CASE
Capital Expenditure Summary - 2015 and 2016

A.15-09-001

(in Thousands of Nominal Dollars)

Line No.	Exhibit	Chapter	MWC	MWC Description	2015 PG&E Forecast	2015 ORA Reduction	2015 TURN Reduction	2015 Settlement	Reduction from PG&E Forecast	2016 PG&E Forecast	2016 ORA Reduction	2016 TURN Reduction	2016 Settlement	Notes	Reduction from PG&E Forecast
86	7	3	5	Tools & Equipment	961	(85)		876	$ (85)	990	-		990	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
87	7	3	28	Electric Vehicle - Station Infrastructure	2,556	814		3,370	$ 814	2,980	-		2,980	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
88	7	3	2F	Build Information Technology Applications & Infrastructure	1,978	1,893		3,871	$ 1,893	2,495	-		2,495	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
89	7	3	21	Miscellaneous Capital	-	1,305		1,305	$ 1,305					2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
90	7	4	5	Tools & Equipment	372	843		1,215	$ 843	372	-		372	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
91	7	4	21	Miscellaneous Capital	464	(49)		415	$ (49)	478	-		478	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
92	7	4	2F	Build Information Technology Applications & Infrastructure	1,333	(329)		1,004	$ (329)	6,180	-		6,180	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
93	7	5	2F	Build Information Technology Applications & Infrastructure	1,897	(1,881)		16	$ (1,881)	3,934	-		3,934	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
94	7	6	22	Maintain Buildings	43,168	533		43,701	$ 533	35,038	-		35,038	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
95	7	6	23	Implement Real Estate Strategy	100,898	(44,628)	(73,524)	56,270	$ (44,628)	55,152	-	(31,934)	55,152	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
96	7	6	2F	Build Information Technology Applications & Infrastructure	1,900	(1,892)		8	$ (1,892)	1,898	-		1,898	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
97	7	7	5	Tools & Equipment	270	129		399	$ 129	300	-		300	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
98	7	7	12	Implement Environment Projects	5,850	(1,163)		4,687	$ (1,163)	7,934	-		7,934	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
99	7	7	2F	Build Information Technology Applications & Infrastructure	359	(274)		85	$ (274)	160	-		160	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
100	7	8A	2F	Build Information Technology Applications & Infrastructure	2,500	641		3,141	$ 641	1,000	-		1,000	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
101	7	8B	2F	Build Information Technology Applications & Infrastructure	1,577	1,319		2,896	$ 1,319	1,589	-		1,589	2015: Adopts ORA's recommendation 2016: Adopts PG&E forecast with remedy costs removed	-
102	7	9	2F	Build Information Technology Applications & Infrastructure	156,744	36,484		193,228	$ 36,484	182,997	-		182,997	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
103	7	9	3J	Smart Meter Opt Out	(0)	0		-	$ 0	-	-		-	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
104	**7 Total**				**443,070**	**(3,244)**	**(73,524)**	**439,826**	**$ (3,244)**	**429,377**	**-**	**(31,934)**	**429,377**		-
105	8	2	2F	Build Information Technology Applications & Infrastructure	-	-		-	$ -	2,250	-		2,250	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
106	8	3	2F	Build Information Technology Applications & Infrastructure	804	-		804	$ -	-	-		-	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
107	8	4	22	Maintain Buildings	-	-		-	$ -	75	-		75	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
108	8	4	2F	Build Information Technology Applications & Infrastructure	650	-		650	$ -	-	-		-	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
109	8	6	5	Tools & Equipment	1,300	-		1,300	$ -	621	-		621	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
110	8	6	22	Maintain Buildings	-	-		-	$ -	-	-		-	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
111	8	6	2F	Build Information Technology Applications & Infrastructure	2,397	-		2,397	$ -	3,157	-		3,157	2015: Adopts PG&E's forecast 2016: Adopts PG&E's forecast	-
112	**8 Total**				**5,152**	**-**	**-**	**5,152**	**$ -**	**6,103**	**-**	**-**	**6,103**		-
113	9	2	2F	Build Information Technology Applications & Infrastructure	3,192	1,789		4,981	$ 1,789	3,979	-		3,979	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
114	9	3	2F	Build Information Technology Applications & Infrastructure	1,215	4,047		5,262	$ 4,047	12,000	-		12,000	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
115	9	4	2F	Build Information Technology Applications & Infrastructure	10,500	2,252		12,752	$ 2,252	5,000	-		5,000	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
116	9	5	2F	Build Information Technology Applications & Infrastructure	2,192	(550)		1,642	$ (550)	-	-		-	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
117	9	7	21	Miscellaneous Capital	-	-		-	$ -	6,950	-		6,950	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
118	9	7	2F	Build Information Technology Applications & Infrastructure	15,600	(3,716)		11,884	$ (3,716)	-	-		-	2015: Adopts ORA's recommendation 2016: Adopts PG&E's forecast	-
119	**9 Total**				**32,699**	**3,821**	**-**	**36,521**	**$ 3,821**	**27,929**	**-**	**-**	**27,929**		-
120	**Grand Total**				**3,602,045**	**(175,973)**	**(149,710)**	**3,416,072**	**$ (185,973)**	**3,555,226**	**(69,949)**	**(124,855)**	**3,524,335**		**(30,892)**
121	* 2015 capital expenditures are based on 2015 recorded as proposed by ORA in its R/O Model with one additional adjustment of $ 10 M to MWC 2F for the Pathfinder Project														
122	* GT&S remedy-related costs have been removed from MWC 2F (2016 and 2017) and MWC JV (2017)														

