



FILED

4-06-17
04:59 PM

**BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company (U 39 E) for a certificate of public convenience and necessity to provide: (i) full facilities-based and resold competitive local exchange service throughout the service territories of AT&T California, Frontier California Inc., Consolidated Communications of California Company, and Citizens Telecommunications Company of California; and (ii) full facilities-based and resold non-dominant interexchange services on a statewide basis.

A1704010

A. 17-04-_____

**APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

ALYSSA KOO
Pacific Gas and Electric Company
77 Beale Street, B30A
San Francisco, CA 94105
Telephone: (415) 973-3386
Facsimile: (415) 973-5520
E-mail: ATK4@pge.com

Attorney for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: April 6, 2017

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. APPLICATION	2
A. Rule 2.1(a): Name of Applicant.....	2
B. Rule 2.1(b): Correspondence or Communications.....	2
C. Rule 2.1(c): Proposed Categorization, Issues to be Considered and Schedule.....	2
D. Rule 2.2: Articles of Incorporation and Certificate of Qualification.	3
E. Rules 2.3 and 3.1(g): Financial Statements.	3
F. Rule 3.1(e): Description of Services.....	4
G. Rule 3.1(a): Description of Proposed Construction or Extension.....	5
H. Rules 2.4 and 2.5: California Environmental Quality Act (CEQA) Compliance and Review.	6
I. Rule 3.1(b): Names of Competitors and Names of Counties.....	10
J. Rule 3.1(c): Areas of Service.....	10
K. Rule 3.1(d): Identification of Required Franchise and Health and Safety Permits.	10
L. Rule 3.1(e): Facts Showing Public Convenience and Necessity.	11
M. Rules 3.1(f) and (g): Estimated Cost of Construction, Annual Fixed and Operating Costs and Economic Feasibility.....	12
N. Rule 3.1(h): Proposed Rates.	13
O. Rule 3.1(i): General Order 104-A Statement.....	13
P. Rule 3.1(j): Estimated Number of Customers.....	13
Q. Rules 3.1(k) - (n): Are Not Applicable.	14
R. Rule 3.1(o): Additional Information.	14
S. Rule Demonstration of Compliance with Commission Rules.....	15
T. Status as CLC and Non-dominant Interexchange Carrier – Request for Exemptions.	15

TABLE OF CONTENTS
(continued)

	Page
U. Tracking and Allocation of Costs and Revenues for Telecommunication Services.....	16
1. Allocation of Costs and Revenues	16
a. Incremental Costs would be allocated to shareholders.....	18
b. Applicant proposes a 50/50 split of positive after-tax net revenues; shareholders would bear any shortfall.....	19
c. After-tax net revenues rather than gross revenues should be shared.....	21
2. Tracking of Costs and Revenues.....	24
III. FILING FEES AND PERFORMANCE BOND	26
IV. CONCLUSION.....	26

EXHIBIT A – Financial Information

EXHIBIT B – Proponent's Environmental Assessment

EXHIBIT C – Areas of Service

EXHIBIT D – Management and Technical Personnel

EXHIBIT E – CPCN Compliance Checklist

**BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company (U 39 E) for a certificate of public convenience and necessity to provide: (i) full facilities-based and resold competitive local exchange service throughout the service territories of AT&T California, Frontier California Inc., Consolidated Communications of California Company, and Citizens Telecommunications Company of California; and (ii) full facilities-based and resold non-dominant interexchange services on a statewide basis.

A. 17-04-_____

**APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

I. INTRODUCTION

Under the Rules of Practice and Procedure (the “Rules”) of the California Public Utilities Commission (the “Commission”), and the Commission’s decisions authorizing competition in California’s telecommunications markets, Pacific Gas and Electric Company (U 39 E) (“Applicant”), applies for a Certificate of Public Convenience and Necessity (“CPCN”) to provide full facilities-based and resold competitive local exchange access and non-dominant interexchange services (“Application”).

Applicant requests authority to operate as a competitive local exchange carrier (“CLEC” or “CLC”) in the territories served by incumbent LECs, AT&T California (“AT&T”), Frontier California, Inc. (“Frontier”), Consolidated Communications of California Company (“Consolidated”), and Citizens Telecommunications Company of California (“Citizens”), and as a non-dominant interexchange carrier in the entire State of California. Under Articles 2 and 3 of the Rules, Applicant submits the following information in support of its Application.

II. APPLICATION

A. Rule 2.1(a): Name of Applicant.

The legal name of the Applicant is Pacific Gas and Electric Company. Applicant's principal place of business is 77 Beale Street, San Francisco, California, 94105.

B. Rule 2.1(b): Correspondence or Communications.

Correspondence or other communications regarding the Application should be addressed to counsel for Applicant:

Alyssa Koo
Law Department
Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120-7442
Telephone: (415) 973-3386
E-mail: ATK4@pge.com

C. Rule 2.1(c): Proposed Categorization, Issues to be Considered and Schedule.

Pursuant to Rule 2.1, Applicant proposes that the Commission categorize this proceeding as rate-setting, as defined in Rule 1.3(d), and in accordance with Rule 7.1(e)(2).

The primary issue for Commission consideration in granting a CPCN to provide intrastate telecommunications services in California as a facilities-based competitive local exchange and non-dominant intrastate interexchange carrier is the fitness of the Applicant. The Commission's rules and decisions outline the specific issues that the Commission will consider in reviewing such requests, and this Application addresses those issues below. In addition, recently amended Rule 2.1(c) requires applicants to identify all relevant safety considerations implicated by an application to which the assigned Commissioners and presiding officer could refer to during the proceeding. Applicant is not aware of a specific safety issue beyond what is already required by applicable rules. For example, as set forth below, Applicant is not presently required to obtain

any safety permits for the services subject to this Application, but if required to obtain any such permits with regard to offering telecommunications services, it will do so.

Applicant also seeks approval for the revenue-sharing mechanism associated with services it will offer under the requested CPCN. Based on prior Commission decisions, Applicant includes the requisite information in this Application such that hearings should not be necessary for the Commission to resolve these issues.

The Commission stated in D.95-07-054 that it intended to grant applications for competitive local exchange carrier CPCNs on a streamlined basis so CLECs may offer services without undue delay. Accordingly Applicant proposes this schedule for this proceeding:

Application filed: April 6, 2017

Protests Due: 30 days after publication of Application in Commission's Daily Calendar;

Final Decision: July 2017.

D. Rule 2.2: Articles of Incorporation and Certificate of Qualification.

Applicant is, and since October 10, 1905 has been, an operating public utility corporation organized under California law. It is engaged principally in the business of furnishing electric and gas services in California. A certified copy of Applicant's Restated Articles of Incorporation, effective April 12, 2004, was filed with the Commission on May 3, 2004, with Applicant's Application 04-05-005. These articles are incorporated herein by reference pursuant to Rule 2.2.

E. Rules 2.3 and 3.1(g): Financial Statements.

Applicant is financially qualified to offer the telecommunications services for which authority is sought in the Application. Applicant's Balance Sheet and Income Statements for the period ending December 31, 2016, are attached as Exhibit A of this Application. The balance

sheet confirms that Applicant possesses a minimum of \$100,000 that is reasonably liquid and available.^{1/}

Applicant presently does not contemplate utilizing unbundled network elements (“UNEs”) or other functionalities or services purchased from the incumbent LECs for which deposits are required in the operation of its primary network. As a result, Applicant will not be required to submit deposits to such carriers upon initiating service. However, in the event Applicant were to utilize UNEs and be subject to a deposit requirement, Exhibit A demonstrates that Applicant has sufficient unencumbered funds, in excess of \$100,000 to cover such deposits. Accordingly, Applicant fully meets the financial qualifications set forth in the Initial Rules for Competitive Local Exchange Carriers issued in D.95-07-054 and D.96-02-072.

