May 20, 2010

Advice Letters 3446-E/E-A/E-B

Jane K. Yura
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10B
P.O. Box 770000
San Francisco, CA  94177

Subject:  Vintaged Power Charge Indifference Adjustment Rates in Compliance with Resolution E-4226 and Supplemental Filings

Dear Ms. Yura:

Advice Letters 3446-E/E-A/E-B are effective June 1, 2010 per Resolution E-4226.

Sincerely,

Julie A. Fitch, Director
Energy Division
April 2, 2009

Advice 3446-E  
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject:  Vintaged Power Charge Indifference Adjustment Rates

Pacific Gas and Electric Company (PG&E) hereby submits for filing vintaged Power Charge Indifference Adjustment (PCIA) rates for 2009 that vary depending on when customers departed PG&E service. PG&E will file revisions to all affected tariff sheets once the Commission approves the rates provided herein.

Purpose

PG&E requests California Public Utilities Commission (Commission) approval of vintaged PCIA rates for 2009 that comply with the methods for developing PCIA rates as determined in Decision (D.) 06-07-030, Opinion Regarding Direct Access and Departing Load Cost Responsibility Surcharge Obligations, and utilize the total portfolio method set forth in D.08-09-012, Decision on Non-bypassable Charges for New World Generation and Related Issues.

Background

In D.06-07-030, the Commission adopted the PCIA rate. In general, those Direct Access (DA), departing load, and Community Choice Aggregation (CCA) customers that are not exempt from Department of Water Resources (DWR) power charges were required to pay the PCIA. The method adopted by D.06-07-030 provided that if the Indifference Amount for “old world generation” exceeded the amount for Competition Transition Charges (CTC), then the PCIA would be positive and would be remitted to DWR. If the Indifference Amount was less than the CTC amount but greater than zero, the PCIA would be applied to offset only a portion of the CTC for non-exempt customers. However, if the Indifference Amount was negative, the PCIA would be set to fully offset CTC for non-exempt customers. In the latter two cases, the PCIA rate would be negative and would be funded by increasing the revenue to be collected from bundled customers in PG&E’s Energy Resource Recovery Account (ERRA). As part of the methodology
adopted in D.06-07-030, PG&E was required to add an amount for franchise fees associated with DWR bond and power charges to the PCIA rate.

In D.04-12-048, the Commission provided for stranded cost recovery in the form of a non-bypassable charge to be paid by customers when they elect DA service, depart to be served by a CCA, or become departing load. The non-bypassable charge would be determined based on the timing of the customers’ departure (i.e., its vintage) and the date of the new generation resource commitment.

The method for determining the applicable charges and the specific applicability to the various departing load types was finalized in D.08-09-012. In this decision, the Commission adopted the total portfolio methodology initially approved by D.06-07-030 as the basis to determine the vintaged PCIA rate. The vintaged total portfolio methodology combines the applicable new generation resource commitments with the old world generation resources to determine a total portfolio indifference amount for each vintage. In addition, D.08-09-012 extended the negative indifference tracking concept adopted in D.06-07-030 to customers required to pay the vintaged PCIA. Finally, D.08-09-012 exempted certain departing load groups from the vintaged PCIA rate.

With the total portfolio approach approved, on February 10, 2009 PG&E filed Advice 3188-E-A to establish and record in a memorandum account negative indifference credits that may be available for each vintage group from prior years (mid-2006 through 2008). Decision 08-09-012 clarified that a vintage group was defined by a customer departure, or notice of a customer departure, from July 1 through June 30 of the following year. For example, if a customer departed between July 1, 2008 and June 30, 2009, they would be considered a 2008 vintage customer and the committed resources making up the vintage portfolio would be used to determine the forecast 2009 indifference amount. Then, these amounts would be adjusted by any applicable credit amounts from prior years to determine the Cumulative Indifference Amount. Table A-2 of Appendix A of Advice 3188-E-A provides the Cumulative Indifference Amount for each vintage on line 9 at the bottom of the table as follows:
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cumulative Indifference Amount Line 9 w/o FF&amp;U</td>
<td>($1,357,135)</td>
<td>$612,417</td>
<td>$787,942</td>
<td>$996,214</td>
</tr>
<tr>
<td>2</td>
<td>Cumulative Indifference Amount with FF&amp;U</td>
<td>($1,371,053)</td>
<td>$618,697</td>
<td>$796,022</td>
<td>$1,006,430</td>
</tr>
<tr>
<td>3</td>
<td>2009 Ongoing CTC (with FF&amp;U) Line 10</td>
<td>$624,252</td>
<td>$624,252</td>
<td>$624,252</td>
<td>$624,252</td>
</tr>
<tr>
<td>4</td>
<td>PCIA (with FF&amp;U)</td>
<td>($624,252)</td>
<td>($5,554)</td>
<td>$171,771</td>
<td>$382,179</td>
</tr>
<tr>
<td>5</td>
<td>If PCIA is Positive, Remove Uncollectibles</td>
<td>($624,252)</td>
<td>($5,554)</td>
<td>$171,327</td>
<td>$381,192</td>
</tr>
</tbody>
</table>

