

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



June 20, 2018

**Advice Letter 5208-E**

Erik Jacobson  
Director, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

**SUBJECT: Revisions to the Distribution Revenue Adjustment Mechanism Electric Preliminary Statement Part CZ, and Demand Response Expenditures Balancing Account Electric Preliminary Statement Part EC.**

Dear Mr. Jacobson:

Advice Letter 5208-E is effective as of December 28, 2017.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph  
Director, Energy Division

December 28, 2017

**Advice 5208-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Revisions to the Distribution Revenue Adjustment Mechanism – Electric Preliminary Statement Part CZ, and Demand Response Expenditures Balancing Account – Electric Preliminary Statement Part EC**

**Purpose**

Pacific Gas and Electric Company (PG&E) hereby submits this Tier 1 advice letter to modify the current Distribution Revenue Adjustment Mechanism (DRAM) – *Electric Preliminary Statement Part CZ*, and Demand Response Expenditures Balancing Account (DREBA) – *Electric Preliminary Statement Part EC*, as directed by the California Public Utilities Commission (Commission or CPUC) in Decision (D.) 17-12-003, Ordering Paragraph (OP) 55 and D.17-10-017, OP 13.

**Background**

In compliance with D.17-12-003, OP 55, PG&E requests modifications be made to the accounting procedures set forth in the DRAM and DREBA electric preliminary statements. In that decision, the Commission directed PG&E to: (1) revise the DRAM to remove an accounting procedure for recording BIP incentives since those amounts will now be consolidated with the recording and tracking of incentives in DREBA; and, (2) establish a Demand Response Auction Mechanism subaccount in the DREBA. In D.16-06-029, the Commission authorized \$12 million for the 2018-2019 DRAM pilot.<sup>1</sup> This funding amount and any costs associated with that DRAM pilot will be transferred from the Operations subaccount to the new DRAM subaccount. In D.17-10-017, the Commission requires PG&E to conduct an additional DRAM pilot with deliveries in 2019.<sup>2</sup> The funding adopted in that decision and any actual costs incurred for this

---

<sup>1</sup> D.16-06-029, OP 21.

<sup>2</sup> D.17-10-017, OP 7; see also, *Ibid*, pp. 32-54.

additional DRAM pilot and any future DRAM program will be recorded in the new subaccount.<sup>3</sup>

Ordering Paragraph 13 of the Decision also directs the investor-owned utilities (IOU) to hire a technical facilitator, in consultation with the Commission's Energy Division, to organize and facilitate the Load Shift Working Group. Pursuant to OP 13, PG&E requests authority to record actual costs associated with hiring and retaining the working group technical facilitator. In addition, should PG&E become the lead utility to retain the facilitator and hold the master agreement with the vendor, PG&E shall (1) pay the vendor in full, (2) seek reimbursement from the other IOUs for their portion as authorized, and (3) record such amounts as reimbursed revenue. To ensure each utility equitably recovers its costs, the IOUs may create a memorandum account to track the cost of hiring the facilitator and *may* seek cost recovery of the facilitator in the advice letter filing for the 2020 Demand Response Portfolio update. However, PG&E is proposing to track these costs in the DREBA, Operations Sub-account and will seek recovery of any costs incurred as part of the 2020 Demand Response Portfolio update.

The affected tariff sheets are included in this advice letter as Attachment 1.

### **Tariff Revisions**

1. *Electric Preliminary Statement Part CZ – Distribution Revenue Adjustment Mechanism Balancing Account* is updated to remove recording BIP incentives paid to third party demand response aggregators.
2. *Electric Preliminary Statement Part EC – Demand Response Expenditures Balancing Account* is updated to include:
  - A. Tracking costs of hiring a working group technical facilitator in the Operations subaccount. PG&E will seek cost recovery of the facilitator costs via advice letter pursuant to D.17-10-017;
  - B. A new Demand Response Auction Mechanism subaccount, a two-way balancing account that records PG&E's authorized budget compared to costs incurred associated with this pilot. Disposition of the balance in this sub-account will be through the Annual Electric True-Up advice letter at the end of the pilots.

