

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 20, 2010

Advice Letters 3446-E/E-A/E-B

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: Vintaged Power Charge Indifference Adjustment Rates in
Compliance with Resolution E-4226 and Supplemental Filings**

Dear Ms. Yura:

Advice Letters 3446-E/E-A/E-B are effective June 1, 2010 per Resolution E-4226.

Sincerely,

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

Julie A. Fitch, Director
Energy Division



April 2, 2009

Advice 3446-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Vintaged Power Charge Indifference Adjustment Rates

Pacific Gas and Electric Company (PG&E) hereby submits for filing vintaged Power Charge Indifference Adjustment (PCIA) rates for 2009 that vary depending on when customers departed PG&E service. PG&E will file revisions to all affected tariff sheets once the Commission approves the rates provided herein.

Purpose

PG&E requests California Public Utilities Commission (Commission) approval of vintaged PCIA rates for 2009 that comply with the methods for developing PCIA rates as determined in Decision (D.) 06-07-030, *Opinion Regarding Direct Access and Departing Load Cost Responsibility Surcharge Obligations*, and utilize the total portfolio method set forth in D.08-09-012, *Decision on Non-bypassable Charges for New World Generation and Related Issues*.

Background

In D.06-07-030, the Commission adopted the PCIA rate. In general, those Direct Access (DA), departing load, and Community Choice Aggregation (CCA) customers that are not exempt from Department of Water Resources (DWR) power charges were required to pay the PCIA. The method adopted by D.06-07-030 provided that if the Indifference Amount for "old world generation" exceeded the amount for Competition Transition Charges (CTC), then the PCIA would be positive and would be remitted to DWR. If the Indifference Amount was less than the CTC amount but greater than zero, the PCIA would be applied to offset only a portion of the CTC for non-exempt customers. However, if the Indifference Amount was negative, the PCIA would be set to fully offset CTC for non-exempt customers. In the latter two cases, the PCIA rate would be negative and would be funded by increasing the revenue to be collected from bundled customers in PG&E's Energy Resource Recovery Account (ERRA). As part of the methodology

adopted in D.06-07-030, PG&E was required to add an amount for franchise fees associated with DWR bond and power charges to the PCIA rate.

In D.04-12-048, the Commission provided for stranded cost recovery in the form of a non-bypassable charge to be paid by customers when they elect DA service, depart to be served by a CCA, or become departing load. The non-bypassable charge would be determined based on the timing of the customers' departure (i.e., its vintage) and the date of the new generation resource commitment.

The method for determining the applicable charges and the specific applicability to the various departing load types was finalized in D.08-09-012. In this decision, the Commission adopted the total portfolio methodology initially approved by D.06-07-030 as the basis to determine the vintaged PCIA rate. The vintaged total portfolio methodology combines the applicable new generation resource commitments with the old world generation resources to determine a total portfolio indifference amount for each vintage. In addition, D.08-09-012 extended the negative indifference tracking concept adopted in D.06-07-030 to customers required to pay the vintaged PCIA. Finally, D.08-09-012 exempted certain departing load groups from the vintaged PCIA rate.

With the total portfolio approach approved, on February 10, 2009 PG&E filed Advice 3188-E-A to establish and record in a memorandum account negative indifference credits that may be available for each vintage group from prior years (mid-2006 through 2008). Decision 08-09-012 clarified that a vintage group was defined by a customer departure, or notice of a customer departure, from July 1 through June 30 of the following year. For example, if a customer departed between July 1, 2008 and June 30, 2009, they would be considered a 2008 vintage customer and the committed resources making up the vintage portfolio would be used to determine the forecast 2009 indifference amount. Then, these amounts would be adjusted by any applicable credit amounts from prior years to determine the Cumulative Indifference Amount. Table A-2 of Appendix A of Advice 3188-E-A provides the Cumulative Indifference Amount for each vintage on line 9 at the bottom of the table as follows:

| | | Indifference Amounts in 2009 (\$000s) | | | |
|---|--|---------------------------------------|-----------------|-----------------|-----------------|
| | | 2004 Vintage | 2007 Vintage | 2008 Vintage | 2009 Vintage |
| 1 | Cumulative Indifference Amount Line 9 w/o FF&U | (\$1,357,135) | \$612,417 | \$787,942 | \$996,214 |
| 2 | Cumulative Indifference Amount with FF&U | (\$1,371,053) | \$618,697 | \$796,022 | \$1,006,430 |
| 3 | 2009 Ongoing CTC (with FF&U) Line 10 | \$624,252 | \$624,252 | \$624,252 | \$624,252 |
| 4 | PCIA (with FF&U) | (\$624,252) | (\$5,554) | \$171,771 | \$382,179 |
| 5 | If PCIA is Positive, Remove Uncollectibles | (\$624,252) | (\$5,554) | \$171,327 | \$381,192 |

As noted above, the ongoing CTC revenue requirement (including Franchise Fees and Uncollectibles, or FF&U) is deducted from the indifference amount to determine the PCIA revenue requirement (shown here with FF&U, but without franchise fees associated with DWR bond). If the PCIA revenue requirement is positive, uncollectibles are removed because these funds are remitted to DWR. PCIA rates are designed by multiplying the current CTC rates by the ratio of the PCIA Revenue Requirement (RRQ) to the ongoing CTC revenue requirement. When the Indifference Amount is less than CTC, the PCIA rate is negative and is funded through bundled generation rates (an ERRA revenue requirement). As a final step in all cases, franchise fees for the DWR bond are added. Attachment 1 of this Advice Letter provides the vintaged PCIA rates for 2009.

