

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 29, 2009

Advice Letter 3379-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 Department of Water Resources (DWR)
Revenue Requirement Determination**

Dear Mr. Cherry:

Advice Letter 3379-E is effective January 1, 2009.

Sincerely,

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

Julie A. Fitch, Director
Energy Division



December 15, 2008

Advice 3379-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: 2009 Department of Water Resources (DWR) Revenue
Requirement Determination**

Pacific Gas and Electric Company (PG&E) hereby submits this advice letter in compliance with Decision (D.) 08-12-006, Opinion Allocating the Revised 2009 Revenue Requirement Determination of the California Department of Water Resources. Revised electric tariffs will be filed before December 31 as part of PG&E's Annual Electric True-up (AET) supplemental advice filing.

Purpose

The purpose of this filing is to comply with the requirements of D.08-12-006. Ordering Paragraph (OP) 3.a of D.08-12-006 provides:

“Within ten days of today’s date, PG&E, SDG&E, and SCE shall file Tier 1 advice letters, as provided for in General Order 96-B, with revised tariffs that reflect the adopted Bond Charge and Power Charges. These new tariffs shall be effective beginning January 1, 2009.”

Electric Rate Consolidation

In this advice letter, PG&E implements the DWR revenue requirement changes described below. These changes are also to be incorporated in PG&E's supplemental AET filing, to be filed by December 31, 2008, with rate changes to be effective on January 1, 2008.

2009 DWR Bond Charge

The 2009 DWR revenue requirement proceeding establishes both the 2009 DWR bond charge rate and the 2009 DWR power charge revenue requirement. In this advice letter, PG&E proposes to implement both changes through the

consolidated rate changes made in the AET. Pursuant to D.08-12-006 (OP 3.a), the DWR bond charge for 2009 is \$00.0049118 per kilowatt-hour (kWh). The DWR bond charge is paid by eligible bundled and non-bundled customers.

2009 DWR Power Charge and Remittance Rate

The 2009 DWR power charge revenue requirement determined by the 2009 DWR revenue requirement decision (D.08-12-006) is \$1,100 million¹. The Power Charge Collection Balancing Account (PCCBA) is forecast to be an overcollection of \$31 million at the end of December and PG&E's December AET supplement will reflect this balance. Consistent with previous Commission AET Resolutions, such as Resolution E-4121, PG&E, in its AET supplement will combine the 2009 power charge revenue requirement with the amortization of the forecast PCCBA balance to develop the total power charge related revenue requirement to be implemented in retail rates (\$1,069 million). In addition, PG&E is forecast to collect \$11 million in Franchise Fees in 2009.

The corresponding DWR remittance rate for PG&E is provided in Appendix A of D.08-12-006 and is \$0.08640 per kWh.

Tariff Changes

PG&E will file a supplement to its AET advice filing by December 31, with tariffs that include the final DWR related rate values based on D.08-12-006. The AET supplement will also contain revised rates for the PCCBA in electric Preliminary Statement I – Rate Schedule Summary.

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 **January 5, 2009**, which is 21² 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

¹ See attached Appendix A which contains applicable excerpts from Appendix A of D.08-12-006.

² The protest period concludes on a weekend. PG&E moves the date to the following business day.

San Francisco, California 94102

Facsimile: (415) 703-2200

E-mail: ijnj@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**

Pursuant to OP 3.a of D.08-12-006, PG&E requests that this advice filing become effective on **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 parties on the service list for Rulemaking (R.) 06-07-010. 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. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>

A handwritten signature in cursive script that reads "Brian K. Cherry / DC".

Vice President, Regulatory Relations

Attachments – Appendix A of D.08-12-006

cc: R.06-07-010

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: Daren Chan

Phone #: (415) 973-5361

E-mail: D1CT@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) #: **3379-E**

Tier: 1

Subject of AL: 2009 Department of Water Resources (DWR) Revenue Requirement Determination

Keywords (choose from CPUC listing): Compliance, DWR

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.08-012-006

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: No

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:

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: 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

Allocation of 2009 Revenue Requirement Among Utilities**California Department of Water Resources**

(Dollars in millions)