### **Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than January 17, 2018, which is 20 days after the date of this filing. Protests must be submitted to:

---

<sup>3</sup> D.17-12-003, OP 55.

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson  
Director, Regulatory Relations  
c/o Megan Lawson  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B13U  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-3582  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

### **Effective Date**

PG&E requests that this Tier 1 advice filing become effective upon date of filing, which is December 28, 2017.

### **Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the

parties on the service list for A.17-01-012, et al. Address changes to the General Order 96-B service list should be directed to PG&E at email address [PGETariffs@pge.com](mailto:PGETariffs@pge.com). For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at [Process\\_Office@cpuc.ca.gov](mailto:Process_Office@cpuc.ca.gov). Send all electronic approvals to [PGETariffs@pge.com](mailto:PGETariffs@pge.com). Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs/>.

                  /S/

Erik Jacobson  
Director, Regulatory Relations

Attachments

cc: Service List A.17-01-012, et al.

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 E)**

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: Kingsley Cheng

Phone #: (415) 973-5265

E-mail: k2c0@pge.com and PGETariffs@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas  
PLC = Pipeline      HEAT = Heat      WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **5208-E**

Tier: **1**

Subject of AL: **Revisions to the Distribution Revenue Adjustment Mechanism – Electric Preliminary Statement Part CZ, and Demand Response Expenditures Balancing Account – Electric Preliminary Statement Part EC**

Keywords (choose from CPUC listing): Compliance, Balancing Account, Memorandum Account

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.17-12-003

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: \_\_\_\_\_

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: \_\_\_\_\_

Resolution Required?  Yes  No

Requested effective date: **December 28, 2017**

No. of tariff sheets: **7**

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: **Electric Preliminary Statement Part CZ and Electric Preliminary Statement Part EC**

Service affected and changes proposed: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

**California Public Utilities Commission**

**Energy Division**

**EDTariffUnit**

**505 Van Ness Ave., 4<sup>th</sup> Flr.**

**San Francisco, CA 94102**

**E-mail: EDTariffUnit@cpuc.ca.gov**

**Pacific Gas and Electric Company**

**Attn: Erik Jacobson**

**Director, Regulatory Relations**

**c/o Megan Lawson**

**77 Beale Street, Mail Code B13U**

**P.O. Box 770000**

**San Francisco, CA 94177**

**E-mail: PGETariffs@pge.com**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
41717-E	ELECTRIC PRELIMINARY STATEMENT PART CZ DISTRIBUTION REVENUE ADJUSTMENT MECHANISM Sheet 3	40545-E
41718-E	ELECTRIC PRELIMINARY STATEMENT PART EC DEMAND RESPONSE EXPENDITURES BALANCING ACCOUNT Sheet 1	28614-E
41719-E	ELECTRIC PRELIMINARY STATEMENT PART EC DEMAND RESPONSE EXPENDITURES BALANCING ACCOUNT Sheet 2	28615-E
41720-E	ELECTRIC PRELIMINARY STATEMENT PART EC DEMAND RESPONSE EXPENDITURES BALANCING ACCOUNT Sheet 3	28616-E
41721-E	ELECTRIC TABLE OF CONTENTS Sheet 1	41479-E*
41722-E	ELECTRIC TABLE OF CONTENTS Sheet 13	40923-E
41723-E	ELECTRIC TABLE OF CONTENTS Sheet 15	40590-E



