

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



March 30, 2010

**Advice Letter 3625-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: Acceleration of Return of Energy Supplier Refund Settlements  
to PG&E's Customers**

Dear Mr. Cherry:

Advice Letter 3625-E is effective April 15, 2010.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



**Brian K. Cherry**  
Vice President  
Regulatory Relations

Pacific Gas and Electric Company  
77 Beale St., Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

415.973.4977  
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February 26, 2010

**Advice 3625-E**  
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Acceleration of Return of Energy Supplier Refund Settlements to PG&E's Customers**

Pacific Gas & Electric Company (PG&E) hereby submits for filing a proposal to accelerate customers' returns of amounts realized from the Energy Supplier Refund Settlements from the California Energy Crisis. Through a reduced Energy Cost Recovery Amount, this accelerated refund is part of a comprehensive strategy designed to provide critical summer rate relief and to ease the financial burden of potentially high summer bills. This proposed rate relief also complements PG&E's *Petition to Modify Decision 08-12-004 Concerning California Solar Initiative Collection in 2010*, which was filed with the California Public Utilities Commission (Commission) on February 10, 2010.

**Purpose**

The 2001 passage of Assembly Bill 1X created the current five-tiered electric rate structure for residential customers during the height of the California Energy Crisis. Adoption of this structure resulted in a nearly decade-long freeze on lower-tier rates while upper-tier rates increased dramatically. Recently, upper-tier rates have increased to over 47 cents per kilowatt-hour, which have resulted in high electric bills in areas with sustained periods of hot summer temperature.

PG&E recognizes the challenges of its customers due to the current economic climate and rising electricity costs. This proposal seeks Commission approval to provide rate relief by accelerating the return of the Energy Supplier Refund Settlement, which would provide its residential customers with critical summer rate relief by easing the financial burden of high summer bills for households who currently experience high-tiered usage and significant volatility in their month-to-month bills.

In this advice filing, PG&E proposes to reduce revenues collected through the Energy Cost Recovery Amount rate from June 2010 through December 2010 by approximately \$73 million. Energy Supplier Refunds are either negotiated or litigated reductions to the amounts owed to generators and others by PG&E for power purchased during the California Energy Crisis. Here, the specific Energy Supplier Refunds that PG&E proposes to return to its customers were received as a result of

FERC orders involving PG&E and other parties during the months of December 2009 and January 2010. Ordinarily, refunds received during the last month of the year preceding the 2010 Annual Electric True-up (AET) filing would be reflected as rate reductions in the next year's AET (2011). However, PG&E proposes to advance the return of these refunds to its customers by seven months (beginning on June 1, 2010 rather than on January 1, 2011). This will be done by increasing the credit value of the Energy Rate Recover Bond Balancing Account (ERBBA) rate from \$.00164 per KWhr to \$.00306 per KWhr effective June 1, 2010.

### **Background**

Electric Preliminary Statement Part DT, *Energy Recovery and Balancing Account*, records the benefits and costs associated with Energy Recovery Bonds (ERBs) that are not provided to customers elsewhere and either returns those benefits or charges those costs to customers. The ERBBA, authorized by Decision (D.) 04-11-015, is the successor account to the Regulatory Asset Revenue Adjustment Mechanism, which was eliminated upon ERBBA's implementation. Energy Supplier Refunds are a principal component of the ERBBA.

Please refer to Attachment 1 for the calculation of the ERBBA rate change and Attachment 2 for more information on the Energy Supplier Refunds.

### **Tariff Revisions**

As a result of this accelerated return, the Energy Cost Recovery Amount credit rate will increase from \$.00164 to \$.00306. PG&E will file the associated tariff sheet in May 2010 to reflect this rate change effective June 1, 2010.

### **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 **March 18, 2010**, 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](mailto:jnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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 request that this Advice Letter be approved no later than April 15, 2010. PG&E intends to combine the ERBBA rate reduction with a reduction associated with its *Petition to Modify Decision 08-12-004 Concerning California Solar Initiative Collections in 2010*. The Company plans to implement these rate reductions on June 1, 2010.

