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March 2, 2009

VIA HAND DELIVERY

ALJ David M. Gamson
California Public Utilities Commission
505 Van Ness Ave., Room 5019
San Francisco, CA 94105

Re: Application of PACIFIC GAS AND ELECTRIC COMPANY for Approval of the
2009-2011 Energy Efficiency Programs and Budget A.08-07-021 et al.

Dear Judge Gamson:

Enclosed please find a copy of the following documents which were filed with the Docket Office via e-filing in R.06-04-010, A.08-06-001 et al., and R.08-07-011.

1. Amended Application of Pacific Gas and Electric Company (U 39 M) for Approval of the 2009-2011 Energy Efficiency Programs and Budget"; and
2. Notice of Availability of Amended Testimony and Appendices in Support of the Amended Application of Pacific Gas and Electric Company (U 39 M) for Approval of the 2009-2011 Energy Efficiency Programs and Budget.

Also the above-reference material were emailed to All Parties on the Official Service Lists of R.06-04-010, A.08-06-001 et al., and R.08-07-011 who provided email addresses and by United States mail for those parties without email addresses.

Sincerely,

/s/

Chonda J. Nwamu

CJN/pak

cc: ALJ Dian M. Grueneich
Michael R. Peevey, President
ALJ John Bohn
ALJ Rachelle Chong
ALJ Timothy Alan Simon

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

Application of PACIFIC GAS AND
ELECTRIC COMPANY for Approval of the
2009-2011 Energy Efficiency Programs and
Budget

(U 39 M)

Application 08-07-021
(Filed July 21, 2008)

All Related Matters.

Application 08-07-022
(Filed July 21, 2008)

Application 08-07-023
(Filed July 21, 2008)

Application 08-07-031
(Filed July 21, 2008)

**AMENDED APPLICATION OF PACIFIC GAS AND
ELECTRIC COMPANY (U 39 M)
FOR APPROVAL OF THE 2009-2011
ENERGY EFFICIENCY PROGRAMS AND BUDGET**

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Dated: March 2, 2009

Attorneys for
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**PACIFIC GAS AND ELECTRIC COMPANY'S AMENDED APPLICATION,
A.08-07-031, SUMMARY OVERVIEW**

- Pacific Gas and Electric Company (PG&E) has a proven track record of success in administering energy efficiency programs and delivering unprecedented energy savings and greenhouse gas (GHG) reductions to the State of California. Over the last three-year program cycle, PG&E has received dozens of awards for excellence in the design and delivery of its energy efficiency programs. PG&E is proud to be recognized as an innovative leader in the area of energy efficiency and looks forward to continuing to propel California into the forefront of energy efficiency policy and overall environmental leadership.
- PG&E's 2009-2011 energy efficiency "proposed portfolio" includes requested policy modifications necessary to align the energy efficiency regulatory framework with the State's and the CPUC's overarching policy objectives to maximize cost-effective energy savings and to facilitate a long-term market transformation to make energy efficiency "business as usual" in the State of California.
- PG&E's "proposed portfolio" cost-effectively exceeds the CPUC-adopted energy savings goals for 2009-2011; achieves significant GHG reductions; directly supports the CPUC's Big, Bold Programmatic Initiatives outlined in the Strategic Plan; includes an unprecedented level of integration of Demand Side Management programs; utilizes third-party, government partnership and utility delivery channels; and combines all of these critical elements to provide a comprehensive, innovative portfolio designed to meet customer needs and incite customer action.
- If the CPUC does not adopt PG&E's requested policy modifications, and continues to mandate application of all existing CPUC policies and directives under a "mandated scenario," the unfortunate result would be a rebalanced energy efficiency portfolio that would fail to meet the CPUC-adopted goals; would achieve significantly reduced GHG reductions; would reduce or eliminate residential energy efficiency offerings; would reduce or eliminate support for the long-term Strategic Plan goals; would not provide comprehensive, innovative energy solutions to customers; and would fail to support the State's energy policies.
- PG&E, in coordination with the other California Investor Owned Utilities and Energy Division, has worked diligently to develop and propose an integrated, demand side management energy efficiency portfolio for 2009-2011 that best meets the needs of customers and furthers the goals of the State and the Commission. PG&E urges the Commission to expeditiously adopt the 2009-2011 energy efficiency "proposed portfolio."

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Application 08-07 021
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Application 08-07-023
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Application 08-07-031
(Filed July 21, 2008)

**AMENDED APPLICATION OF PACIFIC GAS AND
ELECTRIC COMPANY (U 39 M)
FOR APPROVAL OF THE 2009-2011
ENERGY EFFICIENCY PROGRAMS AND BUDGET**

I. INTRODUCTION

Pacific Gas and Electric Company (“PG&E”) respectfully submits this Amended Application^{1/} seeking approval of its proposed integrated demand-side management, energy efficiency portfolio and budget for years 2009-2011. PG&E has a proven track record of superior performance in the administration and delivery of energy efficiency programs and has

^{1/} Pacific Gas and Electric Company submits this Amended Application, accompanying Amended Testimony, and Amended Program Implementation Plans (PIPs) which supersede the July 21, 2008 filings and submissions by PG&E. By this Amendment, PG&E withdraws its original Application, A.08-07-031 and all related comments, reply comments and other filings submitted in connection with A.08-07-031. The PIPs submitted in support of this Amended Application do not include the required metrics information because it was not available in time for filing on March 2, 2009. PG&E is currently coordinating with the other IOUs and plans to supplement the PIPs with the metrics data.

been recognized by many leading energy efficiency industry organizations for leadership and excellence in energy efficiency and overall environmental stewardship. For example, during the 2006-2008 program cycle, PG&E received the Environmental Protection Agency's (EPA) Energy Star Sustained Excellence Award; the Outstanding Achievement in Program Innovation Award from the Association of Energy Service Professionals, and numerous other national awards and recognitions. More importantly, PG&E captured unprecedented energy savings and greenhouse gas (GHG) reductions for its customers and the State of California.

This Amended Application for the 2009-2011 period builds upon PG&E's 2006-2008 success and sets forth a "proposed portfolio" premised upon requested policy changes necessary to achieve the State's and the California Public Utilities Commission's (Commission or CPUC) policy objectives, including cost-effective achievement of the Commission's adopted energy savings goals. The policy modifications requested in this Amended Application directly impact PG&E's ability to develop a cost-effective portfolio and to inform the mix of portfolio programs. In addition to PG&E's proposed portfolio, in compliance with Commission direction, PG&E submits a "mandated scenario" without any policy modifications described in Chapter 3 of Amended Testimony. This Amended Application also includes a discussion on changes to the proposed portfolio that would be required to develop a rebalanced portfolio based on the underlying "mandated scenario" assumptions (i.e. a rebalanced portfolio developed utilizing all of the current Commission policy directives and energy savings assumptions without modification.). Application of all existing policies and savings assumptions, without modification, precludes achievement of the CPUC-adopted energy savings goals, and greatly hampers PG&E's ability to support the California Long Term Energy Efficiency Strategic Plan (Strategic Plan). For these reasons, PG&E does not support adoption of the rebalanced portfolio based on the "mandated scenario" assumptions.

PG&E, in collaboration with the other California Investor Owned Utilities (IOUs) and the Energy Division has designed a proposed innovative energy efficiency portfolio for 2009-2011 that will help achieve the CPUC-adopted energy efficiency savings goals and the long-term Big, Bold Programmatic Initiatives envisioned in the Strategic Plan. PG&E's "proposed portfolio"

uses most of the Commission's December 2008 Database for Energy Efficiency Resource (DEER) assumptions, with limited IOU recommended-assumptions, and is designed to exceed the Commission-adopted goals by delivering 4941 GWh, 972 MW and 119 Therms of energy savings over the 2009-2011 cycle as shown below in Table 1. Further, the "proposed portfolio" results in 24.7 million tons of lifecycle carbon reduction. The achievement of these significant energy and carbon savings, and pursuit of market transformation as envisioned in the Strategic Plan, necessitates select modifications to existing policies. Specifically, PG&E, in conjunction with the other California IOUs, requests that the Commission adopt, in this proceeding, the following policies to govern the 2009-2011 energy efficiency program cycle.

These policy changes (discussed fully in Chapter 2A of Amended Testimony and jointly sponsored by all of the IOUs), re-align the existing framework in support of a market transformation approach to energy efficiency, and help maximize the gross energy savings delivered to the State:

- Benefit and Measure Cost Assumptions Adopted for Portfolio Planning (ex-ante) Should Also be Used for Portfolio Reporting and Evaluation; These assumptions should include limited IOU-proposed revisions to the Database for Energy Efficient Resources (DEER) update by Energy Division in December 2008;
- "Cumulative Savings" Should be Defined as the Sum of the Annual Savings Goals Over a Three-Year Portfolio Cycle;
- All Residential Interactive Effects and Heating-Related Commercial Interactive Effects Should be Removed From Energy Efficiency Calculations;
- IOUs Should Receive Energy Savings Credit When IOU Support is Given to Facilitate Customer Energy Efficiency Action Even If Such Customer may be Motivated by Federal or State Policies or Legislation, Local Codes and Ordinances, or Multiple Sources of "Green" Messaging;

- Activities in direct support of the Strategic Plan that do not Produce Measurable, Cost-effective Savings in 2009-2011 should be Exempt from the Risk/ Reward Incentive Mechanism (RRIM) and included in a new Performance Earnings Mechanism;
- To Encourage Long-Term Measure Installations, the Commission Should Extend the Maximum Effective Useful Life (EUL) of Measures to 30 Years;

The implementation of PG&E's 2009-2011 "proposed portfolio" and achievement of the savings goals as described in this Amended Application and Amended Testimony are wholly contingent upon Commission adoption of the above-described policies.

The proposed policy modifications provide PG&E, and the other IOUs, with the tools necessary to develop and implement "proposed portfolios" for 2009-2011 that provide customers with comprehensive energy efficiency and integrated demand side management solutions.

In addition to the Joint IOU requested policy changes, by this Amended Application, PG&E requests the following relief from the Commission:

- Adopt the policy modifications, described herein, to align regulatory framework and energy saving objectives;
- Adjust the Use of the Discount Rate to a Societal Discount Rate or, alternatively a Post-Tax Discount Rate;
- Adopt Codes and Standards Policies that align C&S savings with savings from other portfolio programs (i.e., for 2009-2011 allow PG&E to count 100% of savings from pre and post-2006 advocacy; allow full savings for activity beyond advocacy including improving compliance; clarify calculation of gross savings for C&S; and adopt counting rules to support "reach codes" influenced via IOU partnership with local jurisdiction/ agencies.)
- Approve PG&E's proposed 2009-2011 energy efficiency portfolio, including statewide and local programs and corresponding budgets;
- Approve PG&E's proposed energy efficiency integration activities and budgets;
- Approve PG&E's proposed Strategic Plan-oriented activities and associated budgets;
- Approve PG&E's on-bill financing proposals;
- Order that IOUs can fully count energy efficiency savings that occur due to PG&E's on-bill financing activities or financing of energy efficiency through a Utility Energy Service Contract (UESC);

- Approve PG&E’s fund-shifting proposals;
- Approve PG&E’s Evaluation, Measurement and Verification (EM&V) proposals including replacement of PG&E’s Marketing Decision Support System (MDSS); and
- Approve PG&E’s proposed revenue requirement and cost recovery proposals for 2009-2011 including both the capital and expense components.

II. PROCEDURAL BACKGROUND

In 2005, the CPUC adopted the current administrative framework for energy efficiency in the State of California. In Decision 05-01-055, the Commission ordered that the IOUs, including PG&E, assume the lead role in program selection and portfolio management for their respective energy efficiency programs. As lead program administrators, the IOUs bear responsibility for cost-effectively achieving the energy savings goals adopted by the Commission. Decision 04-09-060 established the IOUs’ energy savings targets, including energy savings goals for 2009 through 2011. In D.08-07-047, the Commission ordered that the “[e]nergy savings goals for 2009 through 2011 [adopted in D.04-09-060] shall be gross goals, not net of free riders.”

See OP 5.

The 2009-2011 Commission-adopted annual gross savings targets for PG&E, as set forth in D.04-09-060, are illustrated in Table 1 below. Table 1 also illustrates PG&E’s projected savings over the 2009-2011 period for its “proposed portfolio” (i.e. assuming adoption of Joint IOU policy modifications) as compared to the CPUC goals.

**TABLE 1
PACIFIC GAS AND ELECTRIC COMPANY
ANNUAL AND CUMULATIVE PROJECTED SAVINGS AND ADOPTED GOALS
PROPOSED PORTFOLIO**

Line No.		2009		2010		2011		2009-2011		
		PG&E Target	CPUC Goal	PG&E Target	CPUC Goal	PG&E Target	CPUC Goal	PG&E Target	CPUC Goal	% of Goal
1	Demand Reduction (MW)	239	232	338	220	395	236	972	688	141%
2	Energy Savings (GWh)	1,241	1,067	1,726	1,015	1,975	1,086	4,941	3,168	156%
3	Gas Savings (MMTh)	29	20	42	21	48	22	119	63	187%

Beyond the adopted CPUC energy savings goals reflected in Table 1 above, the Commission provided further direction on the development of the 2009-2011 portfolios. Specifically, Decision 07-10-032, directed the IOUs to propose 2009-2011 portfolios based on the following evaluation criteria: cost-effectiveness; achievement of energy savings goals; balance between short-term and long-term savings; reduction of critical peak loads; reasonable allocation of funds among market sectors; strategies to minimize lost opportunities; statewide coordination; reflective of the Strategic Plan; reasonable program flexibility and fund-shifting proposals; reasonableness of overall funding levels; program continuity for successful programs and implementers; and strategies in pursuit of the three programmatic initiatives (i.e. residential and commercial zero net energy goals; and heating, ventilation and air conditioning industry optimization).

On July 21, 2008, PG&E and the other California IOUs filed their respective 2009-2011 Energy Efficiency (EE) Applications seeking approval of proposed energy efficiency portfolios and related budgets, A.08-07-21 et al. Subsequent to the filing of the 2009-2011 EE Applications, via Decisions and a series of Assigned Commissioner and Administrative Law Judge Rulings, the Commission ordered the IOUs to re-file their respective Applications. The Commission ordered that the re-filed Amended Applications include additional detail; incorporate the newly adopted CPUC Strategic Plan; demonstrate more statewide consistency; demonstrate increased integration across demand side management proceedings and supplement any compliance deficiencies identified by the Commission's Energy Division. Specifically, the Commission issued various Decisions and Rulings that provided direction and a schedule for development of the IOUs' Amended Applications:

- September 18, 2008 – Commission adopts the California Long Term Energy Efficiency Strategic Plan in D.08-09-040 requiring, *inter alia*, the IOUs to file amendments to their applications to incorporate elements of the adopted Strategic Plan;
- October 30, 2008, Assigned Commissioner's and Administrative Law Judge's Ruling (ACR/ALJR) Requiring Supplemental Filings – This Ruling requires supplemental detail and provides the following direction to the IOUs: use of approved DEER

planning values; alignment with the Strategic Plan; a limited number of core statewide programs with adaptation for different markets and innovation; increased coordination among demand-side management programs; working with Energy Division (ED) and its consultants on portfolio modifications.

- November 25, 2008 Scoping Memo and ACR/ALJR Determining the Scope, Schedule, and Need for Hearing in this Proceeding – This Ruling provides that the scope of this proceeding is to determine energy efficiency budgets and approve programs for 2009-2011, and to pursue Commission energy efficiency policy objectives. The Ruling restated the requirements for a limited number of core statewide programs; an overall reduction in local utility programs across the IOUs; increased integration across other DSM programs; and incorporation of the Strategic Plan. The Ruling states that Risk Reward Incentive Mechanism (RRIM) and related policy issues are beyond the scope of this proceeding and will be addressed in a new Rulemaking to be opened in early 2009. The Scoping Memo included a schedule that was revised by a later Ruling.
- December 12, 2008, ACR and ALJR Modifying Schedule and Requiring Additional Information for 2009-2011 Supplemental Filings - This Ruling provides further guidance, direction on specific modifications and additional information required in the supplemental 2009-2011 filings. The appendices included templates for Program Implementation Plans (PIPs) and Tables. The Ruling set forth a revised schedule which required the IOUs' re-filed Applications to be filed on February 16, 2009.
- January 29, 2009, Commission instituted a new Rulemaking (R.09-01-019) to examine the existing energy efficiency RRIM and related policies, and to consider alternatives to the mechanism. The scope of the new RRIM Rulemaking includes some policy issues related to RRIM raised by the utilities in the IOUs original 2009-2011 Applications. The Rulemaking states that issues that affect 2009-2011 cost-effectiveness and portfolio design should be resolved in the context of the 2009-2011 portfolio filings (i.e. the 2009-2011 Amended Applications.)
- February 10, 2009, ALJ Ruling Revising Proceeding Schedule, partially granting the IOUs extension request and ruling that the IOUs re-file their proposed 2009-2011 energy efficiency applications on March 2, 2009. This Ruling provides that the extension “will not change the expected decision date [i.e., August 2009].”
- February 25, 2009, ACR and ALJ Ruling Regarding Policy Issues – This Ruling discusses expansion of the scope of this proceeding and a corresponding narrowing of the scope of R.09-01-010.^{2/}

By this filing, PG&E timely submits its Amended Application and urges the Commission to ensure a final decision no later than August 2009. PG&E is concerned that any delay in

^{2/} This Amended Application reflects PG&E's understanding of the delineation of scope between this proceeding and R.09-01-019, and does not reflect this most recent ACR and ALJ Ruling that was issued only two business days before the filing deadline for this Amended Application.

issuance of a final decision will significantly harm the interests of customers as well as its third-party and government partnership implementers, and may result in loss of portfolio participation by these parties due to competing opportunities. To avoid the loss of stakeholder confidence and to avoid further delay in the pursuit of proposed energy savings and GHG reduction opportunities, PG&E looks forward to working collaboratively and expeditiously with the Commission and other stakeholders to ensure a final decision no later than August 2009.

III. DISCUSSION

A. Specific Energy Efficiency Policy Changes are Necessary to Align the Regulatory Framework with the Overarching Energy Efficiency Policies Articulated by the State and the Commission, and to Facilitate Development of a Cost-Effective Portfolio that Achieves the Energy Savings Goals

The aggressive, long-term energy efficiency market transformation envisioned in the Strategic Plan, and necessary to support the State's AB 32 Greenhouse Gas Reduction goals, dictate that the Commission adopt complementary energy efficiency policies that align the 2009-2011 regulatory framework with the State's policy on resource acquisition, the Commission's Big, Bold programmatic initiatives and the State's charge to maximize cost-effective energy efficiency savings.

The Joint IOUs' original 2009-2011 Applications proposed specific policy modifications designed to ensure a regulatory framework supportive of the State's and the Commission's policies on energy efficiency. Subsequent to the filing of the original Applications, the Commission instituted a new Rulemaking (R.09-01-019) which will address certain of the policy issues raised by the IOUs that relate to the Risk/ Reward Incentive Mechanism (RRIM). Although some policy issues will be addressed in the new Rulemaking and not in this proceeding, the Commission acknowledged the need to litigate policy issues impacting portfolio development within the context of this 2009-2011 Amended Application. Specifically, the Commission stated that for "policy issues raised by the utilities...that reach beyond the RRIM and affect portfolio cost effectiveness and the mix of programs selected for implementation, ...[i]t is critical that [such]... issues be addressed in the context of the 2009-2011 portfolio

filings to ensure full consideration of the impacts of the various [IOU policy] proposals on the portfolios, and the impact of these policy issues on the Commission’s overall policy goals for energy efficiency.” See R.09-01-019, p.5-6. Consistent with this Commission direction, Joint IOUs request that the Commission resolve the following policy issues within this 2009-2011 proceeding: 1) Benefit and measure cost assumptions should be adopted for 2009-2011 (ex ante) and used for portfolio planning through evaluation; 2) Cumulative savings should be defined as the sum of the annual savings goals for the three-year portfolio period; 3) Limited DEER changes should be adopted, including the removal of residential interactive effects and heating-related commercial interactive effects; 4) Activity costs in direct support of the Strategic Plan should be exempt from the RRIM; 5) IOUs should receive energy efficiency savings credit when providing support for efforts that lead to energy saving even when customers may be motivated by Federal, State, or Local legislation or policies or other “green messaging;” and 6) Maximum effective useful life of measures should be extended to 30 years.