**ELECTRIC PRELIMINARY STATEMENT PART CZ  
DISTRIBUTION REVENUE ADJUSTMENT MECHANISM**

Sheet 3

CZ. DISTRIBUTION REVENUE ADJUSTMENT MECHANISM (DRAM) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

- q. A debit or credit entry, as appropriate, to record the gain or loss on the sale of an electric distribution non-depreciable asset, as approved by the Commission. (D)
- r. A debit entry equal to the electric portion of incremental administrative costs and amounts written off as uncollectible associated with the payment deferral plan for qualifying citrus and other agricultural growers pursuant to Resolution E-4065 at the rates authorized in PG&E's most recent GRC for the incremental administrative costs. (D)
- s. A debit entry equal to the costs that PG&E will reimburse the Division of Ratepayer Advocates (DRA) for work performed by the retained IT consultant(s) in Application (A.) 10-02-028 as authorized by the Commission, recorded during the month. The costs that PG&E will reimburse DRA shall not exceed \$240,000 (excluding an allowance for RF&U), subject to revision by the Commission. (T)
- t. A debit or credit entry, as appropriate, to record the aggregate net revenues collected from the Conservation Incentive Adjustment unbundled rate component of residential electric rates. (T)
- u. A credit entry equal to the Family Electric Rate Assistance (FERA) revenue shortfall from paying residential Tier 2 rates for Tier 3 usage. The corresponding debit entry is defined in PG&E's electric Preliminary Statement Part DX, Item 5.a. (T)
- v. A debit entry equal to one-twelfth of the authorized amount recorded in the California Energy Systems for 21st Century Balancing Account – Electric (CES21BA-E). (T)
- w. A debit entry equal to one-twelfth of the annual revenue requirements recorded in the Smart Grid Line Sensor subaccount, Volt/VAR Optimization subaccount, and Detect & Locate Faults subaccount of the Smart Grid Pilot Deployment Project Balancing Account (SGPDPBA). (T)
- x. A credit entry equal to the amount of employee transfer fees allocated to PG&E's electric ratepayers. (T)
- y. A debit entry equal to one-twelfth of the authorized revenue requirement for the Residential Rate Reform Program. The corresponding credit entry is defined in PG&E's Electric Preliminary Statement Part GS, Residential Rate Reform Memorandum Account. (T)

(Continued)





**ELECTRIC PRELIMINARY STATEMENT PART EC**  
**DEMAND RESPONSE EXPENDITURES BALANCING ACCOUNT**

Sheet 1

EC. Demand Response Expenditures Balancing Account (DREBA)

1. **PURPOSE:** The purpose of the Demand Response Expenditure Balancing Account (DREBA) is to track the authorized demand response program budget compared to costs incurred by PG&E to implement and administer PG&E's authorized demand response programs. Actual costs to operate the programs include Operating and Maintenance (O&M), including customer incentives, and Administrative and General (A&G) expenses and capital-related revenue requirements incurred to develop and implement, or in reasonable anticipation of implementing authorized demand response programs.
2. **APPLICABILITY:** The DREBA shall apply to all customer classes, except those specifically excluded by the Commission.
3. **REVISION DATE:** The revision dates applicable to the DREBA shall be determined as necessary in the Annual Electric True-Up (AET) process or other filing as authorized by the Commission.
4. **RATES:** The DREBA does not have a rate component.
5. **ACCOUNTING PROCEDURE:** The DREBA consists of three sub-accounts: (T)

The "Operations Sub-account" is a one-way balancing account that tracks the annual authorized program budget, excluding event based participation incentives, compared to costs incurred to operate, maintain, and administer demand response programs, as well as ongoing capital-related revenue requirements, if applicable. Disposition of any remaining balance in this sub-account, once all authorized budget cycle program costs have been recorded, will be determined in the AET or other proceeding authorized by the Commission. (N)

The "Operations Sub-account" will also track costs associated with the hiring of a working group technical facilitator, in consultation with the Commission's Energy Division and in accordance with authorized sharing allocations amongst the investor-owned utilities. PG&E may seek recovery of the facilitator costs via an advice letter pursuant to D.17-10-017, Ordering Paragraph 13. (N)  
I  
I  
(N)

