



November 12, 2008

**Advice 3110-E-A**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Supplement Advice Letter for Advice 3110-E, Notice of Federal Energy Regulatory Commission Rate Increase Filing (TO10)**

**Purpose**

Pacific Gas and Electric Company (PG&E) hereby submits this supplement advice letter to provide the Commission with notice of the Federal Energy Regulatory Commission's (FERC's) October 22, 2008 order approving an uncontested Settlement in PG&E's TO10 transmission rate case, with the reduced TO10 settlement rates to be implemented together with other rate changes effective on January 1, 2009.

**Background**

On August 22, 2007, PG&E filed Advice Letter 3110-E to notify the California Public Utilities Commission (Commission) of PG&E's TO10 transmission rate case filing.

On September 2, 2008, PG&E filed an offer of Settlement and Stipulation (Settlement) concerning PG&E's proposed changes to its wholesale and retail electric transmission rates under its Transmission Owner Tariff (TO Tariff), and proposed changes to rates and conditions of service for four of PG&E's Existing Transmission Contract (ETC) customers. FERC approved PG&E's Settlement on October 22, 2008.

The Commission has long recognized that FERC has jurisdiction over unbundled retail electric transmission rates in California, including transmission services provided under the FERC-approved California Independent System Operator Corporation (ISO) Tariff. To the extent that FERC decisions addressing ISO or other transmission service have been issued, they are deemed reasonable for

purposes of inclusion in retail electric rates. (See *New York v. FERC* (2002) 535 US 1.) That decision states, "when a bundled retail sale is unbundled and becomes separate transmission and power sales transactions, the resulting transmission transaction falls within the Federal Sphere of regulation," *Id.*, at page 12 (citing FERC Order 888 approvingly, citations omitted.)

Commission Resolution E-3930, approved on May 26, 2005, established a process for CPUC notification and review of transmission-related changes, and embodies this understanding in new Process Element 1, where it states, "The Commission recognizes that under the filed rate doctrine, the Commission should allow a pass through of these transmission rates that are filed with and become effective at the FERC."

In its TO10 Settlement, PG&E agreed upon a retail revenue requirement of \$718 million. This represented a decrease of \$43 million from PG&E's as-filed TO10 rates, which were based on a retail revenue requirement of \$761 million and which became effective (subject to refund) on March 1, 2008. The effective date for these settlement rates is March 1, 2008 through February 28, 2009, and the difference between amounts collected by the as-filed rates and the settlement rates for the period between March 1, 2008 and December 31, 2008 will be refunded through PG&E's established End-Use Customer Refund Account (ECRA) mechanism.

### **Compliance with Resolution E-3930**

PG&E submits this supplement advice letter pursuant to Process Element 4 of Resolution E-3930. Consistent with past practice, PG&E has also provided the Commission with a complete copy of the multiple-volume FERC filing and the settlement on the same dates as filed with FERC, by service to Mr. Randolph Wu and Mr. Frank Lindh of the Commission's Legal Division.

Pursuant to Process Elements 3 through 5 of Resolution E-3930, PG&E provides as Attachment A a copy of its Appendix I through Appendix III of its Settlement and provides a complete statement of PG&E's current and proposed retail transmission rates. In this advice, PG&E requests authority to revise each corresponding transmission rate component of its CPUC-jurisdictional tariffs on the date on which FERC ultimately authorizes these changes to become effective (subject to refund), 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"). That is, residential

rates for usage up to 130 percent of baseline before application of charges for the California Solar Initiative (CSI) cannot be increased above their level on February 1, 2001. PG&E complies with this requirement by adjusting residential distribution and generation rates proportionately so that the total pre-CSI residential rates for usage up to 130 percent of baseline do not change. The pre-CSI, non-CARE surcharges for usage in excess of 130 percent of baseline are then adjusted proportionally to ensure the non-CSI amount allocated to the residential class is fully collected. Finally, CSI adders that vary by rate tier are added to determine the total rates. This approach to retaining total current charges for usage up to 130 percent of baseline, as adopted by D.07-09-004, is fully consistent with the rate design protection required by AB 1X.

As anticipated under Process Element 4 of Resolution E-3930, PG&E will provide complete updated tariff sheets including this change as part of the supplemental Advice Letter for the Annual Electric True Up before January 1, 2009.

### **Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **December 2, 2008**, which is 20 days after 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](mailto:ijnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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](mailto:PGETariffs@pge.com)

**Effective Date**

PG&E requests that this advice filing become effective on **January 1, 2009**.

**Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes to the General Order 96-B service list should be directed to Rose de la Torre at (415) 973-4716. Send all electronic approvals to [PGETariffs@pge.com](mailto:PGETariffs@pge.com). Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>

A handwritten signature in cursive script that reads "Brian K. Cheny / dc".

