

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



December 13, 2010

**Advice Letter 3762-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: Implementation of Residential Rate Changes Authorized by  
Changes in Public Utilities Code Sections 739.1 and 739.9**

Dear Ms. Yura:

Advice Letter 3762-E is effective January 1, 2011.

Sincerely,

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

Julie A. Fitch, Director  
Energy Division

November 15, 2010

**Advice 3762-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Implementation of Residential Rate Changes Authorized By Changes in Public Utilities Code Sections 739.1 and 739.9****Purpose**

The purpose of this advice filing is to make adjustments to Pacific Gas and Electric Company's (PG&E) residential rates in accordance with Public Utilities (PU) Code Sections 739.1 and 739.9. Similar rate revisions were first authorized by the California Public Utilities Commission (Commission) in Decision (D.) 09-12-048 effective January 1, 2010.

D.09-12-048 Ordering Paragraph (OP) 5 stated:

5. Future annual filing to implement proposed changes in residential rates as authorized by Senate Bill 695 (Ch. 337, Stats. 2009) shall be by Tier 2 advice letter as set forth in General Order 96-B, filed no later than 45 days before the proposed effective date.

Accordingly, this advice filing proposes to increase non-California Alternate Rates for Energy (CARE) residential rates for usage in Tiers 1 and 2 by three percent in accordance with Section 739.9, with a corresponding downward adjustment in the rates applicable to non-CARE usage in Tiers 3 and 4 (rates applicable to usage above 130 percent of the baseline allowances). The proposed rate adjustments will not result in any change in the revenue requirements authorized by the Commission, but would be implemented on a consolidated basis with PG&E's January 1, 2011 Annual Electric True-Up. In accordance with Section 739.1, this advice filing proposes a zero percent change to Tier 1 and 2 CARE rates.

**Rate Revisions**

Section 739.9(a) states that annually through January 1, 2018, the Commission may increase the rates charged to non-CARE residential customers for electricity usage up to 130 percent of the baseline quantities (Tiers 1 and 2) by the annual percentage change in the Consumer Price Index (CPI) from the prior year plus 1

percent, but not less than 3 percent and not more than 5 percent per year.<sup>1</sup> As the change in the Consumer Price Index (CPI) does not meet the minimum stated threshold, PG&E proposes to increase its non-CARE Tier 1 and 2 residential rates by 3.0 percent.

For CARE rate schedules, Section 739.1(b)(2) specifies that the Commission may increase the rates for electricity usage up to 130 percent of baseline quantities by the annual increase in benefits provided under the CalWORKs program for the fiscal year in which the rate increase would take effect, but not to exceed 3 percent per year.<sup>2</sup> However, the cost of living benefits adjustment for the CalWORKs program was suspended for the 2010-2011 fiscal year, and each fiscal year thereafter, unless otherwise specified by statute (see Section 11453 (c)(6) of the W&I Code). Therefore, PG&E is not proposing any increase to CARE Tier 1 and Tier 2 rates. As required by PU Code Section 739.1(b)(4), PG&E's CARE rates do not exceed 80 percent of the corresponding non-CARE rates, excluding the DWR Bond Charge (DWRBC), CARE Surcharge, and any applicable CSI charges or other exempt charges.<sup>3</sup>

A summary of the current June 1, 2010 and proposed illustrative January 1, 2011 Tier 1 and Tier 2 rates for residential Schedules E-1 and EL-1 is provided in the following table.

### Illustrative E-1 and EL-1 Tier 1 and Tier 2 Rates (\$/kWh)

	Non-CARE (E-1)			CARE (EL-1)		
	Current Rate	Proposed Rate	Percentage Change	Current Rate	Proposed Rate	Percentage Change
<b>Tier 1</b>	<b>0.11877</b>	<b>0.12233</b>	<b>3.0%</b>	<b>0.08316</b>	<b>0.08316</b>	<b>0.0%</b>
<b>Tier 2</b>	<b>0.13502</b>	<b>0.13907</b>	<b>3.0%</b>	<b>0.09563</b>	<b>0.09563</b>	<b>0.0%</b>

PG&E proposes to reduce non-CARE Tier 3 and 4 rates by an amount that offsets the revenue increase resulting from the Tier 1 and Tier 2 rate adjustments

<sup>1</sup> PU Code Section 739.9(b) further requires that the rates charged for usage up to the baseline quantity, including any customer charge revenues, cannot exceed 90 percent of the system average rate.

<sup>2</sup> The benefits amounts provided under the CalWORKs program are subject to an annual cost of living adjustment, effective July 1<sup>st</sup> of each year, as provided under Section 11453 (a) of the Welfare and Institutions (W&I) Code.

