

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



August 3, 2007

Advice Letter 3067-E

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Subject: Notice of Federal Energy Regulatory Commission Approval of
Transmission Owner 9 (TO9) Settlement

Dear Mr. Cherry:

Advice Letter 3067-E is effective August 1, 2007.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

415.973.4977
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June 19, 2007

Advice 3067-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Notice of Federal Energy Regulatory Commission Approval of
Transmission Owner 9 (TO9) Settlement**

Purpose

Pacific Gas and Electric Company (PG&E) hereby submits this advice to provide the Commission with notice of the Federal Energy Regulatory Commission (FERC) approval of the settlement filed in PG&E's request for a transmission rate increase for its retail electric customers (FERC Docket No. ERO6-1325-000).

Background

On August 8, 2006, PG&E filed Advice 2878-E pursuant to Commission Resolution E-3930 which provided notice of PG&E's TO9 filing at FERC. On April 14, 2007, the Commission approved Advice 2878-E with an effective date of March 1, 2007, consistent with FERC's acceptance of the TO9 rates subject to refund. PG&E consolidated this rate change with other retail rate changes that were to be effective on March 1, 2007 in PG&E Advice 2975-E-A. On Thursday, June 7, 2007, FERC approved the uncontested settlement regarding PG&E's TO9 filing in FERC Docket No. ER06-1325-000. The settlement approved in the TO9 filing results in a \$45.5 million reduction of TO9 rates.

Compliance with Resolution E-3930

PG&E intends to implement the settlement rates on November 1, 2007, in accordance with the settlement. Refunds for the period from March 1, 2007 to November 1, 2007, will be provided under the FERC jurisdictional End Use Customer Refund Adjustment mechanism included in PG&E's Transmission Owner Tariff.

PG&E submits this advice letter pursuant to Process Element 4 of Resolution E-3930, where the FERC approval of the settlement is a change to the transmission rates after the rates have gone into effect.

In this advice, PG&E requests authority to revise each corresponding transmission rate component of its CPUC-jurisdictional tariffs effective November 1, 2007, and to make corresponding adjustments to PG&E's total applicable CPUC-jurisdictional rates, with exceptions only as described below for the residential tariffs.

As described under Process Elements 5 and 6 of Resolution E-3930, California Assembly Bill 1X (AB 1X) constraints continue to apply to total rates for residential usage up to 130 percent of baseline ("Tier 1 and 2 usage"). Since this rate change is expected to be a reduction, PG&E will leave rates for Tier 1 and 2 usage unchanged and reduce generation rate surcharges for Tiers 3 through 5 proportionally to ensure that residential rates are designed to collect the revenue allocated to the class.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **July 9, 2006**, which is 20 days from the date of this filing. Protests should be mailed to:

CPUC Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: ijnj@cpuc.ca.gov and mas@cpuc.ca.gov

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

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

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

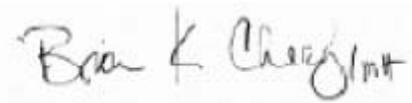
Effective Date

PG&E requests that this advice filing become effective upon approval by Energy Division. PG&E proposes to consolidate the electric rate changes resulting from the transmission rate change, to the extent practicable, with the other retail rate changes effective November 1, 2007.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes to the General Order 96-A service list should be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>

A handwritten signature in black ink, appearing to read "Brian K. Chappell". The signature is written in a cursive style and is positioned above the typed name.

Vice President - Regulatory Relations

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

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

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Megan Hughes

Phone #: (415) 973-1877

E-mail: mehr@pge.com

EXPLANATION OF UTILITY TYPE

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

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3067-E**

Subject of AL: Notice of Federal Energy Regulatory Commission Approval of Transmission Owner 9 (TO9) Settlement

Keywords (choose from CPUC listing): Compliance

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: Resolution E-3930

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

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: **Commission Approval**

No. of tariff sheets: 0

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

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

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

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

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

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

CPUC, Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Ave.,
San Francisco, CA 94102
anj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Brian K. Cherry
Vice President, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com

¹ Discuss in AL if more space is needed.

