

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 15, 2008

Advice Letter 2954-G/3340-E

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

**Subject: 2009 Gas and Electric Attrition Adjustments
(2007 General Rate Case D.07-03-044)**

Dear Mr. Cherry:

Advice Letter 2954-G/3340-E is effective January 1, 2009.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Lewis".

Kenneth Lewis, Acting 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

415.973.4977
Fax: 415.973.7226

September 9, 2008

Advice 2954-G/3340-E
(Pacific Gas and Electric Company ID U39M)

**Subject: 2009 Gas and Electric Attrition Adjustments
(2007 General Rate Case Decision 07-03-044)**

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby submits the Attrition Adjustment for electric and gas rates for the year 2009, consistent with the provisions of Decision (D.) 07-03-044 in Application (A.) 05-12-002, PG&E's 2007 test year General Rate Case (GRC). This filing is submitted in compliance with the terms of the Settlement Agreement approved by the Commission in D. 07-03-044. PG&E requests that the Commission approve the attrition adjustments presented here effective January 1, 2009.

Background

In D. 07-03-044, the Commission adopted a settlement in PG&E's 2007 GRC concerning gas and electric distribution and electric generation revenue requirements for 2007 through 2010.

Paragraph 47 of the Settlement Agreement provides for an attrition adjustment to base revenues of \$160 million for 2009. Appendix E to the Settlement Agreement shows the allocation of this amount to the operating functions covered in the GRC:

Electric Distribution	\$63 million
Gas Distribution	22 million
Electric Generation	<u>75 million</u>
Total	\$160 million

The electric generation amount includes \$35million to reflect a second refueling outage at Diablo Canyon Power Plant.

These increases will be included in the total revenue requirements submitted by PG&E in the Annual Electric True-up (AET) (to be filed October 1, 2008) and the Annual Gas True-up (AGT) (to be filed on or before November 15, 2008). The AET and AGT will

consolidate the attrition increases with other revenue requirement changes as approved by the Commission and propose rate designs to recover the total authorized revenue requirement. (The AGT will also include the allocation of the gas distribution attrition increase between core and non-core distribution service and a revised Gas Preliminary Statement Part C - *Gas Accounting Terms and Definitions*, Part C.2.)

Table 1, attached, shows the cumulative adjustments to the base revenue amounts authorized in the 2007 GRC through January 1, 2009.

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 **September 29**, 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: jjn@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, 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

Effective Date

In accordance with D. 07-03-044, PG&E requests this advice filing be effective **January 1, 2009**.

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 parties for A. 05-12-002. Address changes should be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>

A handwritten signature in black ink, appearing to read "Brent K. Anglin".

Vice President, Regulatory Relations

cc: Service List – A. 05-12-002

TABLE 1

Rolling Revenue Requirements
From 2007 GRC through 2009

	Electric Distributio n	Electric Generatio n	Gas Distributio n	Total
2007 Adopted GRC RRQ	2,965,600	1,019,755	1,073,444	5,058,800
less: Other Operating Revenue	80,099	10,120	26,024	116,243
less: FERC jurisdictional amount	15,527			15,527
2007 Base Revenue Amount (Eff. 1/1/07)	2,869,974	1,009,635	1,047,421	4,927,030
Office Closures	(433)		(355)	(788)
2007 Base Revenue Amount (Eff. 8/1/07)	2,869,541	1,009,635	1,047,066	4,926,242
2008 Attrition Adjustment	63,000	40,000	22,000	125,000
2008 Cost of Capital	0	0	0	0
2008 Base Revenue Amount (Eff. 1/1/08)	2,932,541	1,049,635	1,069,066	5,051,242
Diablo Canyon Unit 2 Steam Generator Replacement		63,392		63,392
2008 Base Revenue Amount (Eff. 4/16/08)	2,932,541	1,113,027	1,069,066	5,114,634
2009 Attrition Adjustment	63,000	40,000	22,000	125,000
Diablo Canyon Refueling		35,000		35,000
2009 Cost of Capital	0	0	0	0
2009 Base Revenue Amount (Eff. 1/1/09)	2,995,541	1,188,027	1,091,066	5,274,634

