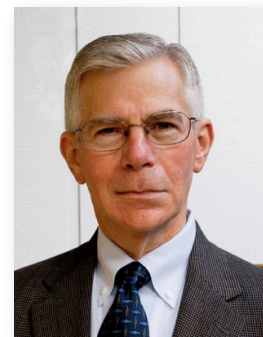


## PG & E Revenue Decoupling

9 January 2015 – ME Auditorium 1300

### With Guest Lecturer Bruce Smith

Chief Regulatory Analyst in the Regulatory Proceedings and Rates Department of Pacific Gas and Electric Company



Bruce Smith

#### Abstract:

The regulatory compact imposes service obligations on utilities while requiring regulators to establish a revenue requirement and set rates sufficient to recover the utilities' reasonable costs and provide the utilities a reasonable opportunity to earn a fair return on their invested capital. The revenue requirement computation combines the expected expenses for operation and maintenance of utility equipment, provision of customer services, depreciation and income taxes with the level of operating income to provide a fair return on utility assets. The effects of energy conservation programs and rates designed to encourage energy conservation create uncertainty in the sales forecast and may inhibit the utility's ability to collect the adopted revenue requirement. Revenue decoupling provides revenue stability by eliminating the effects of uncertainty in the accuracy of the sales forecast while maintaining incentives for utility management to control costs.

#### Abridged Biography:

As the Chief Regulatory Analyst in the Regulatory Proceedings and Rates department of Pacific Gas and Electric Company (PG&E), Bruce Smith is the regulatory lead for PG&E's response to the California Public Utility Commission's (CPUC) Order Instituting Investigation regarding the San Bruno pipeline explosion and the associated audits of PG&E's expenditures on its gas transmission and distribution systems. Previously he was the project manager for four of PG&E's General Rate Cases, the principal proceeding to recover the costs of PG&E's utility operations, as well as for the Cornerstone Distribution Reliability Improvement Project, the Pension Cost Recovery cases, and several fuel cost adjustment rate cases.

Mr. Smith joined PG&E in 1979 after working in the regulatory organization at Detroit Edison Company and earlier as a design engineer at Bechtel Power Corporation. He received a Bachelor of Science degree in Mechanical Engineering from the Massachusetts Institute of Technology in 1971, a Master of Science degree from Stanford University in 1972, and a Master in Business Administration from Harvard University in 1976, and is registered by the State of California as a Professional Engineer in Mechanical Engineering.