Advice 3067-E
Attachment 1

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RESIDENTIAL SCHEDULES

COMMERCIAL AND INDUSTRIAL SCHEDULES

SCHEDULE A-1

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SCHEDULE E-19

SCHEDULE E-20

SCHEDULE E-37

SCHEDULE S

AGRICULTURAL SCHEDULES

STREETLIGHTING SCHEDULES

¹These charges represent the rates for recovery of the Base Transmission Revenue Requirement. A TRBAA Rate of \$(0.00067) per kWh and a TACBAA Rate of \$0.00001 per kWh shall also apply to all of the rate schedules described in this Appendix.

²The applicability of these rates is described in the California Public Utilities Commission jurisdictional retail tariffs.

RESIDENTIAL SCHEDULES	<u>TO RATES</u>	<u>ECRA RATES</u>
SCHEDULE E-1	SCHEDULE EE	
SCHEDULE E-3	SCHEDULE EM AND EML (CARE)	
SCHEDULE EL-1 (CARE)	SCHEDULE ES AND ESL (CARE)	
SCHEDULES E-6 AND EL-6 (CARE)	SCHEDULE ESR AND ESRL (CARE)	
SCHEDULES E-7 AND EL-7 (CARE)	SCHEDULE ET AND ETL (CARE)	
SCHEDULES E-A7 AND EL-A7 (CARE)		
SCHEDULE E-8		
SCHEDULE EL-8 (CARE)		
SCHEDULE E-9		
Energy Charge (\$/kWh)	\$0.00889	(\$0.00005)

COMMERCIAL & INDUSTRIAL SCHEDULES

TO RATES

**ECRA
 RATES**

**SCHEDULE A-1
 SCHEDULE A-6
 SCHEDULE A-15
 SCHEDULE TC-1**

Energy Charges (\$/kWh)	\$0.00877	(\$0.00005)
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Schedule A-10

BASIS FOR DEMAND CHARGE: The customer will be billed for demand according to the customer's "maximum demand" each month. The number of kW used will be recorded over 15-minute intervals; the highest 15-minute average in the month will be the customer's maximum demand. **SPECIAL CASES:** (1) If the customer's use of energy is intermittent or subject to severe fluctuations, a 5-minute interval may be used, and (2) If the customer uses welders, the demand charge will be subject to the minimum demand charges for those welders' ratings, as explained in Section J of PG&E's CPUC Rule 2.

Maximum Demand Charge (\$/kW/mo)	\$2.76	
Energy Charges (\$/kWh)		(\$0.00005)

Schedule E-19

BASIS FOR DEMAND CHARGE: Demand will be averaged over 15-minute intervals for customers whose maximum demand exceeds 499 kW. "Maximum demand" will be the highest of all the 15-minute averages for the billing month. If the customer's use of electricity is intermittent or subject to severe fluctuations, a 5-minute interval may be used. If the customer has any welding machines, the diversified resistance welder load, calculated in accordance with Section J of PG&E's CPUC Rule 2, will be considered the maximum demand if it exceeds the maximum demand that results from averaging the demand over 15-minute intervals. The customer's maximum-peak-period demand will be the highest of all the 15-minute averages for the peak period during the billing month.

- This schedule has three **demand charges**, a maximum-peak-period-demand charge, a maximum-part-peak-period and a maximum demand charge. The maximum-peak-period demand charge per kilowatt applies to the maximum demand during the month's peak hours, the maximum part-peak-period demand charge applies to the maximum demand during the month's part-peak hours, and the maximum demand charge per kilowatt applies to the maximum demand at any time during the month. The bill will include all of these demand charges.
- The monthly charges may be increased or decreased based upon the power factor.

POWER FACTOR ADJUSTMENTS: Bills will be adjusted based on the power factor for all customers except those selecting voluntary E-19 service. The power factor is computed from the ratio of lagging reactive kilovolt-ampere-hours to the kilowatt-hours consumed in the month. Power factors are rounded to the nearest whole percent.

