

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



August 18, 2009

**Advice Letter 3180-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: Implementation of the Market Index Formula Pursuant  
to D.07-09-040**

Dear Mr. Cherry:

Advice Letter 3180-E is effective July 9, 2009 per Resolution E-4246.

Sincerely,

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

Julie A. Fitch, Director  
Energy Division



December 17, 2007

**ADVICE 2193-E**

(Southern California Edison Company ID U 338-E)

**ADVICE 3180-E**

(Pacific Gas and Electric Company ID U 39-E)

**ADVICE 1952-E**

(San Diego Gas and Electric Company ID U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Implementation of the Market Index Formula  
pursuant to D.07-09-040

**PURPOSE**

Consistent with Ordering Paragraph 3 of California Public Utilities Commission (“Commission”) Decision (“D.”) 07-09-040 (the “Decision”), Southern California Edison Company (“SCE”), Pacific Gas & Electric Company (“PG&E”) and San Diego Gas and Electric Company (“SDG&E”),<sup>1</sup> submit this joint advice filing to implement the Market Index Formula (the “MIF”) described in the Decision, and specify the data sets and formula used to calculate the MIF.<sup>2</sup>

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<sup>1</sup> SCE, PG&E and SDG&E are hereinafter sometimes referred to collectively as the “Joint IOUs.”

<sup>2</sup> On October 25, 2007, the Joint IOUs, The Utility Reform Network (TURN) and the Division of Ratepayer Advocates jointly filed an Application for Rehearing of the Decision asserting that the Decision commits legal error in several respects, including that the MIF will systematically produce values that exceed the Joint IOUs’ short run avoided cost of energy in violation of federal law. The Commission has not yet issued a decision with respect to the application for rehearing, and may not do so before it considers this advice letter. The Joint IOUs reserve all rights with respect to the Decision and the application for rehearing and the submission of this advice letter in compliance with the Decision should not be deemed or construed in any way to constitute a waiver of any rights or arguments asserted in the application for rehearing or otherwise.

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## **BACKGROUND**

On September 25, 2007, the Commission issued the Decision which, among other things, adopted the MIF. The MIF will replace the current methodology for calculating the short-run avoided cost of energy ("SRAC") paid to qualifying facilities ("QFs") pursuant to the Public Utility Regulatory Policies Act of 1978. The MIF contains both a market-based heat rate component and an administratively determined heat rate component to calculate the incremental energy rate (IER).

The Decision directed the Commission's Energy Division to convene a workshop to resolve certain technical issues concerning the MIF. The workshop mandated in the Decision was held on November 14 and 15, 2007.

The Decision further directed SCE, PG&E, and SDG&E to file a joint advice letter within thirty days of the workshop specifying the exact data sets used to calculate the MIF. The Decision also required the advice letter to include a description of how the MIF will be calculated once MRTU is operational and the administrative heat rate component of the calculation is eliminated as described in the Decision. However, in a later e-mail, Energy Division staff indicated that consideration of how the MIF should be calculated once MRTU is operational would be deferred to a later, as yet-unscheduled, workshop. This advice letter does not describe a methodology for calculating the MIF when MRTU becomes operational.<sup>3</sup>

Pursuant to Ordering Paragraph 3 of the Decision, the Joint IOUs hereby timely submit this Advice Letter specifying the exact data sets used to calculate the MIF.<sup>4</sup> To the extent that any differences in data sets exist among the Joint IOUs, those differences are summarized within the description of the data set. Additionally, attached to this Advice Letter are three spreadsheets (Appendices "A," "B," and "C"), representing the data sets used by each utility, respectively.

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<sup>3</sup> In this regard, the Joint IOUs note that the Decision does not contemplate a change in the calculation of the market heat rate until, at the earliest, six months after the commencement of MRTU, currently scheduled for April 1, 2008. If necessary, the Joint IOUs will seek an order modifying the Decision to provide expressly for a separate workshop on this issue and further to provide that the Joint IOUs should file a separate advice letter describing the post-MRTU calculation of the market heat rate component of the MIF within 30 days of the second workshop.