APPENDIX A

A.15-09-001

PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE
Administrative & General Expenses

(Millions of nominal dollars)

Line No.		A	B	C = B-A	D	E
		Total Company				
1		Gross				Net [1]
2		2017 PG&E Proposed	2017 GRC Settlement	Difference (Settlement vs. PG&E Proposed)	ORA Position	2017 GRC Settlement
3	Corporate Services Dept. Costs	248	246	(2)	241	246
4	Companywide Expenses	954	863	(91)	850	535
5	Subtotal	1,202	1,109	(93)	1,091	781
6	Other A&G Organization Costs [2]	337	321	(16)	304	321
7	Total	$ 1,539	$ 1,430	$ (109)	$ 1,395	**$ 1,102**
8						

Line No.		General Rate Case	Gas Transmission & Storage	Electric Transmission	Humboldt Nuclear	Total
9						
10						
11	% Allocation by Function	84.67%	8.98%	6.23%	0.12%	100%
12	Amount by Function	933	99	69	1	**1,102**
13	Remove Public Purpose Program Burdens [3]	(21)				
14	General Rate Case	**912**				
15						
16						

17 Note(s):

18 [1] Net of capitalization and non-utility affiliates reduction

19 [2] Includes Corporate Services Information Technology (IT), A&G Portion of Shared Services and IT, Emergency Preparedness & Response, etc.; removes remedy costs

20 [3] D. 14-08-032, pp. 579-580

APPENDIX B

APPENDIX B
PACIFIC GAS AND ELECTRIC COMPANY
2017 GENERAL RATE CASE

A.15-09-001

POST-TEST YEAR SETTLEMENT AMOUNTS

		2017	2018 - Settlement				2019 - Settlement				2020 - Settlement			
Line No.	Settlement Proposal		2018 Forecast	Post-Test Year Increase	Post-Test Year Allocation	Post-Test Year Increase Percentage	2019 forecast	Post-Test Year Increase	Post-Test Year Allocation	Post-Test Year Increase Percentage	2020 forecast	Post-Test Year Increase	Post-Test Year Allocation	Post-Test Year Increase Percentage
1	**Electric Generation**	$ 2,115	$ 2,199	$ 84	19%	4.0%	$ 2,269	$ 70	19%	3.2%	$ 2,339	$ 70	19%	3.1%
2	**Electric Distribution**	$ 4,151	$ 4,401	$ 250	56%	6.0%	$ 4,596	$ 195	54%	4.4%	$ 4,791	$ 195	54%	4.2%
3	**Gas Distribution**	$ 1,738	$ 1,848	$ 110	25%	6.3%	$ 1,944	$ 96	27%	5.2%	$ 2,040	$ 96	27%	4.9%
4	**GRC Total**	$ 8,004	$ 8,448	$ 444	100%	**5.5%**	$ 8,809	$ 361	100%	**4.3%**	$ 9,170	$ 361	100%	**4.1%**

APPENDIX C

APPENDIX C

PACIFIC GAS AND ELECTRIC COMPANY
2017 CPUC GENERAL RATE CASE (GRC)
SETTLEMENT - AVERAGE SERVICE LIVES/MORTALITY CURVES, NET SALVAGE PERCENTS, AND ACCRUAL RATES