F. Rule 3.1(e): Description of Services.

Applicant seeks authority to provide full facilities-based local exchange services throughout its utility service territory in the State of California. Applicant intends to provide services to telecommunications carriers and business, government, and educational enterprises, and such services may include managed wavelength point-to-point connections, Ethernet services, private fiber networks, and wireless backhaul. Applicant intends to offer services that other telecommunications providers and large enterprise customers require as the overall demand for wireless and broadband services continues to grow. Applicant does not intend to provide residential local exchange services.

1/ See Initial Rules for Local Exchange Competition, D.95-07-054, and D.96-02-072, Appendix A, Rule 4(B)(1).

G. Rule 3.1(a): Description of Proposed Construction or Extension.

Applicant is seeking a CPCN so that it may offer telecommunications services over its existing telecommunications network, which it began developing decades ago and which it utilizes to support its core gas and electric services in California. Applicant will continue to use its telecommunications network for its electric and gas utility operations, and it will also continue to maintain existing contracts it has executed with third-party telecommunications carriers for use of Applicant's dark fiber and access to Applicant's support structures. Applicant seeks the requested CPCN so it may utilize its existing fiber optic network capacity to offer telecommunications services. As discussed herein, to the extent necessary to extend Applicant's network to provide telecommunications services, that work will be undertaken and completed under the requested CPCN and funded by Applicant's shareholders.

When there are no existing available fiber or conduits available to utilize with respect to the telecommunications services it will offer under the requested CPCN, Applicant may install fiber and related facilities and equipment in or on existing poles, towers, buildings, fiber, conduits, ducts, rights-of-way, trenches, and other facilities and structures of other entities. Applicant may extend its fiber optic network aurally and/or underground and will utilize public rights of way and easements. All of these types of activities are consistent with those that the Commission has found are permitted within "limited" facilities-based authority and do not require additional California Environmental Quality Act ("CEQA") review by the Commission or its staff.^{2/}

In other cases, Applicant may undertake relatively minor ground-disturbing activities primarily in existing, well-used rights-of-way and utility easements in developed areas and

^{2/} See, e.g., D.06-01-006.

private property. For example, Applicant anticipates that depending on the location and the nature of its facilities and those of its customers, Applicant will undertake small-scale construction activities such as trenching, micro-trenching, or boring, and other minor construction activities necessary to connect and provides services to its customers. Applicant understand that these activities fall within several classes of projects that the Commission has found are exempt from CEQA.

While it is not requesting approval for any specific construction or extension of its facilities by this Application, Applicant seeks “full” facilities-based authority to undertake these minor construction activities, to the extent such activities are exempt from CEQA. The Commission has routinely required carriers seeking to engage in this type of construction activity to file a request with Commission staff requesting that the project receive a Notice to Proceed before constructing. This process is described in more detail below in Section II.H.

H. Rules 2.4 and 2.5: California Environmental Quality Act (CEQA) Compliance and Review.

Pursuant to CEQA and Rule 2.4, the Commission examines projects to determine any potential environmental impacts to ensure that adverse effects are avoided and environmental quality is restored or enhanced to the fullest extent possible under CEQA. In Rule 2.4(b), the Commission recognizes that certain classes of projects are exempt from CEQA. In cases where such exemptions apply, the Commission is not required to issue an Environmental Impact Report (“EIR”) or Negative Declaration.

As set forth above, Applicant intends to operate in most cases by installing fiber and related facilities and equipment in or on existing poles, towers, buildings, fiber, conduits, ducts, rights-of-way, trenches, and other facilities and structures of other entities, and can be undertaken under a “facilities-based” authority without further submission by carrier or review

by staff. Additionally, Applicant may need to undertake minor construction projects, as detailed above in Section II.G, all of which the Commission has previously found to have no significant effect on the environment. So the Commission has found no need for CEQA review for these minor construction activities.^{3/}

It is Applicant's understanding that the types of construction activities described above fall within the classes of projects which have been identified as exempt from CEQA, for which neither an EIR nor a Negative Declaration is required. These exemptions include:

- Class 1 Exemption: operation, repair, maintenance, leasing or minor alteration of existing public or private structures and facilities, with negligible or no expansion of an existing use. This includes existing facilities used to provide public utility services. 14 CCR Section 15301.
- Class 2 Exemption: replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced and includes *replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity*. 14 CCR Section 15302(c).
- Class 3 Exemption: construction including water main, sewage, electrical, gas, and *other utility extensions of reasonable length* to serve such construction. This includes the construction of limited numbers of new small facilities or utility extensions. 14 CCR Section 15303(d).
- Class 4 Exemption: minor public or private alterations in the condition of land, water, and/or vegetation which do not involve the removal of healthy, mature, scenic trees except for forestry and agricultural purposes. Among other things, this includes *filling of earth into previously excavated land with*

^{3/} See, e.g., D.16-05-014 (Vodafone US); D.15-12-013 (Modus Rex), D.15-02-012 (Inyo Networks, Inc.); D.13-07-032 (Vodex Communications Corp.); D.13-02-010 (Impulse Telecom, LLC); D.11-07-019 (Central Valley Telecom, LLC); D.10-12-004 (Mobilitie, LLC); D.10-04-038 (SnowCrest Telephone, Inc.); D.10-01-014 (Pacific Lightwave); D.09-11-021 (Freedom Telecommunications, Inc.); D.09-07-043 (PublicWireless, Inc.); D.08-12-017 (Zephyr Communications, L.L.C.); D.07-11-028 (Trillion Partners, Inc.); D.07-08-026 (Broadband Associates International); D.07-04-045 (NextG Networks of California, Inc.), D.06-06-047 (Suneyes); D.06-04-063 (ClearLinx Network Corporation); D.06-04-030 (New Path Networks, LLC); and D.06-04-067 (CA-CLEC LLC).

material compatible with the natural features of the site, and minor trenching and backfilling where the surface is restored. 14 CCR Section 304.

- Class 32 Exemption for In-fill Development: applies where: a) the projects are consistent with the applicable general plan designation and applicable general plan policies and applicable zoning designation and regulation; b) proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses; c) the project site has no value as habitat for endangered, rare or threatened species; d) approval of the project would not result in significant effects relating to traffic, noise, air quality or water quality; and e) the site can be adequately served by all required utilities and public services. 14 CCR Section 15332.

Importantly the proposed activities and corresponding exemptions are consistent with Commission precedent as the Commission has already approved substantially similar construction activities proposed by other applicants as categorically exempt from CEQA.

Applicant cannot identify the specific areas where it may be required to undertake such activities and construction as they will be customer-specific projects. Applicant therefore requests the Commission approve the proposed procedure for expedited review of Applicant's projects once a given project is identified. This expedited process, which is consistent with procedures the Commission has adopted for other applicants, allows the Commission to review a specific project and confirm that it is categorically exempt from CEQA or explain why further environmental review is required.