<sup>4</sup> Because the 30<sup>th</sup> day after the workshop fell on a Saturday, this advice letter, submitted the following Monday, is timely filed.

## **SPECIFICATION OF MIF DATA SETS**

The formulae and data sets used to calculate SRAC using the MIF for each of the Joint IOUs are specified in the Excel spreadsheets attached hereto respectively as Appendix A, Appendix B and Appendix C. Following is a description of the calculation and data sets.<sup>5</sup>

### **A. OVERALL CALCULATION OF MIF**

The MIF is expressed as:

$$P_n = [IER \times (GP_n + GT_n) / 10,000] \times \text{TOD Factor} + \text{O\&M}$$

where:

$P_n$  = calculated SRAC energy price, cents/kWh<sup>6</sup>  
IER = Incremental Energy Rate (.5 x MHR + .5 x AHR)  
GP<sub>n</sub> = gas price, \$/MMBtu  
GT<sub>n</sub> = intrastate transportation costs, \$/MMBtu  
MHR = Market Heat Rate, Btu/kWh  
AHR = Administrative Heat Rate, Btu/kWh  
O&M = operations and maintenance adder, cents/kWh  
10,000 = [\$1/100 cents] x [1,000,000 Btu / MMBtu]  
TOD Factor = Appropriate Time of Delivery Factor

Pursuant to the Decision, the IER = 0.5 x AHR + 0.5 x MHR, expressed in Btu/kWh.

The Decision specifies the AHR for each utility as follows:<sup>7</sup>

PG&E = 9,794 Btu/kWh  
SCE = 9,705 Btu/kWh  
SDG&E = 9,603 Btu/kWh

The MHR calculation is discussed below.

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<sup>5</sup> To the extent that certain data in the spreadsheets are confidential (e.g., the price for power), the Joint IOUs have replaced the actual data with illustrative data. Should the Energy Division request actual data for inputs which are deemed confidential, the Joint IOUs will provide those spreadsheets under separate cover in accordance with the confidentiality procedures adopted by the Commission.

<sup>6</sup> PG&E's MIF template is set up to calculate  $P_n$  in \$/kWh, and has been modified accordingly.

<sup>7</sup> All of the Joint IOUs assert that the AHR values specified in the Decision are incorrect and have raised this issue in their Application for Rehearing raising this and other issues (see Footnote 2, above).

**1. Gas Price (GPn)**

Consistent with the Decision, the MIF calculation uses bidweek index prices for natural gas, expressed in \$/MMBtu. The average bidweek prices are rounded to four significant decimals.

For SCE and SDG&E: GPn is the simple average of natural gas bidweek indices from Natural Gas Week, Natural Gas Intelligence and BTU's Daily Gas Wire for the Southern California border. These are the same publications currently in use to establish the bidweek gas price.

For PG&E: GPn is the simple average of natural gas bidweek indices from Natural Gas Week, Natural Gas Intelligence and Gas Daily for the Northern and Southern California border points at Malin and Topock. These publications are consistent with those currently in use to establish the average bidweek gas price.

**2. Intrastate Transportation Costs (GTn)**

Intrastate transportation costs are based on tariffed rates and are added to the border price for natural gas to reflect the avoided cost of natural gas at the burnertip. The transportation cost is rounded to four significant decimals and expressed in \$/MMBtu. Any change in these costs under tariffed rates will be reflected immediately in the next subsequent SRAC posting.

For SCE: GTn is derived using the tariffed transportation rates for Southern California Gas Company as follows:  $(GT-F5) + (ITCS) + (G-MSUR)$

Where:

GT-F5 = Firm Intrastate Transmission Service, for electric generation, for customers using 3 million therms or more per year. See Schedule No. GT-F.

ITCS = Interstate Transition Cost Surcharge. See Schedule No. GT-F.

G-MSUR= Transported Gas Municipal Surcharge. See Schedule No. G-MSUR.  
= Surcharge % outside the city of Los Angeles x (G-CPA) x Imputed Franchise Fee Factor.

