

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 23, 2012

Advice Letters 3896-E, 3896-E-A, 3896-E-B

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: Annual Electric True-Up and Supplemental Filings – Change PG&E
Electric
Rates on January 1, 2012**

Dear Mr. Cherry:

Advice Letters 3896-E, 3896-E-A, 3896-E-B are effective January 1, 2012. The regulatory accounts addressed by Advice Letter 3896-E-B are subject to audit by Commission staff.

Sincerely,

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

Edward F. Randolph, Director
Energy Division

October 26, 2011

Advice 3896-E-A

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Supplement to Annual Electric True-Up Filing - Change PG&E
Electric Rates on January 1, 2012**

Purpose

The purpose of this supplemental filing is to amend the Illustrative 2012 Rate Design and Resulting Rates section of Advice 3896-E.

Background

On September 1, 2011, Pacific Gas and Electric Company (PG&E) filed the Annual Electric True Up (AET) Advice 3896-E: (1) to establish 2012 electric rates for recovery of the balances in balancing accounts already approved for amortization in 2012 (listed in Table 1); (2) to establish the 2012 Energy Recovery Bonds Balancing Account revenue requirement; and (3) to provide a vehicle to consolidate authorized changes to PG&E's January 1, 2012 electric rates.

During the filing of this advice letter, there were uncertainties surrounding the extension of the Public Goods Charge (PGC) beyond December 31, 2011.¹ Advice 3896-E assumed that the PGC is not extended and that the energy efficiency portion of the PGC is recovered through procurement energy efficiency. Therefore, PG&E eliminated all components of the PGC and combined the electric Public Purpose Program Revenue Adjustment Mechanism (PPPRAM) funding for energy efficiency with the Procurement Energy Efficiency Revenue Adjustment Mechanism (PEERAM), thus reflecting a total PEERAM projected 2012 revenue of \$395,356,496 in Table 2 (Line 50) of Advice 3896-E. Because the approved allocation methodologies for PGC Energy Efficiency (EE) and procurement EE differ,² the allocation of combined funding for these two programs in the initial AET Advice 3896-E resulted in an incorrect representation of Public Purpose Program (PPP) rates at the schedule level, and

¹ The expiration of the PGC is being addressed in Phase III of Rulemaking 09-11-014 for energy efficiency and in Rulemaking 11-10-003 for other PGC-funded programs.

² The allocation methodologies for PGC EE and procurement EE were adopted by the CPUC in Decision 07-09-004, which approved PG&E's 2007 GRC Phase 2 revenue allocation and rate design settlement. See D.07-09-004, Appendix B, Section VII, Part 3(F) for a description of the approved PGC EE and Procurement EE allocation methodologies.

subsequently of total rates at the schedule level, in the illustrative 2012 Rate Design and Resulting Rates included in Advice 3896-E.

Proposed Amendments to Advice 3896-E

Without changing the overall revenue, PG&E proposes to adjust the public purpose program revenue for energy efficiency to maintain the PGC portion of funding in the PPPRAM and remove it from the PEERAM to retain the cost allocation for these separate revenue requirements as follows:

	Filed Advice 3896-E	Adjustment	Revised Advice 3896-E
PPPRAM	\$0	\$120,734,365	\$120,734,365
PEERAM	\$365,815,496	(\$120,734,365)	\$245,081,131
Total	\$365,815,496	\$0	\$365,815,496

Attachment 1 to this advice letter provides a comparison of the illustrative total rates at the schedule level in the AET as filed in Advice 3896-E with the illustrative total rates at the schedule level resulting from the adjusted revenue requirements as provided in the above table. As the attachment shows, average rates for individual schedules may increase or decrease due to the adjusted allocation described in this advice letter supplement, however total revenue remains unchanged from the original filing.

As stated in Advice 3896-E, PG&E will update its 2012 revenue and rates, including the electric funding for energy efficiency in the December supplement to Advice 3896-E, based on Commission action on pending proceedings and advice letters prior to the end of 2011.

Protests

Due to the limited scope of PG&E's supplemental filing, PG&E respectfully requests the protest period for this filing not be re-opened.

Effective Date

PG&E requests that this advice filing become effective on **January 1, 2012**, concurrently with the Commission's approval of Advice 3896-E, and by resolution no later than at the Commission's December 15, 2011 business meeting.

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 lists for A.08-05-022, A.09-12-020, A.10-01-014, A.10-03-014, A.10-08-002, A.10-08-011, A.11-02-011, A.11-03-001, A.11-05-019, A.11-06-004, A.11-06-028, R.07-01-041, R.08-02-007, R.08-03-008, R.09-01-019, R.09-06-018 and R.11-03-006. 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>.

