

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 11, 2009

Advice Letter 3505-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: Revision of the Eligibility Criteria for Experimental Economic
Development Rate, Electric Rate Schedule ED**

Dear Mr. Cherry:

Advice Letter 3505-E is effective September 11, 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

Pacific Gas and Electric Company
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San Francisco, CA 94177

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August 12, 2009

Advice 3505-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Revision of the Eligibility Criteria for Experimental Economic Development Rate, Electric Rate Schedule ED

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.

Purpose

PG&E proposes to revise the Applicability section of the Economic Development Rate Schedule, Electric Rate Schedule ED, to include customers who would, absent this incentive on its own or in conjunction with a package of incentives from State and Local government, cease operations at the California location. All other eligibility criteria would remain unchanged.

Because PG&E's authority to offer Schedule ED expires at year-end, 2009, PG&E requests expedited consideration of this request.

Background

In Decision (D.) 05-09-018 (and subsequently modified by D.06-05-042), the California Public Utilities Commission (Commission) approved, with certain modifications, the joint proposal of Southern California Edison Company (SCE) and PG&E to offer Economic Development Rates (EDRs). During the course of that proceeding, the utilities were urged to develop a joint proposal – the one ultimately adopted with certain modifications – to promote consistency across the service areas.

In implementation of the Commission decisions, SCE and PG&E filed Advice 1918-E-A and Advice 2716-E respectively, setting forth the utilities' rate schedules for the EDRs. Both advice filings were approved by the Energy Division. The utilities' filings differed in one substantive respect. Specifically, SCE's EDR-R rate schedule applies, in part, to businesses that would otherwise cease operations. PG&E's tariff currently does not apply to such businesses, but rather is limited to

those that would be moving out-of-state or would otherwise locate out-of-state. Of course, the economic effect on the state of a closure is the same as relocation elsewhere. Hence, PG&E seeks this revision in Schedule ED in order to extend eligibility to business closures as well as the above-described relocations. This revision will bring PG&E's tariffs to parity with those of SCE, which was a goal of the Commission's in D.05-09-018.

The cap that the Commission placed on participation under Schedule ED is not affected by PG&E's request. That is, Decision 05-09-018 placed a cap of 100 megawatts (mW) on participating load for each utility. PG&E is presently serving 44.1 mW of load on Schedule ED, and customers representing 11 mW of load have been approved for service under Schedule ED, but have yet to commence service under the rate. Accordingly, only approximately 50% of the cap is currently being used or is likely to be used. Even with the proposed revision, PG&E expects that the cap will not be exceeded prior to the expiration of the rate at the end of 2009.

Tariff Revisions

PG&E proposes to revise the APPLICABILITY section of Schedule ED as follows (revision in *italics*):

This schedule is available to qualified customers locating, expanding, or retaining load on PG&E's electric transmission and/or distribution system, *or to customers who would otherwise close*. Customers taking service on Schedule ED must sign an Agreement for Economic Development Incentive on Electric Service (Form No. 79-771).

PG&E proposes to revise SPECIAL CONDITIONS section 1, second paragraph, as follows (revision in *italics*):

For existing customers, only the additional demand or that portion deemed likely to relocate *or cease operations* may qualify for the Schedule ED incentive reductions. New or additional billing demand does not include billing demand that exist within the State of California at the time eligibility is determined.

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 **September 1, 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: ijnj@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 regular notice, **September 11, 2009**, which is 30 calendar days after the date of filing.

