

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



January 8, 2009

Advice Letter 3369-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: Electric Rule 15/16 Exceptional Case Agreement for the East
Bay Municipal Utilities District Camanche Pumping Plant**

Dear Mr. Cherry:

Advice Letter 3369-E is effective November 24, 2008.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division



November 24, 2008

Advice 3369-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Electric Rule 15/16 Exceptional Case Agreement for the East Bay Municipal Utilities District Camanche Pumping Plant

Pacific Gas and Electric Company (PG&E) hereby seeks approval of a non-standard extension agreement for electric transmission service to the East Bay Municipal Utilities District's (EBMUD) Camanche Pumping Plant under Electric Rules 15.I.3 and 16.G. A copy of the proposed non-standard agreement is attached as Attachment I.

The primary deviations from the standard line extension agreements are that (a) EBMUD has signed an Agreement to Perform Tariff Schedule Related Work (Form 62-4527) instead PG&E's standard Distribution Service and Extension Agreement (Form 62-0980), and (b) EBMUD is not receiving any allowances and has not been offered the fifty percent discount option, since this is a multi-million dollar project with no expectations of any refunds. This arrangement is more beneficial to ratepayers than a normal line extension arrangement whereby EBMUD could take the fifty percent discount and shift costs to other customers.

Background

EBMUD plans to construct a 230/12.47/7.2 kV substation to serve its proposed load at Camanche Pumping Plant. EBMUD has specifically requested that this new substation be served via a 230 kV tap. The projected maximum load would be 12.3 MW at 90 percent power factor. The proposed EBMUD substation will be constructed, owned, operated and maintained by EBMUD. EBMUD desires to energize its new substation in January 2009.

PG&E in turn has begun building a new, one-half mile, 230-kilovolt (kV) tap line from EBMUD's Camanche Pumping Plant substation to PG&E's Rancho Seco-

Bellota 230 kV Line No. 2 and modification of protection requirements at PG&E's Bellota Substation and SMUD's Rancho Seco Substation.¹

PG&E's Electric Rules 15 and 16 only apply to distribution extensions for service at PG&E's standard distribution voltages (less than 50 kV), but PG&E has generally used the distribution line extension rules as a guideline for extending retail electric transmission service. Electric Rule 15 Section I.3 and Electric Rule 16.G. permit PG&E or Applicants to request special rulings "where application of the rule appears impractical or unjust to either parties or ratepayers."

In June 2006, EBMUD gave PG&E an initial payment of One Million Nine Hundred Seventeen Thousand Five Hundred Forty Dollars (\$1,917,540) for this 230 kV tap line, based on the Detailed Interconnection Study. Since the 230 kV transmission tap is designed to serve only EBMUD, and is not intended to serve other customers, PG&E felt there was little likelihood that ratepayers will receive an equivalent benefit for cost of facilities that would be placed in rate base should EBMUD select the fifty percent discount option, at least as Electric Rule 15.J defines "net revenue". Rule 15.J defines "net revenue" for purposes of calculating the allowance as excluding transmission and other revenues that don't support distribution line extension costs.

EBMUD in turn did not want to execute a standard Distribution Service and Extension Agreement, preferring instead the one-page Agreement to Perform Tariff Schedule Related Work. This is appropriate in that the Distribution Service and Extension Agreement, by its terms, is meant for distribution extensions, not transmission extensions.

