

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 25, 2011

Advice Letter 3904-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 Approval of
Uncontested Settlement of Rate Increase Filing (TO13)**

Dear Mr. Cherry:

Advice Letter 3904-E is effective October 14, 2011.

Sincerely,

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

Julie A. Fitch, Director
Energy Division



Brian K. Cherry
Vice President
Regulation and Rates

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

Fax: 415.973.6520

September 14, 2011

Advice 3904-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 Approval of
Uncontested Settlement of Rate Increase Filing (TO13)**

Purpose

Pacific Gas and Electric Company (PG&E) hereby submits this advice letter to provide the California Public Utilities Commission (Commission) with notice of approval of PG&E's April 28, 2011 filing of an uncontested Offer of Settlement and Stipulation (Settlement) in PG&E's TO13 transmission rate case with the Federal Energy Regulatory Commission (FERC). On August 10, 2011, FERC approved PG&E's Settlement, making TO13 rates effective March 1, 2011. Pursuant to the Settlement, PG&E will implement retail rates on January 1, 2012 and provide refunds for the difference between amounts collected using the as-filed rates and the Settlement rates for the period between March 1, 2011 and December 31, 2011.

Background

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)) That 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.)

Commission Resolution E-3930, approved on May 26, 2005, established a process for CPUC notification and review of transmission-related changes, and embodies this understanding in new Process Element 1, which 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.”

On August 23, 2010, PG&E filed Advice Letter Advice 3722-E to notify the Commission of PG&E’s TO13 transmission rate case filing. On September 30, 2010, FERC accepted PG&E’s TO13 filing, suspended the rate increase for five months to become effective on March 1, 2011, subject to refund, and established hearing and settlement judge procedures.

On April 28, 2011, PG&E filed the TO13 Settlement concerning changes to PG&E’s wholesale and retail electric transmission rate. In addition, PG&E submitted a Motion for Interim rates requesting to implement, on an interim basis effective March 1, 2011, the wholesale rates included in the Settlement.

The TO13 Settlement included an agreed-upon retail revenue requirement of \$934 million. This represents a decrease of \$91.9 million from PG&E’s as-filed TO13 rates, which were based on a retail revenue requirement of \$1,025.9 million and which became effective (subject to refund) on March 1, 2011. The effective date for implementation of Settlement retail rates on is January 1, 2012. The difference between amounts collected by the as-filed rates and the Settlement rates for the period between March 1, 2011 and December 31, 2011 will be refunded through PG&E’s established End-Use Customer Refund Balancing Account Adjustment (ECRBAA) mechanism.

On August 10, 2011, FERC issued its Letter Order approving PG&E’s TO13 Settlement.

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 multiple-volume FERC filing and the Settlement, by service, to the Commission’s Legal Division.

Pursuant to Process Elements 3 through 5 of Resolution E-3930, PG&E provides, as Attachment A, a copy of the Settlement versions of Appendix I through Appendix III of PG&E’s TO Tariff, which 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 has authorized 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 the Resolution, 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 also adopted PG&E's revised residential rate design as compliant therewith. In addition, D.11-05-047 on residential rate design in Phase 2 of PG&E's 2011 General Rate Cast established tier 3 rates for California Alternative Rates for Energy (CARE). The level of these CARE tier 3 rates (applicable to CARE usage over 130 percent of baseline) is constrained by D.11-05-047 and is compliant with the constraints of SB 695.

PG&E designs residential rates by adjusting residential distribution and generation rates proportionately so that total residential rates for all CARE usage and for non-CARE usage up to 130 percent of baseline comply with the constraints noted above. PG&E then sets non-CARE rates for usage in excess of 130% of baseline to ensure the revenue allocated to the residential class is fully collected, while maintaining the 4 cent differential between non-CARE tier 3 and tier 4 rates established by D.11-05-047. Finally, as noted in D.07-09-044, Appendix C, Section VI, part D, revenue reductions to the residential class will be implemented by not changing rates for usage up to 130 percent of baseline, or for CARE usage in excess of 130% of baseline, and will be used to reduce non-CARE rates for usage in excess of 130% of baseline.

As anticipated under Process Element 4 of Resolution E-3930, PG&E will provide complete updated tariff sheets including this change as part of the supplemental Advice Letter for the Annual Electric True Up before January 1, 2012.

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 **October 4, 2011**, 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: ijnj@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:

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, California 94177

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

Effective Date

PG&E requests that this advice filing become effective as soon as practicable given that FERC has retroactively authorized these rate changes effective March 1, 2011, subject to refund. PG&E proposes to implement the electric rate changes resulting from the TO13 Settlement on January 1, 2012.

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 should be directed to PG&E at email address 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>



Vice President – Regulation and Rates

Attachment A – Appendix I, II, III FERC Docket No. ER10-2026-000

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: 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) #: **3904-E**

Tier: 2

Subject of AL: **Notice of Federal Energy Regulatory Commission Approval of Uncontested Settlement of Rate Increase Filing (TO13)**

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? 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: September 14, 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).