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 San Heng at (415) 973-2640. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>



Vice President, Regulatory Relations

Attachments

cc: Service List A.04-06-018

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: Olivia Brown

Phone #: 415.973.9312

E-mail: oxb4@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) #: 3505-E

Tier: 2

Subject of AL: Revision of the Eligibility Criteria for Experimental Economic Development Rate, Electric Rate Schedule ED

Keywords (choose from CPUC listing): Text changes

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.05-09-018

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

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Is AL requesting confidential treatment? No. 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: N/A

Resolution Required? Yes No

Requested effective date: September 11, 2009

No. of tariff sheets: 4

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: Electric Schedule ED

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
Advice 3505-E**

**Cal P.U.C.
Sheet No.**

Title of Sheet

**Cancelling Cal
P.U.C. Sheet No.**

28386-E	ELECTRIC SCHEDULE ED ECONOMIC DEVELOPMENT RATE Sheet 1	26673-E*
28387-E	ELECTRIC SCHEDULE ED ECONOMIC DEVELOPMENT RATE Sheet 2	24807-E
28388-E	ELECTRIC TABLE OF CONTENTS Sheet 1	28324-E
28389-E	ELECTRIC TABLE OF CONTENTS RATE SCHEDULES Sheet 3	28228-E



ELECTRIC SCHEDULE ED
ECONOMIC DEVELOPMENT RATE

Sheet 1
 (T)

APPLICABILITY: This schedule is available to qualified customers locating, expanding, or retaining load on PG&E's electric transmission and/or distribution system, or to customers who would otherwise close. Customers taking service on Schedule ED must sign an Agreement for Economic Development Incentive on Electric Service (Form No. 79-771). (T)
 (T)

TERRITORY: This schedule is available to customers within PG&E's electric service territory.

RATES: The rate provides a five-year declining rate incentive equal to a percentage off the customer's otherwise applicable tariff (OAT) bundled rate (excluding taxes) as shown below. An equivalent incentive will be available to Direct Access (DA) and Community Choice Aggregation (CCA) customers. For DA and CCA customers, the incentive will be calculated based on the OAT DA/CCA rate (excluding taxes) plus a proxy for generation based on the otherwise applicable bundled service generation rate.

Incentive Reduction:

First 12 months	25 percent
Second 12 months	20 percent
Third 12 months	15 percent
Fourth 12 months	10 percent
Fifth 12 months	5 percent

Incentive Limiter:

The average rate after application of the incentive under this schedule cannot be less than the Floor Price described below.

FLOOR PRICE: The sum of the revenues collected by PG&E from the customer, exclusive of any additional applicable taxes, shall not fall below a Floor Price equal to transmission charges, public purpose program (PPP) charges, nuclear decommissioning (ND) charges, DWR Bond charges, Competition Transition Charge (CTC), marginal costs for distribution, and, if a bundled-service customer, marginal costs for generation. The Floor Price shall be based on customer-specific marginal costs, up to the OAT. The California Public Utilities Commission's adopted marginal costs in effect at the time of each contract execution will be used for this calculation, and used throughout the term of the agreement.

The revenues will be reviewed annually to ensure that they equal or exceed the Floor Price, up to the OAT revenues the customer would have paid if it had not received the incentive. Additional lump-sum charges may be due to PG&E or credits due to the customer after each annual review. The charges will be designed to ensure that revenues do not fall below the Floor Price described above each year. Credits, if available after the annual review, will be provided if the customer's incentive rate had been previously reduced from the maximum Incentive Reductions above.

PROGRAM EXPIRATION AND CAP: All agreements must be executed prior to December 31, 2009. This schedule will remain open until such time the last agreement expires or terminates.

The total contract demand on Schedule ED, at any point in time for active agreements, will be capped at 100 MW (megawatts).

(Continued)



ELECTRIC SCHEDULE ED
ECONOMIC DEVELOPMENT RATE

Sheet 2
 (T)

**SPECIAL
 CONDITIONS:**

1. **Eligible Customers:** Eligible customers are those on or electing existing Schedule A-10, E-19, or E-20, or their successor rate schedule. New customers with maximum billing demands greater than 200 kW, existing customers who add at least 200 kW of maximum billing demand, or existing customers with at least 200 kW of maximum billing demand that are considering relocating their load outside of California may qualify. Note, Schedule ED is not applicable to customers receiving service under Schedule E-31.