Line No	Asset Class	FERC Acct	Description	Average Service Life (Years) Settled as Proposed	Mortality Curve Type Settled as Proposed	Net Salvage (%) PG&E Proposed	Net Salvage (%) ORA Proposed	Net Salvage (%) Settlement	Accrual Rates (%) PG&E Proposed	Accrual Rates (%) ORA Proposed	Accrual Rates (%) Settlement
		ELECTRIC PLANT									
		INTANGIBLE PLANT									
1	EIP30201	302	Franchises and Consents	40	SQ	0	0	0	2.19%	2.19%	2.19%
2	EIP30301	303	USBR - Limited Term Electric	Fully Accrued		0	0	0	0.00%	0.00%	0.00%
3	EIP30303	303	Computer Software	5	SQ	0	0	0	2.11%	2.11%	2.11%
		STEAM PRODUCTION PLANT									
		Steam Production Plant - Combined Cycle									
4	ESF31002	310	Land Rights	SQUARE (a)		0	0	0	3.92%	3.92%	3.92%
5	ESF31103	311	Structures and Improvements	75	R1 (a)	0	0	0	3.46%	3.46%	3.46%
6	ESF31203	312	Boiler Plant Equipment	50	R1 (a)	0	0	0	3.69%	3.69%	3.69%
7	ESF31205	312	Boiler Plant Equipment - Pollution Control	50	R1 (a)	0	0	0	3.56%	3.56%	3.56%
8	ESF31403	314	Turbogenerator Units	40	R2.5 (a)	0	0	0	3.56%	3.56%	3.56%
9	ESF31503	315	Accessory Electric Equipment	45	R2.5 (a)	0	0	0	3.55%	3.55%	3.55%
10	ESF31603	316	Miscellaneous Power Plant Equipment	40	S0.5 (a)	0	0	0	3.77%	3.77%	3.77%
		NUCLEAR PRODUCTION PLANT									
		Diablo Canyon 2001 & Prior									
11	ENP32002	320	Land Rights	Fully Accrued		0	0	0	0.00%	0.00%	0.00%
12	ENP32100	321	Structures and Improvements	100	R1 (a)	(1)	(1)	(1)	0.03%	0.03%	0.03%
13	ENP32200	322	Reactor Plant Equipment	65	S1 (a)	(1)	(1)	(1)	0.15%	0.15%	0.15%
14	ENP32300	323	Turbogenerator Units	50	S2 (a)	(1)	(1)	(1)	0.04%	0.04%	0.04%
15	ENP32400	324	Accessory Electric Equipment	75	R1.5 (a)	0	0	0	0.00%	0.00%	0.00%
16	ENP32500	325	Miscellaneous Power Plant Equipment	50	S1 (a)	(1)	(1)	(1)	0.15%	0.15%	0.15%
		Diablo Canyon 2002 & Subsequent									
17	ENP32102	321	Structures and Improvements	100	R1 (a)	(1)	(1)	(1)	8.32%	8.32%	8.32%
18	ENP32201	322	Reactor Plant Equipment	65	S1 (a)	(1)	(1)	(1)	6.86%	6.86%	6.86%
19	ENP32202	322	Reactor Plant Equipment	65	S1 (a)	(1)	(1)	(1)	6.86%	6.86%	6.86%
20	ENP32302	323	Turbogenerator Units	50	S2 (a)	(1)	(1)	(1)	7.51%	7.51%	7.51%
21	ENP32402	324	Accessory Electric Equipment	75	R1.5 (a)	0	0	0	7.62%	7.62%	7.62%
22	ENP32502	325	Miscellaneous Power Plant Equipment	50	S1 (a)	(1)	(1)	(1)	8.31%	8.31%	8.31%
		HYDRO PRODUCTION PLANT									
		Hydroelectric Production - Excluding Helms Pumped Storage									
23	EHP33004	330	Land Rights	SQUARE (a)		0	0	0	4.16%	4.16%	4.16%
24	EHP33005	330	Land Rights - F/W	SQUARE (a)		0	0	0	6.44%	6.44%	6.44%
25	EHP33006	330	Land Rights - Recreation	SQUARE (a)		0	0	0	8.50%	8.50%	8.50%
26	EHP33101	331	Structures and Improvements	80	R2 (a)	(2)	(2)	(2)	2.38%	2.38%	2.38%
27	EHP33102	331	Structures and Improvements	80	R2 (a)	(2)	(2)	(2)	2.38%	2.38%	2.38%
28	EHP33103	331	Structures and Improvements	80	R2 (a)	(2)	(2)	(2)	2.38%	2.38%	2.38%
29	EHP33201	332	Reservoirs, Dams and Waterways	120	R2.5 (a)	(3)	(3)	(3)	1.86%	1.86%	1.86%
30	EHP33202	332	Reservoirs, Dams and Waterways	120	R2.5 (a)	(3)	(3)	(3)	1.86%	1.86%	1.86%
31	EHP33203	332	Reservoirs, Dams and Waterways	120	R2.5 (a)	(3)	(3)	(3)	1.86%	1.86%	1.86%
32	EHP33300	333	Waterwheels, Turbines and Generators	80	R1 (a)	(3)	(3)	(3)	3.08%	3.08%	3.08%

APPENDIX C

PACIFIC GAS AND ELECTRIC COMPANY
2017 CPUC GENERAL RATE CASE (GRC)
SETTLEMENT - AVERAGE SERVICE LIVES/MORTALITY CURVES, NET SALVAGE PERCENTS, AND ACCRUAL RATES

