

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



**REVISED**

February 14, 2012

**Advice Letters 3945-E and 3945-E-A**

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: Schedule AG-ICE 1.5 Percent Annual Escalation in  
Compliance with D.05-06-016 and Supplemental AL**

Dear Mr. Cherry:

Advice Letters 3945-E and 3945-E-A are effective January 1, 2012.

Sincerely,

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

Edward F. Randolph, Director  
Energy Division

November 15, 2011

**Advice 3945-E**

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Schedule AG-ICE 1.5 Percent Annual Escalation in Compliance  
with D.05-06-016**

Pacific Gas and Electric Company (PG&E) hereby submits for filing proposed revisions to Schedule AG-ICE – *Agricultural Internal Combustion Engine Conversion Incentive Rate*. PG&E proposes to revise Schedule AG-ICE unbundled rate components to comply with the 1.5 percent annual increase to Schedule AG-ICE total average rates adopted in Decision (D.) 05-06-016. The affected tariff sheets in draft form are listed on the enclosed Attachment I.

**Purpose**

Conclusion of Law No. 2 of D.05-06-016 states the following:

“2. The provision in the Joint Settlement that the initial rate of \$0.07539 per kWh shall escalate at a rate of 1.5% per year during the 10 years these incentive rates are in effect, is reasonable and should be approved.” (D.05-06-016, page 38.)

Accordingly, the purpose of this filing is to request Commission approval to revise the unbundled generation components of Schedule AG-ICE total rates to comply with D.05-06-016. PG&E proposes no revision to the unbundled distribution components of Schedule AG-ICE.

Schedule AG-ICE first took effect on August 1, 2005. Since that time, PG&E has used generation energy charge revisions to maintain constant total rates throughout the calendar year, and generation energy and demand charge revisions to achieve the 1.5 percent annual escalation on January 1.<sup>1</sup> On January

---

<sup>1</sup> Advice 2738-E and 2738-E-A were approved by the Commission to establish the 1.5 percent annual increase to total Schedule AG-ICE rates on January 1, 2006. Advice 2933-E and 2933-E-A were approved effective January 1, 2007. Advice 3155-E and 3155-E-A were approved effective January 1, 2008. Advice 3361-E and 3361-E-A were approved effective January 1, 2009. Advice 3556-E and 3556-E-A were approved effective January 1, 2010. Advice 3760-E and 3760-E-A were approved effective January 1, 2011.

1, 2012, PG&E proposes to use generation energy and demand charge revisions to achieve the Schedule AG-ICE 1.5 percent annual escalation. PG&E first used generation demand charge revisions on January 1, 2009, and proposes to again focus on increasing generation demand charges on January 1, 2012. This will gradually increase Schedule AG-ICE demand charges toward the levels in otherwise applicable agricultural rates, to help avoid demand charge sticker shock when Schedule AG-ICE expires December 31, 2015.

For dates other than January 1, PG&E will continue to exclusively use only generation energy charge revisions to maintain constant total Schedule AG-ICE rates throughout the calendar year. Consistent with current practice, PG&E will revise all Schedule AG-ICE non-generation and non-distribution component rates to match corresponding levels and mid-year rate changes on Schedule AG-5B, simultaneously revising only the Schedule AG-ICE generation energy charges to maintain constant total rates.

On January 1 of each subsequent year, PG&E wishes to preserve the flexibility to achieve the 1.5 percent annual increase through either distribution or generation demand charge or energy charge component revisions, or through some combination thereof, as appropriate after non-generation and non-distribution revisions are considered.

### **Tariff Revisions**

Attachment I reflects the illustrative draft proposed January 1, 2012 revisions to Schedule AG-ICE rate components. Schedule AG-ICE non-generation and non-distribution rate components reflect those filed for Schedule AG-5B in Table 4 on September 1, 2011 in PG&E's Annual Electric True-Up (AET) Advice 3896-E for rates effective January 1, 2012. Schedule AG-ICE distribution rate components remain at current levels, generation demand charges are set at proposed levels, and generation energy charges are revised on a residual basis as needed to achieve the mandated 1.5 percent escalation in the total annual average rate for Schedule AG-ICE.

The attached Schedule AG-ICE rate changes are not the final result, and therefore are provided in draft form. PG&E will supplement this Schedule AG-ICE advice letter to reflect the update of the AET advice letter scheduled to be filed before the end of the year. Specifically, this advice letter will be supplemented to reflect final AET Schedule AG-5B non-generation and non-distribution energy charge revisions, and to finalize the offsetting revisions to the unbundled generation demand and energy charges necessary to yield the mandated 1.5 percent Schedule AG-ICE total average rate increase.

**Protests**

Anyone wishing to protest this filing may do so by sending a letter by Monday **December 5, 2011**, which is 20 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. 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](mailto:jjn@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.

The protest 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, Regulatory Relations  
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](mailto:PGETariffs@pge.com)

**Effective Date**

PG&E requests this advice letter be approved effective **January 1, 2012**, in conjunction with supplemental Schedule AG-ICE Advice 3945-E-A, which PG&E will file no later than December 31, 2011, to reflect the AET supplemental advice letter.

**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.04-11-007. Address changes to the General Order 96-B service list should be directed to email [PGETariffs@pge.com](mailto: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](mailto:Process_Office@cpuc.ca.gov). Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

A handwritten signature in cursive script that reads "Brian Cherry". To the right of the name, there is a smaller, less legible signature or set of initials.