Proposed Agreement

PG&E and EBMUD have both signed a specially drafted Agreement to Perform Tariff Schedule Related Work, which is tailored to this situation and is enclosed as Attachment I. The Agreement to Perform Tariff Schedule Related Work describes the work to be done in Exhibit A. Exhibit B to the Agreement to Perform Tariff Schedule Related Work shows the cost, which is a total amount, including pass through costs for Sacramento Municipal Utilities District station work, of Six Million One Hundred and Two Thousand Five Hundred Thirty Four Dollars and Sixty-One Cents (\$6,102,534.61), for a balance due after the June 2006 payment, of Four Million One Hundred Eighty Four Thousand Nine Hundred Ninety Four Dollars and Sixty-One Cents (\$4,184,994.61). Payments represent Contribution in Aid of Construction and offset cost that would otherwise flow to ratebase. Exhibit C lists

¹ The Commission approved a Certificate of Public Convenience and Necessity for this extension in D.08-10-008.

ten terms and conditions, which are in addition to the normal Agreement to Perform Tariff Schedule Related Work conditions, but predominately copied as the applicable terms and conditions from the Provisions (Form 62-0982) which is part of the Distribution and Service Extension Agreement. The main additional condition added in Exhibit C is the requirement of Commission approval before this Agreement becomes effective.

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 14, 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: jnj@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

Pursuant to General Order 96-B, Section 8.2.3, PG&E requests that this advice filing become effective immediately, **November 24, 2008**.

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. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>

A handwritten signature in cursive script that reads "Brian H. Cheney / dc".

Vice President, Regulatory Relations

Attachments

Attachment 1 - Proposed Non-Standard Agreement Between PG&E and EBMUD

cc: Service List

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) #: **3369-E**

Tier: 1

Subject of AL: Electric Rule 15/16 Exceptional Case Agreement for the East Bay Municipal Utilities District Camanche Pumping Plant

Keywords (choose from CPUC listing): Agreements

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

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

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

Resolution Required? Yes No

Requested effective date: **November 24, 2008**

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

ATTACHMENT 1

Proposed Non-Standard Agreement Between PG&E and EBMUD

EAST BAY MUNICIPAL UTILITY DISTRICT

S2032A

ACCOUNTS PAYABLE
P.O. BOX 24055
OAKLAND, CA 94623-1055

EBMUD REFERENCE	P. O. NUMBER	INVOICE NUMBER	INVOICE DATE	INVOICE AMOUNT
MMIS1330493	BRD-19908-AX	1079811EBMUD	11/07/08	4,184,994.61
CHECK NUMBER 00002330035			TOTAL	4,184,994.61

CB14EZ

REMOVE DOCUMENT ALONG THIS PERFORATION

THIS DOCUMENT IS PRINTED IN TWO COLORS. DO NOT ACCEPT UNLESS BLUE AND BROWN ARE PRESENT.

EAST BAY MUNICIPAL UTILITY DISTRICT
Accounts Payable
P.O. Box 24055
Oakland, CA 94623-1055

Wells Fargo Bank
San Francisco, CA

11-24/1210

Check No.
00002330035

Date: 11/21/08

Pay Amount: ****\$4,184,994.61

Pay Four million one hundred eighty four thousand nine hundred ninety four and 61/100 Dollars

To The Order Of **PACIFIC GAS & ELECTRIC CO.**
245 MARKET ST RM 798-C
SAN FRANCISCO, CA 94105

⑈ 2330035⑈ ⑆ 121000248 ⑆ 4121064679⑈

MOOREWALACE SECURITY MARK™

MOOREWALACE SECURITY MARK™



Pacific Gas and Electric Company

DISTRIBUTION:

- APPLICANT (Original)
- DIVISION (Original)
- ACCTG. SVCS.

REFERENCE:

Notification
ELS-PM

Transmission Service
30660135

**Agreement to Perform
Tariff Schedule Related Work**

East Bay Municipal Utility District (EBMUD) (Applicant) has requested PACIFIC GAS AND ELECTRIC COMPANY, a California corporation (PG&E), to perform the tariff schedule related work as located and described in paragraph 3 herein.