G-CPA = The rate used for purposes of calculating the municipal surcharge as defined in Schedule No. G-MSUR. See Schedule No. G-CP.

For SDG&E: GTn is the sum of: SDG&E's tariffed transportation rates:  $EG + GP-SUR$ .

Where:

EG = "Natural Gas Intrastate Transportation Service for Electric Generating Customers." The specific volumetric rate to be used would be the value currently in effect "for customers using 3 million therms or more per year."

GP-SUR = Customer-Procured Gas Franchise Fee Surcharge = Surcharge % outside the City of San Diego x GPC-S.

GPC-S = The rate used for purposes of calculating the municipal surcharge as defined in Schedule GP-SUR. See Schedule GPC.

SDG&E proposes to calculate the municipal surcharge rate under GP-SUR by the following formula:

Surcharge % outside the City of San Diego \* GPn.<sup>8</sup>

The use of the formula for the calculation of the municipal surcharge will serve two purposes. First, a constant formula can be interpreted as keeping the intrastate transportation rate unchanged except for periodic changes in the surcharge percentage, as needed. Second, it will avoid any delay in posting of the SRAC price.

For PG&E: GTn is the sum of PG&E's tariffed transportation rates for:  
(Backbone Transmission ) + (Local Transmission) + G-SUR or  
(Average (Redwood backbone, Baja backbone) + Rule 21 Shrinkage + Local + G-SUR

Where:

Backbone Transmission = Average of the Redwood and Baja path transmission rates, consistent with the 50/50 weighting of the Malin and Topock border gas indices. For backbone rates, PG&E uses firm G-AFT Redwood On-System and Baja On-System rates at the full contract rate, plus applicable shrinkage for the relevant delivery paths. PG&E uses the specific G-AFT tariff rates for monthly reservation and volumetric usage charge to derive the full contract rates in effect. See PG&E's G-AFT tariff and Gas Rule 21.

Local Transmission = Applicable variable transportation usage charge for electric generator service under the G-EG tariff for non-backbone customers. Monthly

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<sup>8</sup> As stated earlier in the advice Letter, when tariffs change, SDG&E will make corresponding changes in its calculation to remain consistent with the tariffs. For example, when receipt point access (RPA) charges are put in place, the formula would change to 2.13% times the sum of GPn and RPA charges.

customer access charges are excluded, since they are not appropriately included as avoidable costs. See PG&E's G-EG tariff.

G-SUR = Gas Franchise Fee Surcharge, based on the average daily rate expected to be in effect during the SRAC posting month.<sup>9</sup> See PG&E's G-SUR tariff.

### 3. Operations and Maintenance Adder (O&M)

As specified in the Decision, the O&M component of the MIF begins with 0.250 cents/kWh in 2004 and is escalated by 2% per year thereafter. The O&M adder is escalated at 2% per year unrounded, but is paid at a rounded four significant digits in cents/kWh. The escalation will occur each January. Consistent with past practice where SRAC IERs were seasonally differentiated but the variable O&M was not, the O&M component of the MIF is not time-differentiated.

These values are calculated in the following table.

Calculation of O&M Adder

	Unrounded cents/kWh	Payment rounded cents/kWh
2004	0.250000	
2005	0.255000	
2006	0.260100	
2007	0.265302	
2008	0.270608	0.2706
2009	0.276020	0.2760
2010	0.281541	0.2815
2011	0.287171	0.2872
2012	0.292915	0.2929
2013	0.298773	0.2988
2014	0.304749	0.3047
2015	0.310844	0.3108

<sup>9</sup> For example, for December 2007, PG&E would calculate the average rate as the sum of (6 x \$0.0621/MMBtu) plus (25 x \$0.0664/MMBtu) divided by 31 days to yield an average rate of \$0.0656/MMBtu. PG&E's calculation currently uses both the WACOG and the Franchise Fee factors listed in the tariff, for greater transparency as to how the current G-SUR compares to the forward G-SUR calculation employed in the MHR determination, below.