Consistent with the Commission's existing, approved process for applicants seeking full-facilities based authority, and as set forth in the Proponent's Environmental Assessment, attached hereto in Exhibit B, Applicant requests authority to engage in full facilities-based construction pursuant to an expedited 21-day review process, as described below:

- Upon Applicant believing that any construction project qualifies for an exemption from CEQA, before Applicant may commence construction, Applicant shall submit:
 - A detailed description of the proposed project, including:

- Customer(s) to be served;
 - The precise location of the proposed construction project; and,
 - Regional and local site maps;
 - A description of the environmental setting, including at a minimum:
 - Cultural, historical, and paleontologic resources;
 - Biological resources; and
 - Current land use and zoning;
 - A construction work plan, including:
 - Commission Preconstruction Survey Checklist—Archaeological Resources;
 - Commission Preconstruction Survey Checklist—Biological Resources;
 - A detailed schedule of construction activities, including site restoration activities;
 - A description of construction/installation techniques;
 - A list of other agencies contacted with respect to siting, land use planning, and environmental resource issues, including contact information;
 - A list of permits required for the proposed project;
 - A statement of the CEQA exemption(s) claimed to apply to the proposed project; and
 - Documentation supporting the finding of exemption from CEQA.
- The Commission’s Energy Division shall then review the submittal and shall notify Applicant of either its approval or its denial of Applicant’s claim for exemption from CEQA review within 21 days from the time that Applicant’s submittal is complete.
 - If the Commission’s Energy Division approves Applicant’s claimed CEQA exemption(s), the staff shall prepare a Notice to Proceed and file a Notice of Exemption with the State Clearinghouse, Office of Planning and Research.
 - If the Commission’s Energy Division disapproves Applicant’s claimed CEQA exemption(s), the staff shall issue to Applicant a letter which states the specific reasons that the claimed CEQA exemption(s) do not apply to the proposed project. Thereafter, if Applicant wishes to pursue the project, Applicant shall either re-design the specific project and facilities, and then reapply for a finding or formal exemption from CEQA, or file a formal application with the Commission seeking the requisite approval and full CEQA review, before commencing any full facilities-based construction activities.

I. Rule 3.1(b): Names of Competitors and Names of Counties.

Applicant will provide competitive local service in competition with those other carriers authorized by this Commission to provide similar services. Pursuant to D.97-06-107, Applicant is not required to comply with Rule 3.1(b),^{4/} and thus, has not mailed its application to all potential competitors and/or the cities and counties where Applicant intends to provide service. Applicant will, however, provide a copy of its application upon request to potential competitors and counties.

J. Rule 3.1(c): Areas of Service.

Applicant seeks authority to provide its services in those exchanges where the Commission has authorized local competition. At present, competitive local exchange service may be provided in the geographic areas of California serviced by AT&T, Frontier, Citizens, and Consolidated, and Exhibit C shows those carriers' respective service territories.⁵ In addition, Applicant seeks inter-Local Access and Transport Area (LATA) and intraLATA authority on a statewide basis.

K. Rule 3.1(d): Identification of Required Franchise and Health and Safety Permits.

Applicant will obtain any necessary health and safety permits required for the activities it undertakes. As a telephone company certificated by the Commission, no local franchises are required. *See* Pub. Util. Code Section 7901.

4/ Rule 3.1 is formerly numbered Rule 18(b).

5/ The map in Exhibit C shows the service territories of all incumbent LECs in California. For clarification, Applicant seeks authority to operate as a competitive local exchange carrier in the service territories of AT&T, Frontier, Consolidated, and Citizens. Further, the attached map refers to Verizon California, and Applicant understands that Frontier now serves the former Verizon California service territory.

L. Rule 3.1(e): Facts Showing Public Convenience and Necessity.

Beginning with its issuance of D.94-09-065, and followed by D.95-07-054, as well as local exchange competition decisions D.96-02-072, D.96-03-020, and D. 96-04-052, the Commission has determined that competition in the provision of local exchange service is in the public interest. Granting the Application will enhance competition by allowing a new facilities-based company to enter the market and thereby advance the pro-competitive goals of both the Commission and the 1996 Telecommunications Act. Allowing a new competitor with a large existing network already deployed to customer locations to enter the market will result in the timely and efficient deployment of new service offerings at competitive prices. The recent wave of mergers and acquisitions within the telecommunications industry – reducing competition – further increases the importance of Applicant entering the market.

Applicant will enter the market with network infrastructure deployed in a relatively large portion of the state, unlike other new entrants. By using its existing facilities to offer telecommunications services, without negatively impacting the reliability of the core gas and electric services Applicant currently provides, Applicant can connect new telecommunications customers at an incremental cost which will benefit telecommunications customers. Importantly, as discussed herein, any network deployment costs specific to telecommunications services will be incurred by Applicant's shareholders, and not by Applicant's electric and gas customers. Applicant's incremental expenses and capital outlays required to commence and maintain its telecommunications services will not be recovered through rates from gas and electric utility ratepayers and will be budgeted, recorded, and tracked separately. Applicant has significant experience in deploying and operating telecommunications infrastructure, which in turn should allow it to offer competitive and reliable telecommunications services.

Competition in the telecommunications markets, and especially those markets with a limited number of providers, will benefit customers as they will ultimately enjoy competitive pricing and expanded product and service offerings. Where new entrants like Applicant enter the market, existing providers may react by extending different service offerings and/or decreasing prices. Increased choice among providers promotes competitively driven rates for telecommunications services.

Applicant will continue to adhere to Commission decisions, including D.98-10-058, as modified by D.16-01-046 (the “ROW Rules”), to ensure that all similarly situated carriers are treated uniformly and provided access to Applicant’s support structures on a nondiscriminatory, first-come, first-served basis. Moreover, Applicant’s internal procedures will ensure that Applicant’s telecommunications business does not receive preferential access.

The Commission authorizing Applicant to operate as a full facilities-based local exchange carrier will result in an increase in the diversity of telecommunications infrastructure routes and the supply of existing and future telecommunications services and products in the telecommunications market and help promote the State’s goals for deploying advanced communications services throughout the State. Granting the Application will enhance competition within the wholesale and business enterprise markets, which will ultimately benefit all California consumers.

M. Rules 3.1(f) and (g): Estimated Cost of Construction, Annual Fixed and Operating Costs and Economic Feasibility.

Applicant will primarily rely on its existing poles, buildings, fiber, conduits, ducts, rights of-way, and other facilities and structures of telecommunications carriers, utilities, and municipalities. For example, Applicant intends to utilize excess capacity on its existing fiber optic network to provide the proposed telecommunications services. In light of its existing,

deployed network, Applicant anticipates offering service to certain customers without being required to undertake construction, and, to the extent Applicant is required to extend its existing network, such construction should be limited.

As discussed herein, Applicant is not requesting approval for any specific construction or extension of facilities by this Application. Moreover, with respect to any such projects, Applicant anticipates that annual fixed and operating costs will be wholly within the financial resources available from Applicant's shareholders.

N. Rule 3.1(h): Proposed Rates.

Applicant will offer its services on a non-discriminatory and detariffed basis pursuant to bi-lateral contracts only, as permitted in D.07-09-018 and General Order 96-B, Rule 5.1.

Applicant will serve only business customers and therefore will not provide basic service (local exchange service to residential customers), as that term has been defined by the Commission.

Accordingly Applicant will not file a tariff for its services, but it will provide information concerning its rates, terms, and conditions of service on its Web site on the Internet as required by General Order 96-B, Rule 5.2.

O. Rule 3.1(i): General Order 104-A Statement.

A copy of Applicant's most recent proxy statement dated May 23, 2016, was filed with the Commission on April 28, 2016, as Exhibit G of Application 16-04-023, and is incorporated herein by reference.

P. Rule 3.1(j): Estimated Number of Customers.

Applicant estimates that it will have approximately 1-5 customers after one year and will have more than 5 customers by the fifth year after commencing provision of the services.

