

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 14, 2011

Advice Letter 3217-G/3861-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: Post-Retirement Benefits Other Than Pensions (PBOPs) for
the Period from 2007 to 2010**

Dear Mr. Cherry:

Advice Letter 3217-G/3861-E is effective July 15, 2011.

Sincerely,

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

Julie A. Fitch, Director
Energy Division

Brian K. Cherry
Vice President
Regulation and Rates

Mailing Address
Mail Code B10C
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

Fax: 415.973.6520

June 15, 2011

Advice 3217-G/3861-E
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Post-Retirement Benefits Other Than Pensions (PBOPs) for the Period
From 2007 to 2010**

Purpose

Pacific Gas and Electric Company (“PG&E”) hereby submits this advice filing in compliance with the requirement in Decision (“D.”) 07-03-044 in PG&E’s 2007 General Rate Case, Application (“A.”) 05-12-002, to provide a reconciliation of the revenue requirement associated with contributions to the PBOPs and Long-Term Disability (“LTD”) trusts. As described below, since the contributions to the trusts matched the amounts adopted in D.07-03-044, no adjustment to PG&E’s revenue requirements during 2007 to 2010 is necessary.

Background

This filing is made in compliance with D.07-03-044¹ (Conclusion of Law 16 and 17 and Settlement Term 32) of PG&E’s 2007 Test Year General Rate Case (“GRC”) and pursuant to D.92-12-015.² The 2007 GRC continued the PBOPs adjustment treatment

¹ In D.07-03-044, Conclusion of Law 17 – The report that PG&E is required to submit pursuant to the Settlement Agreement at the end of the 2007 GRC Cycle regarding its PBOP contributions should state if any funds collected in rates for PBOP contributions were not used for that purpose and if so, identify the mechanism and timeframe for refunding the un-contributed amount to ratepayers, with interest.

² In D.92-12-015, the California Public Utilities Commission (“Commission” or “CPUC”) established the conditions under which rate recovery of PBOP costs would be allowed for periods beginning on or after January 1, 1993. Those conditions were: a) an independent trust dedicated solely to PBOP costs; b) PBOP costs should be reasonable and necessary to meet funding requirements and be based on fair actuarial assumptions, contributions, and investments; and c) rate recovery that exceeds the lesser of tax deductible contributions or FAS 106 expense will be subject to refund to ratepayers.

previously adopted in PG&E's 1999 GRC decision (D.00-02-046) and PG&E's 1996 GRC decision (D.95-12-055 (OP 8)), as modified by D.96-05-010. However, in the Settlement of the 2007 GRC, DRA and PG&E agreed to a consolidated approach for the adopted contribution amounts for PBOPs and LTD. For example, if the amount adopted for the contribution to the PBOP medical plan trust could not be contributed to the plan's trust on a tax deductible basis, the amount could be contributed to the LTD trust (up to the maximum tax deductible amount). The following table shows that the contributions to the PBOPs medical and life and LTD trusts matched the amount adopted in the 2007 GRC for the years 2007 to 2010:

2007 GRC Cycle (2007 - 2010)

**PBOPs Medical and Life and LTD Trust Contributions (including Medicare Part D)^{[a], [b], [c]}
(Millions of Dollars)**

<u>Line</u>	<u>Plan</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Total</u>
1	PBOP-Med	87.1	37.0	77.9	87.1	289.1
2	PBOP-Life	0.0	4.4	0.0	0.0	4.4
3	Long Term Disability (LTD)	37.2	79.2	50.0	37.2	203.6
4	Sub-Total	124.3	120.7	127.9	124.3	497.2
5	Medicare Part D Subsidy					
6	PBOP-Med	3.0	3.9	4.3	3.6	14.8
7	LTD		0.3	0.5	0.4	1.2
8	Sub-Total	3.0	4.3	4.8	4.0	16.1
9	Total Contributions to Trusts	127.3	125.0	132.7	128.3	513.3
10	Adopted	124.3	124.3	124.3	124.3	497.2
11	Difference	3.0	0.7	8.4	4.0	16.1

[a] Totals do not add due to rounding

[b] All Trust contributions were tax deductible.

[c] The net over contribution is due to the Medicare Part D subsidy received from Centers for Medicare and Medicaid Services (CMS) which PG&E and the labor unions agreed would be credited to retirees and, therefore, are additional contributions to the PBOPs medical and LTD trusts.

Since the amounts contributed to the trusts matched the amount adopted in the 2001 GRC decision, no adjustment to PG&E's revenue requirement is necessary.

This filing will not affect any other rate or charge, cause the withdrawal of service, or conflict with any other rate schedule or rule.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **July 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
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: mas@cpuc.ca.gov and jnj@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 both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company
Attention: Brian K. Cherry
Vice President, Regulation and Rates
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-6520
E-mail: PG&ETariffs@pge.com

Effective Date

PG&E requests that this advice filing become effective on regular notice, **July 15, 2011**, which is 30 days after the date of filing. PG&E submits this as a Tier 2 filing.

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.05-12-002. Address changes to the General Order 96-B service list

should be directed to e-mail 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. 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 A.05-12-002

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) #: **3217-G/3861-E**

Tier: **2**

Subject of AL: **Post-Retirement Benefits Other Than Pensions (PBOPs) for the Period From 2007 to 2010**

Keywords (choose from CPUC listing): GRC/General Rate Case, Compliance

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 AL¹: _____

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: **July 15, 2011**

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

Service affected and changes proposed¹: 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

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

AT&T	Dept of General Services	North Coast SolarResources
Alcantar & Kahl LLP	Douglass & Liddell	Occidental Energy Marketing, Inc.
Ameresco	Downey & Brand	OnGrid Solar
Anderson & Poole	Duke Energy	Praxair
Arizona Public Service Company	Dutcher, John	R. W. Beck & Associates
BART	Economic Sciences Corporation	RCS, Inc.
Barkovich & Yap, Inc.	Ellison Schneider & Harris LLP	Recurrent Energy
Bartle Wells Associates	Foster Farms	SCD Energy Solutions
Bloomberg	G. A. Krause & Assoc.	SCE
Bloomberg New Energy Finance	GLJ Publications	SMUD
Boston Properties	GenOn Energy, Inc.	SPURR
	Goodin, MacBride, Squeri, Schlotz & Ritchie	San Francisco Public Utilities Commission
Braun Blaising McLaughlin, P.C.	Green Power Institute	Santa Fe Jets
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
Casner, Steve	MBMC, Inc.	Sutherland, Asbill & Brennan
Chris, King	MRW & Associates	Tabors Caramanis & Associates
City of Palo Alto	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto Utilities	McKenzie & Associates	Tiger Natural Gas, Inc.
Clean Energy Fuels	Merced Irrigation District	TransCanada
Coast Economic Consulting	Modesto Irrigation District	Turlock Irrigation District
Commercial Energy	Morgan Stanley	United Cogen
Consumer Federation of California	Morrison & Foerster	Utility Cost Management
Crossborder Energy	NLine Energy, Inc.	Utility Specialists
Davis Wright Tremaine LLP	NRG West	Verizon
Day Carter Murphy	Navigant Consulting	Wellhead Electric Company
Defense Energy Support Center	Norris & Wong Associates	Western Manufactured Housing Communities Association (WMA)
		eMeter Corporation
Department of Water Resources	North America Power Partners	