Line	Description	PG&E	SCE	SDG&E	Total	Reference
1	Allocation Percentages	42.20%	47.50%	10.30%	100.00%	Decision 05-06-060
2						
3	2004-2007 Expenses	8,125	8,849	2,770	19,744	Actuals
4	2004-2007 Revenues	7,984	9,007	2,929	19,920	Actuals
5	Amount to be collected from /(returned to) the IOU USBA	\$ 141	\$ (158)	\$ (159)	\$ (175)	Line 3 - Line 4
6						
7	2008 Expenses	1,662	1,932	589	4,183	actuals through Sep-08 then projected
8	2008 Revenues	1,126	2,108	531	3,765	actuals through Sep-08 then projected
9	Amount to be collected from /(returned to) the IOU USBA	\$ 536	\$ (177)	\$ 58	\$ 418	Line 7 - Line 8
10						
11	Balancing Calculation					
12	December 31, 2009 Projected PCA Balance: Desired Allocation	566	637	138	1,341	
13	January 1, 2004 Starting PCA Balance: Desired Allocation	701	789	171	1,660	
14	Amount to be collected from /(returned to) the IOU USBA	\$ (135)	\$ (151)	\$ (33)	\$ (319)	Line 12 - Line 13
15						
16	Prior True-ups (2001/02, 2003, 2008 Calpine2)	(529)	394	135	-	
17	2004-2008 True-up	677	(334)	(100)	243	Line 5 + Line 9
18	Starting and Ending balance True-up	(135)	(151)	(33)	(319)	Line 14
19	Cumulative True-up to be collected from/(returned to) IOU USBA	\$ 14	\$ (92)	\$ 2	\$ (76)	Subtotal
20						
21	2009 Revenue Requirement Determination					
22	Avoidable Costs	77	300	203	580	2009RptRR
23	Net Non-Avoidable Costs	1,539	1,732	376	3,647	2009RptRR
24	Los Esteros Contract Cost	4				
25	Calpine 2 Contract Cost Reduction Credit	(522)	-	-	(522)	
26	Gas Collateral Cost	(8)	(9)	(2)	(18)	2009RptRR
27	Administrative and General	12	13	3	28	2009RptRR
28	Other Non-Allocated Costs	-	-	-	-	2009RptRR
29	Surplus Revenue	(0)	(50)	(5)	(55)	2009RptRR
30	Interest Earnings on Fund Balance	(15)	(17)	(4)	(36)	2009RptRR
31	Balancing Transfer between IOUs	14	(92)	2	(76)	Line 18
		\$ 1,100	\$ 1,877	\$ 573	\$ 3,551	

Rate Calculation Table:

1	Revenue Requirement Allocated to IOU's Customers	\$ 1,100	\$ 1,877	\$ 573	\$ 3,551
2	DWR Delivered Energy (GWh)	12,736	22,059	5,211	40,005
3	Calendar Year Remittance Rates	0.08640	0.08510	0.11004	0.08877

**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	PPL EnergyPlus, LLC
Anderson & Poole	Douglass & Liddell	Pinnacle CNG Company
Arizona Public Service Company	Downey & Brand	Praxair
BART	Duke Energy	R. W. Beck & Associates
BP Energy Company	Duncan, Virgil E.	RCS, Inc.
Barkovich & Yap, Inc.	Dutcher, John	RMC Lonestar
Bartle Wells Associates	Ellison Schneider & Harris LLP	Recon Research
Blue Ridge Gas	Energy Management Services, LLC	SCD Energy Solutions
Braun & Associates	FPL Energy Project Management, Inc.	SCE
C & H Sugar Co.	Foster Farms	SESCO
CA Bldg Industry Association	Foster, Wheeler, Martinez	SMUD
CAISO	Franciscan Mobilehome	SPURR
CLECA Law Office	G. A. Krause & Assoc.	Santa Fe Jets
CSC Energy Services	GLJ Publications	Seattle City Light
California Cotton Ginners & Growers Assn	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sempra Utilities
California Energy Commission	Green Power Institute	Sequoia Union HS Dist
California League of Food Processors	Hanna & Morton	Sierra Pacific Power Company
California Public Utilities Commission	Heeg, Peggy A.	Silicon Valley Power
Calpine	Hitachi	Smurfit Stone Container Corp
Cameron McKenna	Hogan Manufacturing, Inc.	Southern California Edison Company
Cardinal Cogen	Imperial Irrigation District	St. Paul Assoc.
Casner, Steve	Innercite	Sunshine Design
Cerox	International Power Technology	Sutherland, Asbill & Brennan
Chamberlain, Eric	Intestate Gas Services, Inc.	TFS Energy
Chevron Company	J. R. Wood, Inc.	Tabors Caramanis & Associates
Chris, King	JTM, Inc.	Tecogen, Inc.
City of Glendale	Los Angeles Dept of Water & Power	Tiger Natural Gas, Inc.
City of Palo Alto	Luce, Forward, Hamilton & Scripps LLP	Tioga Energy
City of San Jose	MBMC, Inc.	TransCanada
	MRW & Associates	Turlock Irrigation District

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

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	