- 1. Certain Policy Modifications are Necessary to Enable IOUs to Develop Cost-Effective Portfolios that Meet the CPUC-Adopted Energy Savings Goals.**
 - a. Benefit and Measure Cost Assumptions Should be Adopted for 2009-2011 Portfolio Planning And Should Also be Used for Portfolio Evaluation**

The Commission should adopt the best available benefit and measure cost assumptions for portfolio development and should maintain the same values through portfolio evaluation. The use of ex post estimates unnecessarily exposes the portfolio to after-the-fact adjustments and serves to stifle the type of innovation and creativity necessary to transform the energy efficiency market. A critical element of successful energy efficiency portfolio administration is a level of certainty around resource planning assumptions that are adopted and relied upon for purposes of portfolio design and delivery. Such clarity around resource planning allows PG&E to allocate funds to engage in non-resource Strategic Planning activities. The current regulatory framework is flawed due to the extremely high level of variability that exists between ex-ante planning assumptions and ex-post evaluation results that are retroactively applied to adjust achievements

as if IOU administrators had the benefit of such information prior to portfolio design and implementation. This framework is unjustly punitive in nature because essentially IOUs are penalized based on ex post information that was not known at the time of portfolio design and was not considered when savings goals were adopted.

The savings goals for 2009-2011, adopted in D.04-09-060, were established using a set of data regarding benefits and measure costs available at the time, and the ex post adjustment of input assumptions would logically suggest the need for a corresponding adjustment to energy savings potential and resulting energy savings goals. Further, in *Decision Adopting Interim Energy Efficiency Savings Goals for 2012 through 2020, and Defining Energy Efficiency Savings Goals for 2009 through 2011*, the Commission stated that “the currently-adopted numeric goals for 2009-11 are consistent with, and in most cases higher than, recent analysis of maximum achievable utility gross savings potential during these years.”(See D.08-07-047, p.28-29). Given the Commission’s acknowledgement that IOUs are being requested to produce energy savings in most cases higher than the achievable potential in 2009-2011 based on recent studies, it is even more imperative that the savings assumptions used to develop the Portfolio remain constant through portfolio evaluation. Accordingly, for 2009-2011, PG&E requests that the savings assumptions used for portfolio planning also be used for portfolio evaluation.

Given the reliance on the accuracy and consistency of savings assumptions from portfolio planning through evaluation, for new measures added during the three-year cycle, the Commission should adopt a timely, formal and transparent process that provides the Energy Division an opportunity to review the proposed savings assumptions before the measures and savings assumptions are incorporated into the Portfolio. The Joint IOUs’ proposed process for formally establishing benefit and cost assumptions for new measures is set forth in Chapter 2A of Amended Testimony.

b. Cumulative Savings Should be Defined as the Sum of the Annual Savings for 2009-2011

The CPUC’s recent interpretation of “cumulative savings” (i.e. pronouncement in D.07-10-032 and the Goals Update Decision, D.08-07-047, that “cumulative savings” mean savings

retroactive back to 2004 on an ex post basis and making up for measure decay) is not consistent with CPUC precedent for the 2006-2008 program cycle, is not consistent with the goal development process, and should be modified to focus on achievements for the 2009-2011 three-year cycle. The Decision approving the 2006-2008 portfolio cycle (D.05-09-043) as well as the Decisions leading up to the adoption of the RRIM in D.07-09-043, do not articulate that goal achievement for the three-year 2006-2008 cycle would be dependent upon achievement of cumulative savings, on an ex post basis, back to 2004. To the contrary, D.05-09-043 explicitly states that IOUs were directed to propose energy efficiency plans and funding levels for 2006-2008 that were developed “*to meet the adopted savings goals for those years.*” (See p. 10 emphasis added). A plain reading of this language demonstrates that the IOUs have previously been instructed to plan portfolios to meet the goals of the three-year program cycle. Consistent with this prior Commission direction for 2006-2008, PG&E urges the Commission to define “cumulative savings” as the sum of the annual savings for the three-year period 2009-2011.

The Commission’s annual and cumulative goal development process for 2009-2011 did not take into account the impact of measure decay or ex post adjustment on achievement of cumulative goals. When the Commission adopted the goals for years 2004-2013 in D.04-09-060, cumulative goals were derived by adding the individual annual goals. If the Commission had taken into account savings adjustments based on ex post measurement or measure decay, there would necessarily have been either a reduction in cumulative goals or an increase in annual goals to replace the “lost” savings. The Commission did not make either of these adjustments when adopting the goals because cumulative goals were based on the sum of the savings achievements for the individual years. Accordingly, the Commission’s new policy defining cumulative as back to 2004 and making up for ex post measurement and measure decay is inconsistent with the Commission’s goal development process.

c. The Commission Should Adopt Limited IOU-Proposed Revisions to the 2008 DEER Update Including the Elimination of All Residential Interactive Effects and Heating-Related Commercial Interactive Effects

The Commission should adopt Joint IOUs' limited, proposed modifications to the current DEER to ensure the 2009-2011 portfolios are developed utilizing the best available data. The Commission has required the IOUs to use the Energy Division's December 2008 DEER Update for development of their respective 2009-2011 portfolios. To a large extent, the IOUs' proposed portfolios use the DEER assumptions. However, Joint IOUs propose limited revisions to DEER when the DEER assumptions are not supported by completed studies or other reliable data. The Joint IOUs' proposed revisions to DEER are discussed in Chapter 2A of Amended Testimony and supported by accompanying Workpapers in Appendix E. IOUs have proposed limited changes to the DEER values in instances when IOUs have data to demonstrate uncertainty around the existing DEER value and a reasonable basis for the alternate recommended value. The adoption of the IOU recommended values will better reflect the estimated resource benefits to be delivered by the proposed portfolios.

The Commission's current DEER update includes assumptions for certain electric-gas "interactive effects" that lead to substantial increases in gas usage when electric-saving measures are installed; and the magnitude of such purported interactive effects is not supported by reliable data. Based on the interactive effects currently incorporated into DEER, electric savings undermine gas savings accomplishments making it impossible for dual-fuel utilities to achieve both gas and electric goals under existing rules. A recent study conducted by San Diego State University (CFL Energy Impact Study, January 2009) (*see* SDG&E Amended Application, Appendix C) confirms that there is strong statistical evidence that CFLs save electricity in residences, and also concludes that there is no statistical evidence to support a negative therm heating interactive effect due to CFL installation in residences (i.e., residential heating-related interactive effects are insignificant). Given the lack of data supporting the inclusion of interactive effects at the level included in DEER, residential interactive effects and commercial heating-related interactive effects should be removed from energy savings calculations.

2. Additional Policy Modifications are Necessary to Facilitate Support for the Strategic Plan Goals During the 2009-2011 Cycle

a. Activities in Direct Support of the Strategic Plan that Produce Minimal or no Measurable, Cost-effective Savings in 2009-2011 Should be Exempted from the Risk/Reward Incentive Mechanism

PG&E requests that certain costs directly supporting the Strategic Plan, but not yielding short-term cost-effective savings, be exempted from the RRIM. The current RRIM does not align with the goals of the Strategic Plan because the RRIM rewards the cost-effective delivery of savings, and penalizes expenditures not linked to near-term, cost-effective savings. Achievement of the aggressive Big, Bold programmatic initiatives set forth in the Strategic Plan, including Zero Net Energy (ZNE) residential and commercial buildings, requires that IOUs invest in costly activities and pilot projects in 2009-2011 that do not result in near-term cost-effective energy savings. PG&E understands, however, that such investments in the near-term are necessary building blocks to achieve market transformation in the long-term. To address this misalignment between the goals of the Strategic Plan and the mechanics of the RRIM, PG&E proposes that activities (costs and benefits) be exempt from the RRIM if:

1. The activity explicitly supports a Strategic Plan Strategy; and
2. The activity will produce minimal or no cost-effective, measurable savings in 2009-2011.

Although these Strategic Plan costs would be outside of the RRIM, the full costs would still be included as part of the portfolio's Total Resource Cost (TRC) test to ensure overall portfolio cost-effectiveness and customer benefit. The Commission should adopt a policy that supports investment in long-term Strategic Plan activities and does not penalize allocation of resources to this purpose. Without such a policy in place, PG&E will not be able to aggressively pursue its Strategic Plan proposals contained in this Amended Application and accompanying Amended Testimony. Strategic Plan specific activities proposed outside the PEB calculation are Residential New Construction, Innovator Pilots, Zero Net Energy Pilots, Workforce Education and Training (WE&T), HVAC WE&T, Statewide Marketing Education and Outreach (ME&O), Strategic Planning Organization, Emerging Technologies, Strategic Plan Oriented EM&V

Studies, Lighting Market Transformation, and On Bill Financing. PG&E also presents its list of Strategic Plan-oriented activities that it requests be outside of the RRIM in Chapter 2A.

b. IOUs Should Receive Credit for Energy Efficiency Savings Supported by IOUs that May Be Motivated in Part by Regulatory or Legislative Policies

The CPUC should confirm that IOUs will receive energy savings credit when they support energy efficiency efforts and customers undertake energy efficiency improvements, even when customers may be motivated, in whole or in part, by regulatory or legislative directives such as GHG reduction goals adopted in AB 32, California Solar Initiative (CSI) energy efficiency requirements or other “green” motivations. This policy is particularly important in light of the Federal Economic Stimulus Package recently approved by the United States Congress and the Commission’s desire to promote coordination and leveraging of funds. As directed by the Commission and desired by customers, PG&E’s 2009-2011 proposed portfolio demonstrates an unprecedented level of integration and coordination including leveraging of other regulatory and legislative efforts that move customers to energy efficiency. The CPUC’s current regulatory framework which requires direct attribution for savings is outdated in the new paradigm of coordination, integration and market transformation. To align the regulatory framework with the goal of market transformation, IOUs should be permitted to count energy savings that occur as a result of PG&E’s energy efficiency programs or PG&E’s support of other federal, state or local initiatives or policies that result in energy savings.

The Commission has existing precedent allowing IOUs to receive credit for energy efficiency savings motivated by compliance with legislative policy, (i.e., the Governor’s Green Building Initiative (GBI)), and this policy should be expanded to include other regulatory or legislative policies as well as “green” messaging. Specifically, the Commission explicitly provided that savings captured due to a utility’s support for the State GBI would not be reduced by free ridership reductions. This policy should be extended to other Federal, State and Local initiatives, including GHG reduction, to encourage collaboration and maximize cost-effective energy savings.

c. The Maximum Effective Useful Life (EUL) for Energy Efficient Measures Should Be Extended from 20 Years to 30 Years

The maximum EUL for energy efficiency measures should be extended to 30 years to accurately reflect the useful life of some measures. Currently, the EULs of all energy efficiency measures are subject to an arbitrary cap of 20 years regardless of whether an individual measure has a known useful life well beyond 20 years. This arbitrary policy could have the unintended consequence of biasing the IOUs' portfolios toward shorter-lived measures with useful lives below 20 years. The Strategic Plan promotes a focus on long-term market transformation activities and the policy on maximum effective useful life should be modified to align with the increased focus on long-term measures. Many residential retrofit and new construction measures have effective useful lives beyond 20 years. Accordingly, the maximum EUL should be extended to 30 years to reflect the reality of the market.

Each of the policy requests described above is critical to PG&E's ability to continue to support its proposed 2009-2011 portfolio described in this Amended Application and accompanying Amended Testimony. The Joint IOU Policy Chapter, Chapter 2A, more fully describes each of these requested policy changes necessary for successful implementation of the 2009-2011 portfolios.

3. Joint IOU Policy Issues that Should be Deferred to the New Rulemaking Governing RRIM Policy Issues (R.09-01-019), Yet Are Necessary to Allow Successful Implementation of the 2009-2011 Portfolio

While Joint IOUs acknowledge that policy issues related to the RRIM have been deferred to the new Rulemaking (R. 09-01-019)^{3/}, Joint IOUs reiterate that their proposed portfolios are based upon eventual adoption of all previously proposed policy modifications. Even if the policy issues discussed below are deferred to the new Rulemaking, the policy proposals are critical elements of a successful energy efficiency framework. Because of the necessary link between

^{3/} Although the February 25, 2009 ACR and ALJ Ruling Regarding Policy Issues in the 2009-2011 proceeding appears to move these RRIM-related policies back into this proceeding, there is lack of clarity about the delineation of scope between R.09-01-019.

any adopted RRIM and portfolio composition, PG&E may need to modify its proposed 2009-2011 portfolio if the following policies are not adopted in R.09-01-019:

a. Gross Metrics Should be used for the Calculation of Performance Toward the Performance Earnings Basis (PEB) Under the RRIM

The calculation of PEB under the RRIM should be based on gross metrics in alignment with State policies, the Strategic Plan and the IOUs' gross goals. The maximum cost-effective achievement of gross energy savings is consistent with the big-bold policies being promoted by the State and promotes increased collaboration among stakeholders. The State benefits from gross savings delivered through energy efficiency; procurement planners rely on gross savings in planning resource needs; and AB32 achievement is dependent on gross energy savings. The use of gross goals properly aligns the estimates of energy efficiency program results with the real impacts of reduced load from these programs on utility systems and the State. Given that the critical inquiry related to energy efficiency programs is gross savings, it is unnecessary and inappropriate to de-link the use of gross goals from the performance basis which is used to calculate the shareholder incentive or penalty for energy efficiency performance.

b. Mid-Cycle Funding Augmentation Rules Should be Revised

To encourage innovation through new program development and to maximize cost-effective delivery of energy savings in 2009-2011, the Commission should adopt a fund-shifting policy on mid-cycle funding augmentation that allows savings associated with mid-cycle funding augmentations to count fully toward achievement of energy savings goals and calculation of portfolio net benefits. In D.07-10-032, the Commission ordered that savings associated with mid-cycle funding augmentations would count for calculation of portfolio cost-effectiveness and PEB purposes, but would not count toward a utility's achievement of the Minimum Performance Standard (MPS). This policy on mid-cycle funding augmentations was subsequently incorporated into Version 4.0 of the Energy Efficiency Policy Manual. In the context of R.09-01-019, PG&E urges the Commission to reconsider this policy because it is inconsistent with the State's policy to capture all cost-effective energy efficiency. Further, the practical implication of

this policy rule, even if unintended, is that IOUs will not aggressively pursue innovative new programs or products during the three-year cycle because, in effect, IOUs will not be rewarded for aggressively pursuing additional savings. The likely impact of the current mid-cycle funding augmentation rule is that IOUs may delay proposal of new ideas requiring additional funding until the next three-year program cycle resulting in significant lost savings opportunities.

Accordingly, PG&E requests that mid-cycle funding augmentations be fully counted toward the Utility savings goals, including for purposes of calculating the MPS and PEB in the RRIM.

B. PG&E’s “Proposed Portfolio” Reflects State Energy Policies and the California Long-Term Energy Efficiency Strategic Plan

The portfolio proposed by PG&E is consistent with the State’s 2008 updated Energy Action Plan (EAP), as well as the preceding versions of the EAP. The EAP⁴ provides that “cost-effective energy efficiency is the resource of first choice for meeting California’s energy needs.” *See EAP II*, p.3. Some of the “key actions” identified in EAP II include requiring that “cost-effective energy efficiency is integrated into utilities’ resource plans on an equal basis with supply-side resource options,” and “integrat[ing] demand response programs with energy efficiency programs.” *Id.* The 2008 EAP Update continues the policies and actions set forth in EAP and EAP II, and identifies “next steps” based on past accomplishments and recent changes in the energy policy landscape

As envisioned in the 2008 EAP Update, PG&E actively participated in the development of the Strategic Plan that the Commission adopted on September 18, 2008, in D.08-09-040. In D.08-09-040, the Commission ordered the utilities to amend their applications to incorporate elements of the Strategic Plan. In this Amended Application, as in the original Application, PG&E’s proposed 2009-2011 portfolio reflects a significant commitment by PG&E to support the vision and goals of the Strategic Plan. Given the completion and adoption of the final Strategic Plan after the original Application filing date, this Amended Application provides a

^{4/} In 2003, the three principal energy agencies in the State, the California Energy Commission (CEC), California Power Authority (CPA) and the California Public Utilities Commission (CPUC) joined together to create the Energy Action Plan which listed joint goals for California’s energy future and committed to pursuing actions to achieve the goals. The EAP has been updated in 2005, and most recently in 2008.

more detailed and comprehensive mapping of the final Strategic Plan with the proposed portfolio activity. The accompanying Program Implementation Plans (PIPs) each include a crosswalk demonstrating a direct connection between proposed program activity and support for the goals of the Strategic Plan. Also, PG&E describes its portfolio support for each of the Strategic Plan's programmatic initiatives in Chapter 2B of Amended Testimony.

The cornerstones of the Strategic Plan are integration, innovation and collaboration. Beyond the traditional types of energy efficiency resource programs offered by IOUs, this "proposed portfolio" includes more innovative and more aggressive programs and pilots that will significantly reduce energy usage and help facilitate transformation of California's energy market. In pursuit of the Commission's three long-term programmatic initiative goals, -- 1) pursue zero net energy for new residential construction by 2020; 2) pursue zero net energy for new commercial construction by 2030; and 3) optimize the heating, ventilation and air conditioning industry, (*See D.07-10-032, at pp. 36-37*), -- PG&E proposes non-traditional, innovative pilots that may not deliver short-term cost-effective savings yet are necessary building blocks to help understand how to accomplish the Commission's long-term zero net energy and market transformation goals.

To the contrary, the "rebalanced portfolio" with underlying "mandated scenario" assumptions would not include significant support for the Strategic Plan because the portfolio development would be constrained by existing policies that are not aligned with the long-term market transformation vision of the Strategic Plan (*See discussion, infra, Section III.F.*) Accordingly, adoption of PG&E's "proposed portfolio" is the path that will lead to furtherance of the Strategic Plan vision.

PG&E's portfolio also supports additional State energy policies such as California's "Global Warming Solutions Act of 2006," also known as Assembly Bill 32 (AB 32), which requires that statewide Greenhouse Gas (GHG) Emissions be reduced to 1990 levels by 2020. Energy efficiency is an essential component of reducing GHG emissions and PG&E's portfolio will result in reduced GHG emissions. Under PG&E's "proposed portfolio," carbon-GHG emissions are reduced by 24.7 million tons, as compared to much smaller GHG emission

reduction – 18.6 million tons-- that results when the portfolio is rebalanced using the underlying “mandated scenario” assumptions. In addition, PG&E’s “proposed portfolio” facilitates additional GHG reduction by providing support and tools to cities and companies to help such entities be “green” and reduce their GHG emissions.

To further State policy of fostering broad stakeholder coordination, PG&E urges the Commission to adopt a policy that allows IOUs to receive energy efficiency credit for savings that are captured when customers who may be motivated by GHG reduction requirements or other “Green” messaging participate in PG&E’s programs. PG&E’s participation in the described energy efficiency efforts in support of GHG reductions is contingent upon the CPUC’s commitment that energy efficiency actions, and the associated savings, motivated by GHG reduction and other “green” messaging are not discounted as energy efficiency program free-riders (i.e., energy efficiency savings denied or reduced) because of the alternative motivation(s).