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

jn@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

Attachment A

PACIFIC GAS AND ELECTRIC COMPANY

TRANSMISSION OWNER TARIFF

Appendices I, II, and III

TO13 Settlement Version
TO Tariff Sheets Effective March 1, 2011

FERC Docket No. ER10-2026-000

APPENDIX I: TRANSMISSION AND RELIABILITY SERVICES REVENUE REQUIREMENTS

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.

1. The Transmission Revenue Requirement for purposes of calculating End-User transmission rates shall be \$870,607,337, which is composed of the Base Transmission Revenue Requirement of \$934,000,000, and the TRBAA of (\$63,392,663).
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 \$410,593,902, which is composed of a High Voltage Base Transmission Revenue Requirement of \$439,746,501, Standby Transmission Demand Revenue credit of (\$1,541,852), and a High Voltage TRBAA of (\$27,610,747).
 - b. The Low Voltage Transmission Revenue Requirement shall be \$464,425,813, which is composed of a Low Voltage Base Transmission Revenue Requirement of \$482,253,499, Standby Transmission Demand Revenue credit of (\$1,726,785), and a Low Voltage TRBAA of (\$16,100,901).
 - c. The forecast of Gross Load at the High Voltage/Low Voltage interface is 89,530,000 megawatt-hours.
3. The Reliability Services Balancing Account shall be equal to \$31,105,637, which includes the forecast of Reliability Services payments PG&E will make to the ISO during 2010 of \$27,521,446, plus an adjustment of \$3,584,191. This amount shall be effective until amended by PG&E in accordance with Appendix V to this Tariff.

The Reliability Service Balancing Account shall be allocated to End-Use Customers as follows:

	<u>Retail Total</u>
2011 RMR Costs	\$27,521,446
Adjustment	\$3,584,191
2011 Revenue Requirement	\$31,105,637

The End-Use Customer Refund Balancing Account Adjustment shall be allocated to End-Use Customers and include a Revenue Requirement of (\$19,791,298).

APPENDIX II: ACCESS CHARGES FOR WHOLESALE TRANSMISSION

	<u>Per kWh</u>
High Voltage Access Charge	See ISO Tariff
Low Voltage Access Charge	\$0.005187
High Voltage Utility-Specific Access Charge	\$0.004586
 <u>High Voltage Wheeling Access Charge</u>	
High Voltage Wheeling Access Charge	See ISO Tariff
 <u>Low Voltage Wheeling Access Charge</u>	
High Voltage Wheeling Access Charge	See ISO Tariff
Low Voltage Wheeling Access Charge	\$0.005187

APPENDIX III: ACCESS CHARGES FOR END-USE SERVICE

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

These charges represent the rates for recovery of the Base Transmission Revenue Requirement.

A TRBAA Rate of (\$0.00075) per kWh and a TACBAA Rate of \$0.00239 per kWh shall also apply to all of the rate schedules described in this Appendix.

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

RESIDENTIAL SCHEDULES

- SCHEDULE E-1 AND EL-1 (CARE)**
- SCHEDULES E-6 AND EL-6 (CARE)**
- SCHEDULES E-7 AND EL-7 (CARE)**
- SCHEDULES E-A7 AND EL-A7 (CARE)**
- SCHEDULE E-8 AND EL-8 (CARE)**
- SCHEDULE E-9**
- SCHEDULE EM AND EML (CARE)**
- SCHEDULE EM TOU AND EML TOU (CARE)**
- SCHEDULE ES AND ESL (CARE)**
- SCHEDULE ESR AND ESRL (CARE)**
- SCHEDULE ET AND ETL (CARE)**

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Energy Charge (\$/kWh)	\$0.01314	(\$0.00028)

COMMERCIAL & INDUSTRIAL SCHEDULES

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

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Energy Charge (\$/kWh)	\$0.01107	(\$0.00023)

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.

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Maximum Demand Charge (\$/kW/mo)	\$3.73	
Energy Charge (\$/kWh)		(\$0.00022)

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.

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Maximum Demand Charge (\$/kW/mo)	\$3.73	
Energy Charge (\$/kWh)		(\$0.00022)

SCHEDULE E-20

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.

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Maximum Demand Charge (\$/kW/mo)	\$3.95	
Energy Charge (\$/kWh)		(\$0.00019)

SCHEDULE E-37

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Energy Charge (\$/kWh)	\$0.00864	(\$0.00018)

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.

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Reservation Charge (\$/kW/mo)	\$0.46	
Energy Charge (\$/kWh)	\$0.00909	(\$0.00039)

AGRICULTURAL SCHEDULES

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

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Energy Charge (\$/kWh)	\$0.00864	(\$0.00018)

STREETLIGHTING SCHEDULES

SCHEDULE LS-1

SCHEDULE LS-2

SCHEDULE LS-3

SCHEDULE OL-1

	<u>TO RATES</u>	<u>ECRBAA RATES</u>
Energy Charge (\$/kWh)	\$0.00739	(\$0.00016)

**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	