Line No	Asset Class	FERC Acct	Description	Average Service Life (Years) Settled as Proposed	Mortality Curve Type Settled as Proposed	Net Salvage (%) PG&E Proposed	Net Salvage (%) ORA Proposed	Net Salvage (%) Settlement	Accrual Rates (%) PG&E Proposed	Accrual Rates (%) ORA Proposed	Accrual Rates (%) Settlement
33	EHP33400	334	Accessory Electric Equipment	65	R1.5 (a)	(6)	(6)	(6)	3.19%	3.19%	3.19%
34	EHP33500	335	Miscellaneous Power Plant Equipment	60	S0.5 (a)	(9)	(9)	(9)	3.95%	3.95%	3.95%
35	EHP33600	336	Roads, Railroads and Bridges	80	S1.5 (a)	(2)	(2)	(2)	2.66%	2.66%	2.66%
	Hydroelectric Production - Helms Pumped Storage										
36	EHH33004	330	Land Rights	SQUARE (a)		0	0	0	8.82%	8.82%	8.82%
37	EHH33101	331	Structures and Improvements	80	R2 (a)	(2)	(2)	(2)	0.40%	0.40%	0.40%
38	EHH33201	332	Reservoirs, Dams and Waterways	120	R2.5 (a)	(3)	(3)	(3)	0.56%	0.56%	0.56%
39	EHH33300	333	Waterwheels, Turbines and Generators	80	R1 (a)	(3)	(3)	(3)	3.17%	3.17%	3.17%
40	EHH33400	334	Accessory Electric Equipment	65	R1.5 (a)	(6)	(6)	(6)	2.34%	2.34%	2.34%
41	EHH33500	335	Miscellaneous Power Plant Equipment	60	S0.5 (a)	(9)	(9)	(9)	1.21%	1.21%	1.21%
42	EHH33600	336	Roads, Railroads and Bridges	80	S1.5 (a)	(2)	(2)	(2)	0.43%	0.43%	0.43%
		OTHER PRODUCTION PLANT									
		Other Production Plant - Fossil									
43	EOP34002	340	Land Rights	SQUARE (a)		0	0	0	3.92%	3.92%	3.92%
44	EOP34100	341	Structures and Improvements	75	R1 (a)	0	0	0	3.54%	3.54%	3.54%
45	EOP34101	341	Structures and Improvements Post 2008	75	R1 (a)	0	0	0	3.54%	3.54%	3.54%
46	EOP34200	342	Fuel Holders, Producers and Accessories	50	R1 (a)	0	0	0	3.69%	3.69%	3.69%
47	EOP34201	342	Fuel Holders, Producers and Accessories Post 2008	50	R1 (a)	0	0	0	3.69%	3.69%	3.69%
48	EOP34300	343	Prime Movers	40	R2.5 (a)	0	0	0	3.57%	3.57%	3.57%
49	EOP34301	343	Prime Movers Post 2008	40	R2.5 (a)	0	0	0	3.57%	3.57%	3.57%
50	EOP34400	344	Generators	40	R2.5 (a)	0	0	0	3.71%	3.71%	3.71%
51	EOP34401	344	Generators Post 2008	40	R2.5 (a)	0	0	0	3.71%	3.71%	3.71%
52	EOP34500	345	Accessory Electric Equipment	45	R2.5 (a)	0	0	0	3.51%	3.51%	3.51%
53	EOP34501	345	Accessory Electric Equipment Post 2008	45	R2.5 (a)	0	0	0	3.51%	3.51%	3.51%
54	EOP34600	346	Miscellaneous Power Plant Equipment	40	S0.5 (a)	0	0	0	3.73%	3.73%	3.73%
55	EOP34601	346	Miscellaneous Power Plant Equipment Post 2008	40	S0.5 (a)	0	0	0	3.73%	3.73%	3.73%
		Other Production - Solar									
56	EOP34102	341	Solar Structures and Improvements	SQUARE (a)		0	0	0	4.01%	4.01%	4.01%
57	EOP34402	344	Solar Generators	SQUARE (a)		0	0	0	4.02%	4.02%	4.02%
58	EOP34502	345	Solar Inverters	10	S2.5 (a)	0	0	0	12.04%	12.04%	12.04%
59	EOP34503	345	Solar Accessory Electric Equipment	SQUARE (a)		0	0	0	4.01%	4.01%	4.01%
60	EOP34602	346	Miscellaneous Power Equipment - Solar	SQUARE (a)		0	0	0	4.06%	4.06%	4.06%
		Other Production - Fuel Cell									
61	EOP34404	344	Generators - Fuel Cell	SQUARE (a)		0	0	0	12.00%	12.00%	12.00%
		TRANSMISSION PLANT									
		Non-Network Transmission Plant (excluding Diablo Canyon) (ETC)									
62	ETC35002	350	Land Rights	75	SQ	0	0	0	1.34%	1.34%	1.34%
63	ETC35201	352	Structures and Improvements	65	R3	(20)	(20)	(20)	1.53%	1.53%	1.53%
64	ETC35301	353	Station Equipment	45	R2	(60)	(60)	(60)	3.74%	3.74%	3.74%
65	ETC35302	353	Station Equipment - Step Up Transformers	55	R1.5	(5)	(5)	(5)	0.73%	0.73%	0.73%

APPENDIX C

PACIFIC GAS AND ELECTRIC COMPANY
2017 CPUC GENERAL RATE CASE (GRC)
SETTLEMENT - AVERAGE SERVICE LIVES/MORTALITY CURVES, NET SALVAGE PERCENTS, AND ACCRUAL RATES

