July 6, 2009

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: Annual Adjustments to the Electric Public Purpose Goods Charge Funding Obligations in Compliance with Resolution E-3792

Dear Mr. Cherry:

Advice Letter 3443-E is effective March 31, 2009.

Sincerely,

Julie A. Fitch, Director
Energy Division
March 27, 2009

Advice 3443-E
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Annual Adjustments to the Electric Public Purpose Goods Charge Funding Obligations in Compliance with Resolution E-3792

Pacific Gas and Electric Company (PG&E) hereby submits for filing the annual adjustments to the electric public goods charge (PGC) funding obligations in compliance with Resolution E-3792. The 2009 PGC funding obligations for PG&E will increase 2.27 percent from that of 2008.

Purpose

This filing complies with Resolution E-3792 issued on December 17, 2002. Specifically, this filing submits the annual adjustments to the electric PGC funding obligations in compliance with Ordering Paragraph 7 of Resolution E-3792.

Background

Resolution E-3792 specified the methodology for utilities to adjust the electric PGC funding obligations required by Public Utility Code Section 399.8(d)(2). This section states: “the [target funding] amounts shall be adjusted annually at a rate equal to the lesser of the annual growth in electric commodity sales or inflation, as defined by the gross domestic product deflator.”

The section did not identify when these adjustments should begin, but since the section extended these programs starting January 1, 2002, Resolution E-3792 proposed applying the adjustment methodology one year later, on January 1, 2003. Advice Letter 2363-E dated March 28, 2003, was PG&E’s first filing in compliance with this resolution. That advice letter stated that adjustments for 2003

1 Resolution E-3792 requires that this advice filing be submitted by March 31 of each year.
would be based on changes in sales and prices during 2002. Continuing that methodology, adjustments for 2009 will be based on changes in sales and prices during 2008.

As directed in Resolution E-3792, the utilities should each determine the adjusted target funding amounts that result from the adjustment methodology and, on or before March 31, 2003, and for each subsequent year ending with 2011, file an advice letter with the Commission that adjusts the authorizations and allocations found in Table 7 of Resolution E-3792, consistent with PUC Section 399.8(d)(2). Resolution E-3792 also specified that the adjustment to the utility’s allocated amounts in Table 7 should be governed by changes in its own sales (assuming that this statistic is lower than the rate of inflation), rather than by changes in the sales of all three utilities.

In accordance with SB 1036, Chapter 685, Statutes of 2007, and the amendments to Section 399.8 of the Public Utilities Code, the utilities are required to collect $65,500,000 per year for renewable energy, which represents a reduction of 51.5 percent from the original $135,000,000. On April 10, 2008, the CPUC issued Resolution E-4160 that reduced the renewable portion of the PGC funding obligation effective January 1, 2008. Advice Letter 3245-E approved on June 11, 2008, implemented this reduction of 2008.

**2009 PGC Funding Obligation**

PG&E’s electric sales were 88.269 billion kWh in 2008 and 86.313 billion kWh in 2007. The percentage change of sales between 2008 and 2007 is therefore (88.269 – 86.313)/86.313 = 2.27 percent.

On February 27, 2009, the annual GDP (Gross Domestic Product) deflator for 2008 was 122.415 as published by the U.S Department of Commerce. The annual GDP deflator on February 28, 2008, was 119.682, as stated in PG&E’s Advice Letter 3245-E. The percentage change in prices as measured by the change in the annual GDP deflator between 2009 and 2008 is therefore (122.415-119.682)/119.682 = 2.28 percent.

The percentage change for both sales and price is positive, with the change in PG&E’s electric sales being the lower of the two calculations. Hence, the funding authorization for 2009 will increase by 2.27 percent.

Therefore, the electric PGC funding obligations for PG&E, effective January 1, 2009, will be:

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2 Resolution E-3792, p. 10.
3 SB 1036, Ch. 685, Stats. 2007/PUC 25743 (b) (1) eliminated the 51.5% New Account component of the CEC’s Renewable funding.
4 Resolution E-3792, Table 5.
5 Resolution E-4160, dated April 10, 2008.
6 Department of Commerce, Bureau of Economic Analysis, Table 1.1.9 – Implicit Price Deflators for Gross Domestic Product.
The revenue requirement established for the PGC is recovered through the Public Purpose Program Revenue Adjustment Mechanism (PPPRAM), (electric Preliminary Statement Part DA), including an allowance for franchise fees and uncollectible accounts expense. The 2.27 percent funding increase will be recorded in the PPPRAM effective January 1, 2009, and will be reflected in rates in PG&E’s next Annual Electric True-Up (AET) effective January 1, 2010.

**Protest**

Anyone wishing to protest this filing may do so by letter via U.S. mail, by facsimile, or electronically, any of which must be received no later than April 16, 2009, which is 20 days from the date of this filing. 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 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

PG&E submits this advice letter as a Tier 1 filing and requests that this advice filing become effective on March 31, 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. 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

Vice President, Regulatory Relations
Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

<table>
<thead>
<tr>
<th>Utility type:</th>
<th>Contact Person: San Heng</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ ELC     ☐ GAS</td>
<td>Phone #: 415-973-2640</td>
</tr>
<tr>
<td>☐ PLC      ☐ HEAT  ☐ WATER</td>
<td>E-mail: <a href="mailto:S1HQ@PGE.COM">S1HQ@PGE.COM</a></td>
</tr>
</tbody>
</table>

**EXPLANATION OF UTILITY TYPE**

<table>
<thead>
<tr>
<th>ELC = Electric</th>
<th>GAS = Gas</th>
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</thead>
<tbody>
<tr>
<td>PLC = Pipeline</td>
<td>HEAT = Heat</td>
</tr>
<tr>
<td>WATER = Water</td>
<td></td>
</tr>
</tbody>
</table>

Advice Letter (AL) #: **3443-E**

**Subject of AL:** Annual Adjustment to the Electric Public Purpose Goods Charge Funding Obligations in Compliance with Resolution E-3792

Keywords (choose from CPUC listing): **Compliance**

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **Resolution E-3792**

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 31, 2009**

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

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
Cerex
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
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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
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Downey & Brand
Duke Energy
Duncan, Virgil E.
Dutcher, John
Ellison Schneider & Harris LLP
Energy Management Services, LLC
FPL Energy Project Management, Inc.
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Foster, Wheeler, Martinez
Franciscan Mobilehome
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Hitachi
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 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
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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