Q. Rules 3.1(k) - (n): Are Not Applicable.

Rules 3.1(k) - (n) do not apply to telecommunications utilities and therefore are not applicable to the Application.

R. Rule 3.1(o): Additional Information.

Applicant has the managerial and technical qualifications necessary to provide the proposed services in the proposed service territories. Applicant has been operating its telecommunication network for decades and has a knowledgeable and effective in-house team. Applicant's internal IT and telecommunications groups will ensure that Applicant has and follows best practices to ensure consistency with utility standards and safety procedures. Attached as Exhibit D are the biographies of Applicant's key technical personnel and management team for this project. The biographies demonstrate that Applicant possesses significant managerial and technical expertise for operating a telecommunications company, consistent with the Commission's requirements.

Applicant will comply with the California Public Utilities Code and all of the Commission's rules, decisions, and orders applicable to telephone corporations operating as a public utility. In providing jurisdictional-interstate services, Applicant will be a common carrier as defined in section 153 of the Federal Communications Act of 1934, as amended, (the "Act") and will be eligible to interconnect with the public switched telephone network pursuant to sections 25I and 252 of the Act.

With respect to the representations that applicants seeking a CPCN for purposes of providing intrastate telecommunication services must address, Applicant submits that it cannot reasonably make the required representations as the company has operated in California since 1905 and employed thousands of persons since that time. Applicant states that it has been

sanctioned by this Commission and that it cannot represent that none of its affiliates, officers, directors, partners, or any person acting in such capacity, whether or not formally appointed, have been sanctioned by the Federal Communications Commission or any state regulatory agency for failure to comply with any regulatory statute, rule, or order.

Similarly Applicant cannot represent that none of its affiliates, officers, directors, or any person owning more than 10% of Applicant, or anyone acting in such a capacity, whether or not formally appointed, has not held these positions with a telecommunications carrier that filed for bankruptcy or has not been found either criminally or civilly liable by a court of appropriate jurisdiction for a violation of section 17000 et seq. of the California Business and Professions Code or for any actions that involved misrepresentations to consumers or that none are currently under investigation for similar violations.

S. Rule Demonstration of Compliance with Commission Rules.

To demonstrate the Application is in compliance with Rule 3.1 governing the issuance of certificates of public convenience and necessity, Applicant attaches Exhibit E.

T. Status as CLC and Non-dominant Interexchange Carrier – Request for Exemptions.

Applicant respectfully requests that, in connection with its authorization as a CLC, it be accorded the same streamlined regulatory treatment previously accorded to other CLCs as a non-dominant interexchange carrier as set forth in D.96-02-075 and as adopted by non-dominant interexchange carriers (“NDIECs”).

Applicant further requests that it be exempted from any requirement to maintain its books and records in accordance with the Uniform System of Accounts specified in Title 47 I.E. Part 32 consistent with D.99-02-038, which relieved CLCs that are not part of an incumbent local exchange carrier (ILEC) corporate entity from the requirement to keep their books of account in

conformance with the Uniform System of Accounts. For clarity, Applicant will continue to maintain its books and records in accordance with Generally Accepted Accounting Principles (GAAP) and the FERC Uniform System of Accounts (USOA) applicable to electric public utilities. Applicant further refers to Section U below which addresses related cost allocation and accounting issues.

U. Tracking and Allocation of Costs and Revenues for Telecommunication Services.

1. Allocation of Costs and Revenues

Applicant proposes an equitable mechanism for sharing the revenues and allocating the costs of the CLEC services to be provided under the requested CPCN. As discussed above, Applicant will use excess capacity on its existing telecommunications network that it utilizes to support its core gas and electric services in California. Applicant's shareholders will fund any incremental costs associated with deploying, providing, and maintaining telecommunication services that will be provided by Applicant's new CLEC business.

Applicant proposes that after-tax net revenues from its new CLEC business be split equally between Applicant's gas and electric ratepayers and shareholders. After-tax net revenues are defined as gross revenues, less incremental expenses of the new business, including taxes. Applicant believes that this mechanism is simple and fair to both ratepayers and shareholders, and that it will provide the most appropriate incentives for Applicant to offer telecommunications services. Applicant's proposal is a "one-way" approach; i.e., shareholders will assume the risks that the incremental expenses of the new business might exceed its gross revenues. Thus, ratepayers will only benefit from the provision of the new CLEC business, and ratepayers will incur no costs or harm if the telecommunications services are not profitable.

Both ratepayers and shareholders will benefit from Applicant's offerings of CLEC products and services. Core gas and electric ratepayers will receive the direct benefit of reduced revenue requirements through the net revenue sharing mechanism described in Section U.2 below. Further, the Commission has recognized that the broader public benefits when a utility offers services that make greater use of utility assets and capacities. In a decision under Sec. 851 of the Public Utilities Code approving a lease of utility land, the Commission stated that "the public interest is served when utility property is used for other productive purposes without interfering with the utility's operations."^{6/} In a footnote, the Commission added "Joint use of utility facilities has obvious economic and environmental benefits."^{7/} And, customers of the new CLEC business will benefit. As discussed above in Section L, the Commission has determined that competition in the provision of local exchange service is in the public interest.

Applicant urges prompt adoption of this CPCN and this net revenue sharing mechanism so that it may pursue opportunities to enhance the utilization of utility assets, create benefits for ratepayers, shareholders, and the customers of the new CLEC business, and enhance telecommunications competition in California.

///

///

///

6/ Application of Southern California Edison Company, Decision 97-10-020, 1997 Cal. PUC LEXIS 898 (1997), quoting from Application of Southern California Edison Company, Decision 93-04-019, 48 CPUC 2d 602 (1993).

7/ *Id.*

a. Incremental Costs would be allocated to shareholders.

Applicant proposes that all incremental costs of developing, marketing, and offering the telecommunications services to be provided under its CLEC CPCN (“CLEC Business”) be allocated to shareholders. Incremental costs include both recurring and non-recurring costs attributable to the products and services of the CLEC Business, such as systems development and maintenance, full labor costs (salaries plus allocations for pensions, benefits, vacation time, etc.), direct supervision and management cost, vehicle costs, and cost of materials, as well as depreciation and interest expense.

Non-incremental costs (such as embedded asset costs and Corporate Administrative and General costs) will not be allocated to the CLEC Business, because these non-incremental costs will not be affected by the new offering. Ratepayers will bear the same amount of non-incremental costs – neither more nor less – than they would without the CLEC Business. In return for the use of the underutilized portions of utility assets and capacities to provide the CLEC Business, ratepayers will receive a 50% share in the after-tax net revenues generated by the CLEC Business.

The allocation of incremental costs to Applicant’s shareholders will give Applicant the incentive to be cost-efficient in the CLEC Business, and accounting of incremental costs using the method described in Section U.2 below will also prevent cross-subsidization of the CLEC Business. The CLEC Business will need to generate annual gross revenues that are sufficient to cover all incremental costs plus an additional amount greater than incremental costs, or Applicant will not have an incentive to offer telecommunications services.

Applicant's proposal is consistent with the Commission's Direct Access decision, which directed the use of incremental costs for both discretionary and non-discretionary Direct Access services.^{8/}

Applicant is not proposing to allocate non-incremental costs to the CLEC Business for two key reasons. First, such non-incremental costs would not be caused by or affected by the provision of the CLEC Business. Second, such an allocation would reduce opportunities for the CLEC Business to generate positive after-tax net revenues, since the costs allocated to the CLEC Business would be overstated.

b. Applicant proposes a 50/50 split of positive after-tax net revenues; shareholders would bear any shortfall.