The "Incentives Sub-account" is a two-way balancing account that records PG&E's authorized event based participation incentives budget compared to costs incurred for payment of incentives to participating customers, or their aggregators. Disposition of the balance in this sub-account is annually through the AET process or other filing as authorized. (N)

The "Demand Response Auction Mechanism Sub-account" is a two-way balancing account that records PG&E's authorized budget compared to costs incurred, including administrative expenses and incentives, associated with these pilots and program. Disposition of the balance in this sub-account is through the AET process at the end of the pilot program. (N)  
I  
I  
(N)

A. Operations Sub-Account

The following entries shall be made at the end of each month:

- 1) A debit entry equal to O&M, excluding incentives, and A&G expenses incurred to develop and implement, or incurred in reasonable anticipation of implementing, authorized demand response programs;
- 2) A credit entry equal to one-twelfth of the current year demand response program budget, excluding the event based participation incentives portion of the authorized budget, as authorized by the CPUC;

(Continued)

<i>Advice</i>	5208-E	<i>Issued by</i>	<i>Date Filed</i>	December 28, 2017
<i>Decision</i>	17-12-003	<b>Robert S. Kenney</b>	<i>Effective</i>	December 28, 2017
		<i>Vice President, Regulatory Affairs</i>	<i>Resolution</i>	



**ELECTRIC PRELIMINARY STATEMENT PART EC**  
**DEMAND RESPONSE EXPENDITURES BALANCING ACCOUNT**

Sheet 2

EC. Demand Response Expenditures Balancing Account (DREBA) (Cont'd.)

- 3) A debit entry for capital-related revenue requirements associated with authorized demand response programs, equal to:
  - a. Depreciation expense on the average of the beginning and the end-of-month balance of plant installed for each program at one-twelfth of the annual depreciation rates approved by the CPUC for these plant accounts; plus
  - b. The return on investment on the average of the beginning and the end-of-month balance of plant installed for each program at one-twelfth of the annual rate of return on distribution investment last adopted for PG&E's Electric Department by the CPUC; less
  - c. The return on the average of beginning and end-of-month accumulated depreciation, and on average accumulated net of deferred taxes on income resulting from the normalization of federal tax depreciation, at one-twelfth the annual rate of return on distribution investment last adopted for PG&E Electric Department by the CPUC.
- 4) A debit entry equal to federal and state taxes based on income associated with Item 5.d. above, calculated at marginal tax rates currently in effect. This will include all applicable statutory adjustments.  
  
For federal and state taxes, this will conform to normalization requirements as applicable. Interest cost will be at the percentage of net investment last adopted by the CPUC with respect to PG&E.
- 5) A debit entry equal to the monthly property taxes on the plant installed;
- 6) A credit entry equal to all enrollment fees, equipment fees, non-compliance or contractual non-performance penalties paid by customers participating in demand response programs;
- 7) A debit or credit entry equal to all costs and/or reimbursements, if applicable, associated with hiring and retaining the working group technical facilitator; (N)  
(N)
- 8) A debit or credit entry to transfer amounts in this account to other accounts, or amounts from other accounts to this account upon approval by the Commission; and (T)
- 9) A debit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor. (T)

B. Incentives Sub-Account

The following entries will be made to this sub-account at the end of each month:

- 1) A credit entry equal to one-twelfth of the current year demand response program budget associated with event based incentives, as authorized by the CPUC;
- 2) A debit entry equal to incentives paid to customers;

(Continued)

<i>Advice</i>	5208-E	<i>Issued by</i>	<i>Date Filed</i>	December 28, 2017
<i>Decision</i>	17-12-003	<b>Robert S. Kenney</b>	<i>Effective</i>	December 28, 2017
		<i>Vice President, Regulatory Affairs</i>	<i>Resolution</i>	



**ELECTRIC PRELIMINARY STATEMENT PART EC**  
**DEMAND RESPONSE EXPENDITURES BALANCING ACCOUNT**

Sheet 3

EC. Demand Response Expenditures Balancing Account (DREBA) (Cont'd.)