The rates in this rate schedule are based on a power factor of 85 percent. If the average power factor is greater than 85 percent, the total monthly bill will be reduced by the product of the power factor rate and the kilowatt-hour usage for each percent

For customers taking Non-Firm Service, power factor adjustments will be applied to the customer's total bill, net of charges and credits billed under Schedule E-NF.

Schedule E-19 Demand Charges (\$/kW/mo)	\$2.76	
Energy Charges (\$/kWh)		(\$0.00005)

Schedule E-20

BASIS FOR DEMAND CHARGE: Demand will be averaged over 15-minute intervals. "Maximum demand" will be the highest of all the 15-minute averages for the billing month. If the customer's use of electricity is intermittent or subject to severe fluctuations, a 5-minute interval may be used. If the customer has any welding machines, the diversified resistance welder load, calculated in accordance with Section J of PG&E's CPUC Rule 2, will be considered the maximum demand if it exceeds the maximum demand that results from averaging the demand over 15-minute intervals. The customer's maximum-peak-period demand will be the highest of all the 15-minute averages for the peak period during the billing month.

- Schedule E-20 has three **demand charges**, a maximum-peak-period demand charge, a maximum-part-peak-period demand charge, and a maximum-demand charge. The maximum-peak-period demand charge per kilowatt applies to the maximum demand during the month's peak hours, the maximum-part-peak demand charge applies to the maximum demand during the month's part-peak hours, and the maximum demand charge per kilowatt applies to the maximum demand at any time during the month. The bill will include all of these demand charges.
- The monthly charges may be increased or decreased based upon the power factor, using the same method as described above for Schedule E-19.

Schedule E-20 Demand Charges (\$/kW/mo)	\$2.96	
Energy Charges (\$/kWh)		(\$0.00004)

Schedule E-37

Energy Charges (\$/kWh)	\$0.00662	(\$0.00004)
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Schedule S

RESERVATION CAPACITY: The Reservation Capacity to be used for billing under the above rates shall be as set forth in the customer's contract for service. For new or revised contracts, the Reservation Capacity shall be determined by the customer. However, if the customer's standby demand exceeds this new contracted capacity in any billing month, that standby demand shall become the new Reservation or Contract Capacity for 12 months, beginning with that month. See Special Condition 7 for the definition of Reservation Capacity for Supplemental Standby Service customers.

The **Reservation Charge**, in dollars per kilowatt (kW), applies to 85 percent of the customer's Reservation Capacity, as defined in Special Condition 1 of the tariffs.

POWER FACTOR ADJUSTMENT: When the customer's Reservation Capacity is greater than 500 kW, the bill will be adjusted based on the power factor. The power factor is derived from the ratio of kWh to kVAh consumed in the month. Power factors are averaged and rounded to the nearest whole percent.

The rates in this rate schedule are based on a power factor of 85 percent. If the average power factor is greater than 85 percent, the total monthly bill will be reduced by the product of the power factor adjustment rate and the kilowatt-hour usage for each percentage point above 85 percent. If the average power factor is less than 85 percent, the total monthly bill will be increased by the product of the power factor adjustment rate and the kilowatt-hour usage for each percentage point below 85 percent.

The customer shall pay only the greater of the power factor adjustment and the reactive demand charge.

Generators for which ISO standards apply must also meet power factor requirements specified in the ISO tariff.

Schedule S

Energy Charges (\$/kWh)	\$0.01106	(\$0.00014)
Reservation Charge (\$/kW/mo)	\$0.34	

AGRICULTURAL SCHEDULES

The CPUC- jurisdictional retail tariffs should be referred to for detailed descriptions of how agricultural demand charges are assessed.