C. To Support the Focus on Long-Term Measures as Prioritized in the Strategic Plan, The Practice of Discounting Savings in Cost-Effectiveness Calculations Should Be Adjusted to Use of a Societal Discount Rate, or, Alternatively a Post-Tax Discount Rate

The practice of applying a discount rate to the savings captured through energy efficiency programs should be adjusted to encourage investment in longer term measures. Currently, the Program Administrator Cost (PAC) and Total Resource Cost (TRC) are calculated using a pre-tax discount rate applied to both costs in dollars and energy saved. Because the TRC and PAC evaluation of levelized cost utilizing the discount rate results in diminished savings over time, investments in long-term measures is discouraged. The current practice of discounting savings decreases the perceived levelized benefits of a given measure and limits the IOUs’ ability to invest in certain cost-effective energy efficiency resources. For this reason, the practice of discounting savings should be adjusted. Specifically, given the increasing (not diminishing) importance of future energy savings in light of climate change, the use of a societal discount rate (as opposed to the current market value discount rate) is more appropriate and would reduce the perverse bias against longer life measures.

If the CPUC is unwilling to adopt a societal discount rate, PG&E recommends use of a post-tax (not pre-tax) discount rate. The use of a post-tax discount rate does not promote long term measures to the same extent as use of a societal discount rate, but it is a more reasonable approach than application of pre-tax discount rate. Consistent with EE Policy Manual, Policy Rule IV.2, PG&E's Amended Application uses a discount rate which reflects its Weighted Average Cost of Capital (WACC). PG&E describes more fully its proposal to adjust the discount rate in Chapter 2B of its Amended Testimony.

D. The Commission Should Adopt Codes and Standards Policies that Recognize the Importance of C&S In Pursuing Market Transformation and Value C&S Savings On Par with Other Portfolio Program Savings

The Commission has historically recognized the importance of the IOUs' C&S advocacy and the value of delivering cost-effective energy savings through increasing building codes and appliance standards. (See e.g., D.05-09-043, stating that IOU C&S programs "have been an essential and valuable component of the energy efficiency program portfolio in the past" and recognizing that C&S increases "may be one of the most cost-effective ways to tap the savings potential for energy efficiency and procure least-cost energy resources on behalf of all ratepayers." pp.120-121.). With the adoption of the long-term Strategic Plan, the Commission has placed an even higher emphasis on C&S as a critical component of the energy efficiency market transformation. The Strategic Plan provides that "[t]here is no policy tool more essential for the widespread and persistent transformation of energy performance in California than energy codes and standards." See, *California Long Term Energy Efficiency Strategic Plan*, Section 7.1, p.68.

Given the clear prioritization of C&S in energy efficiency, the Commission should adopt C&S policies that ensure that C&S savings are valued and pursued equally with savings that are captured through other energy efficiency programs. Specifically, PG&E requests that the Commission adopt the following policies related to C&S:

- IOUs should be able to count 100% of C&S gross savings, including savings related to pre-2006 advocacy work;
- IOUs should be able to count 100% of C&S gross savings for demonstrated increased compliance with C&S;

- IOUs should receive a proportional allocation of credit for C&S savings they influence beyond their service areas;
- IOUs should be able to count savings associated with “reach codes” developed in partnership with IOUs and local agencies/ jurisdictions.

Each of PG&E’s C&S policy requests is described more fully in Chapter 2B of Amended Testimony.

E. PG&E’s Proposed 2009-2011 Integrated Demand Side Management Portfolio Provides Comprehensive Energy Efficiency Tools Tailored to Meet Customer Needs and Meet the Commission’s Energy Efficiency Goals for 2009-2011

PG&E’s proposed portfolio reflects PG&E’s commitment to understanding and meeting its customers' diverse energy needs and achieving the Commission’s energy efficiency goals for 2009-2011. To this end, for the 2009-2011 program cycle, PG&E builds upon and improves its Integrated Demand Side Management (IDSM) portfolio model which structures resource program offerings within its statewide and local programs according to the needs of a particular customer market. Within both the statewide and local programs, PG&E offers programs tailored to similarly situated customer markets (e.g., Statewide Agriculture Program provides energy offerings focused on similar customer groups such as agricultural growers or dairies) thereby increasing market penetration of energy efficiency measures and reducing costs. PG&E’s proposed portfolio contains a diverse mix of resource and non-resource programs; multiple delivery channels; and integrated demand-side management offerings which collectively result in an overall portfolio designed to incite customer action and achieve the Commission’s energy savings goals.

PG&E’s 2009-2011 IDSM portfolio model provides a robust integration strategy designed to better meet customer needs. The proposed portfolio integrates Energy Efficiency (EE), Demand Response (DR), Low Income Energy Efficiency (LIEE), and proposes coordination with PG&E’s existing Distributed Generation (DG) programs including Self Generation Incentive Program (SGIP), and California Solar Initiative (CSI); Advanced Metering Initiative (AMI or SmartMeter™ program^{5/}); Dynamic Pricing; green programs, like

^{5/} SmartMeter™ is a trademark of SmartSynch, Inc. and is used by permission.

ClimateSmart™ program^{6/} and other related offerings. The holistic, integrated approach will provide customers with comprehensive energy management options thereby minimizing lost opportunities and helping customers optimize their energy profile. Another benefit of an integrated approach is that eventually efficiencies will be captured across all demand-side management proceedings when a single customer contact can be utilized to offer multiple demand-side management choices. PG&E’s coordination on a statewide basis with the IOUs and CPUC, and PG&E’s local integration of demand-side management offerings, (as described more fully in Chapter 7 of Amended Testimony, in the Statewide and Local Integration PIPs), aligns with the loading order set forth in the State’s EAPs^{7/}; and is responsive to Commission direction, the Strategic Plan and customer preferences.

In compliance with Commission direction, the Portfolio structure has been designed in collaboration with the other IOUs to reduce the overall number of programs and provide statewide consistency to the extent that customer interests are best served by consistency. PG&E’s Portfolio also includes local, innovative programs that are designed to meet the specific, unique needs of customers in its service area and to support the Strategic Plan. The Statewide Programs are: (1) Residential; (2) Commercial; (3) Industrial; (4) Agriculture; (5) New Construction; (6) Lighting Market Transformation; (7) Heating, Ventilation and Air Conditioning (HVAC); (8) Codes and Standards; (9) Emerging Technology (including PG&E’s Zero Net Energy Product and Technology Lab and Demonstration Home); (10) Workforce Education and Training; (11) Marketing, Education and Outreach; and (12) Demand Side Coordination and Integration. PG&E’s local programs are: (1) Zero Net Energy Pilots; (2) Local Demand Side Coordination and Integration; and (3) Government Partnerships (including Institutional Partnerships, and Local Government Partnerships encompassing Green

^{6/} ClimateSmart™ is the trademarked name for PG&E’s Climate Protection Tariff approved by the CPUC in D.06-12-032.

^{7/} The Energy Action Plan identifies a “loading order” for meeting California’s energy needs. The “loading order” identifies that the energy need should be met in the following order or sequence: energy efficiency, then demand response, then renewable energy, then distributed generation, and finally, clean and efficient fossil-fired generation.

Communities and Innovator Pilots). PG&E's portfolio also includes Third-Party Programs. The Portfolio structure and rationale are summarized below:

(i) STATEWIDE PROGRAMS

1. Residential

The Residential program is designed to offer specific and comprehensive energy solutions within the residential market. This program offers rebates to manufacturers, distributors and retailers to develop offer and implement energy efficient equipment. The program is also designed to encourage a shift to whole house, comprehensive solutions envisioned in the Strategic Plan.

2. Commercial

The Commercial program offers commercial customers a variety of products and services spanning from early stage design assistance to financial support for implementation of efficient design and products. The Commercial program serves various sub-segments including commercial office buildings, general retail, big box retail, and supermarkets; governmental facilities and large institutional facilities; hospitals, assisted living facilities, skilled nursing facilities, medical specialty facilities as well as lodging, resort, hotel facilities, restaurants, and food services; and schools and colleges focusing on K-12 schools, community colleges, universities and campus housing. Within the commercial program, PG&E plans to lead by example and make energy efficiency investments in its buildings and request available rebates and technical assistance.

3. Industrial

The Industrial program includes strategies to promote integrated energy management solutions for industrial customers. This program targets four customer types: industrial manufacturing; oil and gas extraction and refining; water supply, water treatment and wastewater treatment; and high-technology.

4. Agriculture

The Agriculture program will provide integrated services to the agricultural and food processing industries. The program will be tailored to serve food processors, wineries, dairies, greenhouses and refrigerated warehouses.

5. New Construction

The New Construction program includes the residential new construction (RNC) sub-program, and the commercial new construction sub-program (Savings by Design). The RNC component supports the Strategic Plan and encourages builders to construct homes that exceed Title 24 through a combination of technical education, design assistance and incentives. RNC also works closely with Zero Net Energy Homes Pilots Program. The SBD program addresses commercial construction and focuses on improving energy efficiency design of commercial buildings by working with architects, builders, designers, owners and engineers.

6. Lighting Market Transformation

The Lighting program establishes processes to develop and test new advanced lighting technologies as well as to identify and facilitate market transformation for existing lighting technology. This program supports the market transformation vision in the Strategic Plan.

7. HVAC

The residential and commercial HVAC program will work to optimize and transform the HVAC industry including improved HVAC installation, maintenance, education and sustained profitability for HVAC trade allies. This program supports the Strategic Plan's HVAC programmatic initiative to optimize the performance of the HVAC industry.

8. Codes and Standards

The C&S program supports the goals of the Strategic Plan by advocating for adoption of more stringent and comprehensive C&S and facilitating increased code compliance and enforcement. The increased advocacy and compliance training are responsive to the Strategic Plan's reliance on C&S to transform the energy efficiency market.

9. Emerging Technologies

The ET program supports the goals of the Strategic Plan by evaluating and showcasing new, promising technologies to facilitate movement of new technologies to market and adoption by customers. The ET program seeks to increase energy efficiency market demand and technology supply through a variety of activities including technology assessments, demonstration showcases, market studies and technology development support. This program is also directly responsive to the Strategic Plan in its pursuit of Zero Net Energy protocols such as a Zero Net Energy demonstration home.

10. Workforce Education and Training (WE&T)

The WE&T program supports the Strategic Plan’s vision to ensure that California has a trained workforce able to do the work necessary to achieve energy efficiency market transformation. Initially WE&T will conduct a needs assessment to understand how to best ensure the adequate workforce training for future “green collar” jobs. The program will coordinate with relevant market and education sector stakeholders to facilitate education, training and workforce development. The WE&T program also includes training centers.

11. Marketing Education and Outreach (ME&O)

The Statewide ME&O program will focus on increasing consumer awareness and participation in IDSM activities on a broad, comprehensive level. The ME&O efforts will focus on driving customer behavioral changes that save energy, reduce GHG emissions and support clean energy solutions. This Statewide ME&O program does not negate the importance of the local, tailored ME&O efforts that happen at a local level.

12. Demand Side Coordination and Integration

The Statewide Integration program establishes a Statewide IDSM Task Force, that will be comprised of the State’s IOUs working in collaboration with the Energy Division to optimize IDSM strategies, including stakeholder coordination and new technologies. The IDSM Task Force will coordinate closely with the statewide ME&O and ET teams and with the local IOU program teams, integration teams and EM&V teams.

(ii) LOCAL PG&E PROGRAMS

To complement the suite of Statewide Programs summarized above, PG&E also proposes local programs that are tailored to promote IDSM, to meet the unique needs of its customers and to further the goals of the Strategic Plan.

1. Zero Net Energy Pilot Program

The ZNE pilot program is a non-resource program that supports the Strategic Plan by initiating research, development and demonstration (RD&D) projects. The ZNE pilot programs are designed to “push” the development of long-term, cost-effective technologies to the market, while “pulling” customers towards the adoption of long-term advanced EE technologies and practices.

2. **Local Demand Side Coordination and Integration**

PG&E's Local Integration program combines PG&E's internal efforts to integrate the multitude of demand side management resources into comprehensive integrated offerings to customers. The program focuses on internal coordination of marketing approaches and collateral; education and training of sales personnel; coordination of tools necessary to support integrated offerings and the Statewide IDSM Task Force.

3. **Government Partnerships (including Institutional Partnerships, Local Government Partnerships, Green Communities and Innovator Pilots)**

a. **Institutional Partnerships**

The proposed institutional partnership program for 2009-2011 continues the current structure of joint agreements among the state entity and the four IOUs. The institutional partnership program currently consists of four partnerships between the Joint IOUs. The partnerships are with the following entities: California Community Colleges (CCC), University of California (UC)/California State University (CSU), State of California, and the California Department of Corrections and Rehabilitation.

b. **Local Government Partnerships**

For 2009-2011, PG&E has initially selected 18 LGP programs, comprised of successful partnerships from the 2006-2008 program cycle as well as new partnerships resulting from a selection process developed in the consultation with its Peer Review Group (PRG). PG&E invited interested governmental and quasi-governmental agencies to submit abstract proposals and selected partners for the new cycle according to criteria. PG&E may invite additional proposals and develop additional partnerships during the course of the 2009-2011 program cycle to address gaps. PG&E's LGP programs are partnership agreements with governmental and quasi-governmental agencies to deliver cost-effective energy savings, in the model of the existing Energy Watch partnership structure where partners deliver energy savings to the portfolio.

(i) ***Green Communities***

PG&E's innovative 2009-2011 energy efficiency portfolio includes a Green Communities offering that involves local governments and supports the Strategic Plan. Green Communities will provide technical support to help local governments address the goals articulated in the Strategic Plan, such as tools which deliver energy use data for local government GHG inventories and assistance with developing energy or GHG action plans. PG&E will partner with organizations to provide technical assistance under Green Communities.

(ii) *Innovator Pilots*

PG&E's innovative 2009-2011 energy efficiency portfolio also includes the Innovator Pilots offering that works with local governments and supports the Strategic Plan. Innovator Pilots will support local governments that demonstrate new, non-traditional pilot approaches to reducing energy use and GHG.

(iii) THIRD-PARTY PROGRAMS

PG&E relies on third-party programs to enhance existing program design and introduce new, innovative approaches to capture cost-effective savings. Decision 07-10-032 maintained the requirement that IOUs allocate 20 percent of their respective portfolio budget to competitively bid third-party programs to foster innovation and improve portfolio performance. In compliance with this directive, PG&E selected successful third-parties from the 2006-2008 program cycle that elected to re-negotiate contracts for 2009-2011 and selected new third-party programs via a competitive solicitation process that was developed in consultation with the PRG. The proposed third-party contracts total \$334 million which make up 20 percent of the budget excluding EM&V. PG&E conducted two types of solicitations for third-party programs: 1) Targeted solicitations that requested bids for programs that would serve specified "targeted" portfolio needs; and 2) Open solicitations that allowed bidders to submit general proposals of their choice and offered PG&E the opportunity to fill portfolio gaps and incorporate new program design methods to capture cost-effective savings over both the short and long term. For 2009-2011, PG&E has selected 33 continuing third-party programs, and 24 new third-party programs. PG&E may conduct future third-party solicitations if necessary to fill a portfolio need and/or maintain the required 20 percent funding level for third-party programs during the 2009-2011 program cycle.

F. A Rebalanced Portfolio Based Upon Underlying “Mandated Scenario” Assumptions Would Result in a Portfolio that Does Not Achieve the Adopted Energy Efficiency Goals; Does Not Further State Energy Policies or the Vision of the California Energy Efficiency Strategic Plan, and is Not Supported by PG&E.

A rebalanced portfolio, based upon underlying “mandated scenario” assumptions, would not achieve the Commission’s adopted goals and would not be consistent with the State’s and the Commission’s policy objective to capture all cost-effective energy efficiency. The rebalanced portfolio would also result in less CO₂ reduction than PG&E’s “proposed portfolio.” In particular, because of the perverse impact caused by the current Energy Division application of interactive effects in DEER (which is unsupported by industry-supported studies), a rebalanced portfolio would necessitate significant reduction or elimination of energy efficiency measures in heated space. Under the Commission’s current application of interactive effects, installation of most electric residential energy efficient measures results in a negative therm savings impact. To avoid the negative therm impact, a rebalanced portfolio with underlying “mandated scenario” assumptions would have a significantly reduced residential program (e.g., reduced or eliminated residential upstream CFL measures; multifamily interior lighting measures; refrigerator recycling; and residential plug load measures.).

The need to significantly reduce many residential measures would result in a reduction of the overall Portfolio Total Resource Cost (TRC). To ensure that the rebalanced portfolio would generate a reasonable level of ratepayer benefits, the rebalanced portfolio with “mandated scenario” assumptions would require reduction or removal of budgets for more costly, long-term Strategic Plan efforts such as the proposed Lighting Transformation Program, New Construction Programs, and HVAC Program. PG&E, like the Commission, supports the Strategic Plan goals and, therefore, urges the Commission to modify its policies to align with the Strategic Plan and to avoid the unintended consequences of the above-described rebalanced portfolio necessitated by certain of the “mandated scenario” assumptions.

G. PG&E’s Proposed Portfolio Integrates Energy Efficiency, Demand Response, Low Income Energy Efficiency and Distributed Generation Programs

PG&E’s proposed portfolio integrates energy efficiency with other demand-side management programs in compliance with Commission Decisions and Rulings, and consistent with the vision and goals of the Strategic Plan. Specifically, D.07-10-032 requires the utilities to “[i]ntegrate customer demand side programs, such as energy efficiency, self-generation, advanced metering, and demand response, in a coherent and efficient manner,” *See p.5*. In compliance with this and related Commission directives, PG&E’s proposed portfolio is characterized by an unprecedented level of integration. PG&E’s portfolio proposes integration on multiple levels: integrated funding; integrated demand-side program options (EE, DR, DG, LIEE, SmartMeter™ program); integrated delivery channels (utility service and sales and program staff, third-party and government partnership delivery); integrated marketing and outreach; integrated education and training (internal to PG&E and external to customers and the future workforce); integrated programs and pilots; and integrated emerging technology efforts. This level of integration will enable PG&E to offer comprehensive customer solutions in a coordinated, efficient manner.

The ability to effectively deliver integrated energy solutions is premised on first understanding customers’ needs. To this end, PG&E is engaged in a customer segmentation effort that will help PG&E determine its customers’ energy usage needs and patterns. The customer information will enable PG&E to tailor and package EE, LIEE, DR, DG and other relevant offerings to best meet a customer’s specific energy situation. The expected result is that the deliberate, customer-focused format of PG&E’s delivery of integrated offerings will drive customers to action (i.e. increase participation in energy efficiency and demand response programs, etc.), and increase the delivery of cost-effective energy savings to the State.

A full description of PG&E’s proposed integration activities and budgets is contained in Chapter 7 of Amended Testimony and the Local Demand Side Coordination and Integration PIP.

H. PG&E’s 2009-2011 Proposed Portfolio Includes Plans for Reasonable On-Bill Financing Proposals and the Commission Should Clarify That PG&E Will Be Able to Count Energy Savings From Energy Efficiency Projects Motivated by the Availability of Financing

PG&E’s on-bill financing (OBF) proposals will be designed to enable energy efficiency retrofit that may not otherwise be financially viable for eligible small commercial and institutional customers. D.07-10-032 ordered the IOUs to “create or to continue on-bill financing pilot programs for small commercial customers...;” to “propose on-bill financing programs for institutional customers [i.e., taxpayer funded institutions];” and “to continue to investigate programs for other sectors such as residential customers.” *See pp.* 89-90. Consistent with this directive, for 2009-2011, PG&E is developing an OBF program for participation by institutional customers. PG&E is also developing a pilot program for small commercial customers, and developing a plan for evaluation of an OBF program for residential customers in the future. A full description of PG&E’s proposed plans for OBF proposals and estimated time frame is set forth in Chapter 3 of Amended Testimony.

PG&E requests that the Commission explicitly clarify, in advance of 2009-2011 program EM&V activities, that energy efficiency savings that result from installations of energy efficiency measures purchased via on-bill financing, or other financing arrangements involving either PG&E or independent financing entities, will not be reduced or eliminated as free-ridership because the customer was motivated by the availability of financing. The Commission’s directive to offer OBF articulates that OBF will motivate customers to participate in energy efficiency programs where such customers would not otherwise have invested in energy efficiency. (*See* D.07-10-032, p.89.) To later disallow the savings that result from these financed energy efficiency investments, via the EM&V process, would be a perverse result. Accordingly, PG&E requests that the Commission order that energy savings that occur as a result of OBF or other financing offered or facilitated by PG&E^{8/}, will be fully counted and not discounted as free-ridership based on the financing motivation.