B. Incentives Sub-Account (Cont'd.)

- 3) A debit or credit entry to transfer amounts in this account to other accounts, or amounts from other accounts to this account upon approval by the Commission; and
- 4) A debit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries at a rate equal to one-twelfth the interest rate on three-month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successors.

C. Demand Response Auction Mechanism Sub-Account

(N)

The following entries will be made to this sub-account at the end of each month:

- 1) A debit entry equal to costs associated with the Demand Response Auction Mechanism;
- 2) A credit entry equal to the authorized Demand Response Auction Mechanism budget, including the incentives portion, as authorized by the CPUC;
- 3) A debit or credit entry to transfer amounts in this account to other accounts, or amounts from other accounts to this account upon approval by the Commission; and
- 4) A debit or credit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries at a rate equal to one-twelfth the interest rate on three-month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successors.

(N)



**ELECTRIC TABLE OF CONTENTS**

Sheet 1

**TABLE OF CONTENTS**

<b>SCHEDULE</b>	<b>TITLE OF SHEET</b>	<b>CAL P.U.C. SHEET NO.</b>	
Title Page.....		<b>41721-E</b>	(T)
Rate Schedules.....	40915,40916,40917,40918,40919,40920,40921,40236,40663-E		
Preliminary Statements.....	40922,35423, <b>41722</b> ,37737, <b>41723</b> ,37727,41480-E		(T)
Rules.....	41481*,41482,41122-E		
Maps, Contracts and Deviations.....	37960-E		
Sample Forms.....	40925*,37631,41151*,36604,37632,41152*,41153,37769,37703,36059,37169-E		

(Continued)

*Advice* 5208-E  
*Decision* 17-12-003

*Issued by*  
**Robert S. Kenney**  
*Vice President, Regulatory Affairs*

*Date Filed* December 28, 2017  
*Effective* December 28, 2017  
*Resolution*





**ELECTRIC TABLE OF CONTENTS**

Sheet 15

<b>PART</b>	<b>TITLE OF SHEET</b>	<b>CAL P.U.C. SHEET NO.</b>
<b>Preliminary Statements (Cont'd)</b>		
Part EC	Demand Response Expenditures Balancing Account (DREBA).....	<b>41718,41719,41720-E</b> (T)
Part EF	Procurement Energy Efficiency Revenue Adjustment Mechanism (PEERAM).....	30839-E
Part EH	Negative Indifference Amount Memorandum Account (NIAMA).....	25088-E
Part EJ	Pension Contribution Balancing Account.....	26297,25228-E
Part EK	Land Conservation Plan Implementation Account (LCPIA) .....	26324-E
Part EL	Renewables Portfolio Standard Cost Memorandum Account .....	33890,33891-E
Part EM	ClimateSmart Balancing Account .....	40549-E
Part EO	California Solar Initiative Balancing Account .....	26211,40550,26213-E
Part EP	Market Redesign and Technology Upgrade Memorandum Account .....	27623,27624-E
Part ET	Non-Tariffed Products and Services Balancing Account .....	26730-E
Part EW	Long-Term Procurement Plan Technical Assistance Memorandum Account .....	27311-E
Part EX	Dynamic Pricing Memorandum Account.....	28388,40551,28390,28391-E
Part EZ	Land Conservation Plan Environmental Remediation Memorandum Account.....	27881-E

(Continued)