As noted above, the ongoing CTC revenue requirement (including Franchise Fees and Uncollectibles, or FF&U) is deducted from the indifference amount to determine the PCIA revenue requirement (shown here with FF&U, but without franchise fees associated with DWR bond). If the PCIA revenue requirement is positive, uncollectibles are removed because these funds are remitted to DWR. PCIA rates are designed by multiplying the current CTC rates by the ratio of the PCIA Revenue Requirement (RRQ) to the ongoing CTC revenue requirement. When the Indifference Amount is less than CTC, the PCIA rate is negative and is funded through bundled generation rates (an ERRA revenue requirement). As a final step in all cases, franchise fees for the DWR bond are added. Attachment 1 of this Advice Letter provides the vintaged PCIA rates for 2009.

**Tariff Revisions**

PCIA rates for each vintage where the rates are not equal to the unvintaged PCIA rates approved in D.08-12-029, PG&E’s 2009 ERRA forecast proceeding, will be added to the Cost Responsibility Surcharge section of each rate schedule when the rates proposed in this advice letter are approved. In addition, in Advice 3435-E, dated March 13, 2009, PG&E proposed to convert the current franchise fee surcharge paid by direct access and CCA customers from a percentage approach to be equal to the product of a rate multiplied by sales. Since the franchise fee surcharge will necessarily change for each vintage, PG&E will provide appropriate franchise fee surcharge rates as a modification to Schedule E-FFS with the final tariffs filed as a result of this advice letter, provided Advice 3435-E is authorized for implementation on May 1, 2009, as proposed.
**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 **April 22, 2009**, which is 20 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  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: jnj@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 requests that this advice filing become effective on the filing date of this Advice Letter, **April 2, 2009**. Rates will not be implemented, and customers charged in accordance with these rates, until the Commission approves the rates provided herein.

**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 Application (A.) 08-06-011, Rulemaking (R.)
03-10-003, and R.07-05-025. 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

Attachments

Attachment 1 – Vintaged PCIA Rates for 2009

cc: Service Lists A.08-06-011, R.03-10-003, R.07-05-025
Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

<table>
<thead>
<tr>
<th>Utility type:</th>
<th>Contact Person: Daren Chan</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ ELC ☑ GAS</td>
<td>Phone #: (415) 973-5361</td>
</tr>
<tr>
<td>☐ PLC ☐ HEAT ☐ WATER</td>
<td>E-mail: <a href="mailto:D1CT@pge.com">D1CT@pge.com</a></td>
</tr>
</tbody>
</table>

**EXPLANATION OF UTILITY TYPE**

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

Advice Letter (AL) #: **3446-E**  
Tier: **2**

Subject of AL: **Vintaged Power Charge Indifference Adjustment Rates**

Keywords (choose from CPUC listing): Rates, Departed Load, Direct Access

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **D.06-07-030, D.08-09-012**

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: **April 2, 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  
jinj@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**
ATTACHMENT 1