<sup>3</sup> PG&E uses its standard residential rate schedule and its CARE counterpoint, Schedules E-1 and EL-1, to demonstrate compliance with this requirement.

described above. Consistent with the rate design methodology approved by the Summer 2010 Rate Relief decision (see D.10-05-051), non-CARE Tier 3 and 4 rates will be set to ensure the revenue allocated to the residential class is fully collected, while maintaining the fixed non-CARE Tier 3 and Tier 4 rate differential of \$0.10967 per kWh.

Assuming approval of this advice letter, PG&E will revise residential rates as described above and consolidate the change with PG&E's AET for rates effective on January 1, 2011. Additionally, PG&E will ensure compliance with Section 739.9(b), which requires that the rates charged to non-CARE residential customers for electricity usage up to the baseline quantity, including any customer or minimum charge revenues, not exceed 90 percent of the system average rate (SAR).<sup>4</sup>

### **Tariff Revisions**

By this advice letter, PG&E is not filing any tariffs or illustrative rate tables. Instead, this advice letter addresses only the principles involved in implementing SB 695 and defers to PG&E's Annual Electric True-Up final implemented rates and tariffs.

### **Tier Designation**

Pursuant to OP 5 of D.09-12-048, PG&E submits this advice letter with a Tier 2 designation.

### **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 **December 6, 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.

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<sup>4</sup> PG&E uses its standard residential rate schedule and its CARE counterpoint, Schedules E-1 and EL-1, to demonstrate compliance with this requirement.

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 proposes that the rate changes described in this Advice Letter be incorporated into the Annual Electric True-Up (AET) and made effective January 1, 2011.

### **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 service list for A.09-10-013. Address changes to the General Order 96-B service list should be directed to email PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process\_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.

Handwritten signature of Jane Yura in black ink, with the initials "OB" written to the right of the signature.

Vice President, Regulation and Rates

cc: Service List for A.09-10-013

# 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) #: 3762-E

**Tier: 2**

Subject of AL: Implementation of Residential Rate Changes Authorized By Changes in Public Utilities Code Sections 739.1 and 739.9

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 #: 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: January 1, 2011

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: 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](mailto:PGETariffs@pge.com)**

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

Alcantar & Kahl LLP	Dept of General Services	North Coast SolarResources
Ameresco	Division of Business Advisory Services	Northern California Power Association
Anderson & Poole	Douglass & Liddell	Occidental Energy Marketing, Inc.
Arizona Public Service Company	Downey & Brand	OnGrid Solar
BART	Duke Energy	Praxair
Barkovich & Yap, Inc.	Dutcher, John	R. W. Beck & Associates
Bartle Wells Associates	Economic Sciences Corporation	RCS, Inc.
Bloomberg	Ellison Schneider & Harris LLP	Recurrent Energy
Bloomberg New Energy Finance	Foster Farms	SCD Energy Solutions
Boston Properties	G. A. Krause & Assoc.	SCE
Braun Blaising McLaughlin, P.C.	GLJ Publications	SMUD
	Goodin, MacBride, Squeri, Schlotz & Ritchie	SPURR
Brookfield Renewable Power	Green Power Institute	San Francisco Public Utilities Commission
CA Bldg Industry Association	Hanna & Morton	Santa Fe Jets
CLECA Law Office	Hitachi	Seattle City Light
CSC Energy Services	In House Energy	Sempra Utilities
California Cotton Ginners & Growers Assn	International Power Technology	Sierra Pacific Power Company
California Energy Commission	Intestate Gas Services, Inc.	Silicon Valley Power
California League of Food Processors	Lawrence Berkeley National Lab	Silo Energy LLC
California Public Utilities Commission	Los Angeles Dept of Water & Power	Southern California Edison Company
Calpine	Luce, Forward, Hamilton & Scripps LLP	Spark Energy, L.P.
Cardinal Cogen	MAC Lighting Consulting	Sunshine Design
Casner, Steve	MBMC, Inc.	Sutherland, Asbill & Brennan
Chris, King	MRW & Associates	Tabors Caramanis & Associates
City of Palo Alto	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto Utilities	McKenzie & Associates	Tiger Natural Gas, Inc.
Clean Energy Fuels	Merced Irrigation District	TransCanada
Coast Economic Consulting	Modesto Irrigation District	Turlock Irrigation District
Commercial Energy	Morgan Stanley	United Cogen
Consumer Federation of California	Morrison & Foerster	Utility Cost Management
Crossborder Energy	NLine Energy, Inc.	Utility Specialists
Davis Wright Tremaine LLP	NRG West	Verizon
Day Carter Murphy	Navigant Consulting	Wellhead Electric Company
Defense Energy Support Center	Norris & Wong Associates	Western Manufactured Housing Communities Association (WMA)
		eMeter Corporation
Department of Water Resources	North America Power Partners	