Line No	Asset Class		FERC Acct	Description	Average Service Life (Years) Settled as Proposed	Mortality Curve Type Settled as Proposed	Net Salvage (%) PG&E Proposed	Net Salvage (%) ORA Proposed	Net Salvage (%) Settlement	Accrual Rates (%) PG&E Proposed	Accrual Rates (%) ORA Proposed	Accrual Rates (%) Settlement
66	ETC35400		354	Towers and Fixtures	75	R4	(100)	(100)	(100)	2.45%	2.45%	2.45%
67	ETC35500		355	Poles and Fixtures	52	R1.5	(80)	(80)	(80)	3.29%	3.29%	3.29%
68	ETC35600		356	Overhead Conductors and Devices	65	R2	(100)	(100)	(100)	2.72%	2.72%	2.72%
69	ETC35700		357	Underground Conduit	65	R4	0	0	0	1.02%	1.02%	1.02%
70	ETC35800		358	Underground Conductors and Devices	55	R3	(10)	(10)	(10)	1.54%	1.54%	1.54%
71	ETC35900		359	Roads and Trails	60	R1.5	(10)	(10)	(10)	1.76%	1.76%	1.76%
			Non-Network Transmission Plant Combined Cycle (excluding Diablo Canyon) (ETCG)									
72	ETP35303		353	Station Equipment - Step Up Transformers (Combined Cycle)	55	R1.5 (a)	(5)	(5)	(5)	3.62%	3.62%	3.62%
73	ETP35401		354	Towers and Fixtures (Combined Cycle)	75	R4 (a)	(100)	(100)	(100)	6.84%	6.84%	6.84%
74	ETP35601		356	OH Conductors and Devices (Combined Cycle)	65	R2 (a)	(100)	(100)	(100)	7.00%	7.00%	7.00%
			Transmission Plant - Diablo Canyon									
75	NTP35201		352	Structures and Improvements	65	R3 (a)	(20)	(20)	(20)	1.42%	1.42%	1.42%
76	NTP35202		352	Structures and Improvements-Equipment	65	R3 (a)	(20)	(20)	(20)	1.57%	1.57%	1.57%
77	NTP35301		353	Station Equipment	45	R2 (a)	(60)	(60)	(60)	4.51%	4.51%	4.51%
78	NTP35302		353	Step-up Transformers	55	R1.5 (a)	(5)	(5)	(5)	4.48%	4.48%	4.48%
			DISTRIBUTION PLANT									
79	EDP36002		360	Land Rights	60	SQ	0	0	0	3.13%	3.13%	3.13%
80	EDP36101		361	Structures and Improvements	65	R3	(20)	(20)	(20)	1.77%	1.77%	1.77%
81	EDP36102		361	Structures and Improvements - Equipment	65	R3	(20)	(20)	(20)	1.84%	1.84%	1.84%
82	EDP36200	(b)	362	Station Equipment	46	R1.5	(50)	(40)	(40)	3.33%	3.06%	3.06%
83	EDP36300		363	Storage Battery Equipment	20	R2	0	0	0	2.16%	2.16%	2.16%
84	EDP36301		363	Energy Storage	15	S3	0	0	0	6.64%	6.64%	6.64%
85	EDP36400	(b)	364	Poles, Towers and Fixtures	44	R1.5	(175)	(150)	(150)	6.78%	6.03%	6.03%
86	EDP36500		365	OH Conductors and Devices	46	R2	(125)	(125)	(125)	5.05%	5.05%	5.05%
87	EDP36600		366	Underground Conduit	62	R4	(50)	(50)	(50)	2.60%	2.60%	2.60%
88	EDP36700	(b)	367	Underground Conductors and Devices	47	R3	(75)	(65)	(65)	3.66%	3.35%	3.35%
89	EDP36801	(b)	368	Line Transformers - Overhead	32	R2.5	(40)	(30)	(30)	4.91%	4.47%	4.47%
90	EDP36802		368	Line Transformers - Underground	31	R3	(20)	(20)	(20)	4.18%	4.18%	4.18%
91	EDP36901		369	Services - Overhead	52	R2.5	(125)	(125)	(125)	4.27%	4.27%	4.27%
92	EDP36902		369	Services - Underground	45	R4	(45)	(45)	(45)	3.21%	3.21%	3.21%
93	EDP37000	(b)	370	Meters	20	R1.5	(20)	(15)	(15)	6.50%	6.21%	6.21%
94	EDP37001	(b)	370	SmartMeters	20	R1.5	(20)	(15)	(15)	6.50%	6.21%	6.21%
95	EDP37100		371	Installations on Customers' Premises	40	S1	0	0	0	0.00%	0.00%	0.00%
96	EDP37200		372	Leased Property on Customers' Premises	25	L1	0	0	0	0.00%	0.00%	0.00%
97	EDP37301		373	St. Lighting & Signal Sys. - OH Conductor	30	R0.5	(50)	(50)	(50)	3.66%	3.66%	3.66%
98	EDP37302		373	St. Lighting & Signal Sys. - Conduit & Cable	32	S1.5	(20)	(20)	(20)	3.39%	3.39%	3.39%
99	EDP37303		373	St. Lighting & Signal Sys. - Lamps & Equipment	25	L0	(20)	(20)	(20)	2.93%	2.93%	2.93%
100	EDP37304		373	St. Lighting & Signal Sys. - Electroliers	30	S1	(25)	(25)	(25)	3.63%	3.63%	3.63%
			GENERAL PLANT									
			General Plant (excluding Diablo Canyon)									
101	EGP38902		389	Land Rights	60	SQ	0	0	0	2.81%	2.81%	2.81%

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PACIFIC GAS AND ELECTRIC COMPANY
2017 CPUC GENERAL RATE CASE (GRC)
SETTLEMENT - AVERAGE SERVICE LIVES/MORTALITY CURVES, NET SALVAGE PERCENTS, AND ACCRUAL RATES