Advice 5208-E  
December 28, 2017

## **Attachment 2**

### **Redline of Changes to Tariffs**

**ELECTRIC PRELIMINARY STATEMENT PART CZ**  
**DISTRIBUTION REVENUE ADJUSTMENT MECHANISM**

Sheet 3

CZ. DISTRIBUTION REVENUE ADJUSTMENT MECHANISM (DRAM) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

- q. A debit or credit entry, as appropriate, to record the gain or loss on the sale of an electric distribution non-depreciable asset, as approved by the Commission.
- r. A debit entry equal to the electric portion of incremental administrative costs and amounts written off as uncollectible associated with the payment deferral plan for qualifying citrus and other agricultural growers pursuant to Resolution E-4065 at the rates authorized in PG&E's most recent GRC for the incremental administrative costs.
- ~~s. A debit entry equal to the Schedule E-BIP incentives paid to third party demand response aggregators, net of any penalties paid to PG&E.~~
- st. A debit entry equal to the costs that PG&E will reimburse the Division of Ratepayer Advocates (DRA) for work performed by the retained IT consultant(s) in Application (A.) 10-02-028 as authorized by the Commission, recorded during the month. The costs that PG&E will reimburse DRA shall not exceed \$240,000 (excluding an allowance for RF&U), subject to revision by the Commission.
- ~~tu.~~ A debit or credit entry, as appropriate, to record the aggregate net revenues collected from the Conservation Incentive Adjustment unbundled rate component of residential electric rates.
- uv. A credit entry equal to the Family Electric Rate Assistance (FERA) revenue shortfall from paying residential Tier 2 rates for Tier 3 usage. The corresponding debit entry is defined in PG&E's electric Preliminary Statement Part DX, Item 5.a.
- vw. A debit entry equal to one-twelfth of the authorized amount recorded in the California Energy Systems for 21st Century Balancing Account – Electric (CES21BA-E).
- wx. A debit entry equal to one-twelfth of the annual revenue requirements recorded in the Smart Grid Line Sensor subaccount, Volt/VAR Optimization subaccount, and Detect & Locate Faults subaccount of the Smart Grid Pilot Deployment Project Balancing Account (SGDPBA).
- xy. A credit entry equal to the amount of employee transfer fees allocated to PG&E's electric ratepayers.
- yz. A debit entry equal to one-twelfth of the authorized revenue requirement for the Residential Rate Reform Program. The corresponding credit entry is defined in PG&E's Electric Preliminary Statement Part GS, Residential Rate Reform Memorandum Account.

(Continued)

Advice  
Decision

Issued by  
**Robert S. Kenney**  
Vice President, Regulatory Affairs

Date Filed \_\_\_\_\_  
Effective \_\_\_\_\_  
Resolution \_\_\_\_\_



**ELECTRIC PRELIMINARY STATEMENT PART EC**  
**DEMAND RESPONSE EXPENDITURES BALANCING ACCOUNT**

EC. Demand Response Expenditures Balancing Account (DREBA)

1. **PURPOSE:** The purpose of the Demand Response Expenditure Balancing Account (DREBA) is to track the authorized demand response program budget compared to costs incurred by PG&E to implement and administer PG&E's authorized demand response programs. Actual costs to operate the programs include Operating and Maintenance (O&M), including customer incentives, and Administrative and General (A&G) expenses and capital-related revenue requirements incurred to develop and implement, or in reasonable anticipation of implementing authorized demand response programs.
2. **APPLICABILITY:** The DREBA shall apply to all customer classes, except those specifically excluded by the Commission.
3. **REVISION DATE:** The revision dates applicable to the DREBA shall be determined as necessary in the Annual Electric True-Up (AET) process or other filing as authorized by the Commission.
4. **RATES:** The DREBA does not have a rate component.
5. **ACCOUNTING PROCEDURE:** The DREBA consists of ~~three~~ two sub-accounts:

The "Operations Sub-account" is a one-way balancing account that tracks the annual authorized program budget, excluding event based participation incentives, compared to costs incurred to operate, maintain, and administer demand response programs, as well as ongoing capital-related revenue requirements, if applicable. Disposition of any remaining balance in this sub-account, once all authorized budget cycle program costs have been recorded, will be determined in the AET or other proceeding authorized by the Commission.