^{8/} For example, PG&E may provide an on-bill line item for a State Agency customers’ re-payment to the State of energy efficiency financing. Also, PG&E may facilitate energy efficiency financing for federal government agencies via a Utility Energy Service Contract. These types of financing arrangements should not negatively impact PG&E’s ability to claim savings for qualifying energy efficiency projects.

I. PG&E’s Proposed Funding Request and Fund-Shifting Proposals are Reasonable and Should Be Approved.

PG&E’s funding request for its proposed 2009-2011 program activities is reasonable and results in a cost-effective portfolio that meets the Commission’s energy savings targets for 2009-2011, and supports the Strategic Plan. The proposed total portfolio budget for years 2009-2011 is \$1.803 billion, with an associated revenue requirement of \$1.818 billion. PG&E’s proposed program budget is set forth in Table 2 below:

TABLE 2

**PACIFIC GAS AND ELECTRIC COMPANY
TOTAL 2009-2011 PROPOSED PORTFOLIO BUDGET
(\$MILLIONS)**

Line No.	Program/Cost Element	Requested 2009-2011 Budget
1	Residential	\$311.52
2	Commercial	\$205.16
3	Industrial	\$110.02
4	Agricultural	\$83.68
5	New Construction	\$90.26
6	Lighting Market Transformation	\$0.46
7	HVAC	\$101.55
8	Codes and Standards	\$19.31
9	Emerging Technologies	\$42.18
10	Workforce Education and Training	\$48.28
11	Marketing Education Outreach	\$26.95
12	Statewide Demand-Side Management Coordination & Integration	\$1.20
14	Government Partnerships*	\$217.35
15	Third Parties	\$334.26
16	Zero Net Pilots	\$35.32
17	Local Demand-Side Management Coordination & Integration	\$7.30
18	On-Bill Financing	\$32.74
19	EM&V Expense	\$124.78
20	EM&V Capital RRQ	\$8.77
21	Zero Net Lab/Demo Home/Other Capital RRQ	\$1.83
22	Total	\$1,802.92

* Includes Institutional Partnerships, Local Government Partnerships, Green Communities and Innovator Pilots

PG&E’s proposed budget reflects PG&E’s attempt to reasonably respond to the Commission’s significantly increased savings targets for 2009-2011; the Commission’s direction

to support innovative, long-term activities in support of the Strategic Plan's vision and goals; changing baselines due to more stringent codes and standards; and diverse customer needs. As described above in Section III.A.2.a., however, PG&E's ability to commit budget resources to certain elements of the Strategic Plan is wholly contingent upon the Commission adopting a policy that harmonizes the goals of the Strategic Plan with the RRIM by removing from the PEB calculation Strategic Plan costs which do not result in cost-effective savings. The proposal to exempt such Strategic Plan activities from the RRIM will encourage support for important long-term activities as described more fully in the Joint IOU Policy Chapter 2A.

Broad fund-shifting flexibility is critical to the success of PG&E's 2009-2011 portfolio. The proposed budget dollars for specific programs is based on information currently available to PG&E. However, given constant changes in the energy market; improvements in energy efficiency technologies; and changes in customer behavior; PG&E's ability to successfully manage its proposed portfolio and meet the Commission's savings targets is contingent upon the ability to quickly make portfolio adjustments to adapt to a dynamic market.

Similar to the fund-shifting flexibility provided for the authorized 2006-2008 budget, PG&E's proposal for 2009-2011 includes spending and budgeting flexibility so that PG&E can nimbly adapt its 2009-2011 programs and budgets to reflect updated information and analyses regarding the relative costs and benefits of the programs to customers. This flexibility means that PG&E will be authorized to spend up to the budget levels requested in this Amended Application, yet will retain the flexibility to reduce incremental spending where it determines that certain programs or initiatives are cost-ineffective and/ or not consistent with customer needs. Overall, the proposed fund-shifting flexibility proposed in Chapter 4 of Amended Testimony will allow PG&E, as portfolio administrator, to make necessary program and budget course corrections over the program cycle to help achieve the Commission's savings goals for 2009-2011 and beyond.

PG&E also proposes new elements of fund-shifting flexibility that will ensure program continuity from cycle to cycle, and permit utilities to sign-up customers and commit funds for long lead-time projects that will not be completed within a single three-year cycle. As discussed

in D.07-10-032, and learned from experience in prior program cycles, for 2009-2011, the CPUC should adopt new fund-shifting policies to address program continuity. PG&E proposes a rolling budget that enables IOUs to spend next-cycle funds in the last year of the current cycle to avoid abrupt program interruptions for continuing programs, and to fund start-up costs for new programs. Additionally, to ensure that customers are encouraged to incorporate energy efficiency into multi-year projects that span beyond a three-year program cycle, PG&E requests the ability to encumber future cycle funds (i.e., 2012 and beyond) in the current program cycle (2009-2011) to be available to pay incentives to customers upon completion of energy efficiency projects that span beyond the approved three-year program cycle.

The broad fund-shifting flexibility proposed by PG&E is warranted because ultimately the IOU administrators are responsible for achieving the Commission's short and long-term savings goals. The newly proposed fund-shifting rules allow the portfolio to have a more long-term focus and impact savings beyond the three-year cycle as envisioned in the Strategic Plan. The rolling budget proposal also ensures program continuity between cycles. Each of the elements of PG&E's fund-shifting proposal will increase the likelihood that PG&E will reach the aggressive savings targets established for 2009-2011, and any savings targets established for 2012 and beyond. Chapter 4 of Amended Testimony details PG&E's proposed fund-shifting rules, and PG&E's specific fund-shifting proposals are outlined in the table at the end of Chapter 4.

J. PG&E Will Conduct Evaluation, Measurement and Verification (EM&V) of Programs Delivered by All Delivery Channels (Utility Service and Sales and Program Staff, Government Partnerships and Third Parties) To Facilitate Overall Portfolio Success

The Administration Decision (D.05-01-055) assigned the Energy Division, in collaboration with the CEC, primary responsibility for EM&V studies assessing program success including savings achieved, cost effectiveness and performance. The IOUs were assigned responsibility for managing EM&V studies related to program design evaluation and market assessment. The EM&V responsibilities outlined in the Administration Decision and adhered to in 2006-2008 remain applicable for the 2009-2011 cycle. Given the introduction of the Strategic

Plan, and the focus on integrated delivery of energy efficiency with other demand-side offerings, PG&E plans to conduct an increased level of market assessments and market research and testing to ensure its methods are optimizing portfolio results. Specifically, PG&E will employ various market research techniques that will 1) test the hypotheses in various market program theories such as integrated DSM delivery, customer segmentation impact, cross-marketing, mass market outreach and sustainability; 2) enhance market segmentation and targeting strategies through assessment of market barriers, customer attitudes and behavior, and communications testing; 3) assess effectiveness of pilot program activities; and 4) continue to streamline marketing outreach strategies by integrating demographics, customer billing, and market potential resources using tools such as cross-functional or relationship databases. PG&E will also support the Strategic Plan through studies and dedicated staff for which PG&E requests that costs be excluded from the RRIM as detailed in Chapter 2A.

PG&E anticipates that its integrated delivery approach will provide comprehensive customer solutions tailored to meet the specific needs of specific market segments or end-users. To accurately measure the impact of this integrated delivery approach, PG&E will need a reliable, cross-functional database. To this end, PG&E intends to replace its Marketing Decision Support System (MDSS) database that contains customer information and is used to support energy efficiency programs. MDSS also supports the DR program and a portion of the cost recovery is being sought in PG&E's pending DR proceeding, A.08-06-003. MDSS is the central database for tracking EM&V effects on portfolio savings. PG&E's current MDSS does not have the capability necessary to allow PG&E to effectively access and deliver information to customers in an integrated fashion, or assess delivery results. In addition, the MDSS replacement will help facilitate the development of energy efficiency forecasts for filings and Commission reporting requirements.

PG&E will take a comprehensive approach to its EM&V activities to ensure that it is able to optimize all components of the portfolio. PG&E will conduct process evaluations on programs implemented by both utility and non-utility personnel. PG&E will also support the

Statewide EM&V team to ensure that results reflect all components, customers and geographic areas of the statewide programs.

K. PG&E's Revenue Requirement and Cost Recovery Proposals for 2009-2011 are Reasonable and Should Be Approved

PG&E's proposed budget for its 2009-2011 energy efficiency portfolio is reasonable and the resulting revenue requirement and proposed cost recovery mechanisms should be approved. PG&E's proposed budget for the three-year program cycle is \$1.803 billion. PG&E also requests the ability to use interest accrued during the program cycle as necessary to augment the funds available for direct implementation. The total revenue requirement, which includes an allowance for franchise fees and uncollectible accounts expense, is \$1.818 billion that PG&E proposes to recover over the three-year program cycle. PG&E requests that the revenue requirement adopted for the 2009-2011 energy efficiency portfolio be made effective January 1, 2009. The Commission adopted a bridge funding revenue requirement in D.08-10-031 to continue existing programs until a decision could be reached in this proceeding. The Commission is expecting to issue a final decision in this proceeding by August 2009. The revenue requirement for 2009 reflects eight months of bridge funding (January –August) and four months of activity under the adopted portfolio. The total revenue requirement less 2009 is spread over 2010 and 2011. PG&E is also requesting that \$26.5 million, including interest, in unspent, uncommitted funds from pre-2006 programs that has already been recovered in rates to reduce the amount to be recovered in rates in 2010.

The revenues to be recovered in 2010 rates compared to 2009 bridge funding is a \$257 million increase in electric and \$39 million in gas revenues, including the credit for carryover funds and recovery of the difference between 2009 bridge funding and the adopted 2009 revenue requirement consistent with the 2009 Energy Efficiency Bridge Funding Decision (D.08-10-027) that established a memorandum account to track the difference between the revenue requirement requested in PG&E's July 21, 2008, Application, (A.08-07-031) and the revenue requirement authorized for 2009 for the bridge funding period. The annual rate impact for 2010 compared to current rates is a 2.2 percent increase in the bundled average residential

electric rate and a 1 percent increase in the bundled average residential gas rate. PG&E requests that the energy efficiency funding request be split between electric and gas for cost recovery using the expense ratio that assigns 84% of all program expenditures and authorized budgets to PG&E's electric customers, and 16% of all program expenditures and authorized budgets to PG&E's gas customers.

The increased budget request and associated revenue requirement for 2009-2011, as compared to 2006-2008, is due to a combination of factors that make it more costly to achieve the energy savings targets for 2009-2011, and also to support adequately the long-term vision and goals in the Strategic Plan. Specifically, PG&E's increased budget for 2009-2011 and resulting revenue requirement is driven in large part by the following factors:

- Higher savings targets than the 2006-2008 program cycle;
- Design of portfolio to maintain the 2006-2008 momentum of core, third party and government partnership programs through 2009-2011;
- Reduced ability to count savings towards goals, e.g., increased building and appliance standards;
- Enhanced focus on more costly, long-term savings measures such as HVAC retrofits and building shell improvements;
- Reduced support for less costly lighting measures;
- Support for integrated activities and marketing efforts;
- Support for efforts that do not yield near-term savings (e.g., Strategic Plan objectives including support for Big Bold Initiatives);
- Increasing difficulty in capturing savings, as success of previous programs has driven down cost effectiveness of remaining potential; and
- Higher EM&V budget, as the cost of EM&V is determined by a percentage of portfolio budget.

PG&E's proposed budget and revenue requirement for its 2009-2011 funding cycle includes both capital and expense expenditures. The capital expenditures are necessary to support the innovative and unprecedented design of PG&E's proposed 2009-2011 portfolio including the commitment to emerging technologies such as zero net energy (ZNE)

demonstration or “proof of concept” activities. Although energy efficiency funding in the recent past has not included a capital component, PG&E has designed a portfolio that is innovative in direct response to the Strategic Plan and the Commission’s Big, Bold Programmatic Initiatives. Without the ability to engage in capital projects such as ZNE demonstration home and technology lab, achieving the zero net energy and other long-term goals articulated in the Strategic Plan is not likely to occur.

The three energy efficiency capital projects that are included in the revenue requirement and planned to be operational in the 2009-2011 program cycle are: 1) replacement of PG&E’s MDSS used for energy efficiency program management, rebate processing, energy savings calculations and regulatory reporting; 2) building a ZNE demonstration home; 3) and developing a ZNE technology lab to test ZNE products and technologies. Pursuit of these three capital projects during the next program cycle demonstrates PG&E’s strong commitment to achieving the long-term ZNE goals articulated in the Strategic Plan. Chapter 6 of Amended Testimony describes in more detail PG&E’s complete revenue requirement and cost recovery proposal including both the capital and expense components.

IV. TESTIMONY SUPPORTING THE APPLICATION

This compliance Amended Application contains the following Amended Testimony, presented in the form of Chapters, as attachments to the Amended Application. The organization and content of the Amended Testimony provided is based on the Energy Division template included as Attachment A to the *Assigned Commissioner’s and Administrative Law Judge’s Ruling Regarding 2009 to 2011 Energy Efficiency Program Application*, issued on February 29, 2008.

Chapter 1 - Executive Summary - contains a summary of PG&E’s complete request including key elements of the portfolio and the funding request.

Chapter 2A - Success of 2009-2011 Energy Efficiency Program Requires Adoption of New Policies (Joint IOU Chapter) – includes Joint IOUs’ request that the CPUC adopt key policies required for cost-effective portfolios that meet the CPUC’s goals. In addition, the Joint IOUs request that the CPUC adopt certain policies essential to achieve both near- and long-term goals of the State of California and the Commission. The Joint IOUs also acknowledge policy requests that are important to successful EE programs, but that will be addressed in the recently instituted Rulemaking, R.09-01-019.

Chapter 2B – Portfolio Reflects State Energy Policies and Strategic Plan – includes an overview and showcases PG&E’s support for the State’s Energy Action Plans, AB 32 goals and the Governor’s Green Building Initiative. This Chapter also discusses coordination with the Strategic Plan and proposes policies designed to place savings from Codes and Standards programs on par with other programs in the portfolio, as well as proposes an adjustment to the discount rate to align with the Strategic Plan’s long-term perspective.

Chapter 3 - Portfolio Fulfills Energy Efficiency Goals and Encourages Increased Customer Participation in Demand-Side Management Programs – includes a detailed description of PG&E’s proposed energy efficiency portfolio for program years 2009-2011 including savings and budget estimates. This Chapter also includes a description of a “rebalanced portfolio” with underlying “mandated scenario” assumptions.

Chapter 4 - Proposed Funding Request and Fund-Shifting Proposals Are Reasonable – includes PG&E’s proposal for broad flexibility to shift funds within the portfolio, including proposals for rolling budget cycles and encumbering funds from subsequent budget cycles.

Chapter 5 -Proposed Evaluation, Measurement and Verification Plans Reflect Long-Term Vision and Strategic Plan and Reporting Requirements Should Reflect Program Design – includes a description of PG&E’s proposed EM&V activities and budget for 2009-2011, including PG&E’s proposal to replace its MDSS database.

Chapter 6 - Revenue Requirement and Cost Recovery – includes a discussion of PG&E’s requested revenue requirement and cost recovery proposals based on the proposed budget. The expected rate and bill impacts are also discussed. This Chapter also requests a modification to the Policy Manual to clarify use of interest accrued in the energy efficiency balancing accounts as a source of direct implementation funding.

Chapter 7 - Integrated Marketing, Education, Outreach and Program Offerings – includes a discussion of PG&E’s efforts to integrate EE with DR, LIEE, DG, SmartMeter program and Dynamic Pricing and other relevant DSM programs. The chapter describes the significant integrated marketing and outreach efforts as well as delivery channels that will be employed by PG&E. The chapter also describes integrated energy audits, training, integrated activities, pilot programs, program delivery and coordination with the Emerging Technologies program.

V. INFORMATION REQUIRED BY THE COMMISSION’S RULES OF PRACTICE AND PROCEDURE

A. Statutory and Other Authority (Rule 2.1)

PG&E files this Amended Application pursuant to Sections 399.8, 890 of the Public Utilities Code of the State of California, the Commission’s Rules of Practice and Procedure, and

prior rulings, decisions, orders and resolutions of the Commission, including but not limited to Decision 07-10-032 and Decision 08-09-040.

B. Legal Name and Principal Place of Business (Rule 2.1(a))

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

C. Correspondence and Communications (Rule 2.1(b))

Correspondence and communications regarding this Amended Application should be addressed to the following:

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D. Categorization, Hearings, Proposed Schedule And Issues To Be Considered (Rules 2.1(c) and 7.1)

1. Proposed Categorization

This Amended Application involves setting of rates and, therefore, PG&E proposes that this Amended Application be categorized as a ratesetting proceeding.

2. Need for Hearings

At this time, PG&E does not know whether there will be disputed issues of fact that warrant hearings. PG&E reserves its right to request hearings on disputed issues of fact that arise during the course of the proceeding.

3. Issues to Be Considered

PG&E requests that as part of this proceeding, the Commission:

1. Adopt a policy that ex ante benefit and measure cost assumptions adopted for 2009-2011 portfolio planning will also be used for 2009-2011 portfolio evaluation;
2. Adopt IOU proposed revisions to the 2008 DEER update issued by Energy Division in December, 2008, including removal of all residential interactive effects and heating-related commercial interactive effects;
3. Adopt a timely process for inclusion of new measures and development of new measure benefit and costs;
4. Define Cumulative Savings for 2009-2011 as the sum of the annual savings for the three-year cycle;
5. Adopt a policy explicitly allowing IOUs to receive energy savings credit for providing support for energy efficiency actions taken by customers who may be motivated by Federal, State or legislative policies, or local codes and ordinances;
6. Exempt from the RRIM, activities in direct support of the Strategic Plan that Produce Minimal or No Measurable, Cost Effective savings in 2009-2011;
7. Utilize a societal discount rate; or, alternatively allow PG&E to use the after-tax discount rate for energy efficiency cost-effectiveness evaluation;
8. Extended the Maximum Expected Useful Life of Energy Efficiency Measures to 30 Years;
9. Adopt Codes and Standards Policies that align C&S savings with savings from other portfolio programs (i.e., for 2009-2011 allow PG&E to count 100% of savings from pre and post-2006 advocacy; allow full savings for activity beyond advocacy including improving compliance; clarify calculation of gross savings for C&S; and adopt counting rules to support “reach codes” pursued via IOU partnership with local jurisdiction/agencies.)
10. Approve PG&E’s proposed 2009-2011 energy efficiency portfolio, including core programs, government partnerships and third-party programs;

11. Approve PG&E’s proposed 2009-2011 energy efficiency budget and authorize the use interest accrued during the program cycle as necessary to augment the funds available for direct implementation.
12. Approve PG&E’s proposed energy efficiency integration activities and budgets;
13. Approve PG&E’s on-bill financing proposals;
14. Order that IOUs can fully count energy efficiency savings that occur due to PG&E’s on-bill financing activities or financing of energy efficiency through a Utility Energy Service Contract (UESC);
15. Approve PG&E’s fund-shifting proposals;
16. Approve PG&E’s Evaluation, Measurement and Verification (EM&V) proposals including replacement of PG&E’s Marketing Decision Support System (MDSS); and
17. Approve PG&E’s proposed revenue requirement and cost recovery proposals for 2009-2011 including both the capital and expense components.

4. Procedural Schedule

PG&E proposes the following schedule for this proceeding:

March 2, 2009	PG&E files Amended Application
No later than March 6, 2009	Notice of Amended Application appears in Daily Calendar
+ 30 days (April 6, 2009)	Protests on Amended Application due
+ 10 days (April 16, 2009)	Reply to Protests due
April/May/ June, 2009	Hearings/ Workshops/ Briefing (As Needed)
July, 2009	ALJ issues Proposed 2009-2011 Portfolio and Budget Decision
August, 2009	Commission Approves Final 2009-2011 Portfolio and Budget Decision

E. Articles of Incorporation (Rule 2.2)

A certified copy of PG&E's Restated Articles of Incorporation, effective April 12, 2004, was filed with the Commission on May 3, 2004 with PG&E's Application 04-05-005. These articles are incorporated herein by reference.