Line No	Asset Class	FERC Acct	Description	Average Service Life (Years) Settled as Proposed	Mortality Curve Type Settled as Proposed	Net Salvage (%) PG&E Proposed	Net Salvage (%) ORA Proposed	Net Salvage (%) Settlement	Accrual Rates (%) PG&E Proposed	Accrual Rates (%) ORA Proposed	Accrual Rates (%) Settlement
102	EGP39000	390	Structures & Improvements	50	R2	(10)	(10)	(10)	1.62%	1.62%	1.62%
103	EGP39100	391	Office Furniture & Equipment	20	SQ	0	0	0	6.20%	6.20%	6.20%
104	EGP39400	394	Tools, Shop & Work Equipment	25	SQ	0	0	0	3.85%	3.85%	3.85%
105	EGP39500	395	Laboratory Equipment	20	SQ	0	0	0	5.37%	5.37%	5.37%
106	EGP39600	396	Power Operated Equipment	20	SQ	0	0	0	6.63%	6.63%	6.63%
107	EGP39700	397	Communication Equipment	15	SQ	0	0	0	6.27%	6.27%	6.27%
108	EGP39708	397	SM Electric Network Equipment	20	SQ	0	0	0	5.00%	5.00%	5.00%
109	EGP39800	398	Miscellaneous Equipment	20	SQ	0	0	0	13.04%	13.04%	13.04%
		Nuclear General Plant - Diablo Canyon									
110	NGP39100	391	Office Furniture & Equipment	20	SQ	0	0	0	5.23%	5.23%	5.23%
111	NGP39800	398	Miscellaneous Equipment	20	SQ	0	0	0	5.39%	5.39%	5.39%
		GAS PLANT									
		INTANGIBLE PLANT									
112	GIP30202	302	Franchises and Consents	57	SQ	0	0	0	2.81%	2.81%	2.81%
113	GIP30301	303	Miscellaneous Intangible Plant	5	SQ	0	0	0	28.49%	28.49%	28.49%
114	GIP30302	303	Software	5	SQ	0	0	0	26.27%	26.27%	26.27%
		LOCAL STORAGE PLANT									
115	GLS36002	360	Land Rights	60	SQ	0	0	0	2.47%	2.47%	2.47%
116	GLS36101	361	Structures and Improvements	50	R3	(5)	(5)	(5)	1.22%	1.22%	1.22%
117	GLS36200	362	Gas Holders	50	R3	(15)	(15)	(15)	3.26%	3.26%	3.26%
118	GLS36300	363	Purification Equipment	25	S1	0	0	0	2.11%	2.11%	2.11%
119	GLS36330	363	Compressor Equipment	25	S1	0	0	0	0.66%	0.66%	0.66%
120	GLS36340	363	Measuring and Regulating Equipment	30	R0.5	0	0	0	2.95%	2.95%	2.95%
121	GLS36350	363	Other Equipment	30	R0.5	0	0	0	2.60%	2.60%	2.60%
		DISTRIBUTION PLANT									
122	GDP37402	374	Land Rights	60	SQ	0	0	0	2.53%	2.53%	2.53%
123	GDP37500	375	Structures and Improvements	60	R1.5	(5)	(5)	(5)	1.73%	1.73%	1.73%
124	GDP37601	376	Mains	57	R3	(55)	(55)	(55)	2.55%	2.55%	2.55%
125	GDP37700	377	Compressor Station Equipment	32	R2	0	0	0	4.29%	4.29%	4.29%
126	GDP37800	378	Measuring and Regulating Station Equipment	55	R2	(35)	(35)	(35)	2.12%	2.12%	2.12%
127	GDP38000	380	Services	57	R3	(124)	(124)	(124)	3.59%	3.59%	3.59%
128	GDP38100	381	Meters	28	S1	(50)	(50)	(50)	6.01%	6.01%	6.01%
129	GDP38300	383	House Regulators	28	R2	(10)	(10)	(10)	3.58%	3.58%	3.58%
130	GDP38500	385	Industrial Measuring and Regulating Equipment	42	R2.5	(10)	(10)	(10)	2.19%	2.19%	2.19%
131	GDP38600	386	Other Property on Customer Premises	35	R3	0	0	0	2.62%	2.62%	2.62%
132	GDP38700	387	Other Equipment	20	S1.5	0	0	0	4.93%	4.93%	4.93%
		GENERAL PLANT (EXCLUDING LINE 401 AND STANPAC)									
133	GGP38902	389	Land Rights	60	SQ	0	0	0	2.68%	2.68%	2.68%