The "Operations Sub-account" will also track costs associated with the hiring of a working group technical facilitator, in consultation with the Commission's Energy Division and in accordance with authorized sharing allocations amongst the investor-owned utilities. PG&E may seek recovery of the facilitator costs via an advice letter pursuant to D.17-10-017, Ordering Paragraph 13.

The "Incentives Sub-account" is a two-way balancing account that records PG&E's authorized event based participation incentives budget compared to costs incurred for payment of incentives to participating customers, or their aggregators. Disposition of the balance in this sub-account is annually through the AET process or other filing as authorized.

The "Demand Response Auction Mechanism Sub-account" is a two-way balancing account that records PG&E's authorized budget compared to costs incurred, including administrative expenses and incentives, associated with these pilots and program. Disposition of the balance in this sub-account is through the AET process at the end of the pilot program.

A. Operations Sub-Account

The following entries shall be made at the end of each month:

- 1) A debit entry equal to O&M, excluding incentives, and A&G expenses incurred to develop and implement, or incurred in reasonable anticipation of implementing, authorized demand response programs;
- 2) A credit entry equal to one-twelfth of the current year demand response program budget, excluding the event based participation incentives portion of the authorized budget, as authorized by the CPUC;

(Continued)

Advice  
Decision

Issued by  
**Robert S. Kenney**  
Vice President, Regulatory Affairs

Date Filed  
Effective  
Resolution

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ELECTRIC PRELIMINARY STATEMENT PART EC**  
**DEMAND RESPONSE EXPENDITURES BALANCING ACCOUNT**

Sheet 2

EC.      Demand Response Expenditures Balancing Account (DREBA) (Cont'd.)

- 3) A debit entry for capital-related revenue requirements associated with authorized demand response programs, equal to:
  - a. Depreciation expense on the average of the beginning and the end-of-month balance of plant installed for each program at one-twelfth of the annual depreciation rates approved by the CPUC for these plant accounts; plus
  - b. The return on investment on the average of the beginning and the end-of-month balance of plant installed for each program at one-twelfth of the annual rate of return on distribution investment last adopted for PG&E's Electric Department by the CPUC; less
  - c. The return on the average of beginning and end-of-month accumulated depreciation, and on average accumulated net of deferred taxes on income resulting from the normalization of federal tax depreciation, at one-twelfth the annual rate of return on distribution investment last adopted for PG&E Electric Department by the CPUC.
- 4) A debit entry equal to federal and state taxes based on income associated with Item 5.d. above, calculated at marginal tax rates currently in effect. This will include all applicable statutory adjustments.  
  
 For federal and state taxes, this will conform to normalization requirements as applicable. Interest cost will be at the percentage of net investment last adopted by the CPUC with respect to PG&E.
- 5) A debit entry equal to the monthly property taxes on the plant installed;
- 6) A credit entry equal to all enrollment fees, equipment fees, non-compliance or contractual non-performance penalties paid by customers participating in demand response programs;
- 7) A debit or credit entry equal to all costs and/or reimbursements, if applicable, associated with hiring and retaining the working group technical facilitator;
- ~~87)~~ A debit or credit entry to transfer amounts in this account to other accounts, or amounts from other accounts to this account upon approval by the Commission; and
- ~~98)~~ A debit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

B. Incentives Sub-Account

The following entries will be made to this sub-account at the end of each month:

- 1) A credit entry equal to one-twelfth of the current year demand response program budget associated with event based incentives, as authorized by the CPUC;
- 2) A debit entry equal to incentives paid to customers;

(Continued)

Advice  
Decision

Issued by  
**Robert S. Kenney**  
Vice President, Regulatory Affairs

Date Filed \_\_\_\_\_  
Effective \_\_\_\_\_  
Resolution \_\_\_\_\_

**ELECTRIC PRELIMINARY STATEMENT PART EC**  
**DEMAND RESPONSE EXPENDITURES BALANCING ACCOUNT**

EC. Demand Response Expenditures Balancing Account (DREBA) (Cont'd.)