F. Notice and Service of Application (Rules 3.2(b)-(d))

Within ten (10) days of filing the original Application (filed July 21, 2008), PG&E mailed a notice stating in general terms the proposed revenues, rate changes, and ratemaking mechanisms requested in the Application to the parties listed in Exhibit F, including the State of California and cities and counties served by PG&E. This Amended Application and attachments, or a Notice of Availability of this Amended Application and attachments, is being served on the parties of record in R.06-04-010, A.08-06-001, et al., and R.08-07-011.

PG&E published in newspapers of general circulation in each county in its service territory a notice of filing of the original Application. PG&E also included notices with the regular bills mailed to all customers affected by the proposed changes.

G. Balance Sheet and Income Statement (Rule 3.2(a)(1))

PG&E's balance sheet and an income statement are contained in Exhibit A of this Amended Application.

H. Statement of Presently Effective Rates (Rule 3.2(a)(2))

PG&E's presently effective rates are set forth in Exhibit B of this Amended Application.

I. Statement of Proposed Increases or Changes In Proposed Rates (Rule 3.2(a)(3))

The proposed increases or changes in rates are set forth in Exhibit C and D of this Amended Application.

J. General Description of PG&E's Electric Department Plant (Rule 3.2(a)(4))

Because this submittal is not a general rate application, this requirement is not applicable.

K. Summary of Earnings (Rule 3.2(a)(5) and Rule 3.2(a)(6))

Exhibit E shows for the recorded year 2006, the revenues, expenses, rate bases and rate of return for PG&E's Electric and Gas Departments.

L. Statement of Election of Method of Computing Depreciation Deduction for Federal Income Tax (Rule 3.2(a)(7))

Because this submittal is not a general rate application, this requirement is not applicable.

M. Most Recent Proxy Statement (Rule 3.2(a)(8))

Because this submittal is not a general rate application, this requirement is not applicable.

N. Type of Rate Change Requested (Rule 3.2(a)(10))

This proposed change in rates reflects amounts in rates authorized to be recovered for administration of energy efficiency programs.

VI. CONCLUSION

Pacific Gas and Electric Company respectfully requests that the Commission adopt the policy proposals requested by the Joint IOUs and approve PG&E's proposed energy efficiency portfolio and budget for 2009-2011. Specifically, PG&E requests the Commission grant the following relief:

1. Adopt a policy that ex ante benefit and measure cost assumptions adopted for 2009-2011 portfolio planning will also be used for 2009-2011 portfolio evaluation;
2. Adopt IOU proposed revisions to the 2008 DEER update issued by Energy Division in December, 2008, including the removal of residential interactive effects and heating-related commercial interactive effects;
3. Adopt a timely process for inclusion of new measures and development of new measure benefit and costs;
4. Define Cumulative Savings for 2009-2011 as the sum of the annual savings for the three-year cycle;
5. Adopt a policy explicitly allowing IOUs to receive energy savings credit for providing support for energy efficiency actions taken by customers who may be motivated by Federal, State or legislative policies, or local codes and ordinances;
6. Exempt from the RRIM, activities in direct support of the Strategic Plan that Produce Minimal or No Measurable, Cost Effective savings in 2009-2011;

7. Adjust use of the discount rate to a societal discount rate, or, alternatively allow PG&E to use the after-tax discount rate for energy efficiency cost-effectiveness evaluation;
8. Extend the maximum Effective Useful Life of Energy Efficiency Measures from 20 years to 30 years;
9. Adopt Codes and Standards Policies that align C&S savings with savings from other portfolio programs (i.e., for 2009-2011 allow PG&E to count 100% of savings from pre and post-2006 advocacy; allow full savings for activity beyond advocacy including improving compliance; clarify calculation of gross savings for C&S; and adopt counting rules to support “reach codes” through IOU partnership with local jurisdiction/ agencies.)
10. Approve PG&E’s proposed 2009-2011 energy efficiency portfolio, including statewide and local programs delivered via core utility, government partnership and third-party programs;
11. Approve PG&E’s proposed portfolio budget for 2009-2011 and authorize the use of interest accrued during the program cycle as necessary to augment the funds available for direct implementation;
12. Approve PG&E’s proposed energy efficiency integration activities and budgets;
13. Approve PG&E’s on-bill financing proposals;
14. Order that IOUs can fully count energy efficiency savings that occur due to on-bill financing activities or financing of energy efficiency through a Utility Energy Service Contract (UESC);
15. Approve PG&E’s fund-shifting proposals;
16. Approve PG&E’s Evaluation, Measurement and Verification (EM&V) proposals including replacement of PG&E’s Marketing Decision Support System (MDSS);
17. Approve PG&E’s proposed revenue requirement and cost recovery proposals for 2009-2011 including both the capital and expense components;
18. Granting such additional relief as the Commission may deem proper.

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Respectfully submitted,

BRADLEY E. WHITCOMB
VICE PRESIDENT
MARKETING & CUSTOMER INNOVATION

By: _____ /s/
BRADLEY E. WHITCOMB

LISE H. JORDAN
CHONDA J. NWAMU

By: _____ /s/
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Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: March 2, 2009

VERIFICATION

I am an officer of the applicant corporation, Pacific Gas and Electric Company, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to the matters which are herein stated on information and belief, and as to those matters I believe them to be true.

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

Executed at San Francisco, California this 26th day of February, 2009.

/s/

BRADLEY E. WHITCOMB
Vice President, Marketing & Customer Innovation
PACIFIC GAS AND ELECTRIC COMPANY

EXHIBIT A

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

	Year ended December 31,		
	2008	2007	2006
Operating Revenues			
Electric	\$ 10,738	\$ 9,481	\$ 8,752
Natural gas	3,890	3,757	3,787
Total operating revenues	<u>14,628</u>	<u>13,238</u>	<u>12,539</u>
Operating Expenses			
Cost of electricity	4,425	3,437	2,922
Cost of natural gas	2,090	2,035	2,097
Operating and maintenance	4,197	3,872	3,697
Depreciation, amortization and decommissioning	1,650	1,769	1,708
Total operating expenses	<u>12,362</u>	<u>11,113</u>	<u>10,424</u>
Operating Income	2,266	2,125	2,115
Interest income	91	150	175
Interest expense	(698)	(732)	(710)
Other income, net	28	52	7
Income Before Income Taxes	1,687	1,595	1,587
Income tax provision	488	571	602
Net Income	1,199	1,024	985
Preferred stock dividend requirement	14	14	14
Income Available for Common Stock	<u>\$ 1,185</u>	<u>\$ 1,010</u>	<u>\$ 971</u>

See accompanying Notes to the Consolidated Financial Statements.

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

	Balance At December 31,	
	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 52	\$ 141
Restricted cash	1,290	1,297
Accounts receivable:		
Customers (net of allowance for doubtful accounts of \$76 million in 2008 and \$58 million in 2007)	1,751	1,599
Accrued unbilled revenue	685	750
Related parties	2	6
Regulatory balancing accounts	1,197	771
Inventories:		
Gas stored underground and fuel oil	232	205
Materials and supplies	191	166
Income taxes receivable	25	15
Prepaid expenses and other	705	252
Total current assets	6,130	5,202
Property, Plant, and Equipment		
Electric	27,638	25,599
Gas	10,155	9,620
Construction work in progress	2,023	1,348
Total property, plant, and equipment	39,816	36,567
Accumulated depreciation	(13,557)	(12,913)
Net property, plant, and equipment	26,259	23,654
Other Noncurrent Assets		
Regulatory assets	5,996	4,459
Nuclear decommissioning funds	1,718	1,979
Related parties receivable	27	23
Other	407	993
Total other noncurrent assets	8,148	7,454
TOTAL ASSETS	\$ 40,537	\$ 36,310

See accompanying Notes to the Consolidated Financial Statements.

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

	Balance at December 31,	
	2008	2007
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ 287	\$ 519
Long-term debt, classified as current	600	-
Energy recovery bonds, classified as current	370	354
Accounts payable:		
Trade creditors	1,096	1,067
Disputed claims and customer refunds	1,580	1,629
Related parties	25	28
Regulatory balancing accounts	730	673
Other	325	370
Interest payable	802	697
Income tax payable	53	-
Deferred income taxes	257	4
Other	1,371	1,200
Total current liabilities	7,496	6,541
Noncurrent Liabilities		
Long-term debt	9,041	7,891
Energy recovery bonds	1,213	1,582
Regulatory liabilities	3,657	4,448
Pension and other postretirement benefits	2,040	-
Asset retirement obligations	1,684	1,579
Income taxes payable	12	103
Deferred income taxes	3,449	3,104
Deferred tax credits	94	99
Other	2,064	1,838
Total noncurrent liabilities	23,254	20,644
Commitments and Contingencies		
Shareholders' Equity		
Preferred stock without mandatory redemption provisions:		
Nonredeemable, 5.00% to 6.00%, outstanding 5,784,825 shares	145	145
Redeemable, 4.36% to 5.00%, outstanding 4,534,958 shares	113	113
Common stock, \$5 par value, authorized 800,000,000 shares, issued 264,374,809 shares in 2008 and issued 282,916,485 shares in 2007	1,322	1,415
Common stock held by subsidiary, at cost, 19,481,213 shares in 2007	-	(475)
Additional paid-in capital	2,331	2,220
Reinvested earnings	6,092	5,694
Accumulated other comprehensive income (loss)	(216)	13
Total shareholders' equity	9,787	9,125
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 40,537	\$ 36,310

See accompanying Notes to the Consolidated Financial Statements.

EXHIBIT B

PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

RESIDENTIAL RATES

LINE NO.		3/1/09 RATES		LINE NO.
		SUMMER	WINTER	
1	SCHEDULE E-1			1
2	MINIMUM BILL (\$/MONTH)	\$4.50	\$4.50	2
3	ES UNIT DISCOUNT (\$/UNIT/MONTH)	\$3.22	\$3.22	3
4	ET UNIT DISCOUNT (\$/UNIT/MONTH)	\$11.54	\$11.54	4
5	ES/ET MINIMUM RATE LIMITER (\$/KWH)	\$0.04892	\$0.04892	5
6	ENERGY (\$/KWH)			6
7	TIER 1	\$0.11531	\$0.11531	7
8	TIER 2	\$0.13109	\$0.13109	8
9	TIER 3	\$0.25974	\$0.25974	9
10	TIER 4	\$0.37866	\$0.37866	10
11	TIER 5	\$0.44098	\$0.44098	11

12	SCHEDULE EL-1 (CARE)			12
13	MINIMUM BILL (\$/MONTH)	\$3.60	\$3.60	13
14	ENERGY (\$/KWH)			14
15	TIER 1	\$0.08316	\$0.08316	15
16	TIER 2	\$0.09563	\$0.09563	16
17	TIER 3	\$0.09563	\$0.09563	17
18	TIER 4	\$0.09563	\$0.09563	18
19	TIER 5	\$0.09563	\$0.09563	19

PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

RESIDENTIAL RATES

LINE NO.		3/1/09 RATES		LINE NO.
		SUMMER	WINTER	
1	SCHEDULE E-6			1
2	MINIMUM BILL (\$/MONTH)	\$4.50	\$4.50	2
3	E-6 METER CHARGE (\$/MONTH)	\$7.70	\$7.70	3
4	ON-PEAK ENERGY (\$/KWH)			4
5	TIER 1	\$0.29265		5
6	TIER 2	\$0.30841		6
7	TIER 3	\$0.43690		7
8	TIER 4	\$0.55568		8
9	TIER 5	\$0.61792		9
10	PART-PEAK ENERGY (\$/KWH)			10
11	TIER 1	\$0.14432	\$0.10018	11
12	TIER 2	\$0.16008	\$0.11595	12
13	TIER 3	\$0.28857	\$0.24443	13
14	TIER 4	\$0.40735	\$0.36321	14
15	TIER 5	\$0.46960	\$0.42546	15
16	OFF-PEAK ENERGY (\$/KWH)			16
17	TIER 1	\$0.08447	\$0.08848	17
18	TIER 2	\$0.10023	\$0.10424	18
19	TIER 3	\$0.22872	\$0.23273	19
20	TIER 4	\$0.34750	\$0.35151	20
21	TIER 5	\$0.40974	\$0.41375	21
.....				
22	SCHEDULE EL-6			22
23	MINIMUM BILL (\$/MONTH)	\$3.60	\$3.60	23
24	EL-6 METER CHARGE(\$/MONTH)	\$6.16	\$6.16	24
25	ON-PEAK ENERGY (\$/KWH)			25
26	TIER 1	\$0.20776		26
27	TIER 2	\$0.22023		27
28	TIER 3	\$0.22023		28
29	TIER 4	\$0.22023		29
30	TIER 5	\$0.22023		30
31	PART-PEAK ENERGY (\$/KWH)			31
32	TIER 1	\$0.10223	\$0.07082	32
33	TIER 2	\$0.11470	\$0.08329	33
34	TIER 3	\$0.11470	\$0.08329	34
35	TIER 4	\$0.11470	\$0.08329	35
36	TIER 5	\$0.11470	\$0.08329	36
37	OFF-PEAK ENERGY (\$/KWH)			37
38	TIER 1	\$0.05964	\$0.06249	38
39	TIER 2	\$0.07211	\$0.07496	39
40	TIER 3	\$0.07211	\$0.07496	40
41	TIER 4	\$0.07211	\$0.07496	41
42	TIER 5	\$0.07211	\$0.07496	42

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PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

RESIDENTIAL RATES

LINE NO.		3/1/09	3/1/09	LINE NO.
		RATES SUMMER	RATES WINTER	
1	SCHEDULE E-7			1
2	MINIMUM BILL (\$/MONTH)	\$4.50	\$4.50	2
3	E-7 METER CHARGE (\$/MONTH)	\$3.51	\$3.51	3
4	RATE W METER CHARGE (\$/MONTH)	\$1.17	\$1.17	4
5	ON-PEAK ENERGY (\$/KWH)			5
6	TIER 1	\$0.29741	\$0.11589	6
7	TIER 2	\$0.29741	\$0.11589	7
8	TIER 3	\$0.42629	\$0.24477	8
9	TIER 4	\$0.54543	\$0.36391	9
10	TIER 5	\$0.60786	\$0.42634	10
11	OFF-PEAK ENERGY (\$/KWH)			11
12	TIER 1	\$0.08741	\$0.09048	12
13	TIER 2	\$0.08741	\$0.09048	13
14	TIER 3	\$0.21629	\$0.21936	14
15	TIER 4	\$0.33544	\$0.33850	15
16	TIER 5	\$0.39787	\$0.40093	16
17	BASELINE DISCOUNT (\$/KWH)	\$0.01631	\$0.01631	17

18	SCHEDULE EL-7			18
19	MINIMUM BILL (\$/MONTH)	\$4.50	\$4.50	19
20	EL-7 METER CHARGE(\$/MONTH)	\$0.00	\$0.00	20
21	ENERGY (\$/KWH)			21
22	ON-PEAK	\$0.28372	\$0.10472	22
23	OFF-PEAK	\$0.07664	\$0.07966	23
24	BASELINE DISCOUNT (\$/KWH)	\$0.01559	\$0.01559	24

25	SCHEDULE E-8			25
26	CUSTOMER CHARGE (\$/MONTH)	\$12.53	\$12.53	26
27	ENERGY (\$/KWH)			27
28	TIER 1	\$0.11914	\$0.07627	28
29	TIER 2	\$0.11914	\$0.07627	29
30	TIER 3	\$0.24769	\$0.20482	30
31	TIER 4	\$0.36652	\$0.32366	31
32	TIER 5	\$0.42879	\$0.38593	32

33	SCHEDULE EL-8 (CARE)			33
34	CUSTOMER CHARGE (\$/MONTH)	\$10.02	\$10.02	34
35	ENERGY CHARGE (\$/KWH)	\$0.08624	\$0.05234	35

PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

RESIDENTIAL RATES

LINE NO.		3/1/09 RATES SUMMER	3/1/09 RATES WINTER	LINE NO.
1	SCHEDULE E-A7			1
2	MINIMUM BILL (\$/MONTH)	\$4.50	\$4.50	2
3	E-A7 METER CHARGE (\$/MONTH)	\$3.51	\$3.51	3
4	RATE Y METER CHARGE (\$/MONTH)	\$1.17	\$1.17	4
5	ON-PEAK ENERGY (\$/KWH)			5
6	TIER 1	\$0.32669	\$0.11509	6
7	TIER 2	\$0.32669	\$0.11509	7
8	TIER 3	\$0.45557	\$0.24397	8
9	TIER 4	\$0.57471	\$0.36311	9
10	TIER 5	\$0.63714	\$0.42554	10
11	OFF-PEAK ENERGY (\$/KWH)			11
12	TIER 1	\$0.08320	\$0.09056	12
13	TIER 2	\$0.08320	\$0.09056	13
14	TIER 3	\$0.21208	\$0.21944	14
15	TIER 4	\$0.33122	\$0.33858	15
16	TIER 5	\$0.39365	\$0.40101	16
17	BASELINE DISCOUNT (\$/KWH)	\$0.01631	\$0.01631	17
18	SCHEDULE EL-A7			18
19	MINIMUM BILL (\$/MONTH)	\$4.50	\$4.50	19
20	EL-A7 METER CHARGE(\$/MONTH)	\$0.00	\$0.00	20
21	ON-PEAK ENERGY (\$/KWH)	\$0.31260	\$0.10393	21
22	OFF-PEAK ENERGY (\$/KWH)	\$0.07248	\$0.07974	22
23	BASELINE DISCOUNT (\$/KWH)	\$0.01559	\$0.01559	23
24	SCHEDULE E-9: RATE A			24
25	MINIMUM BILL (\$/MONTH)	\$4.50	\$4.50	25
26	E-9 METER CHARGE (\$/MONTH)	\$6.66	\$6.66	26
27	ON-PEAK ENERGY (\$/KWH)			27
28	TIER 1	\$0.28723		28
29	TIER 2	\$0.28723		29
30	TIER 3	\$0.41611		30
31	TIER 4	\$0.53525		31
32	TIER 5	\$0.59768		32
33	PART-PEAK ENERGY (\$/KWH)			33
34	TIER 1	\$0.10497	\$0.10485	34
35	TIER 2	\$0.10497	\$0.10485	35
36	TIER 3	\$0.23385	\$0.23373	36
37	TIER 4	\$0.35299	\$0.35287	37
38	TIER 5	\$0.41542	\$0.41530	38
39	OFF-PEAK ENERGY (\$/KWH)			39
40	TIER 1	\$0.04990	\$0.05832	40
41	TIER 2	\$0.04990	\$0.05832	41
42	TIER 3	\$0.12956	\$0.12956	42
43	TIER 4	\$0.16880	\$0.16880	43
44	TIER 5	\$0.21847	\$0.21847	44
45	BASELINE DISCOUNT (\$/KWH)	\$0.01631	\$0.01631	45

PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

RESIDENTIAL RATES

LINE NO.		3/1/09 RATES SUMMER	3/1/09 RATES WINTER	LINE NO.
1	SCHEDULE E-9: RATE B			1
2	MINIMUM BILL (\$/MONTH)	\$4.50	\$4.50	2
3	E-9 METER CHARGE (\$/MONTH)	\$6.66	\$6.66	3
4	ON-PEAK ENERGY (\$/KWH)			4
5	TIER 1	\$0.28316		5
6	TIER 2	\$0.28316		6
7	TIER 3	\$0.41204		7
8	TIER 4	\$0.53118		8
9	TIER 5	\$0.59361		9
10	PART-PEAK ENERGY (\$/KWH)			10
11	TIER 1	\$0.10090	\$0.10124	11
12	TIER 2	\$0.10090	\$0.10124	12
13	TIER 3	\$0.22978	\$0.23012	13
14	TIER 4	\$0.34892	\$0.34926	14
15	TIER 5	\$0.41135	\$0.41169	15
16	OFF-PEAK ENERGY (\$/KWH)			16
17	TIER 1	\$0.05651	\$0.06423	17
18	TIER 2	\$0.05651	\$0.06423	18
19	TIER 3	\$0.18539	\$0.19311	19
20	TIER 4	\$0.30453	\$0.31225	20
21	TIER 5	\$0.36696	\$0.37468	21
22	BASELINE DISCOUNT (\$/KWH)	\$0.01631	\$0.01631	22

PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

SMALL L&P RATES

LINE NO.		3/1/09 RATES SUMMER	3/1/09 RATES WINTER	LINE NO.
1	SCHEDULE A-1			1
2	CUSTOMER CHARGE: SINGLE-PHASE (\$/MO.)	\$9.00	\$9.00	2
3	CUSTOMER CHARGE: POLYPHASE (\$/MO.)	\$13.50	\$13.50	3
4	ENERGY (\$/KWH)	\$0.19980	\$0.13768	4
5	SCHEDULE A-6			5
6	CUSTOMER CHARGE: SINGLE-PHASE (\$/MO.)	\$9.00	\$9.00	6
7	CUSTOMER CHARGE: POLYPHASE (\$/MO.)	\$13.50	\$13.50	7
8	METER CHARGE (\$/MONTH)	\$6.12	\$6.12	8
9	METER CHARGE - RATE W (\$/MONTH)	\$1.80	\$1.80	9
10	METER CHARGE - RATE X (\$/MONTH)	\$6.12	\$6.12	10
11	ENERGY (\$/KWH)			11
12	ON-PEAK	\$0.41487		12
13	PART-PEAK	\$0.18872	\$0.14196	13
14	OFF-PEAK ENERGY	\$0.11732	\$0.11603	14
15	SCHEDULE A-15			15
16	CUSTOMER CHARGE (\$/MONTH)	\$9.00	\$9.00	16
17	FACILITY CHARGE (\$/MONTH)	\$20.00	\$20.00	17
18	ENERGY (\$/KWH)	\$0.20014	\$0.13802	18
19	SCHEDULE TC-1			19
20	CUSTOMER CHARGE (\$/MONTH)	\$9.00	\$9.00	20
21	ENERGY (\$/KWH)	\$0.13046	\$0.13046	21

PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

MEDIUM L&P RATES

LINE NO.		3/1/09 RATES SUMMER	3/1/09 RATES WINTER	LINE NO.
1	SCHEDULE A-10			1
2	CUSTOMER CHARGE (\$/MONTH)	\$120.00	\$120.00	2
3	MAXIMUM DEMAND CHARGE (\$/KW/MO)			3
4	SECONDARY VOLTAGE	\$10.27	\$5.76	4
5	PRIMARY VOLTAGE	\$9.75	\$5.31	5
6	TRANSMISSION VOLTAGE	\$7.58	\$3.57	6
7	FTA ENERGY CHARGE (\$/KWH)			7
8	SECONDARY VOLTAGE	\$0.14000	\$0.10483	8
9	PRIMARY VOLTAGE	\$0.13363	\$0.09990	9
10	TRANSMISSION VOLTAGE	\$0.11810	\$0.08940	10
11	NON-FTA ENERGY CHARGE (\$/KWH)			11
12	SECONDARY VOLTAGE	\$0.14034	\$0.10517	12
13	PRIMARY VOLTAGE	\$0.13397	\$0.10024	13
14	TRANSMISSION VOLTAGE	\$0.11844	\$0.08974	14
15	SCHEDULE A-10 TOU			15
16	CUSTOMER CHARGE (\$/MONTH)	\$120.00	\$120.00	16
17	MAXIMUM DEMAND CHARGE (\$/KW/MO)			17
18	SECONDARY VOLTAGE	\$10.27	\$5.76	18
19	PRIMARY VOLTAGE	\$9.75	\$5.31	19
20	TRANSMISSION VOLTAGE	\$7.58	\$3.57	20
21	FTA ENERGY CHARGE (\$/KWH)			21
22	SECONDARY			22
23	ON PEAK	\$0.16473		23
24	PARTIAL PEAK	\$0.14032	\$0.11070	24
25	OFF-PEAK	\$0.12579	\$0.09904	25
26	PRIMARY			26
27	ON PEAK	\$0.15596		27
28	PARTIAL PEAK	\$0.13423	\$0.10456	28
29	OFF-PEAK	\$0.12075	\$0.09540	29
30	TRANSMISSION			30
31	ON PEAK	\$0.13942		31
32	PARTIAL PEAK	\$0.11844	\$0.09380	32
33	OFF-PEAK	\$0.10594	\$0.08516	33
34	NON-FTA ENERGY CHARGE (\$/KWH)			34
35	SECONDARY			35
36	ON PEAK	\$0.16507		36
37	PARTIAL PEAK	\$0.14066	\$0.11104	37
38	OFF-PEAK	\$0.12613	\$0.09938	38
39	PRIMARY			39
40	ON PEAK	\$0.15630		40
41	PARTIAL PEAK	\$0.13457	\$0.10490	41
42	OFF-PEAK	\$0.12109	\$0.09574	42
43	TRANSMISSION			43
44	ON PEAK	\$0.13976		44
45	PARTIAL PEAK	\$0.11878	\$0.09414	45
46	OFF-PEAK	\$0.10628	\$0.08550	46

PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

E-19 FIRM RATES

LINE NO.		3/1/09 RATES SUMMER	3/1/09 RATES WINTER	LINE NO.
.....				
1	SCHEDULE E-19 T FIRM			1
2	CUSTOMER CHARGE > 500 KW (\$/MONTH)	\$1,200.00	\$1,200.00	2
3	CUSTOMER CHARGE < 500 KW (\$/MONTH)	\$120.00	\$120.00	3
4	TOU METER CHARGE - RATES V & X (\$/MONTH)	\$5.40	\$5.40	4
5	TOU METER CHARGE - RATE W (\$/MONTH)	\$1.08	\$1.08	5
6	DEMAND CHARGE (\$/KW/MONTH)			6
7	ON-PEAK	\$9.90		7
8	PARTIAL PEAK	\$2.24	\$0.00	8
9	MAXIMUM	\$4.68	\$4.68	9
10	FTA ENERGY CHARGE (\$/KWH)			10
11	ON-PEAK	\$0.11502		11
12	PARTIAL-PEAK	\$0.09119	\$0.08254	12
13	OFF-PEAK	\$0.07694	\$0.07270	13
14	NON-FTA ENERGY CHARGE (\$/KWH)			14
15	ENERGY CHARGE (\$/KWH)			15
16	ON-PEAK	\$0.11536		16
17	PARTIAL-PEAK	\$0.09153	\$0.08288	17
18	OFF-PEAK	\$0.07728	\$0.07304	18
.....				
19	SCHEDULE E-19 P FIRM			19
20	CUSTOMER CHARGE > 500 KW (\$/MONTH)	\$600.00	\$600.00	20
21	CUSTOMER CHARGE < 500 KW (\$/MONTH)	\$120.00	\$120.00	21
22	TOU METER CHARGE - RATES V & X (\$/MONTH)	\$5.40	\$5.40	22
23	TOU METER CHARGE - RATE W (\$/MONTH)	\$1.08	\$1.08	23
24	DEMAND CHARGE (\$/KW/MONTH)			24
25	ON-PEAK	\$12.29		25
26	PARTIAL PEAK	\$2.79	\$0.78	26
27	MAXIMUM	\$6.66	\$6.66	27
28	FTA ENERGY CHARGE (\$/KWH)			28
29	ON-PEAK	\$0.15572		29
30	PARTIAL-PEAK	\$0.10373	\$0.08848	30
31	OFF-PEAK	\$0.08120	\$0.07703	31
32	NON-FTA ENERGY CHARGE (\$/KWH)			32
33	ENERGY CHARGE (\$/KWH)			33
34	ON-PEAK	\$0.15606		34
35	PARTIAL-PEAK	\$0.10407	\$0.08882	35
36	OFF-PEAK	\$0.08154	\$0.07737	36
37	AVERAGE RATE LIMIT (\$/KWH)	\$0.24038		37
.....				

PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

E-19 FIRM RATES

LINE NO.		3/1/09 RATES SUMMER	3/1/09 RATES WINTER	LINE NO.
1	SCHEDULE E-19 S FIRM			1
2	CUSTOMER CHARGE > 500 KW (\$/MONTH)	\$412.50	\$412.50	2
3	CUSTOMER CHARGE < 500 KW (\$/MONTH)	\$120.00	\$120.00	3
4	TOU METER CHARGE - RATES V & X (\$/MONTH)	\$5.40	\$5.40	4
5	TOU METER CHARGE - RATE W (\$/MONTH)	\$1.08	\$1.08	5
6	DEMAND CHARGE (\$/KW/MONTH)			6
7	ON-PEAK	\$13.51		7
8	PARTIAL PEAK	\$3.07	\$1.04	8
9	MAXIMUM	\$7.70	\$7.70	9
10	FTA ENERGY CHARGE (\$/KWH)			10
11	ON-PEAK	\$0.15519		11
12	PARTIAL-PEAK	\$0.10522	\$0.09314	12
13	OFF-PEAK	\$0.08472	\$0.08155	13
14	NON-FTA ENERGY CHARGE (\$/KWH)			14
15	ENERGY CHARGE (\$/KWH)			15
16	ON-PEAK	\$0.15553		16
17	PARTIAL-PEAK	\$0.10556	\$0.09348	17
18	OFF-PEAK	\$0.08506	\$0.08189	18
19	AVERAGE RATE LIMIT (\$/KWH)	\$0.24038		19

PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

E-20 FIRM RATES

LINE NO.		3/1/09 RATES SUMMER	3/1/09 RATES WINTER	LINE NO.
1	SCHEDULE E-20 T FIRM			1
2	CUSTOMER CHARGE (\$/MONTH)-FIRM	\$1,028.45	\$1,028.45	2
3	DEMAND CHARGE (\$/KW/MONTH)			3
4	ON-PEAK	\$12.02		4
5	PARTIAL PEAK	\$2.69	\$0.00	5
6	MAXIMUM	\$3.67	\$3.67	6
7	ENERGY CHARGE (\$/KWH)			7
8	ON-PEAK	\$0.10858		8
9	PARTIAL-PEAK	\$0.08644	\$0.07843	9
10	OFF-PEAK	\$0.07324	\$0.06931	10

11	SCHEDULE E-20 P FIRM			11
12	CUSTOMER CHARGE (\$/MONTH)	\$1,000.00	\$1,000.00	12
13	DEMAND CHARGE (\$/KW/MONTH)			13
14	ON-PEAK	\$12.62		14
15	PARTIAL PEAK	\$2.90	\$0.67	15
16	MAXIMUM	\$6.60	\$6.60	16
17	ENERGY CHARGE (\$/KWH)			17
18	ON-PEAK	\$0.15366		18
19	PARTIAL-PEAK	\$0.10295	\$0.08787	19
20	OFF-PEAK	\$0.08097	\$0.07675	20
21	AVERAGE RATE LIMIT (\$/KWH)	\$0.23416		21

22	SCHEDULE E-20 S FIRM			22
23	CUSTOMER CHARGE (\$/MONTH)	\$750.00	\$750.00	23
24	DEMAND CHARGE (\$/KW/MONTH)			24
25	ON-PEAK	\$13.11		25
26	PARTIAL PEAK	\$2.88	\$1.04	26
27	MAXIMUM	\$7.94	\$7.94	27
28	ENERGY CHARGE (\$/KWH)			28
29	ON-PEAK	\$0.14860		29
30	PARTIAL-PEAK	\$0.10173	\$0.09044	30
31	OFF-PEAK	\$0.08233	\$0.07934	31
32	AVERAGE RATE LIMIT (\$/KWH)	\$0.23416		32

PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

OIL AND GAS EXTRACTION RATES

LINE NO.		3/1/09	3/1/09	LINE NO.
		RATES SUMMER	RATES WINTER	
1	SCHEDULE E-37			1
2	CUSTOMER CHARGE (\$/MONTH)	\$30.00	\$30.00	2
3	TOU METER CHARGE - RATE W (\$/MONTH)	\$1.20	\$1.20	3
4	TOU METER CHARGE - RATE X (\$/MONTH)	\$6.00	\$6.00	4
5	ON PEAK DEMAND CHARGE (\$/KW/MO)	\$7.73		5
6	MAXIMUM DEMAND CHARGE (\$/KW/MO)			6
7	SECONDARY VOLTAGE	\$10.70	\$3.58	7
8	PRIMARY VOLTAGE DISCOUNT	\$1.48	\$0.12	8
9	TRANSMISSION VOLTAGE DISCOUNT	\$7.74	\$3.09	9
10	ENERGY (\$/KWH)			10
11	ON-PEAK	\$0.17485		11
12	PART-PEAK		\$0.08604	12
13	OFF-PEAK	\$0.06659	\$0.05855	13

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PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

STANDBY RATES

LINE NO.		3/1/09 RATES SUMMER	3/1/09 RATES WINTER	LINE NO.
1	SCHEDULE S - TRANSMISSION			1
2	CONTRACT CAPACITY CHARGE (\$/KW/MO.)	\$0.85	\$0.85	2
3	EFFECTIVE RESERVATION CHARGE (\$/KW/MO.)	\$0.72	\$0.72	3
4	ENERGY (\$/KWH)			4
5	ON-PEAK	\$0.11953		5
6	PART-PEAK	\$0.10173	\$0.09530	6
7	OFF-PEAK	\$0.09113	\$0.08795	7
8	SCHEDULE S - PRIMARY			8
9	CONTRACT CAPACITY CHARGE (\$/KW/MO.)	\$2.45	\$2.45	9
10	EFFECTIVE RESERVATION CHARGE (\$/KW/MO.)	\$2.08	\$2.08	10
11	ENERGY (\$/KWH)			11
12	ON-PEAK	\$0.28656		12
13	PART-PEAK	\$0.17854	\$0.15698	13
14	OFF-PEAK	\$0.13609	\$0.13288	14
15	SCHEDULE S - SECONDARY			15
16	CONTRACT CAPACITY CHARGE (\$/KW/MO.)	\$2.47	\$2.47	16
17	EFFECTIVE RESERVATION CHARGE (\$/KW/MO.)	\$2.10	\$2.10	17
18	ENERGY (\$/KWH)			18
19	ON-PEAK	\$0.28909		19
20	PART-PEAK	\$0.17886	\$0.15887	20
21	OFF-PEAK	\$0.13568	\$0.13247	21

PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

STANDBY RATES

LINE NO.		3/1/09 RATES SUMMER	3/1/09 RATES WINTER	LINE NO.
1	SCHEDULE S CUSTOMER AND METER CHARGES			1
2	RESIDENTIAL			2
3	MINIMUM BILL (\$/MO)	\$5.00	\$5.00	3
4	TOU METER CHARGE (\$/MO)	\$3.90	\$3.90	4
5	AGRICULTURAL			5
6	CUSTOMER CHARGE (\$/MO)	\$16.00	\$16.00	6
7	TOU METER CHARGE (\$/MO)	\$6.00	\$6.00	7
8	SMALL LIGHT AND POWER (less than or equal to 50 kW)			8
9	SINGLE PHASE CUSTOMER CHARGE (\$/MO)	\$9.00	\$9.00	9
10	POLY PHASE CUSTOMER CHARGE (\$/MO)	\$13.50	\$13.50	10
11	METER CHARGE (\$/MO)	\$6.12	\$6.12	11
12	MEDIUM LIGHT AND POWER (>50 kW, <500 kW)			12
13	CUSTOMER CHARGE (\$/MO)	\$120.00	\$120.00	13
14	METER CHARGE (\$/MO)	\$5.40	\$5.40	14
15	MEDIUM LIGHT AND POWER (>500kW)			15
16	TRANSMISSION CUSTOMER CHARGE (\$/MO)	\$1,200.00	\$1,200.00	16
17	PRIMARY CUSTOMER CHARGE (\$/MO)	\$600.00	\$600.00	17
18	SECONDARY CUSTOMER CHARGE (\$/MO)	\$412.50	\$412.50	18
19	LARGE LIGHT AND POWER (> 1000 kW)			19
20	TRANSMISSION CUSTOMER CHARGE (\$/MO)	\$1,028.45	\$1,028.45	20
21	PRIMARY CUSTOMER CHARGE (\$/MO)	\$1,000.00	\$1,000.00	21
22	SECONDARY CUSTOMER CHARGE (\$/MO)	\$750.00	\$750.00	22
23	REDUCED CUSTOMER CHARGES (\$/MO)			23
24	A-6	\$11.90	\$11.90	24
25	E19 V	\$57.32	\$57.32	25
26	E-19 PRIMARY and SECONDARY	\$851.00	\$851.00	26

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PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

AGRICULTURAL RATES

LINE NO.		3/1/09 RATES SUMMER	3/1/09 RATES WINTER	LINE NO.
1	SCHEDULE AG-1A			1
2	CUSTOMER CHARGE (\$/MONTH)	\$14.40	\$14.40	2
3	CONNECTED LOAD CHARGE (\$/KW/MONTH)	\$5.03	\$0.87	3
4	ENERGY CHARGE (\$/KWH)	\$0.20150	\$0.15591	4

5	SCHEDULE AG-RA			5
6	CUSTOMER CHARGE - RATES A & D (\$/MONTH)	\$14.40	\$14.40	6
7	METER CHARGE - RATE A (\$/MONTH)	\$6.80	\$6.80	7
8	METER CHARGE - RATE D (\$/MONTH)	\$2.00	\$2.00	8
9	CONNECTED LOAD CHARGE (\$/KW/MONTH)	\$4.54	\$0.66	9
10	ENERGY (\$/KWH)			10
11	ON-PEAK	\$0.39025		11
12	PART-PEAK		\$0.12808	12
13	OFF-PEAK	\$0.12346	\$0.10500	13

14	SCHEDULE AG-VA			14
15	CUSTOMER CHARGE - RATES A & D (\$/MONTH)	\$14.40	\$14.40	15
16	METER CHARGE - RATE A (\$/MONTH)	\$6.80	\$6.80	16
17	METER CHARGE - RATE D (\$/MONTH)	\$2.00	\$2.00	17
18	CONNECTED LOAD CHARGE (\$/KW/MONTH)	\$4.58	\$0.69	18
19	ENERGY (\$/KWH)			19
20	ON-PEAK	\$0.36145		20
21	PART-PEAK		\$0.12907	21
22	OFF-PEAK	\$0.12122	\$0.10591	22

23	SCHEDULE AG-4A			23
24	CUSTOMER CHARGE - RATES A & D (\$/MONTH)	\$14.40	\$14.40	24
25	METER CHARGE - RATE A (\$/MONTH)	\$6.80	\$6.80	25
26	METER CHARGE - RATE D (\$/MONTH)	\$2.00	\$2.00	26
27	CONNECTED LOAD CHARGE (\$/KW/MONTH)	\$4.56	\$0.61	27
28	ENERGY (\$/KWH)			28
29	ON-PEAK	\$0.28401		29
30	PART-PEAK		\$0.12878	30
31	OFF-PEAK	\$0.12358	\$0.10582	31

PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

AGRICULTURAL RATES

LINE NO.		3/1/09 RATES SUMMER	3/1/09 RATES WINTER	LINE NO.
1	SCHEDULE AG-5A			1
2	CUSTOMER CHARGE - RATES A & D (\$/MONTH)	\$14.40	\$14.40	2
3	METER CHARGE - RATE A (\$/MONTH)	\$6.80	\$6.80	3
4	METER CHARGE - RATE D (\$/MONTH)	\$2.00	\$2.00	4
5	CONNECTED LOAD CHARGE (\$/KW/MONTH)	\$7.88	\$1.22	5
6	ENERGY (\$/KWH)			6
7	ON-PEAK	\$0.22571		7
8	PART-PEAK		\$0.11801	8
9	OFF-PEAK	\$0.11199	\$0.09936	9
10	SCHEDULE AG-1B			10
11	CUSTOMER CHARGE (\$/MONTH)	\$19.20	\$19.20	11
12	MAXIMUM DEMAND CHARGE (\$/KW/MONTH)			12
13	SECONDARY VOLTAGE	\$7.69	\$1.43	13
14	PRIMARY VOLTAGE DISCOUNT	\$0.98	\$0.20	14
15	ENERGY CHARGE (\$/KWH)	\$0.17803	\$0.13745	15

PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

AGRICULTURAL RATES

LINE NO.		3/1/09 RATES SUMMER	3/1/09 RATES WINTER	LINE NO.
1	SCHEDULE AG-RB			1
2	CUSTOMER CHARGE - RATES B & E (\$/MONTH)	\$19.20	\$19.20	2
3	METER CHARGE - RATE B (\$/MONTH)	\$6.00	\$6.00	3
4	METER CHARGE - RATE E (\$/MONTH)	\$1.20	\$1.20	4
5	ON-PEAK DEMAND CHARGE (\$/KW/MONTH)	\$2.90		5
6	MAXIMUM DEMAND CHARGE (\$/KW/MONTH)			6
7	SECONDARY VOLTAGE	\$6.39	\$1.17	7
8	PRIMARY VOLTAGE DISCOUNT	\$0.64	\$0.19	8
9	ENERGY CHARGE (\$/KWH)			9
10	ON-PEAK	\$0.38071		10
11	PART-PEAK		\$0.11621	11
12	OFF-PEAK	\$0.12492	\$0.09679	12
13	SCHEDULE AG-VB			13
14	CUSTOMER CHARGE - RATES B & E (\$/MONTH)	\$19.20	\$19.20	14
15	METER CHARGE - RATE B (\$/MONTH)	\$6.00	\$6.00	15
16	METER CHARGE - RATE E (\$/MONTH)	\$1.20	\$1.20	16
17	ON-PEAK DEMAND CHARGE (\$/KW/MONTH)	\$2.93		17
18	MAXIMUM DEMAND CHARGE (\$/KW/MONTH)			18
19	SECONDARY VOLTAGE	\$6.38	\$1.15	19
20	PRIMARY VOLTAGE DISCOUNT	\$0.70	\$0.18	20
21	ENERGY CHARGE (\$/KWH)			21
22	ON-PEAK	\$0.34601		22
23	PART-PEAK		\$0.11469	23
24	OFF-PEAK	\$0.12099	\$0.09551	24

PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

AGRICULTURAL RATES

LINE NO.		3/1/09 RATES SUMMER	3/1/09 RATES WINTER	LINE NO.
1	SCHEDULE AG-4B			1
2	CUSTOMER CHARGE - RATES B & E (\$/MONTH)	\$19.20	\$19.20	2
3	METER CHARGE - RATE B (\$/MONTH)	\$6.00	\$6.00	3
4	METER CHARGE - RATE E (\$/MONTH)	\$1.20	\$1.20	4
5	ON-PEAK DEMAND CHARGE (\$/KW/MONTH)	\$3.78		5
6	MAXIMUM DEMAND CHARGE (\$/KW/MONTH)			6
7	SECONDARY VOLTAGE	\$6.31	\$1.26	7
8	PRIMARY VOLTAGE DISCOUNT	\$0.79	\$0.20	8
9	ENERGY CHARGE (\$/KWH)			9
10	ON-PEAK	\$0.20860		10
11	PART-PEAK		\$0.11174	11
12	OFF-PEAK	\$0.11229	\$0.09359	12
13	SCHEDULE AG-4C			13
14	CUSTOMER CHARGE - RATES C & F (\$/MONTH)	\$64.80	\$64.80	14
15	METER CHARGE - RATE C (\$/MONTH)	\$6.00	\$6.00	15
16	METER CHARGE - RATE F (\$/MONTH)	\$1.20	\$1.20	16
17	DEMAND CHARGE (\$/KW/MONTH)			17
18	ON-PEAK	\$8.74		18
19	PART-PEAK	\$1.63	\$0.29	19
20	MAXIMUM	\$2.71	\$1.31	20
21	PRIMARY VOLTAGE DISCOUNT	\$1.09	\$0.16	21
22	TRANSMISSION VOLTAGE DISCOUNT	\$5.26	\$1.23	22
23	ENERGY CHARGE (\$/KWH)			23
24	ON-PEAK	\$0.19594		24
25	PART-PEAK	\$0.11315	\$0.09292	25
26	OFF-PEAK	\$0.08378	\$0.08003	26
27	SCHEDULE AG-5B			27
28	CUSTOMER CHARGE - RATES B & E (\$/MONTH)	\$30.00	\$30.00	28
29	METER CHARGE - RATE B (\$/MONTH)	\$6.00	\$6.00	29
30	METER CHARGE - RATE E (\$/MONTH)	\$1.20	\$1.20	30
31	ON-PEAK DEMAND CHARGE (\$/KW/MONTH)	\$7.73		31
32	MAXIMUM DEMAND CHARGE (\$/KW/MONTH)			32
33	SECONDARY VOLTAGE	\$10.70	\$3.58	33
34	PRIMARY VOLTAGE DISCOUNT	\$1.48	\$0.12	34
35	TRANSMISSION VOLTAGE DISCOUNT	\$7.74	\$3.09	35
36	ENERGY CHARGE (\$/KWH)			36
37	ON-PEAK	\$0.17485		37
38	PART-PEAK		\$0.08604	38
39	OFF-PEAK	\$0.06659	\$0.05855	39

PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

AGRICULTURAL RATES

LINE NO.		3/1/09 RATES SUMMER	3/1/09 RATES WINTER	LINE NO.
1	SCHEDULE AG-5C			1
2	CUSTOMER CHARGE - RATES C & F (\$/MONTH)	\$160.00	\$160.00	2
3	METER CHARGE - RATE C (\$/MONTH)	\$6.00	\$6.00	3
4	METER CHARGE - RATE F (\$/MONTH)	\$1.20	\$1.20	4
5	DEMAND CHARGE (\$/KW/MONTH)			5
6	ON-PEAK	\$13.06		6
7	PART-PEAK	\$2.65	\$0.52	7
8	MAXIMUM	\$3.95	\$2.64	8
9	PRIMARY VOLTAGE DISCOUNT	\$2.12	\$0.15	9
10	TRANSMISSION VOLTAGE DISCOUNT	\$10.40	\$1.92	10
11	ENERGY CHARGE (\$/KWH)			11
12	ON-PEAK	\$0.12854		12
13	PART-PEAK	\$0.08255	\$0.07055	13
14	OFF-PEAK	\$0.06541	\$0.06275	14
15	SCHEDULE AG-ICE			15
16	CUSTOMER CHARGE (\$/MONTH)	\$40.00	\$40.00	16
17	METER CHARGE (\$/MONTH)	\$6.00	\$6.00	17
18	ON-PEAK DEMAND CHARGE (\$/KW/MO)	\$1.86		18
19	MAXIMUM DEMAND CHARGE (\$/KW/MO)			19
20	SECONDARY	\$2.84	\$0.00	20
21	PRIMARY	\$2.10	\$0.00	21
22	TRANSMISSION	\$0.57	\$0.00	22
23	ENERGY CHARGE (\$/KWH)			23
24	ON-PEAK	\$0.12057		24
25	PART-PEAK	\$0.09405	\$0.09646	25
26	OFF-PEAK	\$0.04823	\$0.04823	26

PACIFIC GAS AND ELECTRIC COMPANY
 PRESENT ELECTRIC RATES
 AS OF MARCH 1, 2009

STREETLIGHTING RATES

LINE NO.		3/1/09 RATES SUMMER	3/1/09 RATES WINTER	LINE NO.
1	SCHEDULE LS-1			1
2	ENERGY CHARGE (\$/KWH)	\$0.12206	\$0.12206	2
3	SCHEDULE LS-2			3
4	ENERGY CHARGE (\$/KWH)	\$0.12206	\$0.12206	4
5	SCHEDULE LS-3			5
6	SERVICE CHARGE (\$/METER/MO.)	\$6.00	\$6.00	6
7	ENERGY CHARGE (\$/KWH)	\$0.12206	\$0.12206	7
8	SCHEDULE OL-1			8
9	ENERGY CHARGE (\$/KWH)	\$0.12568	\$0.12568	9

PACIFIC GAS AND ELECTRIC COMPANY															
PRESENT ELECTRIC RATES															
AS OF MARCH 1, 2009															
ELECTRIC RATES FOR SCHEDULES LS-1, LS-2 AND OL-1															
NOMINAL LAMP RATINGS			ALL NIGHT RATES PER LAMP PER MONTH										HALF-HOUR ADJ.		
LAMP WATTS	AVERAGE kWhr PER MONTH	INITIAL LUMENS	SCHEDULE LS-2			SCHEDULE LS-1							LS-1 & OL-1		
			A	B	C	A	B	C	D	E	F	F.1	OL-1	LS-2	OL-1
MERCURY VAPOR LAMPS															
40	18	1,300	\$2.384	--	--	--	--	--	--	--	--	--	--	\$0.100	--
50	22	1,650	\$2.872	--	--	--	--	--	--	--	--	--	--	\$0.122	--
100	40	3,500	\$5.069	--	\$7.570	\$11.347	--	\$9.830	--	--	--	--	--	\$0.222	--
175	68	7,500	\$8.487	--	\$10.988	\$14.765	\$13.256	\$13.248	--	\$15.903	\$15.978	\$15.978	\$15.011	\$0.377	\$0.388
250	97	11,000	\$12.027	--	\$14.528	\$18.305	\$16.796	\$16.788	--	--	--	--	--	\$0.538	--
400	152	21,000	\$18.740	--	\$21.241	\$25.018	\$23.509	\$23.501	--	--	--	--	\$25.568	\$0.843	\$0.868
700	266	37,000	\$32.655	--	\$35.156	\$38.933	\$37.424	\$37.416	--	--	--	--	--	\$1.476	--
1,000	377	57,000	\$46.204	--	\$48.705	--	--	--	--	--	--	--	--	\$2.092	--
INCANDESCENT LAMPS															
58	20	600	\$2.628	--	--	\$8.906	--	--	--	--	--	--	--	\$0.111	--
92	31	1,000	\$3.971	--	\$6.472	\$10.249	--	--	--	--	--	--	--	\$0.172	--
189	65	2,500	\$8.121	--	\$10.622	\$14.399	\$12.890	--	--	--	--	--	--	\$0.361	--
295	101	4,000	\$12.515	--	\$15.016	\$18.793	\$17.284	--	--	--	--	--	--	\$0.560	--
405	139	6,000	\$17.153	--	\$19.654	\$23.431	--	--	--	--	--	--	--	\$0.771	--
620	212	10,000	\$26.064	--	\$28.565	--	--	--	--	--	--	--	--	\$1.176	--
860	294	15,000	\$36.073	--	--	--	--	--	--	--	--	--	--	\$1.631	--
LOW PRESSURE SODIUM VAPOR LAMPS															
35	21	4,800	\$2.750	--	--	--	--	--	--	--	--	--	--	\$0.117	--
55	29	8,000	\$3.727	--	--	--	--	--	--	--	--	--	--	\$0.161	--
90	45	13,500	\$5.680	--	--	--	--	--	--	--	--	--	--	\$0.250	--
135	62	21,500	\$7.755	--	--	--	--	--	--	--	--	--	--	\$0.344	--
180	78	33,000	\$9.708	--	--	--	--	--	--	--	--	--	--	\$0.433	--

PACIFIC GAS AND ELECTRIC COMPANY																
PRESENT ELECTRIC RATES																
AS OF MARCH 1, 2009																
ELECTRIC RATES FOR SCHEDULES LS-1, LS-2 AND OL-1																
NOMINAL LAMP RATINGS			ALL NIGHT RATES PER LAMP PER MONTH										HALF-HOUR ADJ.			
LAMP WATTS	AVERAGE kWhr PER MONTH	INITIAL LUMENS	SCHEDULE LS-2			SCHEDULE LS-1							LS-1 & OL-1			
			A	B	C	A	B	C	D	E	F	F.1	OL-1	LS-2	OL-1	
HIGH PRESSURE SODIUM VAPOR LAMPS AT 120 VOLTS																
35	15	2,150	\$2.018	--	--	--	--	--	--	--	--	--	--	\$0.083	--	
50	21	3,800	\$2.750	--	--	--	--	--	--	--	--	--	--	\$0.117	--	
70	29	5,800	\$3.727	--	\$6.228	\$10.005	--	\$8.488	\$11.616	\$11.143	\$11.218	\$11.218	\$10.110	\$0.161	\$0.166	
100	41	9,500	\$5.191	--	\$7.692	\$11.469	--	\$9.952	\$13.080	\$12.607	\$12.682	\$12.682	\$11.618	\$0.227	\$0.234	
150	60	16,000	\$7.511	--	\$10.012	\$13.789	--	\$12.272	\$15.400	\$14.927	\$15.002	\$15.002	--	\$0.333	--	
200	80	22,000	\$9.952	--	--	\$16.230	--	\$14.713	\$17.841	\$17.368	\$17.443	\$17.443	--	\$0.444	--	
250	100	26,000	\$12.393	--	--	\$18.671	--	\$17.154	\$20.282	\$19.809	\$19.884	\$19.884	--	\$0.555	--	
400	154	46,000	\$18.984	--	--	\$25.262	--	\$23.745	\$26.873	\$26.400	\$26.475	\$26.475	--	\$0.854	--	
AT 240 VOLTS																
50	24	3,800	\$3.116	--	--	--	--	--	--	--	--	--	--	\$0.133	--	
70	34	5,800	\$4.337	--	\$6.838	\$10.615	--	--	--	--	--	--	--	\$0.189	--	
100	47	9,500	\$5.924	--	\$8.425	\$12.202	--	\$10.685	--	\$13.340	\$13.415	\$13.415	--	\$0.261	--	
150	69	16,000	\$8.609	--	\$11.110	\$14.887	--	\$13.370	--	\$16.025	\$16.100	\$16.100	--	\$0.383	--	
200	81	22,000	\$10.074	--	\$12.575	\$16.352	--	\$14.835	--	\$17.490	\$17.565	\$17.565	\$16.645	\$0.449	\$0.463	
250	100	25,500	\$12.393	--	\$14.894	\$18.671	--	\$17.154	--	\$19.809	\$19.884	\$19.884	\$19.033	\$0.555	\$0.571	
310	119	37,000	\$14.712	--	--	--	--	--	--	--	--	--	--	\$0.660	--	
360	144	45,000	\$17.764	--	--	--	--	--	--	--	--	--	--	\$0.799	--	
400	154	46,000	\$18.984	--	\$21.485	\$25.262	--	\$23.745	--	\$26.400	\$26.475	\$26.475	\$25.820	\$0.854	\$0.880	
METAL HALIDE LAMPS																
70	30	5,500	\$3.849	--	--	--	--	--	--	--	--	--	--	\$0.166	--	
100	41	8,500	\$5.191	--	--	--	--	--	--	--	--	--	--	\$0.227	--	
150	63	13,500	\$7.877	--	--	--	--	--	--	--	--	--	--	\$0.350	--	
175	72	14,000	\$8.975	--	--	--	--	--	--	--	--	--	--	\$0.399	--	
250	105	20,500	\$13.003	--	--	--	--	--	--	--	--	--	--	\$0.583	--	
400	162	30,000	\$19.961	--	--	--	--	--	--	--	--	--	--	\$0.899	--	
1,000	387	90,000	\$47.424	--	--	--	--	--	--	--	--	--	--	\$2.147	--	
INDUCTION LAMPS																
40	14	2,200	\$1.896	--	--	--	--	--	--	--	--	--	--	\$0.078	--	
55	19	3,000	\$2.506	--	--	--	--	--	--	--	--	--	--	\$0.105	--	
80	27	4,500	\$3.483	--	--	--	--	--	--	--	--	--	--	\$0.150	--	
85	30	4,800	\$3.849	--	--	--	--	--	--	--	--	--	--	\$0.166	--	
120	42	8,500	\$5.254	--	--	--	--	--	--	--	--	--	--	\$0.230	--	
150	51	10,900	\$6.412	--	--	--	--	--	--	--	--	--	--	\$0.283	--	
165	58	12,000	\$7.266	--	--	--	--	--	--	--	--	--	--	\$0.322	--	
LIGHT EMITTING DIODE (LED) LAMPS																
42	14	837	\$1.896	--	--	--	--	--	--	--	--	--	--	\$0.078	--	
Energy Rate @			\$0.12206	per kwh	LS-1 & LS-2											
			\$0.12568	per kwh	OL-1	Pole Painting Charge @									\$0.000	Per Pole Per Month

EXHIBIT C

Pacific Gas and Electric Company
 Illustrative Revenue Increase and Class Average Rates
 February 2009 CEE Update

Line No.	Customer Class	Proposed Revenue Increase (000's)	Present Rates (\$/kWh)	Proposed Rates (\$/kWh)	Percentage Change***	Line No.
Bundled Service*						
1	Residential	\$103,965	\$0.14954	\$0.15284	2.2%	1
2	Small Commercial	\$30,314	\$0.16055	\$0.16399	2.1%	2
3	Medium Commercial	\$41,830	\$0.13764	\$0.14077	2.3%	3
4	Large Commercial	\$23,437	\$0.11943	\$0.12219	2.3%	4
5	Streetlights	\$1,529	\$0.15641	\$0.16010	2.4%	5
6	Standby	\$584	\$0.12306	\$0.12554	2.0%	6
7	Agriculture	\$11,546	\$0.13163	\$0.13434	2.1%	7
8	Industrial	<u>\$24,022</u>	<u>\$0.09865</u>	<u>\$0.10072</u>	<u>2.1%</u>	8
9	Total	\$237,227	\$0.13697	\$0.13999	2.2%	9
Direct Access Service**						
10	Residential	\$173	\$0.07147	\$0.07493	4.8%	10
11	Small Commercial	\$252	\$0.07358	\$0.07681	4.4%	11
12	Medium Commercial	\$4,662	\$0.04777	\$0.05090	6.5%	12
13	Large Commercial	\$3,980	\$0.04375	\$0.04651	6.3%	13
14	Agriculture	\$63	\$0.05872	\$0.06179	5.2%	14
15	Industrial	<u>\$8,252</u>	<u>\$0.02767</u>	<u>\$0.02971</u>	<u>7.3%</u>	15
16	Total	\$17,382	\$0.03601	\$0.03844	6.8%	16
17	Departed Load	\$2,052			12.2%	17

* Customers who receive electric generation as well as transmission and distribution service from PG&E.

** Customers who purchase energy from non-PG&E suppliers.

*** Illustrative revenue and rate changes shown above are compared to total revenues and rates effective May 1, 2008, consistent with the initial application dated July 21, 2008.

**PACIFIC GAS AND ELECTRIC COMPANY
PROPOSED GAS REVENUE CHANGES AND ALLOCATIONS
2010 - 2011 ENERGY EFFICIENCY PROGRAM REQUEST
(\$ 000)**

Line No.	2009 Current Revenues	2010 Proposed Revenue Change	2009 to 2010 Percent Change
	(a)	(b)	(c)
Core Retail - Bundled *			
1	\$2,372,292	\$23,905	1.01%
2	\$486,537	\$4,903	1.01%
3	\$884,667	\$4,615	0.52%
4	\$81,043	\$1,195	1.47%
Core Retail - Transportation Only**			
5	\$2,807	\$76	2.71%
6	\$402	\$11	2.71%
7	\$19,347	\$334	1.73%
8	\$342	\$31	8.94%
Noncore - Transportation Only**			
9	\$40,971	\$1,048	2.56%
10	\$67,356	\$2,856	4.24%
11	\$36,045	\$0	0.00%
Wholesale - Transportation Only **			
12	\$58	\$0	0.00%
13	\$51	\$0	0.00%
14	\$1,228	\$0	0.00%
15	\$12,268	\$0	0.00%
16	\$170,038	\$0	0.00%
17	\$4,175,451	\$38,972	0.93%

* Bundled core revenues are based on rates that include: i) an illustrative procurement component that recovers intrastate and interstate backbone transmission charges, storage, brokerage fees and an average annual Weighted Average Cost of Gas (WACOG) of \$0.703 per therm; ii) a transportation component that recovers customer class charges, customer access charges, CPUC fees, local transmission (where applicable) and distribution costs (where applicable); and iii) where applicable, a gas public purpose program surcharge that recovers the costs of low income California Alternate Rates for Energy (CARE), low income energy efficiency, customer energy efficiency, Research Development and Demonstration program and BOE/CPUC Admin costs. Actual procurement rate changes monthly.

