

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



September 2, 2009

**Advice Letter 3502-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: Close Out Rate Reduction Bond (RRB) Activity in  
Electric Rates by December 31, 2009**

Dear Mr. Cherry:

Advice Letter 3502-E is effective September 3, 2009.

Sincerely,

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

Julie A. Fitch, Director  
Energy Division



**Brian K. Cherry**  
Vice President  
Regulatory Relations

Pacific Gas and Electric Company  
77 Beale St., Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

415.973.4977  
Fax: 415.973.7226

August 4, 2009

**Advice 3502-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Close Out Rate Reduction Bond (RRB) Activity in Electric Rates by December 31, 2009**

**Purpose**

PG&E requests that the California Public Utilities Commission (“Commission”) permit the transfer of any residual balance in the Rate Reduction Bond Memorandum Account (RRBMA) to the Distribution Revenue Adjustment Mechanism (DRAM) account on December 31, 2009, for disposition in the 2010 Annual Electric True-up (AET) filing, and remove Electric Preliminary Statement Parts AS and AT effective January 1, 2010.

**Background**

The RRBMA was created to record the difference between the Rate Reduction Bond (RRB) Savings Amount and the 10 Percent Rate Reduction Amount provided to the residential and small commercial customers in accordance with AB 1890. The RRBs were fully paid off on December 31, 2007, and the bond repayment rate component (Fixed Transition Amount (FTA)) set to zero on January 1, 2008. However, the RRBMA maintained a credit (over-collected) balance due to eligible customers. The RRBMA rates have been reset annually through AET filings to amortize this credit balance which, as of June 30, 2009, has been reduced to \$6.3 million. PG&E estimates that maintaining the RRBMA rates at their current levels will over-amortize the RRBMA balance by the end of the year, creating a small (less than one million dollar) under-collected balance in the RRBMA.

As the forecast of eligible sales used to set the RRBMA rates may differ from actual sales, it is likely the balance left in the account on December 31, 2009, may differ from the estimate slightly. PG&E proposes to transfer the minimal recorded balance as of December 31, 2009, to the DRAM and to recover the transferred amount in rates consistent with other DRAM revenue. This will allow PG&E to set the RRBMA to zero and simplify PG&E’s rate calculations (by eliminating the RRBMA rate credit for residential and small commercial customers) in its 2010 AET Filing.

With both the RRBMA and the FTA rates set to zero, Electric Preliminary Statement Parts AS, "Fixed Transition Amount Charge," and AT, "Rate Reduction Bond Memorandum Account," can be eliminated. Therefore, the 2010 AET Filing will also show the elimination of the Electric Preliminary Statement Parts AS and AT.

### **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 **August 24, 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: [jj@cpuc.ca.gov](mailto:jj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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](mailto:PGETariffs@pge.com)

### **Effective Date**

PG&E requests that this Tier 2 advice filing become effective on regular notice, **September 3, 2009**, which is 30 calendar days after the date of filing.

**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 San Heng at (415) 973-2640. Send all electronic approvals to [PGETariffs@pge.com](mailto: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 Cherry / mt".

Vice President, Regulatory Relations

Attachments

cc: Service Lists A.09-05-017 and A.09-06-023

# 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: Linda Tom-Martinez

Phone #: (415) 973-4612

E-mail: lmt1@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) #: **3502-E**

Tier: **2**

Subject of AL: **Close Out Rate Reduction Bond (RRB) Activity in Electric Rates by December 31, 2009**

Keywords (choose from CPUC listing): Memorandum Account

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

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

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<sup>1</sup>: \_\_\_\_\_

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:

Confidential information will be made available to those who have executed a nondisclosure agreement:  Yes  No

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: **September 3, 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<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: 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**

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

|                                          |                                             |                                                            |
|------------------------------------------|---------------------------------------------|------------------------------------------------------------|
| Alcantar & Kahl                          | Day Carter Murphy                           | Norris & Wong Associates                                   |
| Ameresco                                 | Defense Energy Support Center               | North Coast SolarResources                                 |
| Anderson & Poole                         | Department of Water Resources               | Northern California Power Association                      |
| Arizona Public Service Company           | Department of the Army                      | Occidental Energy Marketing, Inc.                          |
| BART                                     | Dept of General Services                    | OnGrid Solar                                               |
| BP Energy Company                        | Division of Business Advisory Services      | Praxair                                                    |
| Barkovich & Yap, Inc.                    | Douglas & Liddell                           | R. W. Beck & Associates                                    |
| Bartle Wells Associates                  | Douglass & Liddell                          | RCS, Inc.                                                  |
| C & H Sugar Co.                          | Downey & Brand                              | Recon Research                                             |
| CA Bldg Industry Association             | Duke Energy                                 | SCD Energy Solutions                                       |
| CAISO                                    | Dutcher, John                               | SCE                                                        |
| CLECA Law Office                         | Ellison Schneider & Harris LLP              | SMUD                                                       |
| CSC Energy Services                      | FPL Energy Project Management, Inc.         | SPURR                                                      |
| California Cotton Ginners & Growers Assn | Foster Farms                                | Santa Fe Jets                                              |
| California Energy Commission             | G. A. Krause & Assoc.                       | Seattle City Light                                         |
| California League of Food Processors     | GLJ Publications                            | Sempra Utilities                                           |
| California Public Utilities Commission   | Goodin, MacBride, Squeri, Schlotz & Ritchie | Sierra Pacific Power Company                               |
| Calpine                                  | Green Power Institute                       | Silicon Valley Power                                       |
| Cameron McKenna                          | Hanna & Morton                              | Southern California Edison Company                         |
| Cardinal Cogen                           | Hitachi                                     | Sunshine Design                                            |
| Casner, Steve                            | International Power Technology              | Sutherland, Asbill & Brennan                               |
| Chamberlain, Eric                        | Intestate Gas Services, Inc.                | Tabors Caramanis & Associates                              |
| Chevron Company                          | Los Angeles Dept of Water & Power           | Tecogen, Inc.                                              |
| Chris, King                              | Luce, Forward, Hamilton & Scripps LLP       | Tiger Natural Gas, Inc.                                    |
| City of Glendale                         | MBMC, Inc.                                  | Tioga Energy                                               |
| City of Palo Alto                        | MRW & Associates                            | TransCanada                                                |
| City of San Jose                         | Manatt Phelps Phillips                      | Turlock Irrigation District                                |
| Clean Energy Fuels                       | Matthew V. Brady & Associates               | U S Borax, Inc.                                            |
| Coast Economic Consulting                | McKenzie & Associates                       | United Cogen                                               |
| Commerce Energy                          | Merced Irrigation District                  | Utility Cost Management                                    |
| Commercial Energy                        | Mirant                                      | Utility Specialists                                        |
| 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) |
|                                          | New United Motor Mfg., Inc.                 | eMeter Corporation                                         |