Vice President - Regulatory Relations

Attachment A – Appendix I, II, III FERC Docket No. ER07-1213-000

# 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 M)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Daren Chan

Phone #: (415) 973-5361

E-mail: D1CT@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) #: **3110-E-A**

**Tier: 2**

Subject of AL: Supplement Advice Letter for Advice 3110-E, Notice of Federal Energy Regulatory Commission Rate Increase Filing (TO10)

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 #: Res 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 AL:

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

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

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

Resolution Required?  Yes  No

Requested effective date: **January 1, 2009**

No. of tariff sheets: N/A

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 proposed: N/A

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

**CPUC, Energy Division**

**Tariff Files, Room 4005**

**DMS Branch**

**505 Van Ness Ave., San Francisco, CA 94102**

**jnj@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**

**PACIFIC GAS AND ELECTRIC COMPANY**  
**TRANSMISSION OWNER TARIFF**

**Clean Sheet Nos. 56 and 58 through 62**

**TO10 Settlement Version**

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**APPENDIX I**  
**Transmission and Reliability Services Revenue Requirements <sup>1</sup>**

- 1. The Transmission Revenue Requirement for purposes of calculating End-User transmission rates shall be \$710,301,413, which is composed of the Base Transmission Revenue Requirement of \$718,000,000, and the TRBAA of (\$7,698,587).<sup>2</sup>**
- 2. For purposes of the ISO's calculation of Access Charges under Section 26.1 of the ISO Tariff:**
  - a. The High Voltage Transmission Revenue Requirement shall be \$313,385,467, which is composed of a High Voltage Base Transmission Revenue Requirement of \$335,967,538, Standby Transmission Demand Revenue credit of (\$1,933,381), and a High Voltage TRBAA of (\$20,648,690).**
  - b. The Low Voltage Transmission Revenue Requirement shall be \$352,154,992, which is composed of a Low Voltage Base Transmission Revenue Requirement of \$370,032,462, Standby Transmission Demand Revenue credit of (\$2,000,252), and a Low Voltage TRBAA of (\$15,877,218).**
  - c. The High Voltage Transmission Revenue Requirement associated with New High Voltage Transmission Facilities is \$166,650,629, which is composed of a High Voltage Base Transmission Revenue Requirement of \$179,226,911, Standby Transmission Demand Revenue credit of (\$1,031,391), and a High Voltage TRBAA of (\$11,544,891).**
  - d. The forecast of Gross Load at the High Voltage/Low Voltage interface is 92,136,595 megawatt-hours.**
  - e. Pursuant to the Offer of Settlement and Stipulation in Docket Nos. ER07-882, et al., the PacifiCorp Intertie Lease Revenue Requirement of \$23,333,333, will be added to the High Voltage Transmission Revenue Requirement and will be included in the ISO's calculation of Access Charges for the period March 1, 2008 until February 28, 2009. The PacifiCorp Intertie Lease Revenue Requirement associated with New High Voltage Transmission Facilities is \$12,447,516.**

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<sup>1</sup> Total revenue requirement associated with transmission facilities and entitlements turned over to the operational control of the ISO by the Participating TO, which reflects a reduction or increase for Transmission Revenue Credits.

<sup>2</sup> The TRBAA amount includes (\$58,267,827) calculated pursuant to Section 5.5 plus \$50,569,240 calculated pursuant to Section 5.5.1.

## APPENDIX II

### Access Charges for Wholesale Transmission

	<u>Per kWh</u>
High Voltage Access Charge .....	See ISO Tariff
Low Voltage Access Charge.....	\$0.003822
High Voltage Utility-Specific Access Charge.....	\$0.003401

#### High Voltage Wheeling Access Charge

High Voltage Wheeling Access Charge..... See ISO Tariff

#### Low Voltage Wheeling Access Charge

High Voltage Wheeling Access Charge..... See ISO Tariff  
Low Voltage Wheeling Access Charge..... \$0.003822



<b>COMMERCIAL &amp; INDUSTRIAL SCHEDULES</b>	<u>TO RATES</u>	<u>ECRA RATES</u>	<u>PACIFICORP INTERTIE LEASE RATES</u>
<p><b>SCHEDULE A-1</b>  <b>SCHEDULE A-6</b>  <b>SCHEDULE A-15</b>  <b>SCHEDULE TC-1</b></p>			
Energy Charges (\$/kWh)	\$0.00862	(\$0.00009)	\$0.00028
<b>Schedule A-10</b>			
<p>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&amp;E's CPUC Rule 2.</p>			
Maximum Demand Charge (\$/kW/mo)	\$2.80		
Energy Charge (\$/kWh)		(\$0.00009)	\$0.00026
<b>Schedule E-19</b>			
<p>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&amp;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.</p>			
<p>– This schedule has three <b>demand charges</b>, 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 <u>all</u> of these demand charges.</p>			
<p>– The monthly charges may be increased or decreased based upon the power factor.</p>			
<p>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.</p>			
<p>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</p>			
<p>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.</p>			
<b>Schedule E-19 Demand Charges (\$/kW/mo)</b>	<b>\$2.80</b>		
Energy Charge (\$/kWh)		(\$0.00009)	\$0.00026