Applicant proposes that ratepayers and shareholders each receive a 50% share of the after-tax net revenues from the CLEC Business, if the after-tax net revenues are greater than zero. If the CLEC Business fails to earn gross revenues greater than or equal to its incremental expenses, Applicant proposes that shareholders bear 100% of the shortfall. Thus, ratepayers will not be exposed to any "downside" risk from the CLEC Business.

An equal, 50/50, net revenue sharing mechanism for the CLEC Business is good policy for several reasons. First, it provides equal benefits to both ratepayers and shareholders. It is thus fair to both groups; neither is disadvantaged. For this reason, the Commission has often used an equal division of revenues. For example, the Commission approved a 50/50 sharing of after-tax net revenue when it authorized PG&E's Mover Services program as a new non-tariffed products and services offering^{9/} in accordance with D. 99-04-021 (1999). Though not

8/ D.97-10-087 at 24, 26, with regard to PG&E's Direct Access Services Advice Letter 1716-E, filed December 1, 1997.

9/ Resolution G-3417, dated June 8, 2008, making effective PG&E's Advice Letter 2891-G/3169-E.

precedential, the Commission found that this mechanism was reasonable “because it provides PG&E with an incentive to maximize revenues for ultimate sharing with ratepayers and because ratepayers incur no costs or harm if the offering is not profitable.”^{10/} This general approach has also been used in several recent cases for revenues from leases of utility assets.^{11/} In one of these decisions, the Commission noted that this revenue-sharing mechanism “would not only benefit ratepayers but would give [the utility] an incentive to negotiate sensible and lucrative lease agreements.”^{12/} And a 50/50 split was also used in the SoCalGas PBR decision for royalties from RD&D projects beginning after PBR implementation.^{13/}

Second, the 50/50 sharing formula is simple and easy to understand and administer, thus furthering the Commission’s, and Applicant’s, goal of “simplifying and streamlining the regulatory process.”^{14/} A 50/50 after-tax net revenue-sharing mechanism for the CLEC Business is the easiest to understand, administer, report, and audit.

Finally, applying a 50/50 after-tax net revenue sharing formula will permit Applicant to predict with certainty the regulatory treatment of the CLEC Business revenues, which will enable Applicant to decide whether or not to offer new services as part of the CLEC Business, without any uncertainty concerning the revenue-sharing ratio. Ultimately, this predictability should result in more telecommunications service business offerings than would otherwise be the case.

10/ D. 99-04-021, at *5.

11/ In five cases approving leases of Edison’s assets, the Commission directed that revenues from the leases be distributed equally between ratepayers and shareholders (D.97-10-020; D.97-10-015; D.96-12-024; D.96-07-058; and D.96-07-038). These decisions shared gross rather than net revenues, but the Commission did not discuss this aspect of the decisions.

12/ Application of Southern California Edison Company, Decision 97-10-020, 1997 Cal. PUC LEXIS 898 (1997).

13/ D.97-07-054 at 89.

14/ D.97-07-054 at 20.

Applicant also proposes a simple revenue-sharing formula to obtain prompt approval of this Application. Applicant currently offers various services to telecommunications carriers, including use of excess capacity on Applicant's existing fiber optic network (e.g., "dark fiber") and access to available capacity on Applicant's existing poles and underground structures to install fiber optic cables. Some of these telecommunications carriers have inquired whether Applicant offers or will offer certain of the proposed CLEC Business services (i.e., lit fiber service), and Applicant wishes to meet this customer demand by offering those services as soon as possible.

c. After-tax net revenues rather than gross revenues should be shared.

Applicant defines after-tax net revenues as the gross revenues generated by its CLEC Business, minus the incremental expenses allocated to the CLEC Business (including capital expenditure-related expenses such as depreciation expense and interest expense), minus income taxes on the CLEC Business net revenues. The relationship can be expressed in the following formula:

$$\begin{aligned} \text{After Tax Net Revenue} &= \text{Gross Revenues} \text{ minus } \text{Incremental Expenses} \text{ minus } \text{Income Taxes} \\ \text{Gross Revenues:} & \quad \text{Revenues generated by the CLEC Business} \\ \text{Incremental Expenses:} & \quad \text{Expenses directly attributable to the CLEC Business} \\ \text{Income Taxes:} & \quad \text{Income taxes on net shareholder income from the CLEC Business} \end{aligned}$$

Applicant believes that the preferred approach is to share net revenues, not gross revenues. First, Commission decisions have ordered that net rather than gross revenues be shared. All of the Performance-Based Ratemaking ("PBR") decisions adopt formulas for sharing net revenues, which share the return on equity or return on ratebase above a benchmark, after expenses have been subtracted. Applicant believes that the approach used for the CLEC

Business should be generally consistent with the PBR approach. Other decisions approving the sharing of net revenues include the Edison Non-Generation PBR decision, D.96-09-092 at 41-44 and Conclusions of Law 8 and 9, the ratemaking treatment for Edison’s “flexible options,” D.96-08-025 at 58 and Conclusion of Law 11, and the “New Regulatory Framework” for telecommunications carriers adopted in D.89-10-031.^{15/}

Second, an after-tax net revenue-sharing mechanism gives the Applicant an incentive to offer CLEC products and services that have a positive net present value (NPV), the discounted stream of future net revenues. This is the economically efficient result, since a positive NPV of future net revenues implies that the value of the CLEC products and services to the consumer exceeds the resource costs of providing them. In contrast, in some instances, a gross revenue-sharing mechanism would not give the Applicant an incentive to provide a CLEC product or service, even when doing so would result in a positive NPV of future net revenues.

The following hypothetical example demonstrates why a gross revenue-sharing mechanism would not give the Applicant an incentive to provide a product or service, even when doing so would result in a positive NPV of future net revenues. Assume that the Applicant is considering offering a CLEC service that it anticipates will produce gross revenue = \$100.00 and incremental expense = \$80.00, with resulting positive net revenue = \$20.00. The decision whether or not to invest in this service offering will depend on the revenue-sharing mechanism that would apply.

///

///

///

15/ Re Alternative Regulatory Framework for Local Exchange Carriers, 33 CPUC 2d 43 (1989).

Case 1: Gross revenue sharing – 25% ratepayers / 75% shareholders:

Under this sharing mechanism, shareholders would anticipate a loss of \$5, and therefore would not invest in this service offering.

Shareholder Gain/(Loss) Calculation:

Gross Revenue	100.00
Less: Ratepayer Share	<u>(25.00)</u>
Shareholder Share	75.00
Less: Shareholder-funded Expense	<u>(80.00)</u>
Shareholder Gain/(Loss)	(5.00)

Result: No investment; ratepayers get \$0.

Case 2: After-tax net revenue sharing – 50% ratepayers / 50% shareholders:

In contrast, under this sharing mechanism, ratepayers and shareholders would each expect to gain \$7.44 (assuming a 40.75% income tax rate), and therefore shareholders would invest in this service offering.

Shareholder Gain/(Loss) Calculation:

Gross Revenue	100.00
Shareholder-funded Expense	<u>(80.00)</u>
Pre-tax Net Revenue	20.00
Less: Ratepayer Share	<u>(7.44)</u>
Shareholder Pre-tax Share	12.56
Income Tax	<u>(5.12)</u>
Shareholder Gain/(Loss)	7.44

Result: Investment; ratepayers get \$7.44

In both cases, the gross revenue and incremental expense are the same – only the revenue-sharing mechanism differs. The gross-revenue sharing mechanism can fail to provide sufficient incentive to bring a valuable product or service to market, even though net revenue will be positive. In contrast, a net revenue sharing mechanism gives shareholders the appropriate incentive to provide a service whenever expected net revenues are positive, benefitting ratepayers.

