

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



November 2, 2009

**Advice Letter 3050-G/3535-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: 2010 Gas and Electric Attrition Adjustments  
(2007 General Rate Case Decision 07-03-044)**

Dear Mr. Cherry:

Advice Letter 3050-G/3535-E is effective January 1, 2010.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, 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  
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September 30, 2009

**Advice 3050-G/3535-E**

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: 2010 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 2010, 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, 2010.

**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 \$90 million for 2010. 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>5 million</u>
<b>Total</b>	<b>\$90 million</b>

The Electric Generation amount recognizes that a one time additional \$35 million to reflect a second refueling outage at Diablo Canyon Power Plant was included in the 2009 attrition adjustment. The reversal of this amount results in a net Electric Generation attrition adjustment of \$5 million for 2010.

These increases were included in the total revenue requirements submitted by PG&E in the Annual Electric True-up (AET) (filed September 1, 2009) and will be included in the Annual Gas True-up (AGT) (to be filed on or about November 16, 2009). 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, 2010.

### **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 20 2009**, 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, 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](mailto:PGETariffs@pge.com)

**Effective Date**

In accordance with D. 07-03-044, PG&E requests this advice filing be effective **January 1, 2010**.

**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 San Heng (415) 973-2640. 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 Cherry 09". The signature is written in a cursive style.

Vice President, Regulatory Relations

Attachments: Attachment One

cc: Service List – A. 05-12-002

## TABLE ONE

### Rolling Revenue Requirements From 2007 GRC through 2010 (Thousands of Dollars)

	Electric Distribution	Electric Generation	Gas Distribution	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
<b>2007 Base Revenue Amount (Eff. 1/1/07)</b>	<b>2,869,974</b>	<b>1,009,635</b>	<b>1,047,421</b>	<b>4,927,030</b>
Office Closures	(433)	0	(355)	(788)
<b>2007 Base Revenue Amount (Eff. 8/1/07)</b>	<b>2,869,541</b>	<b>1,009,635</b>	<b>1,047,066</b>	<b>4,926,242</b>
2008 Attrition Adjustment	63,000	40,000	22,000	125,000
2008 Cost of Capital	0	0	0	0
<b>2008 Base Revenue Amount (Eff. 1/1/08)</b>	<b>2,932,541</b>	<b>1,049,635</b>	<b>1,069,066</b>	<b>5,051,242</b>
Diablo Canyon Unit 2 Steam Generator Replacement		63,392		63,392
<b>2008 Base Revenue Amount (Eff. 4/16/08)</b>	<b>2,932,541</b>	<b>1,113,027</b>	<b>1,069,066</b>	<b>5,114,634</b>
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
Diablo Canyon Unit 2 Steam Generator Replacement Reverse 2008 Revenue Requirement Add 2009 Revenue Requirement		(63,392) 69,445		(63,392) 69,445
<b>2009 Base Revenue Amount (Eff. 1/1/09)</b>	<b>2,995,541</b>	<b>1,194,080</b>	<b>1,091,066</b>	<b>5,280,687</b>
Gateway Generating Station		80,693		80,693
<b>2009 Base Revenue Amount (Eff. 1/4/09)</b>	<b>2,995,541</b>	<b>1,274,773</b>	<b>1,091,066</b>	<b>5,361,380</b>
Diablo Canyon Unit 1 Steam Generator Replacement		56,168		56,168
<b>2009 Base Revenue Amount (Eff. 3/31/09)</b>	<b>2,995,541</b>	<b>1,330,941</b>	<b>1,091,066</b>	<b>5,417,548</b>
Reverse Diablo Canyon Refueling		(35,000)		(35,000)
2010 Attrition Adjustment	63,000	40,000	22,000	125,000
2010 Cost of Capital	0	0	0	0
<b>2009 Base Revenue Amount (Eff. 1/1/10)</b>	<b>3,058,541</b>	<b>1,335,941</b>	<b>1,113,066</b>	<b>5,507,548</b>

# 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: Olivia M. Brown

Phone #: 415.973.9312

E-mail: oxb4@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) #: 3050-E/3535-E

**Tier:** 2

Subject of AL: 2010 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: 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, 2010

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). N/A

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, 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	Defense Energy Support Center	Occidental Energy Marketing, Inc.
Alcantar & Kahl	Department of Water Resources	OnGrid Solar
Ameresco	Department of the Army	Praxair
Anderson & Poole	Dept of General Services	R. W. Beck & Associates
Arizona Public Service Company	Division of Business Advisory Services	RCS, Inc.
BART	Douglas & Liddell	Recon Research
BP Energy Company	Douglass & Liddell	SCD Energy Solutions
Barkovich & Yap, Inc.	Downey & Brand	SCE
Bartle Wells Associates	Duke Energy	SMUD
C & H Sugar Co.	Dutcher, John	SPURR
CA Bldg Industry Association	Ellison Schneider & Harris LLP	Santa Fe Jets
CAISO	FPL Energy Project Management, Inc.	Seattle City Light
CLECA Law Office	Foster Farms	Sempra Utilities
CSC Energy Services	G. A. Krause & Assoc.	Sierra Pacific Power Company
California Cotton Ginners & Growers Assn	GLJ Publications	Silicon Valley Power
California Energy Commission	Goodin, MacBride, Squeri, Schlotz & Ritchie	Silo Energy LLC
California League of Food Processors	Green Power Institute	Southern California Edison Company
California Public Utilities Commission	Hanna & Morton	Sunshine Design
Calpine	International Power Technology	Sutherland, Asbill & Brennan
Cameron McKenna	Intestate Gas Services, Inc.	Tabors Caramanis & Associates
Casner, Steve	Los Angeles Dept of Water & Power	Tecogen, Inc.
Chamberlain, Eric	Luce, Forward, Hamilton & Scripps LLP	Tiger Natural Gas, Inc.
Chevron Company	MBMC, Inc.	Tioga Energy
Chris, King	MRW & Associates	TransCanada
City of Glendale	Manatt Phelps Phillips	Turlock Irrigation District
City of Palo Alto	Matthew V. Brady & Associates	U S Borax, Inc.
Clean Energy Fuels	McKenzie & Associates	United Cogen
Coast Economic Consulting	Merced Irrigation District	Utility Cost Management
Commerce Energy	Mirant	Utility Specialists
Commercial Energy	Modesto Irrigation District	Verizon
Consumer Federation of California	Morgan Stanley	Wellhead Electric Company
Crossborder Energy	Morrison & Foerster	Western Manufactured Housing Communities Association (WMA)
Davis Wright Tremaine LLP	New United Motor Mfg., Inc.	eMeter Corporation
Day Carter Murphy	Norris & Wong Associates	
	North Coast SolarResources	