	<u>TO RATES</u>	<u>ECRA RATES</u>	<u>PACIFICORP INTERTIE LEASE RATES</u>
<b>Schedule E-20</b>			
<p>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&amp;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.</p>			
<p>– Schedule E-20 has three <b>demand charges</b>, 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.</p>			
<p>– The monthly charges may be increased or decreased based upon the power factor, using the same method as described above for Schedule E-19.</p>			
<b>Schedule E-20 Demand Charges (\$/kW/mo)</b>	\$3.10		
Energy Charge (\$/kWh)		(\$0.00007)	\$0.00022

<b>Schedule E-37</b>			
Energy Charges (\$/kWh)	\$0.00694	(\$0.00007)	\$0.00022

**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)	\$0.01265	(\$0.00027)	\$0.00082
Reservation Charge (\$/kW/mo)	\$0.36		

<b>AGRICULTURAL SCHEDULES</b>	<u>TO RATES</u>	<u>ECRA RATES</u>	<u>PACIFICORP INTERTIE LEASE RATES</u>
<p>The CPUC- jurisdictional retail tariffs should be referred to for detailed descriptions of how agricultural demand charges are assessed.</p> <p>SCHEDULE AG-1            SCHEDULE AG-R            SCHEDULE AG-V            SCHEDULE AG-4            SCHEDULE AG-5            SCHEDULE AG-ICE</p>			
Energy Charges (\$/kWh)	\$0.00694	(\$0.00007)	\$0.00022
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<b>STREETLIGHTING SCHEDULES</b>			
<p>SCHEDULE LS-1            SCHEDULE LS-2            SCHEDULE LS-3            SCHEDULE OL-1</p>			
Energy Charge (\$/kWh)	\$0.00638	(\$0.00007)	\$0.00021

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

Aglet	Department of the Army	Northern California Power Association
Agnews Developmental Center	Dept of General Services	Occidental Energy Marketing, Inc.
Alcantar & Kahl	Division of Business Advisory Services	OnGrid Solar
Ancillary Services Coalition	Douglas & Liddell	PPL EnergyPlus, LLC
Anderson & Poole	Douglass & Liddell	Pinnacle CNG Company
Arizona Public Service Company	Downey & Brand	Praxair
BART	Duke Energy	R. W. Beck & Associates
BP Energy Company	Duncan, Virgil E.	RCS, Inc.
Barkovich & Yap, Inc.	Dutcher, John	RMC Lonestar
Bartle Wells Associates	Ellison Schneider & Harris LLP	Recon Research
Blue Ridge Gas	Energy Management Services, LLC	SCD Energy Solutions
Braun & Associates	FPL Energy Project Management, Inc.	SCE
C & H Sugar Co.	Foster Farms	SESCO
CA Bldg Industry Association	Foster, Wheeler, Martinez	SMUD
CAISO	Franciscan Mobilehome	SPURR
CLECA Law Office	G. A. Krause & Assoc.	Santa Fe Jets
CSC Energy Services	GLJ Publications	Seattle City Light
California Cotton Ginners & Growers Assn	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sempra Utilities
California Energy Commission	Green Power Institute	Sequoia Union HS Dist
California League of Food Processors	Hanna & Morton	Sierra Pacific Power Company
California Public Utilities Commission	Heeg, Peggy A.	Silicon Valley Power
Calpine	Hitachi	Smurfit Stone Container Corp
Cameron McKenna	Hogan Manufacturing, Inc.	Southern California Edison Company
Cardinal Cogen	Imperial Irrigation District	St. Paul Assoc.
Casner, Steve	Innercite	Sunshine Design
Cerox	International Power Technology	Sutherland, Asbill & Brennan
Chamberlain, Eric	Intestate Gas Services, Inc.	TFS Energy
Chevron Company	J. R. Wood, Inc.	Tabors Caramanis & Associates
Chris, King	JTM, Inc.	Tecogen, Inc.
City of Glendale	Los Angeles Dept of Water & Power	Tioga Energy
City of Palo Alto	Luce, Forward, Hamilton & Scripps LLP	TransCanada
City of San Jose	MBMC, Inc.	Turlock Irrigation District
	MRW & Associates	U S Borax, Inc.

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

**Clean Energy Fuels**

**Coast Economic Consulting**

**Commerce Energy**

**Commercial Energy**

**Constellation**

**Constellation New Energy**

**Consumer Federation of California**

**Crossborder Energy**

**Davis Wright Tremaine LLP**

**Day Carter Murphy**

**Defense Energy Support Center**

**Department of Water Resources**

**Manatt Phelps Phillips**

**Matthew V. Brady & Associates**

**McKenzie & Associates**

**Meek, Daniel W.**

**Merced Irrigation District**

**Mirant**

**Modesto Irrigation District**

**Morgan Stanley**

**Morrison & Foerster**

**New United Motor Mfg., Inc.**

**Norris & Wong Associates**

**North Coast SolarResources**

**United Cogen**

**Utility Cost Management**

**Utility Resource Network**

**Utility Specialists**

**Vandenberg Air Force**

**Verizon**

**Wellhead Electric Company**

**Western Manufactured Housing  
Communities Association (WMA)**

**White & Case**

**eMeter Corporation**