August 12, 2009

Advice Letter 3434-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: 2008 Vegetation Management Balancing Account

Dear Mr. Cherry:

Advice Letter 3434-E is effective April 12, 2009.

Sincerely,

Julie A. Fitch, Director
Energy Division
March 13, 2009

Advice 3434-E
(Pacific Gas and Electric Company ID U 39 E)

Subject: 2008 Vegetation Management Balancing Account

Public Utilities Commission of the State of California

In accordance with Preliminary Statement, Part BU--Vegetation Management Balancing Account (VMBA), Pacific Gas and Electric Company (PG&E) submits for filing a summary of the entries made to the VMBA for the period from January 1, 2008, through December 31, 2008. In 2008, the VMBA expense exceeded the amount adopted in the 2007 GRC decision. Since the account is a one-way balancing account, the 2008 VMBA undercollected balance is shareholder funded and no account disposition is required.

Background

In PG&E’s 1999 General Rate Case (GRC) D. 00-02-046, the Commission adopted a one-way balancing account mechanism to track vegetation management expenditures during the time the 1999 GRC revenue requirement was in effect. The VMBA provides that PG&E will file an annual advice letter summarizing the entries to the VMBA for that year and a proposal for the disposition of any credit balance in the account. D. 04-05-055 in PG&E’s 2003 GRC continued the VMBA through the 2003 GRC cycle.

In PG&E’s 2007 GRC (A. 05-12-002), the Commission adopted a Settlement Agreement regarding the distribution revenue requirement (see D. 07-03-044). Under the Settlement, PG&E is to continue using the one-way balancing account for Vegetation Management. In this agreement, $148.4 million was adopted as a reasonable forecast of Vegetation Management expense. Excluding the allocated FERC jurisdiction amounts, the net adopted 2008 expense is $147,608,424 (in 2008 dollars).
**2008 VMBA Balance**

Entries made to the VMBA for the period January 1, 2008, through December 31, 2008, are shown in Table 1, below. The recorded expenses for 2008 totaled $147,755,267. In accordance with VMBA accounting procedures, this amount excludes Vegetation Management expenses allocated to Federal Energy Regulatory Commission (FERC) jurisdiction.

The difference between the amount adopted in D. 07-03-044 and the recorded expense for 2008 is an over spending of $148,459. This amount represents an undercollection, or debit balance, to the VMBA. Since the account is a one-way balancing account, this debit balance is not recoverable from customers.

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

**Effective Date**

PG&E requests that this advice filing become effective on **April 12, 2009**, which is 30 days from the date of this filing. PG&E submits this as a Tier 2 filing.

**Protests**

Anyone wishing to protest this filing may do so by sending a letter by April 2, 2009, which is 20 days after 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 or inj@cpuc.ca.gov

Protests also should be sent by e-mail and facsimile to Mr. Honesto Gatchalian, Energy Division, as shown above, and by U.S. mail to Mr. Gatchalian at the above address. 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.
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

**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 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

Vice Presidents - Regulatory Relations

Attachments
Table 1

Vegetation Management
Balancing Account Summary

January 1, 2008, through December 31, 2008

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 GRC Adopted Estimate</td>
<td>$148,380,000</td>
</tr>
<tr>
<td>Less FERC Allocation (0.52%)</td>
<td>($771,576)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$147,608,424</strong></td>
</tr>
<tr>
<td>2007 Recorded Expenses</td>
<td>$148,527,610</td>
</tr>
<tr>
<td>Less FERC Allocation (0.52%)</td>
<td>($772,343)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$147,755,267</strong></td>
</tr>
<tr>
<td>Over (Under) Expenditure</td>
<td>$146,843</td>
</tr>
<tr>
<td>Accrued Interest (through December 31, 2008)</td>
<td>$1,616</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$148,459</strong></td>
</tr>
</tbody>
</table>
Company name/CPUC Utility No. Pacific Gas and Electric Company (ID39E)

Utility type:   Contact Person: David Poster
☑ ELC       ☑ GAS   Phone #: (415) 973-1082
☑ PLC       ☑ HEAT ☑ WATER   E-mail: dxpu@pge.com

EXPLANATION OF UTILITY TYPE
ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

Advice Letter (AL) #: **3434-E**
Subject of AL: 2008 Vegetation Management Balancing Account Balance
Keywords (choose from CPUC listing): Vegetation Management

AL filing type: ☑ Monthly ☑ Quarterly ☑ Annual ☐ One-Time ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: D.00-02-046

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL:

Yes ☑ No ☐

Requested effective date: **04-12-09**
No. of tariff sheets: 0

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: N/A

Protests 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**
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
mas@cpuc.ca.gov and jnj@cpuc.ca.gov

**Utility Info (including e-mail)**
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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Agnews Developmental Center
Alcantar & Kahl
Ancillary Services Coalition
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Arizona Public Service Company
BART
BP Energy Company
Barkovich & Yap, Inc.
Bartle Wells Associates
Blue Ridge Gas
Braun & Associates
C & H Sugar Co.
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CAISO
CLECA Law Office
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California Cotton Ginners & Growers Assn
California Energy Commission
California League of Food Processors
California Public Utilities Commission
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Cardinal Cogen
Casner, Steve
Cerox
Chamberlain, Eric
Chevron Company
Chris, King
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Defense Energy Support Center
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Douglas & Liddell
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Duncan, Virgil E.
Dutcher, John
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Energy Management Services, LLC
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GLJ Publications
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Heeg, Peggy A.
Hogan Manufacturing, Inc.
Imperial Irrigation District
Innercite
International Power Technology
Intestate Gas Services, Inc.
J. R. Wood, Inc.
JTM, Inc.
Los Angeles Dept of Water & Power
Luce, Forward, Hamilton & Scripps LLP
MBMC, Inc.

MRW & Associates
Manatt Phelps Phillips
Matthew V. Brady & Associates
McKenzie & Associates
Meek, Daniel W.
Merced Irrigation District
Mirant
Modesto Irrigation District
Morgan Stanley
Morrison & Foerster

New United Motor Mfg., Inc.
Norris & Wong Associates
North Coast Solar Resources

Northern California Power Association
Occidental Energy Marketing, Inc.
OnGrid Solar
PPL EnergyPlus, LLC
Pinnacle CNG Company
Praxair
R. W. Beck & Associates
RCS, Inc.
RMC Lonestar
Recon Research
SCD Energy Solutions
SCE
SESCO
SMUD
SPURR
Santa Fe Jets
Seattle City Light
Sempra Utilities
Sequoia Union HS Dist
Sierra Pacific Power Company
Silicon Valley Power
Smurfit Stone Container Corp
Southern California Edison Company
St. Paul Assoc.
Sunshine Design
Sutherland, Asbill & Brennan
TFS Energy
Tabors Caramanis & Associates
Tecogen, Inc.
Tiger Natural Gas, Inc.
Tioga Energy
TransCanada
Turlock Irrigation District
U S Borax, Inc.
United Cogen
Utility Cost Management
Utility Resource Network
Utility Specialists
Vandenberg Air Force
Verizon
Wellhead Electric Company
Western Manufactured Housing Communities Association (WMA)
White & Case
eMeter Corporation