#### **4. Time of Delivery (“TOD”)/Time of Use (“TOU”) Factors**

The Decision provides that the utilities are to use energy TOD factors that are consistent with the adopted TOD factors for the Market Price Referent (“MPR”), stating “[n]evertheless, we believe that updating the IOUs’ TOU/TOD factors and periods to be consistent with the TOU factors adopted in other procurement proceedings is reasonable and as pointed out by CCC, the TOD factors are too flat to adequately reflect the differential in prices in peak and off-peak periods. In light of this, we believe it is appropriate to adopt TOU factors that are consistent with the adopted TOU factors for the Market Price Referent (MPR).”<sup>10</sup>

The following TOU factors are consistent with the energy portion of the adopted TOU factors for the MPR. The TOU factors for the MPR have been realigned to the SRAC TOU periods where necessary.<sup>11</sup>

For PG&E: PG&E’s RPS TOD factors are inappropriate for direct application to MIF energy pricing because they are based on forward market values including both energy and capacity cost components, rather than energy-only costs. To develop MIF TOU factors consistent with its RPS TOU factors, PG&E used the original forward market energy and capacity price data used to create the all-in TOD factors reflected in its 2007 RPS Solicitation. PG&E was able to remove the capacity value allocated therein to recalculate energy-only TOD factors based only on forward market energy values and the defined TOD periods.

PG&E mapped the resulting energy-only TOD factors to the existing factors and QF TOU periods using a half-hourly mapping for the 2008 calendar year.<sup>12</sup> This process yielded TOU factors that are consistent with PG&E’s RPS TOD factors on an energy-only basis, but that account for the differences in MPR and QF TOU period definitions on a seasonal and intraday basis. These factors are as follows:

	Summer	Winter
On-Peak	1.3011	----

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<sup>10</sup> Decision at 74.

<sup>11</sup> As explained in the Joint IOUs’ Application for Rehearing of the Decision, the MPR is an “all in” price, which includes both energy and capacity. Consequently, the TOD factors developed by SCE and PG&E for the MPR are intended to reflect the value of both energy and capacity during various periods of time. In contrast, energy and capacity payments made to QFs are time-differentiated, and separate and distinct TOD factors have historically been applied to energy prices and capacity prices paid to QFs. Additionally, SRAC TOD periods and MPR TOD periods are not necessarily aligned.

<sup>12</sup> The mapping was adjusted to correctly reflect the Daylight Savings Time adjustments in March and November. The half-hourly mapping allowed PG&E to correctly capture the QF TOD periods that break at the half-hour, as well as those that break on the hour.

Partial-Peak	1.0807	1.1497
Off-Peak	0.9050	0.9700
Super Off-Peak	0.7614	0.8282

PG&E has determined that the seasonal factors summarized above cannot be directly applied in the MIF. Rather, the underlying monthly averages should be applied on a monthly basis, and normalized so that the monthly hourly weighted average of mapped MPR-based TOD factors equals one.<sup>13</sup> This normalizing is consistent with current methods of determining PG&E's QF off-peak factor as a residual.

For SCE: SCE's current QF TOD factors are applied to the MIF. The energy only component of the all-in TOD factors put forth in SCE's 2008 Plan for use in the 2008 RPS Solicitation and 2008 MPR are very similar to the TOD factors used in SCE's current SRAC. However, using fixed TOD factors in all TOD periods will not result in a time weighted factor of "1" for each month. Therefore, SCE is continuing to use its current SRAC TOD factors, shown below.

<u>Current SRAC</u>	
<u>Summer</u>	<u>TOD Factors</u>
On Peak =	1.4251
Mid Peak =	see below
Off Peak =	0.8526
<u>Winter</u>	
Mid Peak =	1.2185
Off Peak =	see below
Super OffPk =	0.7760

Summer Mid-Peak = ( Total # hrs in month - (1.4251 x # Summer On-Peak hrs in month) - (0.8526 x # Summer Off-Peak hrs in month) ) / # Summer Mid-Peak hrs in month.

Winter Off-Peak = ( Total # hrs in month - (1.2185 x # Winter Mid-Peak hrs in month) - (0.7760 x # Winter Super-Off-Peak hrs in month) ) / # Winter Off-Peak hrs in month.