** Transportation Only revenues are based on rates that include: i) a transportation component that recovers customer class charges, customer access charges, CPUC fees, local transmission (where applicable) and distribution costs (where applicable); and ii) where applicable, a gas public purpose program surcharge that recovers the costs of low income California Alternate Rates for Energy (CARE), low income energy efficiency, customer energy efficiency, Research Development and Demonstration program and BOE/CPUC Admin costs. Transportation only customers must arrange for their own gas purchases and transportation to PG&E's citygate/local transmission system.

EXHIBIT D

PACIFIC GAS AND ELECTRIC COMPANY
AVERAGE ILLUSTRATIVE PRESENT GAS RATES
Effective: January 1, 2009
(\$ per Therm)

Line No.	2009
	Present Avg. Rate 1/1/2009
	<u>Bundled Service</u>
1	Residential \$1.38
2	Commercial, Small \$1.19
3	Commercial, Large \$0.97
	<u>Unbundled Service</u>
4	Residential \$0.55
5	Commercial, Small \$0.37
6	Commercial, Large \$0.18
7	Industrial - Distribution \$0.15
8	Industrial - Transmission \$0.06
9	Industrial - Backbone \$0.04

- (1) Bundled core rates include: i) an illustrative procurement component that recovers intrastate and interstate backbone transmission charges, storage, brokerage fees and an average annual Weighted Average Cost of Gas (WACOG) of \$0.70275 per therm; ii) a transportation component that recovers customer class charges, customer access charges, CPUC fees, local transmission (where applicable) and distribution costs (where applicable); and iii) where applicable, a gas public purpose program surcharge that recovers the costs of low income California Alternate Rates for Energy (CARE), low income energy efficiency, customer energy efficiency, Research Development and Demonstration program and BOE/CPUC Admin costs. Actual procurement rate changes monthly.
- (2) Transportation Only rates include: i) a transportation component that recovers customer class charges, customer access charges, CPUC fees, local transmission (where applicable) and distribution costs (where applicable); and ii) where applicable, a gas public purpose program surcharge that recovers the costs of low income California Alternate Rates for Energy (CARE), low income energy efficiency, customer energy efficiency, Research Development and Demonstration program and BOE/CPUC Admin costs. Transport only customers must arrange for their own gas purchases and transportation to PG&E's citygate/local transmission system.
- (3) Rates represent class average. Actual rates will vary depending on the customer's load factor and seasonal usage.

Pacific Gas and Electric Company
Statement of Proposed Changes on Adopted Results of Operations
Electric Distribution and Generation
2009 Energy Efficiency (EE)
(Thousands of Dollars)

Line No.	2009 Total Electric Distribution and Generation @ Present Rates	2009 Proposed Annual Energy Efficiency (EE) Expenses	2009 Proposed Annual Marketing Decision Support System (MDSS)	2009 Proposed Annual Zero Net Energy (ZNE) Home	2009 Proposed Annual Zero Net Energy (ZNE) Lab	2009 Total Electric Distribution and Generation @ Proposed Rates	Line No.
1	Operating Revenue	4,225,922	520,328	2,795	82	4,749,224	1
	Operating Expense						
2	Operations and Maintenance	1,712,901	515,046	0	0	2,227,947	2
3	Uncollectibles	10,909	1,343	7	0	12,259	3
4	Franchise Requirements	31,989	3,939	21	1	35,950	4
5	Other Adjustments	237,614	0	0	0	237,614	5
6	Subtotal Operating Expenses	1,993,413	520,328	28	1	2,513,771	6
	Taxes						
7	Property	121,921	0	60	0	121,980	7
8	Payroll & Other	59,672	0	0	0	59,672	8
9	State Corporation Franchise	83,277	0	(159)	4	83,127	9
10	Federal Income	352,269	0	266	19	352,575	10
11	Subtotal Taxes	617,138	0	166	23	617,354	11
12	Depreciation	732,190	0	1,781	14	734,002	12
13	Decommissioning Accrual	(26,812)	0	0	0	(26,812)	13
14	Total Operating Expenses	3,315,929	520,328	1,975	38	3,838,314	14
15	Net For Return	909,993	0	819	45	910,911	15
16	Weighted Average Rate Base	10,354,244	0	9,322	507	10,364,676	16
	Rate of Return						
17	On Rate Base	8.79%		8.79%	8.79%	8.79%	17
18	On Equity	11.35%		11.35%	11.35%	11.35%	18

Pacific Gas and Electric Company
Statement of Proposed Changes on Adopted Results of Operations
Gas Distribution
2009 Energy Efficiency (EE)
(Thousands of Dollars)

Line No.	2009 Total Gas Distribution @ Present Rates	2009 Proposed Annual Energy Efficiency (EE) Expenses*	2009 Proposed Annual Marketing Decision Support System (MDSS)*	2009 Proposed Annual Zero Net Energy (ZNE) Home*	2009 Proposed Annual Zero Net Energy (ZNE) Lab*	2009 Total Gas Distribution @ Proposed Rates	Line No.
1	Operating Revenue	1,117,089	105,491	527	16	1,223,142	1
	Operating Expense						
2	Operations and Maintenance	513,327	105,491	0	0	618,818	2
3	Uncollectibles	2,823	0	0	0	2,823	3
4	Franchise Requirements	10,507	0	0	0	10,507	4
5	Other Adjustments	43,016	0	0	0	43,016	5
6	Subtotal Operating Expenses	569,673	105,491	0	0	675,164	6
	Taxes						
7	Property	24,416	0	11	0	24,427	7
8	Payroll & Other	21,632	0	0	0	21,632	8
9	State Corporation Franchise	20,213	0	-30	1	20,184	9
10	Federal Income	78,780	0	51	4	78,838	10
11	Subtotal Taxes	145,041	0	32	4	145,082	11
12	Depreciation	209,392	0	339	3	209,737	12
13	Decommissioning Accrual	0	0	0	0	0	13
14	Total Operating Expenses	924,106	105,491	371	7	1,029,984	14
15	Net For Return	192,984	0	156	8	193,158	15
16	Weighted Average Rate Base	2,195,839	0	1,776	97	2,197,827	16
	Rate of Return						
17	On Rate Base	8.79%		8.79%	8.79%	8.79%	17
18	On Equity	11.35%		11.35%	11.35%	11.35%	18

*Excluding Franchises and Uncollectibles

EXHIBIT E

PACIFIC GAS AND ELECTRIC COMPANY
 ALL OPERATING DEPARTMENTS
 REVENUES, EXPENSES, RATE BASE AND RATES OF RETURN
 YEAR 2006 RECORDED
 RATEMAKING BASIS
 (Thousands of Dollars)

Line No.	DESCRIPTION	ELECTRIC DEPARTMENT	GAS DEPARTMENT	TOTAL UTILITY
1	Gross Operating Revenues	7,964,655	3,902,535	11,867,190
	Operations & Maintenance Expense			
2	Production	3,358,279	2,002,027	5,360,306
3	Storage	0	15,794	15,794
4	Transmission	170,137	336,684	506,822
5	Regional Market Expense	4,224	0	4,224
6	Distribution	470,510	130,749	601,258
7	Customer Accounts	236,586	169,426	406,012
8	Uncollectibles	19,433	5,760	25,193
9	Customer Service and Information	372,033	107,629	479,662
10	Administrative and General	774,606	308,276	1,082,882
11	Total Operations & Maintenance Expense	5,405,809	3,076,344	8,482,153
	Taxes:			
12	Property	141,910	40,989	182,899
13	Payroll and Business	89,248	23,108	112,356
14	State Corporation Franchise	199,574	14,022	213,596
15	Federal Income	268,046	135,728	403,774
16	Total Taxes	698,778	213,847	912,625
17	Depreciation	722,227	263,670	985,897
18	Amortization	105,737	11,057	116,794
19	ERB Reg Asset Amort	(39,064)	0	(39,064)
20	Other Regulatory Debits	(725,860)	0	(725,860)
21	Reg Credits-RRBRA	(12,329)	0	(12,329)
22	Other Regulatory Credits	717,759	0	717,759
23	Gain on Sale - Allow	(253)	0	(253)
23	Total Operating Expenses	6,872,804	3,564,918	10,437,722
24	Net for Return	1,091,851	337,617	1,429,468
25	Rate Base	12,350,042	3,577,241	15,927,283
26	Return on Rate Base	8.84%	9.44%	8.97%

EXHIBIT F

SERVICE OF NOTICE OF APPLICATION

In accordance with Rule 3.2(b), Applicant mailed a notice to the following at the time of filing the original Application, stating in general terms its proposed change in rates.

State of California

To the Attorney General and the Department of General Services.

State of California
Office of Attorney General
50 Fremont Street
San Francisco, CA 94105

and

Department of General Services
Office of Buildings & Grounds
505 Van Ness Avenue, Room 2012
San Francisco, CA 94102

Counties

To the County Counsel or District Attorney and the County Clerk in the following counties:

Alameda	Mariposa	Santa Barbara
Alpine	Mendocino	Santa Clara
Amador	Merced	Santa Cruz
Butte	Modoc	Shasta
Calaveras	Monterey	Sierra
Colusa	Napa	Siskiyou
Contra Costa	Nevada	Solano
El Dorado	Placer	Sonoma
Fresno	Plumas	Stanislaus
Glenn	Sacramento	Sutter
Humboldt	San Benito	Tehama
Kern	San Bernardino	Trinity
Kings	San Francisco	Tulare
Lake	San Joaquin	Tuolumne
Lassen	San Luis Obispo	Yolo
Madera	San Mateo	Yuba
Marin		

Municipal Corporations

To the City Attorney and the City Clerk of the following municipal corporations:

Alameda	Concord	Hercules
Albany	Corcoran	Hillsborough
Amador City	Corning	Hollister
American Canyon	Corte Madera	Hughson
Anderson	Cotati	Huron
Angels	Cupertino	Ione
Antioch	Daly City	Isleton
Arcata	Danville	Jackson
Arroyo Grande	Davis	Kerman
Arvin	Del Rey Oakes	King City
Atascadero	Dinuba	Kingsburg
Atherton	Dixon	Lafayette
Atwater	Dos Palos	Lakeport
Auburn	Dublin	Larkspur
Avenal	East Palo Alto	Lathrop
Bakersfield	El Cerrito	Lemoore
Barstow	Emeryville	Lincoln
Belmont	Escalon	Live Oak
Belvedere	Eureka	Livermore
Benicia	Fairfax	Livingston
Berkeley	Fairfield	Lodi
Biggs	Ferndale	Lompoc
Blue Lake	Firebaugh	Loomis
Brentwood	Folsom	Los Altos
Brisbane	Fort Bragg	Los Altos Hills
Buellton	Fortuna	Los Banos
Burlingame	Foster City	Los Gatos
Calistoga	Fowler	Madera
Campbell	Fremont	Manteca
Capitola	Fresno	Maricopa
Carmel	Galt	Marina
Ceres	Gilroy	Martinez
Chico	Gonzales	Marysville
Chowchilla	Grass Valley	McFarland
Citrus Heights	Greenfield	Mendota
Clayton	Gridley	Menlo Park
Clearlake	Grover Beach	Merced
Cloverdale	Guadalupe	Mill Valley
Clovis	Gustine	Millbrae
Coalinga	Half Moon Bay	Milpitas
Colfax	Hanford	Modesto
Colma	Hayward	Monte Sereno
Colusa	Healdsburg	Monterey

Moraga
Morgan Hill
Morro Bay
Mountain View
Napa
Newark
Nevada City
Newman
Novato
Oakdale
Oakland
Orange Cove
Orinda
Orland
Oroville
Pacific Grove
Pacifica
Palo Alto
Paradise
Parlier
Paso Robles
Patterson
Petaluma
Piedmont
Pinole
Pismo Beach
Pittsburg
Placerville
Pleasant Hill
Pleasanton
Plymouth
Point Arena
Portola Valley
Red Bluff
Redding
Redwood City
Reedley
Richmond
Ridgecrest
Rio Dell
Rio Vista
Ripon
Riverbank
Rocklin
Rohnert Park
Roseville
Ross
Sacramento

Saint Helena
Salinas
San Anselmo
San Bruno
San Carlos
San Francisco
San Joaquin
San Jose
San Juan
 Bautista
San Leandro
San Luis Obispo
San Mateo
San Pablo
San Rafael
San Ramon
Sand City
Sanger
Santa Clara
Santa Cruz
Santa Maria
Santa Rosa
Saratoga
Sausalito
Scotts Valley
Seaside
Sebastopol
Selma
Shafter
Shasta Lake
Soledad
Solvang
Sonoma
Sonora

South
 San Francisco
Stockton
Suisun City
Sunnyvale
Sutter Creek
Taft
Tehama
Tiburon
Tracy
Trinidad
Turlock
Ukiah
Union City
Vacaville
Vallejo
Victorville
Walnut Creek
Wasco
Waterford
Watsonville
West Sacramento
Wheatland
Williams
Willits
Willows
Windsor
Winters
Woodland
Woodside
Yountville
Yuba City

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

Application of Pacific Gas and Electric
Company for Approval of the 2009-2011
Energy Efficiency Programs and Budget

U 39 M

Application 08-07-021
(July 21, 2008)

All Related Matters.

Application 08-07-022
(Filed July 21, 2008)

Application 08-07-023
(Filed July 21, 2008)

Application 08-07-031
(Filed July 21, 2008)

**NOTICE OF AVAILABILITY OF THE
AMENDED TESTIMONY AND APPENDICES IN SUPPORT OF
THE AMENDED APPLICATION OF PACIFIC GAS AND
ELECTRIC COMPANY (U 39 M) FOR APPROVAL OF THE
2009-2011 ENERGY EFFICIENCY PROGRAMS AND BUDGET**

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E-Mail: CJN3@pge.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: March 2, 2009

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

Application of Pacific Gas and Electric Company for Approval of the 2009-2011 Energy Efficiency Programs and Budget U 39 M	Application 08-07-021 (July 21, 2008)
All Related Matters.	Application 08-07-022 (Filed July 21, 2008) Application 08-07-023 (Filed July 21, 2008) Application 08-07-031 (Filed July 21, 2008)

**NOTICE OF AVAILABILITY OF THE
AMENDED TESTIMONY AND APPENDICES IN SUPPORT OF THE
AMENDED APPLICATION OF PACIFIC GAS AND ELECTRIC
COMPANY (U 39 M) FOR APPROVAL OF THE 2009-2011
ENERGY EFFICIENCY PROGRAMS AND BUDGET**

To All Parties in Case No. R.06-04-010, A.08-06-001 et al., and R.08-07-011

On March 2, 2009 Pacific Gas and Electric Company (PGE) filed *Amended Application of Pacific Gas and Electric Company (U 39 M) for Approval of the 2009-2011 Energy Efficiency Programs and Budget*. The complete filing consists of the Amended Application, and the Amended Testimony along with *Appendices A through H*. Due to the voluminous nature of the Amended Testimony and Appendices, in lieu of serving these documents, PG&E is serving this Notice of Availability. The Amended Testimony and Amended Appendices being made available are listed below:

Amended Testimony

- Chapter 1 – Executive Summary
- Chapter 2A – Success of 2009-2011 Energy Efficiency Program Requires Adoption of New Policies and Rules
- Chapter 2B – Portfolio Reflects State Energy Policies and Strategic Plan

- Chapter 3 – Portfolio Fulfills Energy Efficiency Goals and Encourages Increased Customer Participation in Demand-Side Management Programs
- Chapter 4 – Proposed Funding Request and Fund-Shifting Proposals are Reasonable
- Chapter 5 – Proposed Evaluation, Measurement and Verification Plans Reflect Long-Term Vision and Strategic Plan and Reporting Requirements Should Reflect Program Design
- Chapter 6 – Revenue Requirement and Cost Recovery
- Chapter 7 – Integrated Marketing, Education, Outreach and Program Offerings

Appendices

- Appendix A – Proposed Plan and Mandated Scenario
- Appendix B – Program Implementation Plans (PIPs) (in multiple files)

Statewide Program Implementation Plans - Volumes I(A) and I(B)

Volume A

1. Residential
2. Commercial
3. Industrial
4. Agriculture
5. New Construction
6. Lighting Market Transformation

Volume B

7. HVAC
8. Codes and Standards
9. Emerging Technology
10. Workforce Education and Training
11. Marketing Education and Outreach
12. Statewide Demand-Side Management Coordination and Integration

Local Program Implementation Plans - Volume II

1. Zero Net Energy Pilots
2. Local Demand-Side Management Coordination and Integration

3. Government Partnerships
 - Institutional Partnerships
 - Local Government Partnership

Third Party Program Implementation Plans - Volume III (A) and III (B)

Volume A

1. Residential
2. Commercial

Volume B

1. Industrial
2. Agriculture
3. Crosscutting

- Appendix C - Program Savings Workbook – Proposed Plan and Mandated Scenario

Program Budget Workbook [to be provided at a later date]
- Appendix D - Statement of Qualifications
- Appendix E - Workpapers Supporting Joint IOU Proposed Program Plan Revisions to December 2008 DEER Values
- Appendix F - Local Government Partnership Selection Attachments
- Appendix G - Third Party Request for Proposal Attachments
- Appendix H - E3 Calculator Input/Output Files – Proposed Plan and Mandated Scenario

Pursuant to Rule 1.9(C) of the California Public Utilities Commission Rules of Practice and Procedure, due to the size of the Amended Testimony and Appendices, the documents listed above have been made available at the Energy Efficiency 2009- 2011 Portfolio case page on PGE.com:

<http://apps.pge.com/regulation/search.aspx?CaseID=828>

To request a copy of PG&E's Amended Testimony and Appendices supporting the 2009-2011 Energy Efficiency Portfolio Amended Application contact:

Lauren Rohde
Regulatory Relations
Telephone: (415) 973-8340
Facsimile: (415) 973-7131
Email: LDRi@pge.com

Respectfully Submitted,

LISE H. JORDAN
CHONDA J. NWAMU

By: _____ /s/
CHONDA J. NWAMU

LISE H. JORDAN
CHONDA J. NWAMU
Law Department
Pacific Gas and Electric Company
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San Francisco, CA 94110
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Facsimile: (415) 973-0516
E-Mail: CJN3@pge.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: March 2, 2009

CERTIFICATE OF SERVICE

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is Pacific Gas and Electric Company, Law Department, PO Box 7442, San Francisco, CA 94120.

On the 2nd of March, 2009, I caused to be served a true copy of:

**AMENDED APPLICATION OF PACIFIC GAS
AND ELECTRIC COMPANY (U 39 M) FOR APPROVAL OF
THE 2009-2011 ENERGY EFFICIENCY PROGRAMS AND BUDGET**

AND

**NOTICE OF AVAILABILITY OF THE
AMENDED TESTIMONY AND APPENDICES IN SUPPORT OF THE
AMENDED APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY
(U 39 M) FOR APPROVAL OF THE 2009-2011 ENERGY
EFFICIENCY PROGRAMS AND BUDGET**

Via electronic mail to all parties in R.06-04-010; A.08-06-001 et al.; and R.08-07-011.

(See Attached Service Lists)

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 2nd day of March, 2009, at San Francisco, California.

/s/
PATRICIA A. KOKASON