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Line No	Asset Class	FERC Acct	Description	Average Service Life (Years) Settled as Proposed	Mortality Curve Type Settled as Proposed	Net Salvage (%) PG&E Proposed	Net Salvage (%) ORA Proposed	Net Salvage (%) Settlement	Accrual Rates (%) PG&E Proposed	Accrual Rates (%) ORA Proposed	Accrual Rates (%) Settlement
134	GGP39000	390	Structures and Improvements	50	R2	(10)	(10)	(10)	1.97%	1.97%	1.97%
135	GGP39100	391	Office Furniture and Equipment	20	SQ	0	0	0	6.54%	6.54%	6.54%
136	GGP39400	394	Tools, Shop and Work Equipment	25	SQ	0	0	0	4.22%	4.22%	4.22%
137	GGP39500	395	Laboratory Equipment	20	SQ	0	0	0	5.00%	5.00%	5.00%
138	GGP39600	396	Power Operated Equipment	20	SQ	0	0	0	5.01%	5.01%	5.01%
139	GGP39700	397	Communication Eqp	15	SQ	0	0	0	6.67%	6.67%	6.67%
140	GGP39708	397	SM Gas Network Equipment	20	SQ	0	0	0	5.45%	5.45%	5.45%
141	GGP39800	398	Miscellaneous Equipment	20	SQ	0	0	0	7.40%	7.40%	7.40%
142	GGP39900	399	Other Tangible Property	20	SQ	0	0	0	0.00%	0.00%	0.00%
		COMMON PLANT									
		COMMON PLANT									
143	CMP30302	303	Software	5	SQ	0	0	0	21.45%	21.45%	21.45%
144	CMP30304	303	Software CIS	15	SQ	0	0	0	6.61%	6.61%	6.61%
145	CMP38902	389	Land Rights	60	SQ	0	0	0	2.45%	2.45%	2.45%
146	CMP39000	390	Structures and Improvements	50	R2	(10)	(10)	(10)	1.92%	1.92%	1.92%
147	CMP39101	391	Office Machines and Computer Equipment	5	SQ	0	0	0	19.91%	19.91%	19.91%
148	CMP39102	391	PC Hardware	5	SQ	0	0	0	24.46%	24.46%	24.46%
149	CMP39103	391	Office Furniture and Equipment	20	SQ	0	0	0	9.67%	9.67%	9.67%
150	CMP39104	391	Office Machines and Computer Equipment - CIS	7	SQ	0	0	0	17.34%	17.34%	17.34%
151	CMP39201	392	Transportation Equipment - Air	13	SQ	50	50	50	1.03%	1.03%	1.03%
152	CMP39202	392	Transportation Equipment - Class P	8	L3	10	10	10	9.41%	9.41%	9.41%
153	CMP39203	392	Transportation Equipment - Class C2	10	S2.5	10	10	10	8.10%	8.10%	8.10%
154	CMP39204	392	Transportation Equipment - Class C4	9	S2.5	10	10	10	8.68%	8.68%	8.68%
155	CMP39205	392	Transportation Equipment - Class T1	10	S2	10	10	10	9.99%	9.99%	9.99%
156	CMP39206	392	Transportation Equipment - Class T3	11	S2.5	10	10	10	8.42%	8.42%	8.42%
157	CMP39207	392	Transportation Equipment - Class T4	15	L4	10	10	10	6.17%	6.17%	6.17%
158	CMP39208	392	Transportation Equipment - Vessels	13	L1.5	10	10	10	1.17%	1.17%	1.17%
159	CMP39209	392	Transportation Equipment - Trailers	21	L1.5	10	10	10	2.58%	2.58%	2.58%
160	CMP39300	393	Stores Equipment	20	SQ	0	0	0	7.23%	7.23%	7.23%
161	CMP39400	394	Tools, Shop and Garage Equipment	25	SQ	0	0	0	3.17%	3.17%	3.17%
162	CMP39500	395	Laboratory Equipment	20	SQ	0	0	0	7.77%	7.77%	7.77%
163	CMP39600	396	Power Operated Equipment	13	L3	20	20	20	6.76%	6.76%	6.76%
164	CMP39701	397	Communications Equipment - Data Systems	7	SQ	0	0	0	15.45%	15.45%	15.45%
165	CMP39702	397	Communications Equipment - Computer	5	SQ	0	0	0	20.82%	20.82%	20.82%
166	CMP39703	397	Communications Equipment - Radio Systems	7	SQ	0	0	0	15.10%	15.10%	15.10%
167	CMP39704	397	Communications Equipment - Voice Systems	7	SQ	0	0	0	14.04%	14.04%	14.04%
168	CMP39705	397	Communications Equipment - Trans Systems	20	SQ	0	0	0	4.68%	4.68%	4.68%
169	CMP39706	397	Communication Equipment - Trans Systems, Gas AMI	20	SQ	0	0	0	5.15%	5.15%	5.15%
170	CMP39708	397	Communication Equipment - AMI Network	20	SQ	0	0	0	4.90%	4.90%	4.90%
171	CMP39800	398	Miscellaneous Equipment	20	SQ	0	0	0	7.29%	7.29%	7.29%
172	CMP39900	399	Other Tangible Property	20	SQ	0	0	0	2.97%	2.97%	2.97%
		COMMON NUCLEAR PLANT									