### **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 and all electronic approvals should be directed to email PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.



Vice President, Regulatory Relations

#### Attachments:

- Attachment One: Calculation of ERBBA Rate Necessary to Credit Customers with Refunds Not Forecasted in 2010 Annual Electric True-up (AET) Filing
- Attachment Two: Energy Rate Recovery Bond Balancing Account (ERBBA) Refunds Recorded But Not Forecasted in 2010 AET

# 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) #: 3625-E

**Tier: 2**

Subject of AL: Acceleration of Return of Energy Supplier Refund Settlements to PG&E's Customers

Keywords (choose from CPUC listing): Refunds

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

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

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: N/A

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: N/A

Resolution Required?  Yes  No

Requested effective date: April 15, 2010

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). N/A

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](mailto:jnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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](mailto:PGETariffs@pge.com)**

**ADVICE 3625-E**

**Attachment 1:**

**Calculation of ERBBA Rate Necessary to Credit  
Customers with Refunds Not Forecasted in 2010  
Annual Electric True-up (AET) Filing**

Pacific Gas and Electric Company  
 Energy Rate Recovery Bond Balancing Account (ERBBA)  
 Calculation of ERBBA Rate Necessary to Credit Customers with Refunds not Forecasted in 2010 Annual  
 Electric True-up (AET) Filing  
 Attachment 1

Line No.	Description	2007 GRC Franchise Fee and Uncollectibles factor	Rates Effective June 1
1	Refunds to be Credited to Customers (000\$)		73,086
2	Franchise Fee and Uncollectible Recovery Rate	0.010255	
3	Franchise Fee and Uncollectible Requirement		750
4	Total Refund Revenue Requirement (000\$)		<u>73,835</u>
5	Estimated ERBBA Subject Sales (MW)		52,046,203
6	Rate Increment Necessary to Credit Refunds to Customers (\$per KWhr)		\$ (0.00142)
7	(1) ERBBA Rate Approved in 2010 AET		<u>\$ (0.00164)</u>
8	<b>ERBBA Rate to be Effective Through December 31, 2010</b>		<b><u>\$ (0.00306)</u></b>
9	<u>Proof of FF&amp;U</u>		
10	Total Refund Revenue Requirement (000\$)		73,835
11	Franchise Fee	0.007570	559
12	Uncollectibles	0.002581	191
13	Calculated Refunds Net of FF&U (000\$)		<u>73,086</u>

(1) See: ELECTRIC PRELIMINARY STATEMENT PART I Sheet 2  
 RATE SCHEDULE SUMMARY  
 Date Filed December 30, 2009  
 Resolution No. E-4289 Effective January 1, 2010

**ADVICE 3625-E**  
**Attachment 2:**  
**Energy Rate Recovery Bond Balancing Account**  
**(ERBBA) Refunds Recorded But Not Forecasted**  
**in 2010 AET**

Pacific Gas and Electric Company  
Energy Rate Recovery Bond Balancing Account (ERBBA)  
Refunds Recorded But Not Forecasted in 2010 AET  
(000\$)  
Attachment 2

Line No.		Status	Total	Electric Transmission	ERBBA Portion
1	December 2009 Refunds				
2	PECO	Recorded	3,096	57	3,039
3	CFE	Recorded	5,003	104	4,899
	CIT/Big Valley	Recorded	180		180
4	Subtotal December		8,279	161	8,118
5	January 2010 Refunds				
6	LADWP	Recorded	58,556	(339)	58,895
7	Cargill	Recorded	398	11	387
8	Anaheim	Recorded	164		164
9	Azusa	Recorded	21		21
10	Grant County	Recorded	491	13	478
11	Riverside	Recorded	269		269
12	Puget	Recorded	4,817	74	4,743
13	PacifiCorp				11
14	Subtotal		64,716	(241)	64,968
15	Total Refunds Not Forecasted in 2010 AET		72,995	(80)	73,086

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

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