

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



December 21, 2011

**Advice Letter 3946-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: Implementation of Residential Rate Changes Authorized by  
Changes in Public Utilities Code Sections 739.1 and 739.9**

Dear Mr. Cherry:

Advice Letter 3946-E is effective December 14, 2011.

Sincerely,

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

Edward F. Randolph, 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

November 15, 2011

**Advice 3946-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. Subsequently, PG&E filed Advice 3762-E, seeking similar rate revisions effective January 1, 2011, and received approval of its request by Energy Division letter dated December 13, 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 five 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, 2012, Annual Electric True-Up ("AET"). 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 CPI is 4.2 percent, PG&E proposes to increase its non-CARE Tier 1 and 2 residential rates by five percent. See Attachment 1 for calculation of the change in CPI and demonstration of PG&E’s compliance with the requirements of Section 739.9(b).

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 California Solar Initiative charges or other exempt charges.<sup>3</sup>

A summary of the current November 1, 2011, and proposed illustrative January 1, 2012, Tier 1 and Tier 2 rates for residential Schedules E-1 and EL-1 is provided in the following table:

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<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 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.

### 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
Tier 1	0.12233	0.12845	5.0%	0.08316	0.08316	0.0%
Tier 2	0.13907	0.14602	5.0%	0.09563	0.09563	0.0%

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 described above. Consistent with the rate design methodology approved by the decision on residential rate design in Phase 2 of PG&E's 2011 General Rate Case (D.11-05-047), CARE Tier 3 rates will remain at their current levels, and 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 \$0.04 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, 2012. 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 AET 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.

<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.

**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 5, 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](mailto:ijnj@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 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](mailto:PGETariffs@pge.com)

**Effective Date**

PG&E proposes that the rate changes described in this Advice Letter be incorporated into the AET and made effective **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 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](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). Send all electronic approvals to [PGETariffs@pge.com](mailto: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 "Brian Cheng" followed by a stylized flourish or initials.

Vice President - Regulation and Rates

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

Attachments

# 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: Linda Tom-Martinez

Phone #: (415) 973-4612

E-mail: lmt1@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) #: **3946-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 #: D.09-12-048

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<sup>1</sup>: \_\_\_\_\_

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:

Confidential information will be made available to those who have executed a nondisclosure agreement:  Yes  No

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: \_\_\_\_\_

Resolution Required? Yes   No

Requested effective date: **January 1, 2012**

No. of tariff sheets:

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<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: 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: Brian 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 & Electric Company - Electric Rates  
Advice Letter 3946-E  
Attachment 1**

Year	<u>CPI-W History</u>		
	Jul	Aug	Sep
2010	213.898	214.205	214.306
2011	222.686	223.326	223.688

Prior Year Change	4.2%
Incremental adder:	1.0%
Total:	<b>5.2%</b>
Limited to:	5.0%

Notes: Prior Year Change defined as the percentage change from the third quarter of 2010 to the third quarter of 2011.

**PU Code Section 739.9 (b) - "90% Test"**

A)	Proposed System Bundled Average Rate			0.15632
B)	90% * Proposed System Bundled Average Rate			0.14069
		Proposed Revenue	Forecast Sales	Proposed Avg Rate
C)	Proposed E-1 (Non-CARE) Tier 1	\$1,648,516,897	12,834,268,718	0.12845
D)	Minimum Bill	\$7,261,119		0.00057
E)	Baseline, including Minimum Charge			0.12901
F)	Is (E) <=(B)?			YES

**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	