A handwritten signature in cursive script that reads "Brian Cherry" followed by a stylized flourish.

Vice President - Regulation and Rates

Attachment

cc: Service Lists for A.08-05-022, A.09-12-020, A.10-01-014, A.10 03 014, A.10-08-002, A.10-08-011, A.11-02-011, A.11 03 001, A.11-05-019, A.11-06-004, A.11-06-028, R.07 01 041, R.08-02-007, R.08-03-008, R.09-01-019, R.09 06 018 and R.11-03-006

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: Greg Backens

Phone #: (415) 973-4390

E-mail: gab4@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) #: **3896-E-A**

Tier: 3

Subject of AL: **Supplement to Annual Electric True-Up Filing - Change PG&E Electric Rates on January 1, 2012**

Keywords (choose from CPUC listing): Compliance, Balancing Accounts, Increase Rates

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: Resolutions E-3906, E-3956, E-4032, E-4121, E-4217, E-4289 and E-4379

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

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: N/A

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, 2012**

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): \$398 million

Estimated system average rate effect (%): 3.6%

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: N/A

Service affected and changes proposed:

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, Regulation and Rates

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

Pacific Gas and Electric Company
 2012 Annual Electric True-Up (AET)
 Attachment 1 to Advice 3896-E-A
 Comparison of AET as Filed to AET with Corrected Energy Efficiency (EE) Allocation