SCHEDULE AG-1
SCHEDULE AG-R
SCHEDULE AG-V
SCHEDULE AG-4
SCHEDULE AG-5
SCHEDULE AG-ICE

Energy Charges (\$/kWh)	\$0.00662	(\$0.00004)
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STREETLIGHTING SCHEDULES

SCHEDULE LS-1
SCHEDULE LS-2
SCHEDULE LS-3
SCHEDULE OL-1

Energy Charge (\$/kWh)	\$0.00494	(\$0.00003)
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**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

ABAG Power Pool	Douglass & Liddell	PG&E National Energy Group
Accent Energy	Downey, Brand, Seymour & Rohwer	Pinnacle CNG Company
Aglet Consumer Alliance	Duke Energy	PITCO
Agnews Developmental Center	Duke Energy North America	Plurimi, Inc.
Ahmed, Ali	Duncan, Virgil E.	PPL EnergyPlus, LLC
Alcantar & Kahl	Dutcher, John	Praxair, Inc.
Ancillary Services Coalition	Dynergy Inc.	Price, Roy
Anderson Donovan & Poole P.C.	Ellison Schneider	Product Development Dept
Applied Power Technologies	Energy Law Group LLP	R. M. Hairston & Company
APS Energy Services Co Inc	Energy Management Services, LLC	R. W. Beck & Associates
Arter & Hadden LLP	Exelon Energy Ohio, Inc	Recon Research
Avista Corp	Exeter Associates	Regional Cogeneration Service
Barkovich & Yap, Inc.	Foster Farms	RMC Lonestar
BART	Foster, Wheeler, Martinez	Sacramento Municipal Utility District
Bartle Wells Associates	Franciscan Mobilehome	SCD Energy Solutions
Blue Ridge Gas	Future Resources Associates, Inc	Seattle City Light
Bohannon Development Co	G. A. Krause & Assoc	Sempra
BP Energy Company	Gas Transmission Northwest Corporation	Sempra Energy
Braun & Associates	GLJ Energy Publications	Sequoia Union HS Dist
C & H Sugar Co.	Goodin, MacBride, Squeri, Schlotz &	SESCO
CA Bldg Industry Association	Hanna & Morton	Sierra Pacific Power Company
CA Cotton Ginners & Growers Assoc.	Heeg, Peggy A.	Silicon Valley Power
CA League of Food Processors	Hitachi Global Storage Technologies	Smurfit Stone Container Corp
CA Water Service Group	Hogan Manufacturing, Inc	Southern California Edison
California Energy Commission	House, Lon	SPURR
California Farm Bureau Federation	Imperial Irrigation District	St. Paul Assoc
California Gas Acquisition Svcs	Integrated Utility Consulting Group	Sutherland, Asbill & Brennan
California ISO	International Power Technology	Tabors Caramanis & Associates
Calpine	Interstate Gas Services, Inc.	Tecogen, Inc
Calpine Corp	IUCG/Sunshine Design LLC	TFS Energy
Calpine Gilroy Cogen	J. R. Wood, Inc	Transcanada
Cambridge Energy Research Assoc	JTM, Inc	Turlock Irrigation District
Cameron McKenna	Luce, Forward, Hamilton & Scripps	U S Borax, Inc
Cardinal Cogen	Manatt, Phelps & Phillips	United Cogen Inc.
Cellnet Data Systems	Marcus, David	URM Groups
Chevron Texaco	Matthew V. Brady & Associates	Utility Resource Network
Chevron USA Production Co.	Maynor, Donald H.	Wellhead Electric Company
City of Glendale	MBMC, Inc.	White & Case
City of Healdsburg	McKenzie & Assoc	WMA
City of Palo Alto	McKenzie & Associates	
City of Redding	Meek, Daniel W.	
CLECA Law Office	Mirant California, LLC	
Commerce Energy	Modesto Irrigation Dist	
Constellation New Energy	Morrison & Foerster	
CPUC	Morse Richard Weisenmiller & Assoc.	
Cross Border Inc	Navigant Consulting	
Crossborder Inc	New United Motor Mfg, Inc	
CSC Energy Services	Norris & Wong Associates	
Davis, Wright, Tremaine LLP	North Coast Solar Resources	
Defense Fuel Support Center	Northern California Power Agency	
Department of the Army	Office of Energy Assessments	
Department of Water & Power City	OnGrid Solar	
DGS Natural Gas Services	Palo Alto Muni Utilities	