For SDG&E: SDG&E's MPR TOD factors are appropriate for an energy market application because they do not include an additional capacity cost component. To develop TOU factors that are consistent with the MPR TOU factors, SDG&E used the exact same hourly price data used to originally calculate the MPR TOU factors, but changed the time periods to match the time periods of the TOU periods rather than the time periods of the MPR TOD factors. This process provided TOU factors that are consistent with the MPR, but that account for the differences in time period definitions. These factors are shown below:

<sup>13</sup> The final monthly TOD factors are shown in detail in PG&E's MIF template.

	Summer	Winter
On-Peak	1.4980	1.3439
Semi-Peak	0.9861	1.1612
Off-Peak	0.8727	0.9875
Super Off-Peak	0.5739	0.6935

## 5. Line Loss Factors

Per the Decision, the line loss factors remain unchanged from the methodology adopted in D.01-01-007.<sup>14</sup>

## B. MARKET HEAT RATE (MHR) COMPONENT

The MHR calculation will be based on the most current information available. For SP-15/NP-15 electric prices and border gas prices, it will be based on forward market information. O&M and intrastate gas transportation rates will be based on Commission adopted rates.

The general equation for the MHR can be expressed as:

$$([\text{SP15 or NP15}] \text{ forward} - \text{O\&M forward}) / \text{Burnertip Gas Forward}$$

Consistent with the workshop consensus, a rolling average of 12-month forward heat rates is developed by polling the forward markets for every trading day in the prompt month for the SRAC posting for which *both* forward electricity prices and forward gas prices are available. For example, to calculate the SRAC posting for January 2008, the methodology would require polling each trade date in December 2007 for forward prices for natural gas and electricity for the next succeeding 12 months, *i.e.*, January 2008 through December 2008, on every trading day in December 2007 for which both forward electricity prices and forward gas prices are available; deriving the heat rates for each of those twelve forward months for each of those trading days; and then averaging those heat rates to derive the MHR for the January 2008 posting month.

For each trading day, an average on-peak and an average off-peak power price is determined for each forward month from a simple average of two or three publications. The average on-peak and average off-peak power prices for each forward month are then time-weighted using the on-peak and off-peak market hours as defined by the market and reflected in the

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<sup>14</sup> D.07-09-040, at 75.

applicable publications<sup>15</sup>, to yield a time-weighted power average price for that forward month on that trading date. Finally, O&M for the applicable forward month (*i.e.*, an O&M forward) is deducted from the time-weighted power price to yield an average time-weighted power price less O&M.

For each trading day, the time-weighted power price less O&M for each forward month is divided by the burnertip gas price for that forward month to yield a market heat rate for each forward month on each trading day. All of the resulting market heat rates are then averaged to yield the MHR component of the MIF.

### **1. SP15/NP15 Forward Prices**

The reported monthly forward price will be used when it is available. When there are no monthly forward values, the quarterly forward price value will be entered for each forward month in the quarter lacking a monthly forward value.

For SCE: The on-peak and off-peak SP15 forward prices for each trading day will be calculated as the simple average of the on-peak and off-peak power prices reported by Tullett Prebon, Platt's Megawatt Daily and Kiindex.

For SDG&E: The on-peak and off-peak SP15 forward prices for each trading day will be calculated as the average of the on-peak and off-peak power prices reported by Tullett Prebon and Platt's Megawatt Daily.

For PG&E: The on-peak and off-peak NP-15 forward market prices for each trading day will be calculated as the average of the on-peak and off-peak forward power prices reported by Platt's Megawatt Daily and in daily ICE forward settlement prices.

### **2. Gas Forward Prices**

The gas forward prices for each trading day are derived from the NYMEX Henry Hub futures contract for the Henry Hub forward price, plus the applicable NYMEX Clearport Malin and/or SoCal bases, plus forecast intrastate transportation to arrive at a burnertip forward price.

