

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



December 5, 2012

Advice Letter 3652-E

Brian K. Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

**Subject: Notice of Federal Energy Regulatory Commission Settlement
of Rate Increase Filing (TO12) and Authorization to Institute
Interim Rates**

Dear Mr. Cherry:

Advice Letter 3652-E is effective November 16, 2012.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division

April 12, 2010

Advice 3652-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Notice of Federal Energy Regulatory Commission Settlement of Rate Increase Filing (TO12) and Authorization to Institute Interim Rates

Purpose

Pacific Gas and Electric Company (PG&E) hereby submits this advice letter to provide the California Public Utilities Commission (Commission or CPUC) with notice of PG&E's March 31, 2010 filing of an uncontested Settlement in PG&E's TO12 transmission rate case with the Federal Energy Regulatory Commission's (FERC). In addition, PG&E submitted a Motion for Interim rates on March 31, 2010, requesting to implement, on an interim basis effective June 1, 2010, the retail rates included in the Settlement. On April 8, 2010, FERC authorized PG&E to institute the interim retail rates effective June 1, 2010.

Background

On August 24, 2009, PG&E filed Advice 3517-E to notify the Commission of PG&E's TO12 transmission rate case filing. On September 30, 2009, FERC accepted PG&E's TO12 filing, suspended the rate increase for five months to become effective on March 1, 2010, subject to refund, and established hearing and settlement judge procedures.

On March 31, 2010, PG&E filed an offer of Settlement and Stipulation (Settlement) concerning PG&E's proposed changes to its wholesale and retail electric transmission rates under its Transmission Owner Tariff (TO Tariff). PG&E also submitted a Motion for Interim rates requesting to implement, on an interim basis effective June 1, 2010, the retail rates included in the Settlement.

On April 8, 2010, FERC authorized PG&E to institute the interim retail rates effective June 1, 2010.

The Commission has long recognized that FERC has jurisdiction over unbundled retail electric transmission rates in California, including transmission services

provided under the FERC-approved California Independent System Operator Corporation (ISO) Tariff. To the extent that FERC decisions addressing ISO or other transmission service have been issued, they are deemed reasonable for purposes of inclusion in retail electric rates. (See New York v. FERC, 535 US 1 (2002).) The decision states, “When a bundled retail sale is unbundled and becomes separate transmission and power sales transactions, the resulting transmission transaction falls within the Federal Sphere of regulation,” id. at 12 (citing FERC Order 888 approvingly, citations omitted.)

Approved on May 26, 2005, Commission Resolution E-3930 established a process for CPUC notification and review of transmission-related changes, and embodies this understanding in new Process Element 1, where it states, “The Commission recognizes that under the filed rate doctrine, the Commission should allow a pass through of these transmission rates that are filed with and become effective at the FERC.”

In its TO12 Settlement, PG&E agreed upon a retail revenue requirement of \$875 million. This represented a decrease of \$71.4 million from PG&E’s as filed TO12 rates, which were based on a retail revenue requirement of \$946.4 million and which became effective (subject to refund) on March 1, 2010. The effective date for implementation of settlement rates on an interim basis is June 1, 2010. Once the TO12 Settlement is approved by FERC, the difference between amounts collected by the as filed rates and the settlement rates for the period between March 1, 2010 and May 31, 2010 will be refunded through PG&E’s established End-Use Customer Refund Account (ECRA) mechanism.

Compliance with Resolution E-3930

PG&E submits this advice letter pursuant to Process Element 4 of Resolution E-3930. Consistent with past practice, PG&E has also provided the Commission with a complete copy of the multi-volume FERC filing and the Settlement on the same dates as filed with FERC, by service to Mr. Frank Lindh of the Commission’s Legal Division.

Pursuant to Process Elements 3 through 5 of Resolution E-3930, PG&E provides in Attachment A, a copy of its Appendix I through Appendix III of its Settlement and provides a complete statement of PG&E’s current and proposed retail transmission rates. In this advice letter, PG&E requests authority to revise each corresponding transmission rate component of its CPUC-jurisdictional tariffs on the date on which FERC ultimately authorizes these changes to become effective (subject to refund), and to make corresponding adjustments to PG&E’s total applicable CPUC-jurisdictional rates, with exceptions only as described below for the residential tariffs.

As described under Process Elements 5 and 6 of Resolution E-3930, total rates for residential usage up to 130 percent of baseline (Tier 1 and 2 usage) were

previously constrained by California Assembly Bill 1X (AB 1X). California Senate Bill 695 (SB 695), enacted October 11, 2009, modified the constraints on total rates for residential usage up to 130 percent of baseline and Decision (D.) 09-12-048 adopted PG&E's revised residential rate design as compliant therewith. Accordingly, PG&E will revise rates consistent with current practice and in compliance with this requirement.

As anticipated under Process Element 4 of Resolution E-3930, PG&E will provide complete updated tariff sheets, including this change, as part of a consolidation advice letter to be filed prior to 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 **May 3, 2010**, which is 21 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: jjn@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 requests that this advice filing become effective 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>.