PG&E agrees to perform the requested work and furnish all necessary labor, equipment, materials and related facilities required therefore, subject to the following conditions:

1. Whenever part or all of the requested work is to be furnished or performed upon property other than that of Applicant, Applicant shall first procure from such owners all necessary rights-of-way and/or permits in a form satisfactory to PG&E and without cost to it.
2. Applicant shall indemnify and hold harmless PG&E, its officers, agents and employees, against all loss, damage, expense and liability resulting from injury to or death of any person, including but not limited to, employees of PG&E, Applicant or any third party, or for the loss, destruction or damage to property, including, but not limited to property of PG&E, Applicant or any third party, arising out of or in any way connected with the performance of this agreement, however caused, except to the extent caused by the negligence or willful misconduct of PG&E, its officers, agents and employees. Applicant will, on PG&E's request, defend any suit asserting a claim covered by this indemnity. Applicant will pay all costs that may be incurred by PG&E in enforcing this indemnity, including reasonable attorneys' fees.
3. The location and requested work are described as follows:

LOCATION: Flood Road, 1/2 mile west of Escalon, Bellota, CA 95236; Camanche Raw Water Pumping Plant

REQUESTED WORK: See **Exhibit A** (attached)

COST BREAKDOWN: See **Exhibit B** (attached)

ADDITIONAL TERMS AND CONDITIONS: See **Exhibit C** (attached)

4. Applicant shall pay to PG&E, promptly upon demand by PG&E, as the complete contract price hereunder, the sum of Four Million One Hundred and Eighty Four Thousand, Nine Hundred and Ninety Four & 61/100 (\$4,184,994.61).

Upon completion of requested work, ownership of all work performed by and facilities installed by PG&E shall vest in:

PG&E Applicant

Executed this ____ day of _____ 2008.

East Bay Municipal Utility District (EBMUD)

Applicant

By: Dennis M. Diemer

Dennis M. Diemer
(Print/Type/Name)

Title: General Manager

Mailing Address: 375 11 Street
Oakland, CA 94607

PACIFIC GAS & ELECTRIC COMPANY

By: Marie Jordan

Marie Jordan
(Print/Type Name)

Title: Sr Director
PG&E

62-4527 (Rev 1/91)
Service Planning
Advice No. 1633-G/1342-E
Effective 4/02/91

APPROVED AS TO FORM

2/8 11/13/08

Office of General Counsel

Exhibit A Description of Work

Background

EBMUD plans to construct a 230/12.47/6.9 kV substation to serve its proposed load at Camanche Pumping Plant. EBMUD has specifically requested that this new substation be served via a 230 kV tap. The projected maximum load would be 12.3 MW at 90 percent power factor. The proposed EBMUD substation will be constructed, owned, operated and maintained by EBMUD. EBMUD desires to energize its new substation in January 2009.

Description of Work

PG&E will build a new, one-half mile, 230-kilovolt (kV) tap line from EBMUD's Camanche Pumping Plant substation to PG&E's Rancho Seco-Bellota 230 kV Line No. 2 and modification of protection requirements at PG&E's Bellota Substation and SMUD's Rancho Seco Substation, including:

- 1) Install one-four legged tap structure to intercept conductors on the Rancho Seco-Bellota No. 2 230 kV Line.
- 2) Install three disconnect switches on the tap intercept structure for dead line operation only.
- 3) Construct one-half mile of new 230 kV lines with 1,113 kcmil all aluminum conductors on tubular steel poles from the tap point to the 230 kV pull-off structure at the customer-owned substation.
- 4) Install one set of three 230 kV combination metering with associated CT's and PT's at EBMUD's new substation.
- 5) Modify existing protection requirements at Bellota Substation.

SMUD will perform the protection work at its Rancho Seco Substation which is also funded by EBMUD.