2. Tracking of Costs and Revenues

To ensure that rates paid by its core gas and electric customers do not fund operations associated with the offering of the CLEC Business, Applicant will maintain a separate budget with separate accounts for its CLEC Business. Applicant will track and account for existing assets and new assets as set forth below, and its books and records will be kept in compliance with GAAP and FERC USOA.

In order to appropriately track the revenues and costs (both expenses and capital expenditures) of the CLEC Business, Applicant proposes to establish a new telecommunications services balancing account. The telecommunications services balancing account will track the ratepayer share of after-tax net revenues from the CLEC Business for annual disbursement to ratepayers of any positive balances calculated using the 50/50 after-tax net revenue sharing formula described above.

The CLEC Business after-tax net revenues will be accounted for as follows: Actual gross revenues, net of actual incremental expenses and calculated income taxes, will be split 50/50 between ratepayers and shareholders. The costs associated with the CLEC Business will include expenses such as, but not limited to, IT operations and maintenance expense, sales expense, general and administrative expense, depreciation expense, and interest expense. Costs will also include any capital expenditures such as, but not limited to, any necessary customer premises IT equipment and any construction necessary to serve a given customer. For instance, if Applicant is required to install new fiber optic cables to serve its new telecommunications customers, the capital and operation and maintenance costs, such as engineering, construction, installation, operations, and maintenance of these cables will be allocated to Applicant's shareholders. Likewise, with respect to new telecommunications equipment Applicant will purchase for

providing telecommunications services, all of the capital costs and operation and maintenance costs will be allocated to Applicant's shareholders. Shareholder funded capital costs will be identified as separate projects and tracked accordingly.

All revenues, expenses, and capital expenditures will be charged to unique order numbers created for the CLEC Business. The 50% of after-tax net revenues shared with ratepayers will be transferred to the Distribution Recovery Adjustment Mechanism (DRAM) and the Core Fixed Cost Account (CFCA) for a rate reduction through the Annual Electric True-Up and Annual Gas True-Up advice letters.

Applicant will update its existing accounting, budgeting, and internal controls policies, standards, and procedures to incorporate the cost and revenue allocations discussed herein. To implement the allocation and accounting described herein, Applicant will implement and administer the updated policies, standards, and procedures.

Applicant may utilize available capacity to provide telecommunications services under the requested CPCN. As discussed above, Applicant does not propose to allocate these embedded asset costs to the CLEC Business, because these non-incremental costs will not be affected by the new offering. Ratepayers will bear the same amount of non-incremental costs – neither more nor less – than they would without the new CLEC Business. In return for the use of the underutilized portions of utility assets and capacities, ratepayers will receive 50% share in the after-tax net revenues generated by the CLEC Business.

With respect to existing telecommunications equipment that were acquired through rates paid by core gas and electric customers, Applicant will continue to use such equipment exclusively for its gas and electric utility operations. Applicant does not intend to modify how this equipment is utilized, and thus there will be no change to the corresponding accounting.

III. FILING FEES AND PERFORMANCE BOND

Applicant is concurrently submitting a check in the amount of \$500 and payable to the CPUC. Additionally, Applicant submits a CEQA deposit of \$200 with this Application also payable to the CPUC and marked with the following "CEQA Fee."

Decision 13-05-035 requires new and existing CPCN holders to submit a continuous performance bond in the amount of \$25,000 issued by a corporate surety company authorized to transact surety business in California, but the Commission exempted ILECs where they serve as a carrier of last resort. In light of its status as a provider of gas and electric services, Applicant submits that a performance bond is not needed to ensure the Commission's ability to protect consumers or facilitate collection prior to Applicant ceasing its telecommunications services. Accordingly, Applicant requests an exemption from the bond requirement.

IV. CONCLUSION

WHEREFORE, Applicant respectfully requests that the Commission issue a final decision:

1. Finding that Applicant has complied with the Commission's rules and that Applicant is qualified to serve as a facilities-based and resale-based competitive local exchange and interexchange carrier in California;
2. Approving Applicant's request that the Commission grant the Application for a CPCN and authorize Applicant to operate as a local exchange carrier in the territories currently served by AT&T, Frontier, Consolidated, and Citizens and as a non-dominant interexchange carrier in the entire State of California;

VERIFICATION

I, undersigned, say:

I am an officer of PACIFIC GAS AND ELECTRIC COMPANY, a corporation, and am authorized to make this verification for that reason.

I have read the foregoing Application of Pacific Gas and Electric Company (U 39 E) for a Certificate of Public Convenience and Necessity to provide: (i) full facilities-based and resold competitive local exchange service throughout the service territories of AT&T California, Frontier California Inc., Consolidated Communications of California Company, and Citizens Telecommunications Company of California; and (ii) full facilities-based and resold non-dominant interexchange services on a statewide basis,” and I am informed and believe the matters therein are true and on that ground I allege that the matters stated therein are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at San Francisco, California this 5th day of April, 2017.

/s/ Deborah Affonsa
DEBORAH AFFONSA
Vice President, Customer Service

Exhibit A
Financial Information

Pacific Gas and Electric Company
CONSOLIDATED STATEMENTS OF INCOME
(in millions)

	Year ended December 31,		
	2016	2015	2014
Operating Revenues			
Electric	\$ 13,865	\$ 13,657	\$ 13,656
Natural gas	3,802	3,176	3,432
Total operating revenues	17,667	16,833	17,088
Operating Expenses			
Cost of electricity	4,765	5,099	5,615
Cost of natural gas	615	663	954
Operating and maintenance	7,352	6,949	5,635
Depreciation, amortization, and decommissioning	2,754	2,611	2,432
Total operating expenses	15,486	15,322	14,636
Operating Income	2,181	1,511	2,452
Interest income	22	8	8
Interest expense	(819)	(763)	(720)
Other income, net	88	87	77
Income Before Income Taxes	1,472	843	1,817
Income tax provision (benefit)	70	(19)	384
Net Income	1,402	862	1,433
Preferred stock dividend requirement	14	14	14
Income Available for Common Stock	\$ 1,388	\$ 848	\$ 1,419

See accompanying Notes to the Consolidated Financial Statements.

Pacific Gas and Electric Company
CONSOLIDATED BALANCE SHEETS
(in millions)

	Balance at December 31,	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 71	\$ 59
Restricted cash	7	234
Accounts receivable		
Customers (net of allowance for doubtful accounts of \$58 and \$54 at respective dates)	1,252	1,106
Accrued unbilled revenue	1,098	855
Regulatory balancing accounts	1,500	1,760
Other	801	284
Regulatory assets	423	517
Inventories		
Gas stored underground and fuel oil	117	126
Materials and supplies	346	313
Income taxes receivable	159	130
Other	282	338
Total current assets	6,056	5,722
Property, Plant, and Equipment		
Electric	52,556	48,532
Gas	17,853	16,749
Construction work in progress	2,184	2,059
Total property, plant, and equipment	72,593	67,340
Accumulated depreciation	(22,012)	(20,617)
Net property, plant, and equipment	50,581	46,723
Other Noncurrent Assets		
Regulatory assets	7,951	7,029
Nuclear decommissioning trusts	2,606	2,470
Income taxes receivable	70	135
Other	1,110	958
Total other noncurrent assets	11,737	10,592
TOTAL ASSETS	\$ 68,374	\$ 63,037

See accompanying Notes to the Consolidated Financial Statements.