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:

Attachment A: Appendix I, II, III FERC Docket No. ER09-1521-000

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) #: 3652-E

Tier: 2

Subject of AL: Notice of Federal Energy Regulatory Commission Settlement of Rate Increase Filing (TO12) and Authorization to Institute Interim Rates

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-3930

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: June 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

ATTACHMENT A
PACIFIC GAS AND ELECTRIC COMPANY
TRANSMISSION OWNER TARIFF

TO12 Settlement Version
TO Tariff Sheets Effective March 1, 2010

Appendix I (Sheet No. 56)
Appendix II
Appendix III

APPENDIX I
Transmission and Reliability Services Revenue Requirements ¹

- 1. The Transmission Revenue Requirement for purposes of calculating End-User transmission rates shall be \$829,048,325, which is composed of the Base Transmission Revenue Requirement of \$875,000,000, and the TRBAA of (\$45,951,675).**
- 2. For purposes of the ISO's calculation of Access Charges under Section 26.1 of the ISO Tariff:**
 - a. The High Voltage Transmission Revenue Requirement shall be \$369,950,683, which is composed of a High Voltage Base Transmission Revenue Requirement of \$399,088,935, Standby Transmission Demand Revenue credit of (\$1,523,914), and a High Voltage TRBAA of (\$27,614,339).**
 - b. The Low Voltage Transmission Revenue Requirement shall be \$435,172,404, which is composed of a Low Voltage Base Transmission Revenue Requirement of \$455,911,065, Standby Transmission Demand Revenue credit of (\$1,814,356), and a Low Voltage TRBAA of (\$18,924,305).**
 - c. The High Voltage Transmission Revenue Requirement associated with New High Voltage Transmission Facilities is \$209,625,978, which is composed of a High Voltage Base Transmission Revenue Requirement of \$226,118,751, Standby Transmission Demand Revenue credit of (\$863,057), and a High Voltage TRBAA of (\$15,629,716).**
 - d. The forecast of Gross Load at the High Voltage/Low Voltage interface is 90,326,715 megawatt-hours.**

¹ Total revenue requirement associated with transmission facilities and entitlements turned over to the operational control of the ISO by the Participating TO, which reflects a reduction or increase for Transmission Revenue Credits.

APPENDIX II

Access Charges for Wholesale Transmission

| | <u>Per kWh</u> |
|---|-----------------------|
| High Voltage Access Charge | See ISO Tariff |
| Low Voltage Access Charge..... | \$0.004818 |
| High Voltage Utility-Specific Access Charge..... | \$0.004096 |

High Voltage Wheeling Access Charge

High Voltage Wheeling Access Charge..... See ISO Tariff

Low Voltage Wheeling Access Charge

High Voltage Wheeling Access Charge..... See ISO Tariff

Low Voltage Wheeling Access Charge..... \$0.004818

APPENDIX III

Access Charges for End-Use Service ^{1,2}

TABLE OF CONTENTS

RESIDENTIAL SCHEDULES

COMMERCIAL AND INDUSTRIAL SCHEDULES

- SCHEDULE A-1
- SCHEDULE A-6
- SCHEDULE A-15
- SCHEDULE TC-1
- SCHEDULE A-10
- SCHEDULE E-19
- SCHEDULE E-20
- SCHEDULE E-37
- SCHEDULE S

AGRICULTURAL SCHEDULES

STREETLIGHTING SCHEDULES

¹ These charges represent the rates for recovery of the Base Transmission Revenue Requirement. A TRBAA Rate of (\$0.00054) per kWh and a TACBAA Rate of \$0.00099 per kWh shall also apply to all of the rate schedules described in this Appendix.

² The applicability of these rates is described in the California Public Utilities Commission jurisdictional retail tariffs.

| RESIDENTIAL SCHEDULES | <u>TO RATES</u> | <u>ECRA RATES</u> |
|--|---|-------------------|
| SCHEDULE E-1 AND EL-1 (CARE) | SCHEDULE EM AND EML (CARE) | |
| SCHEDULES E-6 AND EL-6 (CARE) | SCHEDULE EM TOU AND EML TOU (CARE) | |
| SCHEDULES E-7 AND EL-7 (CARE) | SCHEDULE ES AND ESL (CARE) | |
| SCHEDULES E-A7 AND EL-A7 (CARE) | SCHEDULE ESR AND ESRL (CARE) | |
| SCHEDULE E-8 AND EL-8 (CARE) | SCHEDULE ET AND ETL (CARE) | |
| SCHEDULE E-9 | | |
| | | |
| Energy Charge (\$/kWh) | \$0.01158 | (\$0.00050) |

COMMERCIAL & INDUSTRIAL SCHEDULES

TO RATES

ECRA RATES

SCHEDULE A-1
SCHEDULE A-6
SCHEDULE A-15
SCHEDULE TC-1

Energy Charge (\$/kWh)

\$0.01083

(\$0.00047)

SCHEDULE A-10

BASIS FOR DEMAND CHARGE: The customer will be billed for demand according to the customer's "maximum demand" each month. The number of kW used will be recorded over 15-minute intervals; the highest 15-minute average in the month will be the customer's maximum demand. **SPECIAL CASES:** (1) If the customer's use of energy is intermittent or subject to severe fluctuations, a 5-minute interval may be used, and (2) If the customer uses welders, the demand charge will be subject to the minimum demand charges for those welders' ratings, as explained in Section J of PG&E's CPUC Rule 2.