Tariff Revisions

PCIA rates for each vintage where the rates are not equal to the unvintaged PCIA rates approved in D.08-12-029, PG&E's 2009 ERRA forecast proceeding, will be added to the Cost Responsibility Surcharge section of each rate schedule when the rates proposed in this advice letter are approved. In addition, in Advice 3435-E, dated March 13, 2009, PG&E proposed to convert the current franchise fee surcharge paid by direct access and CCA customers from a percentage approach to be equal to the product of a rate multiplied by sales. Since the franchise fee surcharge will necessarily change for each vintage, PG&E will provide appropriate franchise fee surcharge rates as a modification to Schedule E-FFS with the final tariffs filed as a result of this advice letter, provided Advice 3435-E is authorized for implementation on May 1, 2009, as proposed.

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 **April 22, 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

PG&E requests that this advice filing become effective on the filing date of this Advice Letter, **April 2, 2009**. Rates will not be implemented, and customers charged in accordance with these rates, until the Commission approves the rates provided herein.

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 Application (A.) 08-06-011, Rulemaking (R.)

03-10-003, and R.07-05-025. 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 K. Cherry / DC". The signature is written in a dark ink and is positioned above the typed name.

Vice President, Regulatory Relations

Attachments

Attachment 1 – Vintaged PCIA Rates for 2009

cc: Service Lists A.08-06-011, R.03-10-003, R.07-05-025

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) #: **3446-E**

Tier: 2

Subject of AL: Vintaged Power Charge Indifference Adjustment Rates

Keywords (choose from CPUC listing): Rates, Departed Load, Direct Access

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.06-07-030, D.08-09-012

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: **April 2, 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

ATTACHMENT 1

Vintaged PCIA Rates for 2009

Pacific Gas and Electric Company
Calculation of Vintaged PCIA Rates for 2009
(Revenues in Thousands of Dollars, Rates in \$/kWh)

| | | <u>Vin 04</u> | <u>Vin 07</u> | <u>Vin 08</u> | <u>Vin 09</u> |
|---|----------|---------------|---------------|---------------|---------------|
| Cumulative Indiff Amount w/o FFU | | (1,357,135) | 612,417 | 787,942 | 996,214 |
| Cumulative Indiff Amount with FFU | 0.010255 | (1,371,053) | 618,697 | 796,022 | 1,006,430 |
| CTC with FFU | | 624,252 | 624,252 | 624,252 | 624,252 |
| PCIA with FFU | | (624,252) | (5,554) | 171,771 | 382,179 |
| If PCIA is Positive, Backout Uncollectibles | 0.002581 | (624,252) | (5,554) | 171,327 | 381,192 |
| Ratio of PCIA/CTC | | (1.0000) | (0.0089) | 0.2745 | 0.6106 |

Vintaged 2009 PCIA Rates (without DWR Bond FF)

| | <u>CTC Rate</u> | <u>Vin 04</u> | <u>Vin 07</u> | <u>Vin 08</u> | <u>Vin 09</u> |
|--------------|-----------------|---------------|---------------|---------------|---------------|
| Residential | 0.00833 | (0.00833) | (0.00007) | 0.00229 | 0.00509 |
| Small L&P | 0.00736 | (0.00736) | (0.00007) | 0.00202 | 0.00449 |
| Medium L&P | 0.00701 | (0.00701) | (0.00006) | 0.00192 | 0.00428 |
| E19 | 0.00597 | (0.00597) | (0.00005) | 0.00164 | 0.00365 |
| Streetlights | 0.00066 | (0.00066) | (0.00001) | 0.00018 | 0.00040 |
| Standby | 0.00204 | (0.00204) | (0.00002) | 0.00056 | 0.00125 |
| Agriculture | 0.00746 | (0.00746) | (0.00007) | 0.00205 | 0.00456 |
| E20 T | 0.00479 | (0.00479) | (0.00004) | 0.00131 | 0.00292 |
| E20 P | 0.00530 | (0.00530) | (0.00005) | 0.00145 | 0.00324 |
| E20 S | 0.00551 | (0.00551) | (0.00005) | 0.00151 | 0.00336 |

| | | | | | |
|---------------------------------|--|---------|---------|---------|---------|
| Franchise Fees on DWR Bond Rate | | 0.00004 | 0.00004 | 0.00004 | 0.00004 |
|---------------------------------|--|---------|---------|---------|---------|

Vintaged 2009 PCIA Rates (with DWR Bond FF)

| | <u>Vin 04</u> | <u>Vin 07</u> | <u>Vin 08</u> | <u>Vin 09</u> |
|--------------|---------------|---------------|---------------|---------------|
| Residential | (0.00829) | (0.00003) | 0.00233 | 0.00513 |
| Small L&P | (0.00732) | (0.00003) | 0.00206 | 0.00453 |
| Medium L&P | (0.00697) | (0.00002) | 0.00196 | 0.00432 |
| E19 | (0.00593) | (0.00001) | 0.00168 | 0.00369 |
| Streetlights | (0.00062) | 0.00003 | 0.00022 | 0.00044 |
| Standby | (0.00200) | 0.00002 | 0.00060 | 0.00129 |
| Agriculture | (0.00742) | (0.00003) | 0.00209 | 0.00460 |
| E20 T | (0.00475) | 0.00000 | 0.00135 | 0.00296 |
| E20 P | (0.00526) | (0.00001) | 0.00149 | 0.00328 |
| E20 S | (0.00547) | (0.00001) | 0.00155 | 0.00340 |

**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 | |