Vintaged PCIA Rates for 2009
Pacific Gas and Electric Company

**Calculation of Vintaged PCIA Rates for 2009**
(Revenues in Thousands of Dollars, Rates in $/kWh)

<table>
<thead>
<tr>
<th></th>
<th>Vin 04</th>
<th>Vin 07</th>
<th>Vin 08</th>
<th>Vin 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative Indiff Amount w/o FFU</td>
<td>(1,357,135)</td>
<td>612,417</td>
<td>787,942</td>
<td>996,214</td>
</tr>
<tr>
<td>Cumulative Indiff Amount with FFU</td>
<td>0.010255</td>
<td>(1,371,053)</td>
<td>618,697</td>
<td>796,022</td>
</tr>
<tr>
<td>CTC with FFU</td>
<td>624,252</td>
<td>624,252</td>
<td>624,252</td>
<td>624,252</td>
</tr>
<tr>
<td>PCIA with FFU</td>
<td>(624,252)</td>
<td>(5,554)</td>
<td>171,771</td>
<td>382,179</td>
</tr>
<tr>
<td>If PCIA is Positive, Backout Uncollectibles</td>
<td>0.002581</td>
<td>(624,252)</td>
<td>(5,554)</td>
<td>171,327</td>
</tr>
<tr>
<td>Ratio of PCIA/CTC</td>
<td>(1.0000)</td>
<td>(0.0089)</td>
<td>0.2745</td>
<td>0.6106</td>
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**Vintaged 2009 PCIA Rates (without DWR Bond FF)**

<table>
<thead>
<tr>
<th></th>
<th>Vin 04</th>
<th>Vin 07</th>
<th>Vin 08</th>
<th>Vin 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>0.00833</td>
<td>0.00007</td>
<td>0.00229</td>
<td>0.00509</td>
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<tr>
<td>Small L&amp;P</td>
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<td>0.00202</td>
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<tr>
<td>Medium L&amp;P</td>
<td>0.00701</td>
<td>0.00006</td>
<td>0.00192</td>
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</tr>
<tr>
<td>E19</td>
<td>0.00597</td>
<td>0.00005</td>
<td>0.00164</td>
<td>0.00365</td>
</tr>
<tr>
<td>Streetlights</td>
<td>0.00066</td>
<td>0.00001</td>
<td>0.00018</td>
<td>0.00040</td>
</tr>
<tr>
<td>Standby</td>
<td>0.00204</td>
<td>0.00002</td>
<td>0.00056</td>
<td>0.00125</td>
</tr>
<tr>
<td>Agriculture</td>
<td>0.00746</td>
<td>0.00007</td>
<td>0.00205</td>
<td>0.00456</td>
</tr>
<tr>
<td>E20 T</td>
<td>0.00479</td>
<td>0.00004</td>
<td>0.00131</td>
<td>0.00292</td>
</tr>
<tr>
<td>E20 P</td>
<td>0.00530</td>
<td>0.00005</td>
<td>0.00145</td>
<td>0.00324</td>
</tr>
<tr>
<td>E20 S</td>
<td>0.00551</td>
<td>0.00005</td>
<td>0.00151</td>
<td>0.00336</td>
</tr>
</tbody>
</table>

Franchise Fees on DWR Bond Rate | 0.00004 | 0.00004 | 0.00004 | 0.00004 |

**Vintaged 2009 PCIA Rates (with DWR Bond FF)**

<table>
<thead>
<tr>
<th></th>
<th>Vin 04</th>
<th>Vin 07</th>
<th>Vin 08</th>
<th>Vin 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>(0.00829)</td>
<td>(0.00003)</td>
<td>0.00233</td>
<td>0.00513</td>
</tr>
<tr>
<td>Small L&amp;P</td>
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<td>(0.00003)</td>
<td>0.00206</td>
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<tr>
<td>Medium L&amp;P</td>
<td>(0.00697)</td>
<td>(0.00002)</td>
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<tr>
<td>E19</td>
<td>(0.00593)</td>
<td>(0.00001)</td>
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<td>0.00369</td>
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<tr>
<td>Streetlights</td>
<td>(0.00062)</td>
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<td>0.00129</td>
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<tr>
<td>Agriculture</td>
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<td>(0.00003)</td>
<td>0.00209</td>
<td>0.00460</td>
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<tr>
<td>E20 T</td>
<td>(0.00475)</td>
<td>0.00000</td>
<td>0.00135</td>
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<td>(0.00001)</td>
<td>0.00149</td>
<td>0.00328</td>
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<tr>
<td>E20 S</td>
<td>(0.00547)</td>
<td>(0.00001)</td>
<td>0.00155</td>
<td>0.00340</td>
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</table>
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