Maximum Demand Charge (\$/kW/mo)

\$3.71

Energy Charge (\$/kWh)

(\$0.00045)

SCHEDULE E-19

BASIS FOR DEMAND CHARGE: Demand will be averaged over 15-minute intervals. "Maximum demand" will be the highest of all the 15-minute averages for the billing month. If the customer's use of electricity is intermittent or subject to severe fluctuations, a 5-minute interval may be used. If the customer has any welding machines, the diversified resistance welder load, calculated in accordance with Section J of PG&E's CPUC Rule 2, will be considered the maximum demand if it exceeds the maximum demand that results from averaging the demand over 15-minute intervals.

Maximum Demand Charge (\$/kW/mo)

\$3.71

Energy Charge (\$/kWh)

(\$0.00045)

SCHEDULE E-20

TO RATES

ECRA RATES

BASIS FOR DEMAND CHARGE: Demand will be averaged over 15-minute intervals. "Maximum demand" will be the highest of all the 15-minute averages for the billing month. If the customer's use of electricity is intermittent or subject to severe fluctuations, a 5-minute interval may be used. If the customer has any welding machines, the diversified resistance welder load, calculated in accordance with Section J of PG&E's CPUC Rule 2, will be considered the maximum demand if it exceeds the maximum demand that results from averaging the demand over 15-minute intervals.

| | | |
|----------------------------------|--------|-------------|
| Maximum Demand Charge (\$/kW/mo) | \$3.75 | |
| Energy Charge (\$/kWh) | | (\$0.00035) |

SCHEDULE E-37

| | | |
|------------------------|-----------|-------------|
| Energy Charge (\$/kWh) | \$0.00862 | (\$0.00037) |
|------------------------|-----------|-------------|

SCHEDULE S

RESERVATION CAPACITY: The Reservation Capacity to be used for billing under the above rates shall be as set forth in the customer's contract for service. For new or revised contracts, the Reservation Capacity shall be determined by the customer. However, if the customer's standby demand exceeds this new contracted capacity in any billing month, that standby demand shall become the new Reservation or Contract Capacity for 12 months, beginning with that month. See Special Condition 7 for the definition of Reservation Capacity for Supplemental Standby Service customers.

The **Reservation Charge**, in dollars per kilowatt (kW), applies to 85 percent of the customer's Reservation Capacity, as defined in Special Condition 1 of the tariffs.

| | | |
|-------------------------------|-----------|-------------|
| Reservation Charge (\$/kW/mo) | \$0.45 | |
| Energy Charge (\$/kWh) | \$0.00794 | (\$0.00068) |

AGRICULTURAL SCHEDULES

TO RATES

ECRA RATES

The CPUC-jurisdictional retail tariffs should be referred to for detailed descriptions of how agricultural demand charges are assessed.

SCHEDULE AG-1
SCHEDULE AG-R
SCHEDULE AG-V
SCHEDULE AG-4
SCHEDULE AG-5
SCHEDULE AG-ICE

Energy Charge (\$/kWh)

\$0.00862

(\$0.00037)

STREETLIGHTING SCHEDULES

SCHEDULE LS-1
SCHEDULE LS-2
SCHEDULE LS-3
SCHEDULE OL-1

Energy Charge (\$/kWh)

\$0.00466

(\$0.00020)

**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 |
| Bloomberg New Energy Finance | Dutcher, John | SCE |
| Boston Properties | Economic Sciences Corporation | SMUD |
| C & H Sugar Co. | Ellison Schneider & Harris LLP | SPURR |
| CA Bldg Industry Association | Foster Farms | Santa Fe Jets |
| CAISO | G. A. Krause & Assoc. | Seattle City Light |
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| CSC Energy Services | 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 |
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| 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. |
| Chris, King | MRW & Associates | Tioga Energy |
| City of Glendale | Manatt Phelps Phillips | TransCanada |
| City of Palo Alto | McKenzie & Associates | Turlock Irrigation District |
| Clean Energy Fuels | Merced Irrigation District | U S Borax, Inc. |
| Coast Economic Consulting | Mirant | United Cogen |
| Commerce Energy | Modesto Irrigation District | Utility Cost Management |
| Commercial Energy | Morgan Stanley | Utility Specialists |
| Consumer Federation of California | Morrison & Foerster | Verizon |
| Crossborder Energy | NRG West | 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 | |