Vice President – Regulation and Rates

Attachments

cc: Service List A.04-11-007

# 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) #: **3945-E**

**Tier: 2**

Subject of AL: **Schedule AG-ICE 1.5 Percent Annual Escalation in Compliance with D.05-06-016**

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

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.05-06-016

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 (%): 1.5% increase to AG-ICE participants

Estimated system average rate effect (%): 1.5% increase to AG-ICE participants

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: Electric Schedule AG-ICE

Service affected and changes proposed: Schedule AG-ICE 1.5 Percent Annual Escalation per D.05-06-016

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**



**ELECTRIC SCHEDULE AG-ICE** Sheet 3  
**AGRICULTURAL INTERNAL COMBUSTION ENGINE CONVERSION INCENTIVE**  
**RATE**

RATES: Total bundled service charges are calculated using the total rates shown below.

**TOTAL RATES**

Total Customer/Meter Charge Rates		
Customer Charge (\$ per meter per day)		\$1.31417
TOU Meter Charge (\$ per meter per day)		\$0.19713
Total Demand Rates (\$ per kW)		
Secondary		
Maximum Peak Demand Summer	\$2.9364	(I)
Maximum Demand Summer	\$3.7952	(I)
Maximum Demand Winter	\$0.00	
Primary		
Maximum Peak Demand Summer	\$2.9364	(I)
Maximum Demand Summer	\$32.1594	(I)
Maximum Demand Winter	\$0.00	
Transmission		
Maximum Peak Demand Summer	\$2.9364	(I)
Maximum Demand Summer	\$1.6955	(I)
Maximum Demand Winter	\$0.00	
Total Energy Rates (\$ per kWh)		
Peak Summer	\$0.1206922	(I)
Part-Peak Summer	\$0.09414377	(I)
Off-Peak Summer	\$0.0482709	(I)
Part-Peak Winter	\$0.0965548	(I)
Off-Peak Winter	\$0.0482709	(I)

(Continued)

Advice Letter No:  
 Decision No.

Issued by  
 Vice President  
 Regulation and Rates

Date Filed \_\_\_\_\_  
 Effective \_\_\_\_\_  
 Resolution No. \_\_\_\_\_



**ELECTRIC SCHEDULE AG-ICE** Sheet 4  
**AGRICULTURAL INTERNAL COMBUSTION ENGINE CONVERSION INCENTIVE**  
**RATE**

RATES:  
 (Cont'd.)

Total bundled service charges shown on customers' bills are unbundled according to the component rates shown below.

**UNBUNDLING OF TOTAL RATES**

Customer/Meter Charge Rates: Customer/Meter charge rates provided in the Total Rate section above are assigned entirely to the unbundled distribution component.

Demand Rates by Component (\$ per kW)

**Generation:**

Secondary		
Maximum Peak Demand Summer	\$2. <del>5223</del>	(l)
Maximum Demand Summer	\$2. <del>3609</del>	(l)
Maximum Demand Winter	\$0.00	
Primary		
Maximum Peak Demand Summer	\$2. <del>5223</del>	(l)
Maximum Demand Summer	\$1. <del>7454</del>	(l)
Maximum Demand Winter	\$0.00	
Transmission		
Maximum Peak Demand Summer	\$2. <del>5223</del>	(l)
Maximum Demand Summer	\$1. <del>2340</del>	(l)
Maximum Demand Winter	\$0.00	

**Distribution:**

Secondary		
Maximum Peak Demand Summer	\$0.41	
Maximum Demand Summer	\$1.43	
Maximum Demand Winter	\$0.00	
Primary		
Maximum Peak Demand Summer	\$0.41	
Maximum Demand Summer	\$1.40	
Maximum Demand Winter	\$0.00	
Transmission		
Maximum Peak Demand Summer	\$0.41	
Maximum Demand Summer	\$0.45	
Maximum Demand Winter	\$0.00	

(Continued)

Advice Letter No:  
 Decision No.

Issued by  
 \_\_\_\_\_  
 Vice President  
 Regulation and Rates

Date Filed  
 \_\_\_\_\_  
 Effective  
 \_\_\_\_\_  
 Resolution No. \_\_\_\_\_



**ELECTRIC SCHEDULE AG-ICE** Sheet 5  
**AGRICULTURAL INTERNAL COMBUSTION ENGINE CONVERSION INCENTIVE**  
**RATE**

RATES:  
 (Cont'd.)

**UNBUNDLING OF TOTAL RATES**  
 (Cont'd.)

Energy Rates by Component (\$ per kWh)

**Generation:**

Peak Summer	\$0.08	<del>84417806</del>	(IR)
Part-Peak Summer	\$0.05	<del>786464</del>	(IR)
Off-Peak Summer	\$0.01	<del>2000593</del>	(IR)
Part-Peak Winter	\$0.06	<del>0275402</del>	(IR)
Off-Peak Winter	\$0.01	<del>2000593</del>	(IR)

**Transmission\*** \$0.00 ~~864950~~ (R)

**Transmission Rate Adjustments\*** \$0.00 ~~043446~~ (R)

**Reliability Services\*** \$0.000 ~~0429~~ (R)

**Public Purpose Programs** \$0.01 ~~20889~~ (R)

**Nuclear Decommissioning** \$0.000 ~~5566~~ (R)

**Competition Transition Charges** \$0.00 ~~439759~~ (R)

**Energy Cost Recovery Amount** \$0.004 ~~2772~~ (R)

**DWR Bond Charge** \$0.005 ~~1605~~ (I)

**New System Generation Charge** \$0.00072 (N)

\* Transmission, Transmission Rate Adjustments, and Reliability Service charges are combined for presentation on customer bills.

(Continued)

Advice Letter No:  
 Decision No.

Issued by  
 Vice President  
 Regulation and Rates

Date Filed \_\_\_\_\_  
 Effective \_\_\_\_\_  
 Resolution No. \_\_\_\_\_

**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	