For SCE: For each trading day, the SoCal basis (which may be negative) will be summed with the NYMEX Henry Hub futures contract price for the applicable forward month. Forecast intrastate transportation will be calculated in the same manner described above with respect to GTn. The G-CPA component is not available on a forecasted basis. As a proxy, G-CPA for each forward month is calculated as the sum of the NYMEX Henry Hub futures price plus the applicable NYMEX Clearport SoCal basis. The NYMEX Henry Hub future price plus the

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<sup>15</sup> Currently, these generally reflect the standard NERC 6x16 peak profile prevalent in today's markets.

applicable NYMEX Clearport SoCal basis represents the market's assessment of the future price of gas at the Southern California border. Over the last five years, the Southern California border bidweek price and the G-CPA has suggested a nearly 100% correspondence.

For PG&E: For each trading day, the average of the Malin and SoCal bases differentials (which may be negative) will be summed with the NYMEX Henry Hub futures contract price for the applicable forward month to derive the average California border gas price forward. Forecast intrastate transportation will be calculated in the same manner described above with respect to GTn.

Forecast backbone transport rates through 2010 derive from PG&E's recently approved Gas Accord IV rates under Decision 07-09-045. The forecast G-SUR rate is based on the G-SUR franchise fee factor and a G-SUR WACOG proxy similar to SCE's G-CPA proxy. The forward WACOG proxy is based on the forward average California border price (derived from the NYMEX Henry Hub contract price and the average Malin and SoCal basis differentials). In an examination of recent data, PG&E found the relationship between the WACOG in its G-SUR tariffs and averages of Malin and Topock bidweek gas price indices suggested a correspondence of nearly 100% and failed to merit using a more detailed parameter.<sup>16</sup>

For SDG&E: For each trading day, the SoCal basis differential (which may be negative) will be summed with the NYMEX Henry Hub futures contract price for the applicable forward month. The forecast intrastate transportation rate will be calculated in the same manner described above with respect to GTn.

### **3. O&M**

The forecast O&M values will be the same values as in Section A.3 above.

### **C. POSTING**

Each IOU will post on its website the MIF price within two business days of the receipt of all information required to make the MHR and MIF price calculation. The data and calculations underlying the MIF posting will continue to be provided to the Commission.

### **D. FUTURE CHANGES**

The Joint IOUs recognize that changes are taking place in both the electric and gas markets that may necessitate changes to the MIF price calculation. The Joint IOUs will follow the general principle of incorporating a change as close as is practicable to the affected element in the calculation.

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<sup>16</sup> PG&E is considering re-examining the relationship annually after 2008 if needed.

**E. COST INFORMATION**

No cost information is required for this advice filing.

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

**F. TIER DESIGNATION**

Pursuant to D.07-09-040 and D.07-01-024, Energy Industry Rule 5.2, this advice letter is submitted with a Tier 3 designation.

**EFFECTIVE DATE**

The Joint IOUs request that this filing be approved and become effective pursuant to Commission resolution, consistent with D.07-01-024.

**NOTICE**

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, California 94102  
E-mail: [inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Akbar Jazayeri  
Vice President of Regulatory Operations  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, California 91770  
Facsimile: (626) 302-4829  
E-mail: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

Bruce Foster  
Senior Vice President, Regulatory Affairs  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2040  
San Francisco, California 94102  
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Attention: Brian Cherry  
Vice President, Regulatory Relations  
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P.O. Box 770000  
San Francisco, California 94177  
Facsimile: (415) 973-7226  
E-Mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

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 parties on the service list for R.04-04-003 and R.04-04-025. PG&E has electronically served all attachments of this advice letter. To request copies of the electronic attachments please email PG&E at: [PGETariffs@pge.com](mailto:PGETariffs@pge.com). Address changes to the General Order 96-B service list should be directed to Rose de la Torre at (415) 973-4716. 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>

For questions on this specific advice letter, please contact Eric Lavik at (626) 302-9568 or by electronic mail at [Eric.Lavik@sce.com](mailto:Eric.Lavik@sce.com) with specific questions for SCE, Peter Griffes at (415) 973-3335 or [phq3@pge.com](mailto:phq3@pge.com) with specific questions for PG&E, and Sue Garcia at (858) 650-6189 or [sgarcia@semprautilities.com](mailto:sgarcia@semprautilities.com) with specific questions for SDG&E.