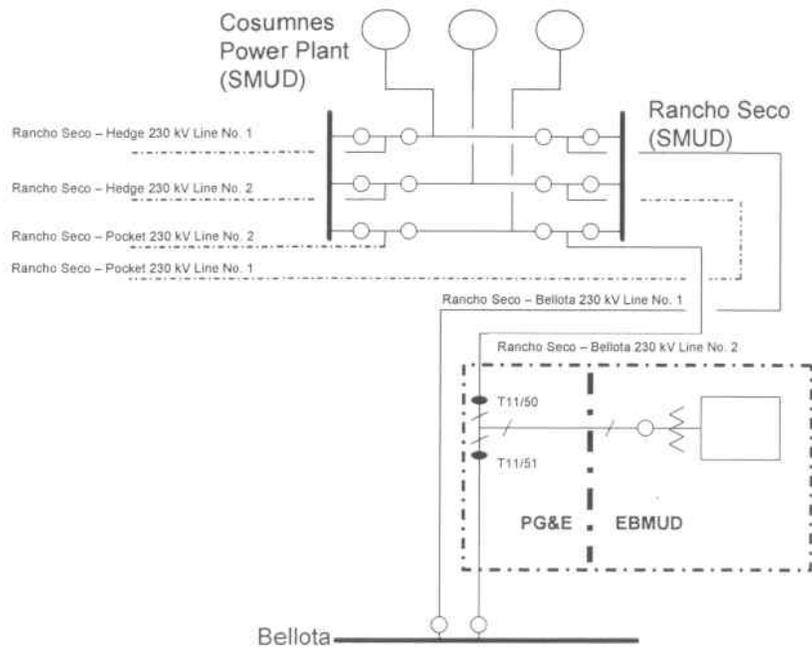


Exhibit B – Detail Cost Breakdown

Line Extension Related Costs	
Engineering & Administrative Costs	\$ 752,094.00
Electric Metering Costs	250,064.00
Line Extension Costs by PG&E	3,529,324.00
Sub Total	4,531,482.00
ITCC Taxes (Federal and State = 22%)	996,626.00
Sub-Total for Extension Costs	5,528,408.00
Revenue Allowance Credit	106,336.07
Total For Extension Costs	\$5,422,071.97
Total	
Other Costs:	
Land Related Costs	399,300.00
Inspection/Testing work	14,862.00
Sub Total	414,162.00
ITCC Taxes (Federal & State = 22%)	91,115.64
Pass Through Costs for SMUD Station Work	175,000.00
D.04-05-055 Line Extension Costs-Non-Residential	185.00
Total Other Costs:	\$ 680,462.64
Grand Total Due on this Agreement	\$ 6,102,534.61
Credit for Advance Payment (June 2006)	\$ 1,917,540.00
Payment Due Now	\$ \$4,184,994.61

Exhibit C
Additional Terms
and Conditions

1. Commission Approval Required. This Agreement is subject to the approval of the California Public Utilities Commission (Commission), and will not be deemed effective until and unless approved by the Commission. PG&E will promptly file a copy of the Agreement with the Commission, seeking approval of this Agreement. EBMUD shall cooperate fully in support PG&E's filing, and support Commission approval of this Agreement
2. Commission Jurisdiction. This Agreement shall be subject to all of PG&E's applicable tariff schedules on file with and authorized by the Commission and shall at all times be subject to such changes or modifications as the Commission may direct from time to time in the exercise of its jurisdiction.
3. Construction Responsibilities of EBMUD. EBMUD shall perform or arrange for the performance of the following work:
 - Route clearing, tree trimming, trenching, excavating, backfilling, and compacting;
 - Furnishing of imported backfill material as required and disposal of trench spoil as required;
 - Performing necessary surface repair and boring as required;
 - Furnishing, installing, and transferring ownership to PG&E of any substructures, conduits, and protective structures;
 - Obtaining any necessary construction permits for all work performed by EBMUD under this Agreement.
4. General Access. Where it is necessary for PG&E to install facilities on EBMUD's premises, EBMUD hereby grants to PG&E: (a) the right to install, own and maintain such facilities on EBMUD's premises together with sufficient legal clearance between all structures now or hereafter erected on EBMUD's premises; (b) the right to enter and leave EBMUD's premises for any purpose connected with electric service (meter reading, inspection, testing, routine repairs, maintenance, replacement, emergency work, etc.) and the exercise of any and all rights secured to it by law, or under PG&E's tariff schedules.
5. Land Rights. Where formal rights-of-way, easements, land leases, or permits are required by PG&E for the installation of the facilities on or over EBMUD's property, or the property of others, EBMUD understands and agrees that PG&E shall not be obligated to install the Facilities or accept the facilities installed by EBMUD's or the approved contractor unless and until any necessary permanent rights-of-way, easements, land leases, or permits, satisfactory to PG&E, are granted to or obtained for PG&E without cost to or condemnation by PG&E; however, if PG&E is unable to obtain such land rights, EBMUD shall obtain them. Such easement shall include the right of access and right to trim trees as necessary to maintain required legal clearances from overhead wires.
6. Acceptance and Conveyance. Upon (a) PG&E's receipt of any required formal rights-of-way, easements, leases, and permits, and (b) PG&E's energization of facilities installed by EBMUD, EBMUD hereby grants and conveys to PG&E, its

