

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 29, 2010

Advice Letter 3634-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: Annual Adjustments to the Electric Public Purpose Goods Charge
Funding Obligations in Compliance with Resolution E-3792**

Dear Ms. Yura:

Advice Letter 3634-E is effective January 1, 2010.

Sincerely,

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

Julie A. Fitch, Director
Energy Division

March 16, 2010

Advice 3634-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 the annual adjustments to the electric public goods charge (PGC) funding obligations in compliance with Resolution E-3792 (Resolution). The 2010 PGC funding obligations for PG&E will remain the same as 2009.

Purpose

This filing complies with the Resolution 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 the Resolution.

Background

The Resolution specified the methodology for utilities to adjust the electric PGC funding obligations required by Public Utilities (PU) Code § 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, the Resolution proposed applying the adjustment methodology one year later, on January 1, 2003. Advice 2363-E dated March 28, 2003, was PG&E's first filing in compliance with the Resolution. This advice letter stated that adjustments for 2003 would be based on changes in sales and prices during 2002. Continuing that methodology, adjustments for 2010 will be based on changes in sales and prices during 2009.

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

As directed in the Resolution, 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 the Resolution, consistent with PU Code § 399.8(d)(2).² The Resolution 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. The Resolution further states that if the lower of sales change and price change is negative in any one year, the authorized funding for the subsequent year shall remain constant.

In accordance with SB 1036, Chapter 685, Statutes of 2007, and the amendments to Section 399.8 of the PU 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 California Public Utilities Commission (CPUC or Commission) issued the Resolution E-4160 that reduced the renewable portion of the PGC funding obligation effective January 1, 2008.⁵ Advice 3245-E approved on June 11, 2008, implemented this reduction of 2008.

2010 PGC Funding Obligation

PG&E's electric sales were 85,763 billion kWh in 2009 and 88,269 billion kWh in 2008. The percentage change of sales between 2009 and 2008 is therefore $(85,763 - 88,269) / 88,269 = (-2.84)$ percent.

On February 26, 2010, the annual GDP (Gross Domestic Product) deflator for 2009 was 109.761 as published by the U.S Department of Commerce.⁶ The annual GDP deflator on February 27, 2009, was 122.415, as stated in PG&E's Advice Letter 3443-E. The percentage change in prices as measured by the change in the annual GDP deflator between 2010 and 2009 is therefore $(109.761 - 122.415) / 122.415 = (-10.34)$ percent.

The percentage change for both sales and price is negative; hence, the funding authorization for 2010 will remain the same as 2009.

Therefore, the electric PGC funding obligations for PG&E, effective January 1, 2010, will continue to 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>
\$119,445,548	\$36,452,596	\$34,860,026	\$190,758,170

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. Since there will be no change to the PGC for 2010, no adjustment to PPPRAM rates will result from this advice letter.

Protests

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 5, 2010, 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:

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, California 94177

Facsimile: (415) 973-6520
 E-Mail: PGETariffs@pge.com

Effective Date

PG&E is filing this advice letter as a Tier 1 to be approved on the filing date,

March 16, 2010, effective January 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>.

A handwritten signature in black ink that reads "Jane Yura-OB". The signature is written in a cursive style.

Vice President, Regulation and Rates

Attachments

cc: Service List for A.08-07-021

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) #: 3634-E

Tier: 1

Subject of AL: Annual Adjustments 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: 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: January 1, 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 and mas@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Jane K. Yura, Vice President, Regulation and Rates

77 Beale Street, Mail Code B10B

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**

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