February 2, 2010

Advice Letter 3576-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:  2010 Department of Water Resources (DWR) Revenue Requirement Determination

Dear Mr. Cherry:

Advice Letter 3576-E is effective January 1, 2010.

Sincerely,

Julie A. Fitch, Director
Energy Division
December 14, 2009

Advice 3576-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: 2010 Department of Water Resources (DWR) Revenue Requirement Determination

Pacific Gas and Electric Company (PG&E) hereby submits this advice letter in compliance with Decision (D.) 09-12-005, Opinion Allocating the Revised 2010 Revenue Requirement Determination of the California Department of Water Resources. Revised electric tariffs will be filed before December 31, as part of PG&E’s Annual Electric True-up (AET) supplemental advice filing.

Purpose

The purpose of this filing is to comply with the requirements of D.09-12-005. Ordering Paragraph (OP) 2 of D.09-12-005 provides:

“Within ten days of today’s date, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Electric Company shall file Tier 1 advice letters, as provided for in General Order 96-B, with revised tariffs that reflect the adopted Bond Charge and Power Charges. These new tariffs shall be effective beginning January 1, 2010.”

Electric Rate Consolidation

In this advice letter, PG&E implements the DWR revenue requirement changes described below. These changes are also to be incorporated in PG&E’s supplemental AET filing, to be filed by December 31, 2009, with rate changes to be effective on January 1, 2010.

2010 DWR Bond Charge

The 2010 DWR revenue requirement proceeding establishes both the 2010 DWR bond charge rate and the 2010 DWR power charge revenue requirement. In this advice letter, PG&E proposes to implement both changes through the
consolidated rate changes made in the AET. Pursuant to D.09-12-005 (OP 1.b), the DWR bond charge for 2010 is $0.00515 per kilowatt-hour (kWh). The DWR bond charge is paid by eligible bundled and non-bundled customers.

2010 DWR Power Charge and Remittance Rate

The 2010 DWR power charge revenue requirement determined by the 2010 DWR revenue requirement decision (D.09-12-005) is $930 million1. The Power Charge Collection Balancing Account (PCCBA) is forecast to be an undercollection of $74 million at the end of December and PG&E’s December AET supplement will reflect this balance. Consistent with previous Commission AET Resolutions, such as Resolution E-4121, PG&E, in its AET supplement will combine the 2010 power charge revenue requirement with the amortization of the forecast PCCBA balance to develop the total power charge related revenue requirement to be implemented in retail rates ($1,004 million). In addition, PG&E is forecast to collect $11 million in Franchise Fees in 2010.

The corresponding DWR remittance rate for PG&E is provided in Attachment 1 and is $0.23139 per kWh.

Tariff Changes

PG&E will file a supplement to its AET advice filing by December 31, 2009 with tariffs that include the final DWR related rate values based on D.09-12-005. The AET supplement will also contain revised rates for the PCCBA in electric Preliminary Statement I – Rate Schedule Summary.

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 January 4, 2010, which is 212 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

1 See attached Attachment 1 which contains applicable excerpts from Appendix A of D.09-12-005.
2 The protest period concludes on a weekend. PG&E moves the date to the following business day.
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

Pursuant to OP 2 of D.09-12-005, PG&E requests that this advice filing become effective on January 1, 2010.

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 and all electronic approvals should be directed to email PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: http://www.pge.com/tariffs.

Vice President, Regulatory Relations

Attachments:
Attachment 1: Appendix A of D.09-12-005

cc: R. 09-06-018
Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

<table>
<thead>
<tr>
<th>Utility type:</th>
<th>Contact Person: Olivia M Brown</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELC</td>
<td>Phone #: 415.973.9312</td>
</tr>
<tr>
<td>GAS</td>
<td>E-mail: <a href="mailto:oxb4@pge.com">oxb4@pge.com</a></td>
</tr>
<tr>
<td>PLC</td>
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<tr>
<td>HEAT</td>
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<tr>
<td>WATER</td>
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</tbody>
</table>

**EXPLANATION OF UTILITY TYPE**

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

**Advice Letter (AL) #: 3576-E**

**Tier:** 1

**Subject of AL:** 2010 Department of Water Resources (DWR) Revenue Requirement Determination

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

**AL filing type:** Monthly  Quarterly  Annual  One-Time  Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.09-12-005

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: N/A

Is AL requesting confidential treatment? 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: N/A

Resolution Required? No

Requested effective date: January 1, 2010

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). N/A

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
ADVICE 3576-E
Attachment 1:
Appendix A of D.09-12-005
### Allocation of 2010 Revenue Requirement Among Utilities

**California Department of Water Resources**

(Dollars in millions)