successors and assigns, all rights, title and interest in and to all such work performed by PG&E and facilities and transmission lines and pole facilities installed by PG&E, as described in Exhibit A, free and clear of all liens and encumbrances.

7. Force Majeure. PG&E shall not be responsible for any delay in either the performance of EBMUD's responsibilities under this Agreement, or the installation or completion of the facilities by PG&E resulting from shortage of labor or materials, strike, labor disturbance, war, riot, weather conditions, governmental rule, regulation or order, including orders or judgments of any court or commission, delay in obtaining necessary land rights, act of God, or any other cause or condition beyond the control of PG&E.
8. Resources. PG&E shall have the right, in the event it is unable to obtain sufficient supplies, materials, or labor for all of its construction requirements, to allocate materials and labor to construction projects which it deems, in its sole discretion, most important to serve the needs of its customers. Any delay in construction hereunder resulting from such allocation shall be deemed to be cause beyond PG&E's control.
9. Change Orders and Relocations. All standard design or construction changes made in the field, which impact the charges to EBMUD, will be made using PG&E's Agreement Change Order. These field changes, including unforeseen field conditions which may result in additional work or costs by EBMUD, the approved contractor or PG&E. Unforeseen field conditions include, but are not limited to, contaminated soil, obstructions, and weather conditions. The proper execution and attachment of the Agreement Change Order, and resulting from the change order, constitutes formal amendment to this Agreement.
10. ITCC. All contributions and advances by EBMUD are taxable and shall include an Income Tax Component of Contribution. If EBMUD has not paid the amount owed under this Agreement by December 31, 2008, and/or if the ITCC rate in PG&E's Preliminary Statement has changed as of the date EBMUD pays PG&E, Exhibit B and the total amount owed by EBMUD will be adjusted to reflect the new ITCC rate.

**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	Tiger Natural Gas, Inc.
City of Palo Alto	Luce, Forward, Hamilton & Scripps LLP	Tioga Energy
City of San Jose	MBMC, Inc.	TransCanada
	MRW & Associates	Turlock Irrigation District

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

Clean Energy Fuels	Manatt Phelps Phillips	U S Borax, Inc.
Coast Economic Consulting	Matthew V. Brady & Associates	United Cogen
Commerce Energy	McKenzie & Associates	Utility Cost Management
Commercial Energy	Meek, Daniel W.	Utility Resource Network
Constellation	Merced Irrigation District	Utility Specialists
Constellation New Energy	Mirant	Vandenberg Air Force
Consumer Federation of California	Modesto Irrigation District	Verizon
Crossborder Energy	Morgan Stanley	Wellhead Electric Company
Davis Wright Tremaine LLP	Morrison & Foerster	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	New United Motor Mfg., Inc.	White & Case
Defense Energy Support Center	Norris & Wong Associates	eMeter Corporation
Department of Water Resources	North Coast SolarResources	