April 30, 2009

Advice Letter 3441-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 Energy Resource Recovery Account (ERRA) Trigger Amount – Compliance Filing with D.02-10-062, 04-01-050, and 04-12-048

Dear Mr. Cherry:

Advice Letter 3441-E is effective March 25, 2009.

Sincerely,

Julie A. Fitch, Director
Energy Division
March 25, 2009

Advice 3441-E
(Pacific Gas and Electric Company ID U 39E)

Public Utilities Commission of the State of California

Subject: 2009 Energy Resource Recovery Account (ERRA) Trigger Amount – Compliance Filing with Decisions 02-10-062, 04-01-050, and 04-12-048

Pacific Gas and Electric Company (PG&E) hereby submits its annual advice letter calculating the ERRA trigger amount for 2009.

In Decision (D.) 02-10-062 (pages 64-66), the Commission established an ERRA “trigger” mechanism to comply with Public Utilities Code §454.5(d)(3)’s requirement that “any overcollection or undercollection in the power procurement balancing account does not exceed 5 percent of the electrical corporation’s actual recorded generation revenues for the prior calendar year excluding revenues collected for the Department of Water Resources.”

In D.04-01-050 (pp. 175-176), the Commission ordered that the “ERRA trigger amount [should be] handled by Advice Letter rather than application” and that such trigger advice letters should be filed April 1 of each year.

Purpose

The purpose of this advice letter is to establish PG&E’s 2009 ERRA trigger amount in compliance with Public Utilities Code §454.5(d)(3) and D.02-10-062, D.04-01-050, and D.04-12-048.

1 In D.04-12-048 (pages 213-214), the Commission directed the investor-owned utilities to “keep the trigger mechanism in effect during the term of the long-term contracts, or ten years, whichever is longer.”
ERRA Trigger Calculation

PG&E’s 2009 ERRA trigger amount is calculated to be $261.3 million. Consistent with PG&E’s ERRA trigger advice letters in previous years, this year’s calculation is based on revenue streams from the balancing accounts that record PG&E’s generation revenues, excluding DWR revenues. These revenue streams include the Utility Generation Balancing Account (UGBA), the Energy Resource Recovery Account (ERRA), and the Modified Transitional Cost Balancing Account (MTCBA). These balancing accounts include the capital and non-fuel operating costs in PG&E’s existing generation asset base, fuel and electric procurement costs, and ongoing competition transition costs, respectively. The 2008 revenues from the three accounts and the corresponding trigger amount are shown in the table below.

<table>
<thead>
<tr>
<th>2008 UGBA Revenues</th>
<th>$1,026.4M</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 ERRA Revenues</td>
<td>$3,912.2M</td>
</tr>
<tr>
<td>2008 MTCBA Revenues</td>
<td>$287.5M</td>
</tr>
<tr>
<td><strong>Total 2008 Generation Revenues, excluding DWR</strong></td>
<td><strong>$5,226.1M</strong></td>
</tr>
<tr>
<td><strong>2009 ERRA Trigger (5% of total $5,226.1M)</strong></td>
<td><strong>$261.3M</strong></td>
</tr>
</tbody>
</table>

Conclusion

PG&E requests that the Commission approve $261.3 million as PG&E’s 2009 ERRA trigger amount. PG&E requests that this 2009 trigger amount remain in effect until the Commission adopts the 2010 trigger amount, to be submitted by advice letter no later than April 1, 2010.

Protest

Anyone wishing to protest this filing may do so by sending a letter by **April 14, 2009**, which is 20 days from the date of 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  
Tariff Files, Room 4005  
DMS Branch  
505 Van Ness Avenue  
San Francisco, California 94102  
Facsimile: (415) 703-2200  
E-mail: inj@cpuc.ca.gov and mas@cpuc.ca.gov
Copies of protests should also be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest 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**

PG&E is filing this as a Tier One Advice Letter and, provided no protests are received, requests that this filing be effective on **March 25, 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 service list parties for Application (A.) 08-06-011. 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 President - Regulatory Relations
Company name/CPUC Utility No. Pacific Gas and Electric Company (ID U39 M)

Utility type:  
- ☑ ELC  
- ☑ GAS  
- ☐ PLC  
- ☐ HEAT  
- ☐ WATER

Contact Person: San Heng  
Phone #: 415-973-2640  
E-mail: SIHQ@PGE.COM

EXPLANATION OF UTILITY TYPE

| ELC = Electric | GAS = Gas | ☐ |
| PLC = Pipeline | HEAT = Heat | WATER = Water |

Advice Letter (AL) #: 3441-E  
Tier: [1]
Subject of AL: 2009 Energy Resource Recovery Account (ERRA) Trigger Amount – Compliance Filing with Decisions 02-10-062, 04-01-050, and 04-12-048

Keywords (choose from CPUC listing):
- ☐ Monthly  
- ☑ Quarterly  
- ☐ Annual  
- ☐ One-Time  
- ☐ Other _____________________________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.02-10-062, D.04-01-050, and D.04-12-048

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: March 25, 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:

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
Aglet
Agnews Developmental Center
Alcantar & Kahl
Ancillary Services Coalition
Anderson & Poole
Arizona Public Service Company
BART
BP Energy Company
Barkovich & Yap, Inc.
Bartle Wells Associates
Blue Ridge Gas
Braun & Associates
C & H Sugar Co.
CA Bldg Industry Association
CAISO
CLECA Law Office
CSC Energy Services
California Cotton Ginners & Growers Assn
California Energy Commission
California League of Food Processors
California Public Utilities Commission
Calpine
Cameron McKenna
Cardinal Cogen
Casner, Steve
Cerox
Chamberlain, Eric
Chevron Company
Chris, King
City of Glendale
City of Palo Alto
City of San Jose
Clean Energy Fuels
Coast Economic Consulting
Commerce Energy
Commercial Energy
Constellation
Constellation New Energy
Consumer Federation of California
Crossborder Energy
Davis Wright Tremaine LLP
Day Carter Murphy
Defense Energy Support Center
Department of Water Resources
Department of the Army
Dept of General Services
Division of Business Advisory Services
Douglas & Liddell
Douglas & Liddell
Downey & Brand
Duke Energy
Duncan, Virgil E.
Dutcher, John
Ellison Schneider & Harris LLP
Energy Management Services, LLC
FPL Energy Project Management, Inc.
Foster Farms
Foster, Wheeler, Martinez
Franciscan Mobilehome
G. A. Krause & Assoc.
GLJ Publications
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Power Institute
Hanna & Morton
Heeg, Peggy A.
Hogan Manufacturing, Inc.
Imperial Irrigation District
Inercite
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 SolarResources
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