For existing customers, only the additional demand or that portion deemed likely to relocate or cease operations may qualify for the Schedule ED incentive reductions. New or additional billing demand does not include billing demand that exist within the State of California at the time eligibility is determined. (T)

PG&E will consult with the Office of California Business Investment Services (CalBIS), or its successor entity, under the supervision of the California Business Transportation and Housing Agency (BTH), in order to determine qualified customers. Approval by CalBIS is necessary, but not sufficient, for determining eligibility. PG&E reserves the right for final review and determination, and Schedule ED shall be offered at the discretion of PG&E.

Residential customers and state or local governmental agencies are not qualified customers under this rate schedule.

2. **Contract:** Service under this schedule is provided under a five-year agreement.
3. **Start Date:** The start date of the incentive rate period shall commence within 24 months from the date of execution of the contract for service and shall be designated by the customer within the agreement.
4. **Metering:** Separate electric metering for new or additional load may be required if, in PG&E's sole opinion, it is necessary to provide service under this schedule. The customer will be responsible for any costs associated with providing separate electric metering.
5. **Limitations of Rate Limiters:** Average rate limiters may apply to the customer's bill under Schedule E-19 or E-20. The level of rate limiters will not be reduced by this schedule.
6. **Conservation:** In order to be eligible for this schedule, customers must allow PG&E to conduct a site inspection for the purpose of making applicable conservation options available to customers. PG&E will advise all customers of a range of cost-effective conservation options on a site-specific basis.
7. **"But For" Test:** In order to be eligible for this schedule, the customer must sign an affidavit, attesting to the fact that "but for" this incentive rate, either on its own or in combination with a package of incentives made available to the customer from other sources, the customer would not have: (i) located operations or added load within the State of California or (ii) retained load within the State of California.



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Sheet 1

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

Alcantar & Kahl	Day Carter Murphy	Norris & Wong Associates
Ameresco	Defense Energy Support Center	North Coast SolarResources
Anderson & Poole	Department of Water Resources	Northern California Power Association
Arizona Public Service Company	Department of the Army	Occidental Energy Marketing, Inc.
BART	Dept of General Services	OnGrid Solar
BP Energy Company	Division of Business Advisory Services	Praxair
Barkovich & Yap, Inc.	Douglas & Liddell	R. W. Beck & Associates
Bartle Wells Associates	Douglass & Liddell	RCS, Inc.
C & H Sugar Co.	Downey & Brand	Recon Research
CA Bldg Industry Association	Duke Energy	SCD Energy Solutions
CAISO	Dutcher, John	SCE
CLECA Law Office	Ellison Schneider & Harris LLP	SMUD
CSC Energy Services	FPL Energy Project Management, Inc.	SPURR
California Cotton Ginners & Growers Assn	Foster Farms	Santa Fe Jets
California Energy Commission	G. A. Krause & Assoc.	Seattle City Light
California League of Food Processors	GLJ Publications	Sempra Utilities
California Public Utilities Commission	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sierra Pacific Power Company
Calpine	Green Power Institute	Silicon Valley Power
Cameron McKenna	Hanna & Morton	Southern California Edison Company
Cardinal Cogen	Hitachi	Sunshine Design
Casner, Steve	International Power Technology	Sutherland, Asbill & Brennan
Chamberlain, Eric	Intestate Gas Services, Inc.	Tabors Caramanis & Associates
Chevron Company	Los Angeles Dept of Water & Power	Tecogen, Inc.
Chris, King	Luce, Forward, Hamilton & Scripps LLP	Tiger Natural Gas, Inc.
City of Glendale	MBMC, Inc.	Tioga Energy
City of Palo Alto	MRW & Associates	TransCanada
City of San Jose	Manatt Phelps Phillips	Turlock Irrigation District
Clean Energy Fuels	Matthew V. Brady & Associates	U S Borax, Inc.
Coast Economic Consulting	McKenzie & Associates	United Cogen
Commerce Energy	Merced Irrigation District	Utility Cost Management
Commercial Energy	Mirant	Utility Specialists
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)
	New United Motor Mfg., Inc.	eMeter Corporation