

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 6, 2009

Advice Letter 3443-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: Annual Adjustments to the Electric Public Purpose Goods
Charge Funding Obligations in Compliance with Resolution
E-3792**

Dear Mr. Cherry:

Advice Letter 3443-E is effective March 31, 2009.

Sincerely,

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

Julie A. Fitch, Director
Energy Division

March 27, 2009

Advice 3443-E
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject: Annual Adjustments to the Electric Public Purpose Goods
Charge Funding Obligations in Compliance with Resolution E-
3792**

Pacific Gas and Electric Company (PG&E) hereby submits for filing the annual adjustments to the electric public goods charge (PGC) funding obligations in compliance with Resolution E-3792. The 2009 PGC funding obligations for PG&E will increase 2.27 percent from that of 2008.

Purpose

This filing complies with Resolution E-3792 issued on December 17, 2002.¹ Specifically, this filing submits the annual adjustments to the electric PGC funding obligations in compliance with Ordering Paragraph 7 of Resolution E-3792.

Background

Resolution E-3792 specified the methodology for utilities to adjust the electric PGC funding obligations required by Public Utility Code Section 399.8(d)(2). This section states: "the [target funding] amounts shall be adjusted annually at a rate equal to the lesser of the annual growth in electric commodity sales or inflation, as defined by the gross domestic product deflator."

The section did not identify when these adjustments should begin, but since the section extended these programs starting January 1, 2002, Resolution E-3792 proposed applying the adjustment methodology one year later, on January 1, 2003. Advice Letter 2363-E dated March 28, 2003, was PG&E's first filing in compliance with this resolution. That advice letter stated that adjustments for 2003

¹ Resolution E-3792 requires that this advice filing be submitted by March 31 of each year.

would be based on changes in sales and prices during 2002. Continuing that methodology, adjustments for 2009 will be based on changes in sales and prices during 2008.

As directed in Resolution E-3792, the utilities should each determine the adjusted target funding amounts that result from the adjustment methodology and, on or before March 31, 2003, and for each subsequent year ending with 2011, file an advice letter with the Commission that adjusts the authorizations and allocations found in Table 7 of Resolution E-3792, consistent with PUC Section 399.8(d)(2).² Resolution E-3792 also specified that the adjustment to the utility's allocated amounts in Table 7 should be governed by changes in its own sales (assuming that this statistic is lower than the rate of inflation), rather than by changes in the sales of all three utilities.

In accordance with SB 1036, Chapter 685, Statutes of 2007, and the amendments to Section 399.8 of the Public Utilities Code, the utilities are required to collect \$65,500,000³ per year for renewable energy, which represents a reduction of 51.5 percent from the original \$135,000,000.⁴ On April 10, 2008, the CPUC issued Resolution E-4160 that reduced the renewable portion of the PGC funding obligation effective January 1, 2008⁵. Advice Letter 3245-E approved on June 11, 2008, implemented this reduction of 2008.

2009 PGC Funding Obligation

PG&E's electric sales were 88.269 billion kWh in 2008 and 86.313 billion kWh in 2007. The percentage change of sales between 2008 and 2007 is therefore $(88.269 - 86.313)/86.313 = 2.27$ percent.

On February 27, 2009, the annual GDP (Gross Domestic Product) deflator for 2008 was 122.415 as published by the U.S Department of Commerce⁶. The annual GDP deflator on February 28, 2008, was 119.682, as stated in PG&E's Advice Letter 3245-E. The percentage change in prices as measured by the change in the annual GDP deflator between 2009 and 2008 is therefore $(122.415 - 119.682)/119.682 = 2.28$ percent.

The percentage change for both sales and price is positive, with the change in PG&E's electric sales being the lower of the two calculations. Hence, the funding authorization for 2009 will increase by 2.27 percent.

Therefore, the electric PGC funding obligations for PG&E, effective January 1, 2009, will be:

2 Resolution E-3792, p. 10.

3 SB 1036, Ch. 685, Stats. 2007/PRC 25743 (b) (1) eliminated the 51.5% New Account component of the CEC's Renewable funding.

4 Resolution E-3792, Table 5.

5 Resolution E-4160, dated April 10, 2008.

6 Department of Commerce, Bureau of Economic Analysis, Table 1.1.9 – Implicit Price Deflators for Gross Domestic Product.

<u>EE Programs</u>	<u>Renewables</u>	<u>RDD</u>	<u>Total</u>
\$119,445,547.69	\$36,452,596.52	\$34,860,026.01	\$190,758,170.22

The revenue requirement established for the PGC is recovered through the Public Purpose Program Revenue Adjustment Mechanism (PPPRAM), (electric Preliminary Statement Part DA), including an allowance for franchise fees and uncollectible accounts expense. The 2.27 percent funding increase will be recorded in the PPPRAM effective January 1, 2009, and will be reflected in rates in PG&E's next Annual Electric True-Up (AET) effective January 1, 2010.

Protest

Anyone wishing to protest this filing may do so by letter via U.S. mail, by facsimile, or electronically, any of which must be received no later than **April 16, 2009**, 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: inj@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 submits this advice letter as a Tier 1 filing and requests that this advice filing become effective on March 31, 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. Advice letter filings can also be accessed electronically at:

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

 sh

Vice President, Regulatory Relations

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: San Heng

Phone #: 415-973-2640

E-mail: S1HQ@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) #: 3443-E

Tier: [1]

Subject of AL: Annual Adjustment to the Electric Public Purpose Goods Charge Funding Obligations in Compliance with Resolution E-3792

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-3792

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: March 31, 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

**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	