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>PG&amp;E</th>
<th>SCE</th>
<th>SDG&amp;E</th>
<th>Total</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Allocation Percentages</td>
<td>42.20%</td>
<td>47.50%</td>
<td>10.30%</td>
<td>100.00%</td>
<td>Decision 05-06-060</td>
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<tr>
<td>2</td>
<td>2004-2008 Expenses</td>
<td>9,940</td>
<td>10,858</td>
<td>3,298</td>
<td>24,097</td>
<td>Actuals</td>
</tr>
<tr>
<td>3</td>
<td>2004-2008 Revenues</td>
<td>9,220</td>
<td>11,104</td>
<td>3,464</td>
<td>23,788</td>
<td>Actuals</td>
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<tr>
<td>4</td>
<td>Amount to be collected from (/returned to) the IOU USBA</td>
<td>$720</td>
<td>$(246)</td>
<td>$(166)</td>
<td>$309</td>
<td>Line 3 - Line 4</td>
</tr>
<tr>
<td>5</td>
<td>2009 Expenses</td>
<td>1,178</td>
<td>1,613</td>
<td>401</td>
<td>3,192</td>
<td>actuals through Aug-09 then projected</td>
</tr>
<tr>
<td>6</td>
<td>2009 Revenues</td>
<td>1,583</td>
<td>1,538</td>
<td>544</td>
<td>3,665</td>
<td>actuals through Aug-09 then projected</td>
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<tr>
<td>7</td>
<td>Amount to be collected from (/returned to) the IOU USBA</td>
<td>$(405)</td>
<td>$76</td>
<td>$(143)</td>
<td>$(472)</td>
<td>Line 7 - Line 8</td>
</tr>
</tbody>
</table>

#### Balancing Calculation

- December 31, 2010 Projected PCA Balance: Desired Allocation
  - PG&E: 475, SCE: 535, SDG&E: 116, Total: 1,126
- January 1, 2004 Starting PCA Balance: Desired Allocation
  - PG&E: 701, SCE: 789, SDG&E: 171, Total: 1,660
- Amount to be collected from (/returned to) the IOU USBA
  - Line 3 - Line 4: $(225) - $(254) - $(55) - $(534)
  - Line 7 - Line 8: $(405) - $76 - $(143) - $(472)

#### 2010 Revenue Requirement Determination

1. **Avoidable Costs**
   - PG&E: 51, SCE: 223, SDG&E: 158, Total: 431
2. **Net Non-Avoidable Costs**
   - PG&E: 478, SCE: 1,589, SDG&E: 250, Total: 2,316
3. **Indifference/Acceleration Payment**
   - PG&E: 405, SCE: 452, SDG&E: 46, Total: -
4. **Gas Collateral Cost**
   - PG&E: 30, SCE: 26, SDG&E: 5, Total: 61
5. **Administrative and General**
   - PG&E: 12, SCE: 13, SDG&E: 3, Total: 27
6. **Other Non-Allocated Costs**
   - PG&E: -, SCE: -, SDG&E: -, Total: -
7. **Surplus Revenue**
   - PG&E: -, SCE: -, SDG&E: 6, Total: -
8. **Interest Earnings on Fund Balance**
   - PG&E: (5), SCE: (6), SDG&E: (1), Total: (13)
9. **Balancing Transfer between IOUs**
   - PG&E: (40), SCE: (528), SDG&E: (129), Total: (698)

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
</table>
| 10   | 2004-2009 True-up | 315
| 11   | Starting and Ending balance True-up | (225)
| 12   | Cumulative True-up to be collected from (/returned to) IOU USBA | $(40) - $(528) - $(129) - $(698)

#### Rate Calculation Table

2010 RR -- 10-15-2009Filing (with Aug-09 Actuals)

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>PG&amp;E</th>
<th>SCE</th>
<th>SDG&amp;E</th>
<th>Total</th>
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<tbody>
<tr>
<td>1</td>
<td>Revenue Requirement Allocated to IOU’s Customers</td>
<td>$930</td>
<td>$865</td>
<td>$331</td>
<td>$2,126</td>
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<tr>
<td>2</td>
<td>DWR Delivered Energy (GWh)</td>
<td>4,021</td>
<td>22,976</td>
<td>5,414</td>
<td>32,410</td>
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<tr>
<td>3</td>
<td>Calendar Year Remittance Rates</td>
<td>0.23139</td>
<td>0.03763</td>
<td>0.06112</td>
<td>0.06559</td>
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</table>

**APPENDIX A**
<table>
<thead>
<tr>
<th>Company/Organization</th>
<th>Address/Location</th>
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<td>Alcantar &amp; Kahl</td>
<td></td>
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<tr>
<td>Ameresco</td>
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<td>Anderson &amp; Poole</td>
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<td>Arizona Public Service Company</td>
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<td>BART</td>
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<td>BP Energy Company</td>
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<td>Barkovich &amp; Yap, Inc.</td>
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<td>C &amp; H Sugar Co.</td>
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<tr>
<td>CA Bldg Industry Association</td>
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<td>CAISO</td>
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<td>CLECA Law Office</td>
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<td>CSC Energy Services</td>
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<tr>
<td>California Cotton Ginners &amp; Growers Assn</td>
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<td>California Energy Commission</td>
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<td>California League of Food Processors</td>
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<td>Chamberlain, Eric</td>
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<td>Chevron Company</td>
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<td>Chris, King</td>
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<td>Department of Water Resources</td>
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<td>Dept of General Services</td>
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<tr>
<td>Hanna &amp; Morton</td>
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<td>Hitachi</td>
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<td>Intestate Gas Services, Inc.</td>
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<td>Los Angeles Dept of Water &amp; Power</td>
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<tr>
<td>Luce, Forward, Hamilton &amp; Scripps LLP</td>
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<td>MRW &amp; Associates</td>
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<td>Manatt Phelps Phillips</td>
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<td>Matthew V. Brady &amp; Associates</td>
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<td>McKenzie &amp; Associates</td>
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<td>Merced Irrigation District</td>
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<td>Silicon Valley Power</td>
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<td>eMeter Corporation</td>
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