

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 18, 2012

Advice Letter 4142-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 Public Utilities
Code Sections 739.1 and 739.9**

Dear Mr. Cherry:

Advice Letters 4142-E is effective as of January 1, 2013.

Sincerely,

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

Edward F. Randolph, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

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

Fax: 415.973.7226

November 13, 2012

Advice 4142-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
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 Code ("PUC") Sections 739.1 and 739.9. The California Public Utilities Commission ("Commission") first authorized non-California Alternate Rates for Energy ("CARE") Tier 1 and Tier 2 residential rate adjustments 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-CARE residential rates for usage in Tiers 1 and 2 by 3.0 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, 2013, Annual Electric True-Up ("AET") supplement to Advice 4096-E. 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. As the change in the CPI is 1.7 percent, PG&E proposes to increase its non-CARE Tier 1 and 2 residential rates by 3.0 percent. Although CPI plus 1 percent is 2.7 percent, this is superseded by the "not less than 3 percent" provision of Section 739.9(a). 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)¹.

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.² 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 PUC 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.³

A summary of the current July 1, 2012, and proposed illustrative January 1, 2013, Tier 1 and Tier 2 rates for residential Schedules E-1 and EL-1 is provided in the following table:

¹ PUC 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.

² 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.

³ PG&E uses its standard residential rate schedule and its CARE counterpart, 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	0.12845	\$0.13230	3.00%	0.08316	0.08316	0.0%
Tier 2	0.14602	\$0.15040	3.00%	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. 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, as ordered by the CPUC in PG&E's Phase 2 of PG&E's 2011 General Rate Case (D.11-05-047). In the same decision, the CPUC allowed a one-time 1.5 cents increase of CARE Tier 3 rates to \$0.13974 per kWh to be effective on January 1, 2013.

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, 2013. Additionally, PG&E will ensure AET consolidated rate change 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").⁴

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.

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

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 advice letter may do so by letter sent via U.S. mail, facsimile or E-mail, no later than **December 3, 2012**, which is 20 days after the date of this submission. Protests must be submitted to:

CPUC Energy Division
E D Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@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 shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) 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) 973-7226
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter. (General Order 96-B, Section 7.4.) The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

PG&E proposes that the rate changes described in this Advice Letter be incorporated into the AET and made effective **January 1, 2013**.

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>.



Vice President - Regulatory Relations

cc: Matt Freedman – TURN
Nina Suetake – TURN
Enrique Gallardo - Greenlining Institute
Melissa Kasnitz - Center for Accessible Technology
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 E)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Kimberly Chang

Phone #: (415) 972-5472

E-mail: kwcc@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) #: **4142-E**

Tier: **2**

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

Keywords (choose from CPUC listing): Compliance, CARE

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: _____

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, 2013**

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

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:

California Public Utilities Commission

Energy Division

EDTariffUnit

505 Van Ness Ave., 4th Flr.

San Francisco, CA 94102

E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian Cherry

Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

Pacific Gas and Electric Company
Section 739.9 Residential Rate Change
Attachment 1
Workpaper Supporting 80% and 90% Tests to Comply with
Revisions to PU Code 739.1 and 739.9

Year	<u>CPI-W History</u>		
	Jul	Aug	Sep
2011	222.686	223.326	223.688
2012	225.568	227.056	228.184
Prior Year Change			1.66%
Incremental adder:			1.0%
Total:			2.66%
Rate Increase for Tiers 1 & 2:			3.0%

Total increase allowed by law for 2013 is 3 percent since CPI + 1 is less than 3 percent

Note: Prior year change defined as the percentage change from the third quarter of 2011 to the third quarter of 2012

PU Code Section 739.1 (b) (4) - "80% Test"

		Tier 1	Tier 2
A)	Proposed E-1 (Non-CARE) Total Rates	\$0.13230	\$0.15040
B)	less DWR Bond	\$0.00513	\$0.00513
C)	less CARE Srchrg	\$0.00876	\$0.00876
D)	less CSI Adders	\$0.00094	\$0.00094
E)	E-1 residual	\$0.11748	\$0.13557
F)	80% * E-1 residual	\$0.09398	\$0.10846
G)	Proposed EL-1 (CARE) Total Rates	\$0.08316	\$0.09563
H)	Is (G) <= (F) ?	YES	YES

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

A)	Proposed System Bundled Average Rate			\$0.15992
B)	90% * Proposed System Bundled Average Rate			\$0.14393
		Proposed Revenue	Forecast Sales	Proposed Avg Rate
C)	Proposed E-1 (Non-CARE) Tier 1	\$1,670,767,608	12,628,294,854	\$0.13230
D)	Minimum Bill	\$6,540,107		<u>\$0.00052</u>
E)	Baseline, including Minimum Charge			\$0.13282
F)	Is (E) <=(B)?			YES

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

1st Light Energy	Department of General Services	North America Power Partners
AT&T	Department of Water Resources	North Coast SolarResources
Alcantar & Kahl LLP	Dept of General Services	Northern California Power Association
Ameresco	Douglass & Liddell	Occidental Energy Marketing, Inc.
Anderson & Poole	Downey & Brand	OnGrid Solar
BART	Duke Energy	PG&E
Barkovich & Yap, Inc.	Economic Sciences Corporation	Praxair
Bartle Wells Associates	Ellison Schneider & Harris LLP	R. W. Beck & Associates
Bloomberg	Foster Farms	RCS, Inc.
Bloomberg New Energy Finance	G. A. Krause & Assoc.	SCD Energy Solutions
Boston Properties	GLJ Publications	SCE
Braun Blaising McLaughlin, P.C.	GenOn Energy Inc.	SMUD
Brookfield Renewable Power	GenOn Energy, Inc.	SPURR
CA Bldg Industry Association	Goodin, MacBride, Squeri, Schlotz & Ritchie	San Francisco Public Utilities Commission
CENERGY POWER	Green Power Institute	Seattle City Light
CLECA Law Office	Hanna & Morton	Sempra Utilities
California Cotton Ginners & Growers Assn	Hitachi	Sierra Pacific Power Company
California Energy Commission	In House Energy	Silicon Valley Power
California League of Food Processors	International Power Technology	Silo Energy LLC
California Public Utilities Commission	Intestate Gas Services, Inc.	Southern California Edison Company
Calpine	Lawrence Berkeley National Lab	Spark Energy, L.P.
Cardinal Cogen	Los Angeles County Office of Education	Sun Light & Power
Casner, Steve	Los Angeles Dept of Water & Power	Sunrun Inc.
Center for Biological Diversity	MAC Lighting Consulting	Sunshine Design
Chris, King	MRW & Associates	Sutherland, Asbill & Brennan
City of Palo Alto	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto Utilities	Marin Energy Authority	Tiger Natural Gas, Inc.
City of San Jose	McKenna Long & Aldridge LLP	TransCanada
City of Santa Rosa	McKenzie & Associates	Turlock Irrigation District
Clean Energy Fuels	Merced Irrigation District	United Cogen
Clean Power	Modesto Irrigation District	Utility Cost Management
Coast Economic Consulting	Morgan Stanley	Utility Specialists
Commercial Energy	Morrison & Foerster	Verizon
Consumer Federation of California	Morrison & Foerster LLP	Wellhead Electric Company
Crossborder Energy	NLine Energy, Inc.	Western Manufactured Housing Communities Association (WMA)
Davis Wright Tremaine LLP	NRG West	eMeter Corporation
Day Carter Murphy	NaturEner	
Defense Energy Support Center	Norris & Wong Associates	