Pacific Gas and Electric Company
CONSOLIDATED BALANCE SHEETS
(in millions, except share amounts)

	Balance at December 31,	
	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ 1,516	\$ 1,019
Long-term debt, classified as current	700	160
Accounts payable		
Trade creditors	1,494	1,414
Regulatory balancing accounts	645	715
Other	453	418
Disputed claims and customer refunds	236	454
Interest payable	214	203
Other	2,072	1,750
Total current liabilities	7,330	6,133
Noncurrent Liabilities		
Long-term debt	15,872	15,577
Regulatory liabilities	6,805	6,321
Pension and other postretirement benefits	2,548	2,534
Asset retirement obligations	4,684	3,643
Deferred income taxes	10,510	9,487
Other	2,230	2,282
Total noncurrent liabilities	42,649	39,844
Commitments and Contingencies (Note 13)		
Shareholders' Equity		
Preferred stock	258	258
Common stock, \$5 par value, authorized 800,000,000 shares; 264,374,809 shares outstanding at respective dates	1,322	1,322
Additional paid-in capital	8,050	7,215
Reinvested earnings	8,763	8,262
Accumulated other comprehensive income	2	3
Total shareholders' equity	18,395	17,060
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 68,374	\$ 63,037

See accompanying Notes to the Consolidated Financial Statements.

Exhibit B
Proponent's Environmental Assessment (“PEA”)

Exhibit B
Proponent's Environmental Assessment (“PEA”)

Pursuant to Rule 2.4(B) of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure (“Rule”), Applicant submits this Proponent’s Environmental Assessment in support of its Application for a certificate of public convenience and necessity (“CPCN”) authorizing it to provide both local exchange and interexchange telecommunications services in California.

All of Applicant’s activities related to the requested CPCN fall within one of these exemptions, including: minor alteration of existing structures and facilities (Class 1); replacing an existing utility systems and/or facilities involving negligible or no expansion of capacity (Class 2); construction of reasonably short utility extensions (Class 3); minor trenching and backfilling (Class 4); and/or will occur in heavily-developed urban and suburban areas meeting the criteria for urban in-fill (Class 32).

Applicant does not know the specific project or areas where it may be required to undertake the construction described above and in the Application. Accordingly, as set forth in the Application, Applicant requests that the Commission implement the following procedure for expedited review of a PG&E project when it has a specific construction project. Specifically, Applicant will follow the following process:

- Upon Applicant believing that any construction project qualifies for an exemption from CEQA, the 21-day review process described below will apply before Applicant may commence construction:
 - A detailed description of the proposed project, including:
 - Customer(s) to be served;
 - The precise location of the proposed construction project; and,
 - Regional and local site maps;

- A description of the environmental setting, including at a minimum:
 - Cultural, historical, and paleontological resources;
 - Biological resources; and
 - Current land use and zoning;
 - A construction work plan, including:
 - Commission Preconstruction Survey Checklist—Archaeological Resources;
 - Commission Preconstruction Survey Checklist—Biological Resources;
 - A detailed schedule of construction activities, including site restoration activities;
 - A description of construction/installation techniques;
 - A list of other agencies contacted with respect to siting, land use planning, and environmental resource issues, including contact information;
 - A list of permits required for the proposed project;
 - A statement of the CEQA exemption(s) claimed to apply to the proposed project; and
 - Documentation supporting the finding of exemption from CEQA.
- The Commission’s Energy Division shall then review the submittal and shall notify Applicant of either its approval or its denial of Applicant’s claim for exemption from CEQA review within 21 days from the time that Applicant’s submittal is complete.
 - If the Commission’s Energy Division approves Applicant’s claimed CEQA exemption(s), the staff shall prepare a Notice to Proceed and file a Notice of Exemption with the State Clearinghouse, Office of Planning and Research.
 - If the Commission’s Energy Division disapproves Applicant’s claimed CEQA exemption(s), the staff shall issue to Applicant a letter which states the specific reasons that the claimed CEQA exemption(s) do not apply to the proposed project. Thereafter, if Applicant wishes to pursue the project, Applicant shall either re-design the specific project and facilities and then reapply for a finding or formal exemption from CEQA, or file a formal application with the Commission seeking the requisite approval and full CEQA review, before commencing any full facilities-based construction activities.

Exhibit C
Areas of Service



INCUMBENT LOCAL EXCHANGE CARRIER TERRITORY IN CALIFORNIA - 2014

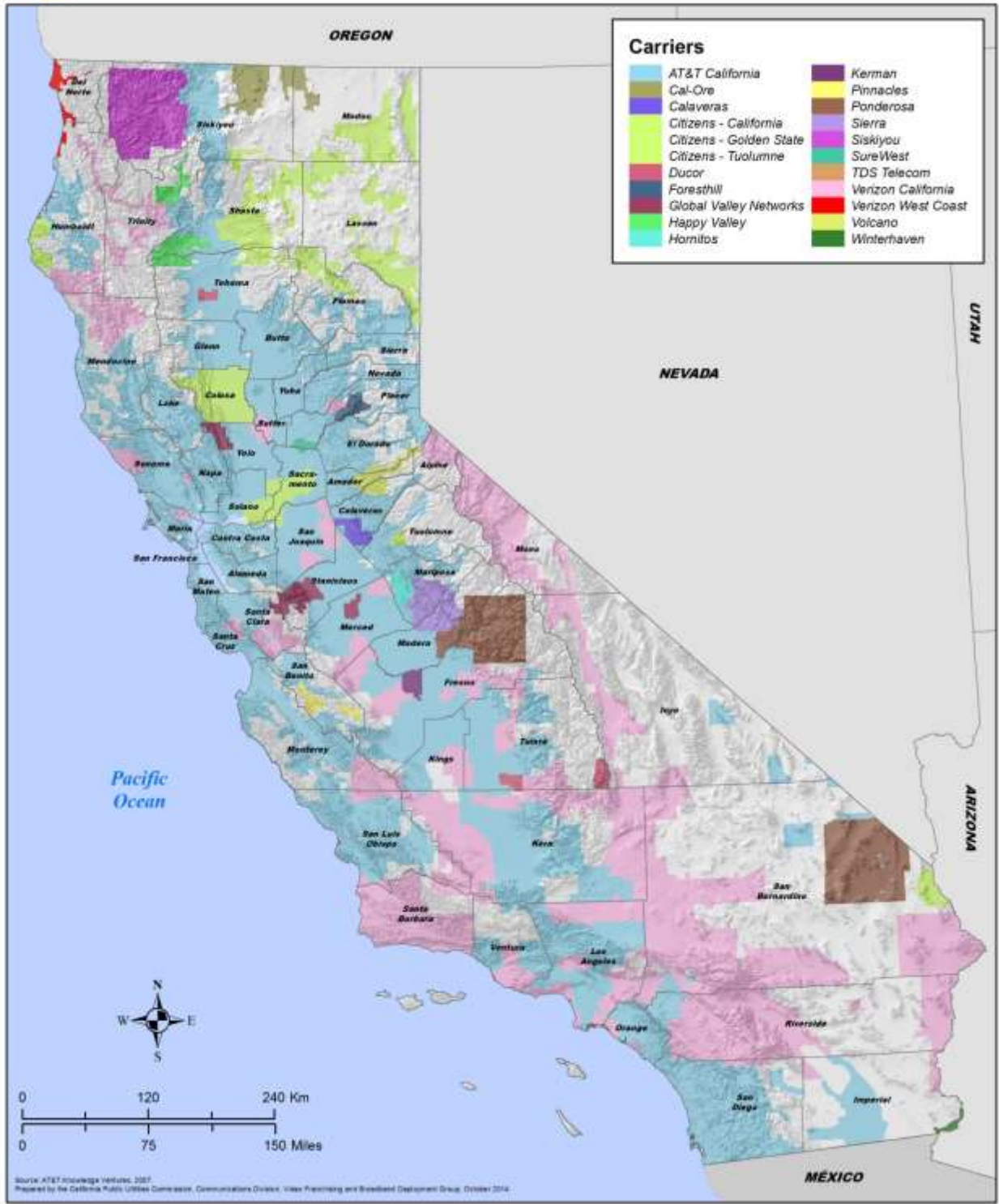


Exhibit D
Management and Technical Personnel

Tara Agid, Sr. Director, New Revenue Development, PG&E

As Senior Director of PG&E's New Revenue Development department, Tara Agid has broad management experience and currently leads a team of approximately 220 people (70 PG&E employees, 150 contractors). Her responsibilities include developing and advancing non-tariffed products and services for the financial benefit of utility customers and shareholders. These products and services leverage PG&E's tangible and intangible assets, expertise, personnel, and resources to create revenue.