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173	CNP30302	303	DCPP Software	10	SQ	0	0	0	15.41%	15.41%	15.41%
174	CNP38902	389	Land Rights	SQUARE (a)		0	0	0	0.00%	0.00%	0.00%
175	CNP39000	390	Structures and Improvements	50	R2(a)	(10)	(10)	(10)	1.49%	1.49%	1.49%
176	CNP39103	391	Office Furniture and Equipment	20	SQ	0	0	0	6.07%	6.07%	6.07%
177	CNP39203	392	Transportation Equipment - Class C2	10	S2.5	10	10	10	8.50%	8.50%	8.50%
178	CNP39204	392	Transportation Equipment - Class C4	9	S2.5	10	10	10	10.18%	10.18%	10.18%
179	CNP39205	392	Transportation Equipment - Class T1	10	S2	10	10	10	8.53%	8.53%	8.53%
180	CNP39206	392	Transportation Equipment - Class T3	11	S2.5	10	10	10	7.88%	7.88%	7.88%
181	CNP39207	392	Transportation Equipment - Class T4	15	L4	10	10	10	5.25%	5.25%	5.25%
182	CNP39208	392	Transportation Equipment - Vessels	13	L1.5	10	10	10	5.89%	5.89%	5.89%
183	CNP39209	392	Transportation Equipment - Trailers	21	L1.5	10	10	10	0.07%	0.07%	0.07%
184	CNP39300	393	Stores Equipment	20	SQ	0	0	0	6.44%	6.44%	6.44%
185	CNP39400	394	Tools, Shop and Garage Equipment	25	SQ	0	0	0	0.00%	0.00%	0.00%
186	CNP39500	395	Laboratory Equipment	20	SQ	0	0	0	5.55%	5.55%	5.55%
187	CNP39600	396	Power Operated Equipment	13	L3	20	20	20	8.18%	8.18%	8.18%
188	CNP39701	397	Communications Equipment - Non-Computer	7	SQ	0	0	0	15.49%	15.49%	15.49%
189	CNP39703	397	Communications Equipment - Radio Systems	7	SQ	0	0	0	14.28%	14.28%	14.28%
190	CNP39705	397	Communications Equipment - Trans Systems	20	SQ	0	0	0	1.73%	1.73%	1.73%
191	CNP39800	398	Miscellaneous Equipment	20	SQ	0	0	0	4.54%	4.54%	4.54%

Notes:

192 (a) Life Span Procedure is used. Curve shown is the interim survivor curve.

193 (b) Asset Class with different settlement net salvage percent and accrual rate than proposed by PG&E in the 2017 GRC Application.

APPENDIX D

APPENDIX D

A.15-09-001

PACIFIC GAS AND ELECTRIC COMPANY
2017 General Rate Case
Operations and Maintenance (O&M) Labor Factors used To Allocate Common Costs
(Administrative & General Expenses and Common Plant)

Line	Unbundled Cost Category (UCC)	2017 PG&E Forecast Based on 2014 Recorded Adjusted Labor			Settlement Based on 2014 Recorded Adjusted Labor	
		$	%		$	%
	Electric Department					
1	**EG - Electric Generation - GRC**	**322,485,596**	**24.67%**	GRC	**322,485,596**	**24.67%**
2	EG - Fossil Facilities (Incl Gateway, Colusa & Humboldt for 2014 GRC)	12,965,106	0.99%		12,965,106	0.99%
3	EG - Fossil Transmission	951,959	0.07%		951,959	0.07%
4	EG - Hydro Facilities (Incl Helms & Hydro Renewables Facilities)	64,482,546	4.93%		64,482,546	4.93%
5	EG - Hydro Transmission (Incl Helms & Hydro Renewables Transmission)	1,527,339	0.12%		1,527,339	0.12%
6	EG - Diablo Canyon Nuclear Generation Facilities	207,385,594	15.86%		207,385,594	15.86%
7	EG - Electric Procurement (incl. QF & Other Power Payment Admin)	35,173,051	2.69%		35,173,051	2.69%
8	**EG - Electric Generation - Non-GRC**	**1,530,509**	**0.12%**		**1,530,509**	**0.12%**
9	EG - Humboldt Unit 3 SAFSTOR Costs (Expense)	1,530,509	0.12%		1,530,509	0.12%
10	**ET - Network Transmission**	**81,082,885**	**6.20%**		**81,082,885**	**6.20%**
11	**ET - Other Transmission**	**435,094**	**0.03%**		**435,094**	**0.03%**
12	**ED - Electric Distribution**	**473,501,287**	**36.22%**	GRC	**473,501,287**	**36.22%**
13	ED - Wires & Services (Incl Cornerstone 2014+ 2011 GRC Dynamic(PDP))	409,018,210	31.29%		409,018,210	31.29%
14	ED - Transmission-Level Direct Connects	284,620	0.02%		284,620	0.02%
15	ED - Public Purpose Program Administration	64,198,457	4.91%		64,198,457	4.91%
16	**Electric Department Total**	**879,035,370**	**67.24%**		**879,035,370**	**67.24%**
	Gas Department					
17	**GT - Gas Transmission and Storage**	**117,381,610**	**8.98%**		**117,381,610**	**8.98%**
18	**GD - Gas Distribution**	**310,867,268**	**23.78%**	GRC	**310,867,268**	**23.78%**
19	GD - Pipes and Services	295,164,235	22.58%		295,164,235	22.58%
20	GD - Gas Procurement	2,788,294	0.21%		2,788,294	0.21%
21	GD - Public Purpose Program Administration	12,914,738	0.99%		12,914,738	0.99%
22	**Gas Department Total**	**428,248,878**	**32.76%**		**428,248,878**	**32.76%**
23	**PG&E Total Labor**	**1,307,284,248**	**100.00%**		**1,307,284,248**	**100.00%**
24	**GRC Total (Line 1+Line 12+Line 18)**	**1,106,854,150**	**84.67%**		**1,106,854,150**	**84.67%**