Class/Schedule	ILLUSTRATIVE BUNDLED TOTAL RATE RESULTS				ILLUSTRATIVE DA/CCA TOTAL RATE RESULTS			
	AET with Corrected EE Allocation		\$ Difference (C = B - A)	% Difference (D = C/A)	AET with Corrected EE Allocation		\$ Difference (G = F - E)	% Difference (H = G/E)
	AET as Filed Advice 3896-E (A)	Advice 3896-E-A (B)			AET as Filed Advice 3896-E (E)	Advice 3896-E-A (F)		
RESIDENTIAL								
E-1	0.19191	0.19203	0.00012	0.1%	0.16063	0.16080	0.00018	0.1%
EL-1	0.08756	0.08756	0.00000	0.0%	0.04084	0.04096	0.00012	0.3%
E-7	0.17393	0.17408	0.00014	0.1%	0.12115	0.12070	-0.00045	-0.4%
E-8	0.22410	0.22432	0.00022	0.1%	0.10781	0.10701	-0.00080	-0.7%
EL-8	0.07593	0.07593	0.00000	0.0%	-0.02142	-0.02219	-0.00077	3.6%
TOTAL RES	0.16345	0.16354	0.00009	0.1%	0.14815	0.14824	0.00008	0.1%
SMALL L&P								
A-1	0.18691	0.18701	0.00010	0.1%	0.11747	0.11757	0.00010	0.1%
A-6	0.18132	0.18131	-0.00001	0.0%	0.11429	0.11428	-0.00001	0.0%
A-15	0.47714	0.47724	0.00010	0.0%	0.24848	0.24858	0.00010	0.0%
TC-1	0.17533	0.17514	-0.00019	-0.1%			0.00000	
TOTAL SMALL	0.18590	0.18598	0.00008	0.0%	0.11628	0.11633	0.00006	0.0%
MEDIUM L&P								
A-10 T	0.13480	0.13491	0.00011	0.1%				
A-10 P	0.15296	0.15284	-0.00012	-0.1%	0.08326	0.08314	-0.00012	-0.1%
A-10 S	0.16467	0.16453	-0.00014	-0.1%	0.08396	0.08382	-0.00014	-0.2%
TOTAL MEDIUM	0.16458	0.16444	-0.00014	-0.1%	0.08395	0.08381	-0.00014	-0.2%
E-19 CLASS								
E-19 FIRM T	0.12044	0.12042	-0.00003	0.0%				
E-19 V T	0.11987	0.11984	-0.00003	0.0%				
Total E-19 T	0.12023	0.12021	-0.00003	0.0%				
E-19 FIRM P	0.13652	0.13640	-0.00011	-0.1%	0.06537	0.06526	-0.00011	-0.2%
E-19 V P	0.13403	0.13392	-0.00011	-0.1%	0.07192	0.07181	-0.00011	-0.2%
Total E-19 P	0.13590	0.13579	-0.00011	-0.1%	0.06606	0.06595	-0.00011	-0.2%
E-19 FIRM S	0.14719	0.14708	-0.00010	-0.1%	0.06880	0.06870	-0.00010	-0.2%
E-19 V S	0.14199	0.14188	-0.00010	-0.1%	0.06509	0.06498	-0.00010	-0.2%
Total E-19 S	0.14358	0.14347	-0.00010	-0.1%	0.06618	0.06607	-0.00010	-0.2%
E-19 T	0.12023	0.12021	-0.00003	0.0%				
E-19 P	0.13590	0.13579	-0.00011	-0.1%	0.06606	0.06595	-0.00011	-0.2%
E-19 S	0.14358	0.14347	-0.00010	-0.1%	0.06618	0.06607	-0.00010	-0.2%
TOTAL E-19	0.14292	0.14281	-0.00010	-0.1%	0.06617	0.06607	-0.00010	-0.2%
STREETLIGHTS								
STANDBY	0.16829	0.16822	-0.00007	0.0%				
STANDBY T	0.11576	0.11590	0.00015	0.1%	0.08140	0.08155	0.00015	0.2%
STANDBY P	0.26169	0.26097	-0.00072	-0.3%				
STANDBY S	0.21127	0.21035	-0.00093	-0.4%				
TOTAL STANDBY	0.12427	0.12435	0.00008	0.1%	0.08140	0.08155	0.00015	0.2%
AGRICULTURE								
AG-1A	0.31938	0.31891	-0.00047	-0.1%	0.24959	0.24912	-0.00047	-0.2%
AG-RA	0.23140	0.23115	-0.00025	-0.1%				
AG-VA	0.23346	0.23319	-0.00027	-0.1%	0.14932	0.14905	-0.00027	-0.2%
AG-4A	0.23090	0.23067	-0.00023	-0.1%	0.11169	0.11147	-0.00023	-0.2%
AG-5A	0.18277	0.18252	-0.00025	-0.1%	0.09884	0.09859	-0.00025	-0.2%
AG-1B	0.24251	0.24246	-0.00005	0.0%	0.23972	0.23967	-0.00005	0.0%
AG-RB	0.20426	0.20435	0.00009	0.0%				
AG-VB	0.20804	0.20806	0.00002	0.0%	0.30413	0.30415	0.00002	0.0%
AG-4B	0.19606	0.19615	0.00009	0.0%	0.10430	0.10439	0.00009	0.1%
AG-4C	0.19874	0.19852	-0.00022	-0.1%				
AG-5B	0.12946	0.12958	0.00013	0.1%	0.07624	0.07637	0.00013	0.2%
AG-5C	0.12936	0.12949	0.00013	0.1%	0.06054	0.06068	0.00013	0.2%
Total AG A	0.25952	0.25919	-0.00034	-0.1%	0.15740	0.15708	-0.00032	-0.2%
Total AG B	0.14083	0.14095	0.00011	0.1%	0.07424	0.07437	0.00013	0.2%
TOTAL AG	0.14998	0.15006	0.00008	0.1%	0.07526	0.07538	0.00012	0.2%
E-20 CLASS								
E-20 FIRM T	0.10063	0.10059	-0.00005	0.0%	0.03166	0.03161	-0.00005	-0.1%
FPP T					0.01246	0.01241		0.0%
TOTAL	0.10063	0.10059	-0.00005	0.0%	0.02872	0.02867	-0.00005	-0.2%
E-20 FIRM P	0.12473	0.12463	-0.00010	-0.1%	0.05353	0.05343	-0.00010	-0.2%
FPP P					0.02343	0.02334		0.0%
TOTAL	0.12473	0.12463	-0.00010	-0.1%	0.05342	0.05332	-0.00010	-0.2%
E-20 FIRM S	0.13797	0.13791	-0.00006	0.0%	0.06441	0.06435	-0.00006	-0.1%
FPP S					0.02892	0.02886		0.0%
TOTAL	0.13797	0.13791	-0.00006	0.0%	0.06173	0.06167	-0.00006	-0.1%
E-20 T	0.10063	0.10059	-0.00005	0.0%	0.02872	0.02867	-0.00005	-0.2%
E-20 P	0.12473	0.12463	-0.00010	-0.1%	0.05342	0.05332	-0.00010	-0.2%
E-20 S	0.13797	0.13791	-0.00006	0.0%	0.06173	0.06167	-0.00006	-0.1%
TOTAL E-20	0.11964	0.11956	-0.00007	-0.1%	0.04584	0.04577	-0.00007	-0.2%
SYSTEM								
	0.15632	0.15633	0.00001	0.0%	0.05973	0.05964	-0.00008	-0.1%

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

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