Agid has been a leader in the energy field for over 20 years, with a proven track record of providing strong leadership, implementing solutions that work, and meeting or exceeding company goals. She combines planned strategy with the right people, a simplified business model, and a strong focus on the needs of the customer. She joined Pacific Gas and Electric in 1995 and has held positions of increasing responsibility in customer care, electric transmission and distribution operations, gas distribution operations, energy supply, project management, and program governance.

Agid holds a bachelor's degree in Business Administration, Strategic Management from the California State University, Sacramento, followed by a Masters of Business Administration from Saint Mary's College of California. She has her Project Management certification from the Project Management Institute, is Lean Six Sigma Certified, Green Belt, and has received her Executing Coaching Certification from the Berkeley Executing Coaching Institute.

Jay Dore, Chief, Financial Consultant, New Revenue Development, PG&E

As the Chief, Financial Consultant, for the New Revenue Development (NRD) department, Mr. Dore is responsible for establishing and maintaining sustainable processes for the department's financial and risk management operations, including developing financial and operational strategy for non-tariffed products and services that financially benefit utility customers and shareholders, plans and forecasts tied to that strategy, reporting accurate financial results, and funding.

Dore has been a leader in the energy finance field for over 25 years, focused on providing rigorous analysis that leads to actionable insights. He joined PG&E in 1990 and has held positions of increasing responsibility in investor relations, regulatory finance, financial planning and analysis, financial forecasting, banking and money management, budgeting, capital accounting, and major capital project analysis. He has been responsible for coordinating company-wide efforts to achieve operational excellence and providing of continuous improvement and human performance expertise to support business objectives, increase process effectiveness, and implement efficiency improvements.

Dore holds a bachelor's degree in Managerial Economics from the University of California, Davis and his Masters of Business Administration with an emphasis in finance from the Haas School of Business, at the University of California, Berkeley.

David Wright, Senior Director, IT Solutions Delivery, PG&E

David Wright is the Senior Director of IT Solutions Delivery and is responsible for delivering technical solutions programs within IT and business units. His broad executive management portfolio includes span and control for projects ranging from outside plant (fiber, microwave backbone) construction, cloud platform enablement to BSS/OSS/ERP deployments.

He leads both engineering and program delivery teams that are complemented by process quality management and assurance teams, with a major focus on change leadership and employee and customer experience transformation. Wright has successfully created enterprise-wide strategies that have significantly improved utility asset reliability, business critical systems availability and improved utility operations affordability.

He is an effective business professional focused on solutions strategy and business integration, change leadership, customer experience transformation and delivery principles focused on continuous improvement, quality at source, and other Lean Six Sigma processes.

Wright has 16 years of IT and operations leadership experience. Prior to working at PG&E, Wright was the Senior Director, Infrastructure Services and Director of Network Engineering at Comcast Cable Communications and was responsible for architecture, engineering and operations for the Central US enterprise network and service provider support systems.

Wright attended Civil and Military Construction, Royal School of Military Engineering, UK.

Aaron August, Director, Business Energy Solutions, PG&E

Aaron August is the Director of Business Energy Solutions (BES) and is responsible for leading field based sales and service teams that include: Small Business/Mid-Markets (SMB), Large Enterprise Accounts (LEA) and Business Customer Success organizations. He is chartered with strategically leading scalable service processes and selling advance integrated demand side management and energy efficiency solutions for PG&E's non-residential customer base.

In 2016 August led PG&E's strategic realignment of the sales and service functions; centered on the creation of business channels, differentiated by customer centered segments. His leadership spans from the delivery of value-added programs and services to all non-residential customers to the identification and implementation of service processes designed to enhance the overall experience.

August has successfully designed and implemented enterprise wide strategies that have reduced operating costs, improved productivity, increased customer satisfaction and delivered on energy efficiency sales objectives.

He is a results-proven leadership professional with emphasis in running sales and operational functions, teams, and departments in B2C and B2B environments. Prior to working at PG&E, August was the Sales Director of Advanced Products and Director of Business Operations at Comcast Cable Communications. There he led field based sales teams focusing on internet, voice and IP equipment solutions to Mid-Market and Enterprise level customers, in addition to the deployment of emerging products. His tenure at Comcast included leadership roles within Sales Operations, Contact Center Operations, Finance, Service Delivery and overall Sales Management.

August is a graduate of California State University East Bay, and attended executive education programs at Stanford University and the University of Idaho, with over 15 years of related experience.

Exhibit E
CPCN Compliance Checklist

Exhibit E
CPCN Compliance Checklist

<u>CPUC Rule</u>	<u>Requirement</u>	<u>Application Reference</u>
Rule 2.1(a)	Identity of Applicant	Page 2
Rule 2.1(b)	Correspondence or Communications	Page 2
Rule 2.1(c)	Scoping Information & Request for Ex Parte Relief	Page 2
Rule 2.2	Articles of Organization	Page 3
Rule 2.2	California Secretary of State - Certificate of Qualification	Page 3
Rule 2.3	Financial Statements	Page 3, Exhibit A
Rules 2.4 and Rule 2.5	CEQA Compliance and PEA	Page 6, Exhibit B
Rule 3.1(a)	Description of Proposed Construction	Page 5
Rule 3.1(b)	Names of Competitors and Counties	Page 10
Rule 3.1(c)	Areas of Service	Page 10, Exhibit C
Rule 3.1(d)	Franchises, Health and Safety Permits	Page 10
Rule 3.1(e)	Description of Services	Page 4
Rule 3.1(e)	Facts Showing Public Convenience and Necessity	Page 11
Rule 3.1(f)	Estimated Cost of Construction, Annual Fixed and Operating Costs and Economic Feasibility	Page 12
Rule 3.1(g)	Financial Statements	Pages 3, 12, Exhibit A
Rule 3.1(h)	Proposed Rates	Page 13
Rule 3.1(i)	General Order 104-A Statement	Page 13

Rule 3.1(j)	Estimated Number of Customers	Page 13
Rules 3.1(k)-(n)	Not Applicable	Page 14
D.95-12-056, Appendix C	Additional Information, Technical and Managerial Qualifications	Page 14, Exhibit D
Rule 3.1	Compliance with Commission Rules	Page 15, Exhibit E
Status as CLC & Nondominant IXC Carrier	Request for exemptions	Page 15
Rule 3.1(o)	Tracking and Allocation of Costs and Revenues for Telecommunications Services	Page 16
D.13-05-035 and D.00-08-010	Filing Fees and Performance Bond	Page 26