

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 29, 2011

Advice Letter 3408-E

Jane K. Yura
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10B
P.O. Box 770000
San Francisco, CA 94177

Subject: Revised 2009 Department of Water Resources (DWR) Revenue Requirement Determination

Dear Ms. Yura:

Advice Letter 3408-E is effective March 1, 2009.

Sincerely,

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

Julie A. Fitch, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

Mailing Address
Mail Code B10C
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177
Fax: 415.973.7226

January 23, 2009

Advice 3408-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Revised 2009 Department of Water Resources (DWR) Revenue Requirement Determination

Pacific Gas and Electric Company (PG&E) hereby submits this Tier 1 advice letter in compliance with Decision (D.) 08-12-006, *Decision Allocating the Revised 2009 Revenue Requirement Determination of the California Department of Water Resources (DWR)*, and Advice Letter 3384-E, per D.08-11-056, *Decision Authorizing Measures to Facilitate Removal of DWR from the Role of Supplying Electric Power*.

Purpose

The purpose of this filing is to implement the new DWR remittance rate using the cost-follows contracts (CFC) allocation methodology as required by D.08-11-056 and by D.08-12-006.

Background

On November 21, 2008, the Commission approved D.08-11-056. Appendix 2, item 5, of D.08-11-056 states:

The calculation of indifference payments for each year from 2009 until the last DWR contract is scheduled to expire shall be jointly filed and served by the IOUs in an advice letter compliance filing due 30 days after the effective date of this decision. The IOU's shall concurrently serve a copy of the compliance filing on all parties to the proceeding. Parties will have a 15-calendar-day period within which to file comments on the IOU's filing. If no objections are filed, the IOUs compliance filing will become effective five calendar days thereafter.

On December 22, 2008, PG&E, SDG&E and SCE jointly filed an advice letter in compliance with D.08-11-056 (PG&E Advice 3384-E). The advice letter was not protested and became effective on January 12, 2009.

On December 4, 2008, the Commission approved D.08-12-006. Ordering Paragraph (OP) 3.b states:

In order to implement the CFC allocation methodology for DWR's 2009 revenue requirement, PG&E, SDG&E and SCE shall state in the advice letter filing required by D.08-11-056 when they will start to bill and collect the new remittance rates for the 2009 Power Charges. Prior to the start date of the new remittance rates for the Power Charges, PG&E, SDG&E and SCE shall file Tier 1 advice letters, as provided by General Order 96-B, to reflect the new remittance rates using the CFC allocation methodology.

Revised 2009 DWR Power Charge and Remittance Rate

The new DWR remittance rate for PG&E beginning March 1 is proposed to be \$0.12754 per kWh.

This reflects a revised 2009 DWR power charge revenue requirement of \$1,624 million (excluding Franchise Fees and end-of-year 2008 balance) established per Advice Letter 3384-E, pursuant to D.08-11-056. This is an increase of approximately \$524 million (excluding franchise fees) from the previous 2009 DWR power charge approved in D.08-12-006.

This revised 2009 revenue requirement includes PG&E's allocation and indifference transfer payments of \$496 million, per Advice Letter 3384-E, accelerated to \$589 million to reflect 10-month recovery. It also reflects the new natural gas forecast used as the basis of Advice Letter 3384-E.

The 2009 DWR Bond Charge rate is not affected by the advice filing.

Tariff Changes

While this advice letter is being submitted to request a change in PG&E's DWR remittance rate, it is being filed concurrent with Advice Letter 3407-E which consolidates the changes in PG&E's DWR revenue requirement with other revenue requirement changes requested to be implemented on March 1. Advice Letter 3407-E contains the revised rates for the PCCBA in electric Preliminary Statement I – Rate Schedule Summary.

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 **February 12, 2009**, 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: anj@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 Advice Letter 3384-E, PG&E requests that this advice filing become effective on **March 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 and the parties on the service list for Rulemaking (R.) 06-07-010. 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.

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 / esq". The signature is written in black ink and is positioned centrally on the page.

Vice President, Regulatory Relations

cc: R.06-07-010

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) #: **3408-E**

Tier: 1

Subject of AL: Revised 2009 Department of Water Resources (DWR) Revenue Requirement Determination

Keywords (choose from CPUC listing): DWR, Compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.08-11-056, D.08-12-006

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

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

Resolution Required? Yes No

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

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): Increase of ~\$524 million from current rates

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

jn@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

**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
	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sempra Utilities
California Cotton Ginners & Growers Assn	Green Power Institute	Sequoia Union HS Dist
California Energy Commission	Hanna & Morton	Sierra Pacific Power Company
California League of Food Processors	Heeg, Peggy A.	Silicon Valley Power
California Public Utilities Commission	Hitachi	Smurfit Stone Container Corp
Calpine	Hogan Manufacturing, Inc.	Southern California Edison Company
Cameron McKenna	Imperial Irrigation District	St. Paul Assoc.
Cardinal Cogen	Innercite	Sunshine Design
Casner, Steve	International Power Technology	Sutherland, Asbill & Brennan
Cerox	Intestate Gas Services, Inc.	TFS Energy
Chamberlain, Eric	J. R. Wood, Inc.	Tabors Caramanis & Associates
Chevron Company	JTM, Inc.	Tecogen, Inc.
Chris, King	Los Angeles Dept of Water & Power	Tiger Natural Gas, Inc.
City of Glendale	Luce, Forward, Hamilton & Scripps LLP	Tioga Energy
City of Palo Alto	MBMC, Inc.	TransCanada
City of San Jose	MRW & Associates	Turlock Irrigation District
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)
		White & Case
Day Carter Murphy	New United Motor Mfg., Inc.	eMeter Corporation
Defense Energy Support Center	Norris & Wong Associates	
Department of Water Resources	North Coast SolarResources	