B. Incentives Sub-Account (Cont'd.)

- 3) A debit or credit entry to transfer amounts in this account to other accounts, or amounts from other accounts to this account upon approval by the Commission; and
- 4) A debit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries at a rate equal to one-twelfth the interest rate on three-month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successors.

C. Demand Response Auction Mechanism Sub-Account

The following entries will be made to this sub-account at the end of each month:

- 1) A debit entry equal to costs associated with the Demand Response Auction Mechanism;
- 2) A credit entry equal to the authorized Demand Response Auction Mechanism budget, including the incentives portion, as authorized by the CPUC;
- 3) A debit or credit entry to transfer amounts in this account to other accounts, or amounts from other accounts to this account upon approval by the Commission; and
- 4) A debit or credit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries at a rate equal to one-twelfth the interest rate on three-month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successors.

**PG&E Gas and Electric  
Advice Filing List  
General Order 96-B, Section IV**

AT&T	Don Pickett & Associates, Inc.	OnGrid Solar
Albion Power Company	Douglass & Liddell	Pacific Gas and Electric Company
Alcantar & Kahl LLP	Downey & Brand	Praxair
Anderson & Poole	Ellison Schneider & Harris LLP	Regulatory & Cogeneration Service, Inc.
Atlas ReFuel	Evaluation + Strategy for Social Innovation	SCD Energy Solutions
BART	G. A. Krause & Assoc.	SCE
Barkovich & Yap, Inc.	GenOn Energy Inc.	SDG&E and SoCalGas
Bartle Wells Associates	GenOn Energy, Inc.	SPURR
Braun Blaising McLaughlin & Smith, P.C.	Goodin, MacBride, Squeri, Schlotz & Ritchie	San Francisco Water Power and Sewer
Braun Blaising McLaughlin, P.C.	Green Charge Networks	Seattle City Light
CPUC	Green Power Institute	Sempra Energy (Socal Gas)
California Cotton Ginners & Growers Assn	Hanna & Morton	Sempra Utilities
California Energy Commission	ICF	SoCalGas
California Public Utilities Commission	International Power Technology	Southern California Edison Company
California State Association of Counties	Intestate Gas Services, Inc.	Southern California Gas Company (SoCalGas)
Calpine	Kelly Group	Spark Energy
Casner, Steve	Ken Bohn Consulting	Sun Light & Power
Cenergy Power	Leviton Manufacturing Co., Inc.	Sunshine Design
Center for Biological Diversity	Linde	Tecogen, Inc.
City of Palo Alto	Los Angeles County Integrated Waste Management Task Force	TerraVerde Renewable Partners
City of San Jose	Los Angeles Dept of Water & Power	TerraVerde Renewable Partners, LLC
Clean Power	MRW & Associates	Tiger Natural Gas, Inc.
Clean Power Research	Manatt Phelps Phillips	TransCanada
Coast Economic Consulting	Marin Energy Authority	Troutman Sanders LLP
Commercial Energy	McKenna Long & Aldridge LLP	Utility Cost Management
Cool Earth Solar, Inc.	McKenzie & Associates	Utility Power Solutions
County of Tehama - Department of Public Works	Modesto Irrigation District	Utility Specialists
Crossborder Energy	Morgan Stanley	Verizon
Crown Road Energy, LLC	NLine Energy, Inc.	Water and Energy Consulting
Davis Wright Tremaine LLP	NRG Solar	Wellhead Electric Company
Day Carter Murphy	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Defense Energy Support Center	ORA	YEP Energy
Dept of General Services	Office of Ratepayer Advocates	Yelp Energy
	Office of Ratepayer Advocates, Electricity Planning and Policy B	