A handwritten signature in black ink, appearing to read "Brent K. Angier". The signature is written in a cursive, somewhat stylized font.

Vice President, PG&E- Regulatory Relations

Attachments – Sent electronically to all parties in Microsoft Excel format.

Cc: Service Lists for R.04-04-003 and R.04-04-025

# 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) #: 3180-E (PG&E), 2193-E (SCE) and 1952-E (SDG&E)      **Tier: 3**

Subject of AL: Implementation of the Market Index Formula pursuant to D.07-09-040

Keywords (choose from CPUC listing): QFs

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.07-09-040

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: **ASAP via Commission resolution.**      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<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 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**

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Accent Energy	Downey, Brand, Seymour & Rohwer	Pinnacle CNG Company
Aglet Consumer Alliance	Duke Energy	PITCO
Agnews Developmental Center	Duke Energy North America	Plurimi, Inc.
Ahmed, Ali	Duncan, Virgil E.	PPL EnergyPlus, LLC
Alcantar & Kahl	Dutcher, John	Praxair, Inc.
Ancillary Services Coalition	Dynergy Inc.	Price, Roy
Anderson Donovan & Poole P.C.	Ellison Schneider	Product Development Dept
Applied Power Technologies	Energy Law Group LLP	R. M. Hairston & Company
APS Energy Services Co Inc	Energy Management Services, LLC	R. W. Beck & Associates
Arter & Hadden LLP	Exelon Energy Ohio, Inc	Recon Research
Avista Corp	Exeter Associates	Regional Cogeneration Service
Barkovich & Yap, Inc.	Foster Farms	RMC Lonestar
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BP Energy Company	Gas Transmission Northwest Corporation	Sempra Energy
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C & H Sugar Co.	Goodin, MacBride, Squeri, Schlotz &	SESCO
CA Bldg Industry Association	Hanna & Morton	Sierra Pacific Power Company
CA Cotton Ginners & Growers Assoc.	Heeg, Peggy A.	Silicon Valley Power
CA League of Food Processors	Hitachi Global Storage Technologies	Smurfit Stone Container Corp
CA Water Service Group	Hogan Manufacturing, Inc	Southern California Edison
California Energy Commission	House, Lon	SPURR
California Farm Bureau Federation	Imperial Irrigation District	St. Paul Assoc
California Gas Acquisition Svcs	Integrated Utility Consulting Group	Sutherland, Asbill & Brennan
California ISO	International Power Technology	Tabors Caramanis & Associates
Calpine	Interstate Gas Services, Inc.	Tecogen, Inc
Calpine Corp	IUCG/Sunshine Design LLC	TFS Energy
Calpine Gilroy Cogen	J. R. Wood, Inc	Transcanada
Cambridge Energy Research Assoc	JTM, Inc	Turlock Irrigation District
Cameron McKenna	Luce, Forward, Hamilton & Scripps	U S Borax, Inc
Cardinal Cogen	Manatt, Phelps & Phillips	United Cogen Inc.
Cellnet Data Systems	Marcus, David	URM Groups
Chevron Texaco	Matthew V. Brady & Associates	Utility Resource Network
Chevron USA Production Co.	Maynor, Donald H.	Wellhead Electric Company
City of Glendale	MBMC, Inc.	White & Case
City of Healdsburg	McKenzie & Assoc	WMA
City of Palo Alto	McKenzie & Associates	
City of Redding	Meek, Daniel W.	
CLECA Law Office	Mirant California, LLC	
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CPUC	Morse Richard Weisenmiller & Assoc.	
Cross Border Inc	Navigant Consulting	
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CSC Energy Services	Norris & Wong Associates	
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Defense Fuel Support Center	Northern California Power Agency	
Department of the Army	Office of Energy Assessments	
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DGS Natural Gas Services	Palo Alto Muni Utilities	