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: David Poster

Phone #: (415) 973-1082

E-mail: dxpu@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) #: 2954-G/3340-E

Tier: [2]

Subject of AL: 2009 Gas and Electric Attrition Adjustments (2007 General Rate Case Decision 07-03-044)

Keywords (choose from CPUC listing): Attrition

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.07-03-044

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: N/A

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Resolution Required? Yes No

Requested effective date: January 1, 2009

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:

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

jn@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry, Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

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

Aglet	Department of the Army	Northern California Power Association
Agnews Developmental Center	Dept of General Services	Occidental Energy Marketing, Inc.
Alcantar & Kahl	Division of Business Advisory Services	OnGrid Solar
Ancillary Services Coalition	Douglas & Liddell	PITCO
Anderson & Poole	Douglass & Liddell	PPL EnergyPlus, LLC
Arizona Public Service Company	Downey & Brand	Pinnacle CNG Company
BART	Duke Energy	Praxair
BP Energy Company	Duncan, Virgil E.	R. W. Beck & Associates
Barkovich & Yap, Inc.	Dutcher, John	RCS, Inc.
Bartle Wells Associates	Ellison Schneider & Harris LLP	RMC Lonestar
Blue Ridge Gas	Energy Management Services, LLC	Recon Research
Braun & Associates	FPL Energy Project Management, Inc.	SCD Energy Solutions
C & H Sugar Co.	Foster Farms	SCE
CA Bldg Industry Association	Foster, Wheeler, Martinez	SESCO
CAISO	Franciscan Mobilehome	SMUD
CLECA Law Office	G. A. Krause & Assoc.	SPURR
CSC Energy Services	GLJ Publications	Santa Fe Jets
California Cotton Ginners & Growers Assn	Goodin, MacBride, Squeri, Schlotz & Ritchie	Seattle City Light
California Energy Commission	Green Power Institute	Sempra Utilities
California League of Food Processors	Hanna & Morton	Sequoia Union HS Dist
California Public Utilities Commission	Heeg, Peggy A.	Sierra Pacific Power Company
California Water Company	Hitachi	Silicon Valley Power
Calpine	Hogan Manufacturing, Inc.	Smurfit Stone Container Corp
Cameron McKenna	Imperial Irrigation District	Southern California Edison Company
Cardinal Cogen	Innercite	St. Paul Assoc.
Casner, Steve	International Power Technology	Sunshine Design
Cerox	Intestate Gas Services, Inc.	Sutherland, Asbill & Brennan
Chamberlain, Eric	J. R. Wood, Inc.	TFS Energy
Chevron Company	JTM, Inc.	Tabors Caramanis & Associates
Chris, King	Los Angeles Dept of Water & Power	Tecogen, Inc.
City of Glendale	Luce, Forward, Hamilton & Scripps LLP	Tioga Energy
City of Palo Alto	MBMC, Inc.	TransCanada
City of San Jose	MRW & Associates	Turlock Irrigation District
Clean Energy Fuels	Manatt Phelps Phillips	U S Borax, Inc.
Coast Economic Consulting	Matthew V. Brady & Associates	United Cogen
Commerce Energy	McKenzie & Associates	Utility Cost Management
Commercial Energy	Meek, Daniel W.	Utility Resource Network
Constellation	Merced Irrigation District	Utility Specialists
Constellation New Energy	Mirant	Vandenberg Air Force
Consumer Federation of California	Modesto Irrigation District	Verizon
Crossborder Energy	Morgan Stanley	Wellhead Electric Company
Davis Wright Tremaine LLP	Morrison & Foerster	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	New United Motor Mfg., Inc.	White & Case
Defense Energy Support Center	Norris & Wong Associates	eMeter Corporation
Department of Water Resources	North Coast SolarResources	