March 30, 2010

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: Notice of the Transmission Access Charge Balancing Account Adjustment (TACBAA) Filing with the Federal Energy Regulatory Commission and Supplemental Filing

Dear Mr. Cherry:

Advice Letters 3603-E and 3603-E-A are effective March 1, 2010.

Sincerely,

Julie A. Fitch, Director
Energy Division
January 28, 2010

Advice 3603-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Notice of the Transmission Access Charge Balancing Account Adjustment (TACBAA) filing with the Federal Energy Regulatory Commission

Purpose

Pacific Gas and Electric Company (PG&E) hereby submits this advice letter to provide the California Public Utilities Commission (Commission) with notice of PG&E’s recent Transmission Access Charge Balancing Account Adjustment (TACBAA) filing with the Federal Energy Regulatory Commission (FERC).

Background

On December 4, 2009, PG&E filed its TACBAA filing with FERC in Docket No. ER10-387-000. Approved on May 26, 2005, Resolution E-3930 (Resolution) established a new process for Commission notification and review of transmission-related changes. Embodying this understanding, new Process Element 1 of the Resolution states, “The Commission recognizes that under the filed rate doctrine, the Commission should allow a pass through of these transmission rates that are filed with and become effective at the FERC.” PG&E is filing this advice letter to provide the Commission with notice of the FERC filing to allow the pass through of the transmission rates.

TACBAA Rate

The TACBAA is a ratemaking mechanism designed to ensure that the amount of costs shifted from New Participating Transmission Owners (TOs) in the ISO control area to existing TOs will be recovered from PG&E’s end-use customers.
As described in the TO Tariff, the effective date for the updated TACBAA rate is March 1st of each year. This revision will coincide with other retail rate adjustments required to implement rates proposed in PG&E’s TO12 rate case (FERC Docket No. ER09-1521-000), approved for implementation March 1, 2010, subject to refund. On August 24, 2009, PG&E filed Advice 3517-E to notify the Commission of PG&E’s TO12 transmission rate case filing.

Section 5.7 of PG&E’s TO Tariff describes the items to be included in the Transmission Access Charge Balancing Account (TACBA) and sets forth the procedure for revising the TACBAA rate on an annual basis. The 2010 TACBAA rate is based on the balance in the TACBA as of December 31, 2009, and a forecast of the net annual Access Charge billings by the ISO to PG&E during the following year.

The total revenue requirement used in the development of the retail 2010 TACBAA rate is the sum of three components: (1) the forecasted 2010 TACBA costs of $34,344,606, (2) the balance of the TACBA plus interest as of December 31, 2009, of $49,099,470, and (3) the Franchise Fees and Uncollectible Amount of $855,719. The resultant TACBAA revenue requirement is $84,299,794 and the corresponding rate is $0.00099/kWh.


**Compliance with Resolution E-3930**

PG&E submits this advice letter pursuant to Process Element 3 of the Resolution. Consistent with past practice, PG&E has also provided the Commission with a complete copy of the FERC filing on the same date that it was filed with FERC, by service to Mr. Frank Lindh of the Commission’s Legal Division.

In this advice letter, PG&E requests authority to revise each corresponding transmission rate component of its Commission-jurisdictional tariffs on the date which FERC ultimately authorizes these changes to become effective, subject to refund, and to make corresponding adjustments to its total applicable Commission-jurisdictional rates, with exceptions only as described below for the residential tariffs.

As described under Process Elements 5 and 6 of the Resolution, total rates for residential usage up to 130 percent of baseline (“Tier 1 and 2 usage”) were previously constrained by California Assembly Bill 1X (AB 1X). California Senate Bill 695 (SB 695), enacted October 11, 2009, modified the constraints on total rates for residential usage up to 130 percent of baseline and Decision (D.) 09-12-
048 adopted PG&E’s revised residential rate design as compliant therewith. Accordingly, PG&E will revise rates consistent with current practice and in compliance with this requirement.

The TACBAA rate will change from ($0.00006)/kWh to $0.00099/kWh. PG&E will file a supplemental advice letter with revised tariffs prior to March 1, 2010, the date which FERC has authorized the TACBAA and TO12 changes to become effective subject to refund.

**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 **February 17, 2010**, 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 March 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
Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

<table>
<thead>
<tr>
<th>Utility type:</th>
<th>Contact Person: Olivia 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>
<td></td>
</tr>
<tr>
<td>☐ HEAT</td>
<td></td>
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<tr>
<td>☐ WATER</td>
<td></td>
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</tbody>
</table>

**EXPLANATION OF UTILITY TYPE**

<table>
<thead>
<tr>
<th>ELC = Electric</th>
<th>GAS = Gas</th>
</tr>
</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) #: 3603-E

*Tier: 2*

**Subject of AL:** Notice of the Transmission Access Charge Balancing Account Adjustment (TACBAA) filing with the Federal Energy Regulatory Commission

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

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **Resolution E-3930**

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? 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: **N/A**

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Resolution Required? ☑ Yes  ☐ No

**Requested effective date:** March 1, 2010  
**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). **N/A**

**Tariff schedules affected:** TACBAA rate

**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
Alcantar & Kahl
Ameresco
Anderson & Poole
Arizona Public Service Company
BART
BP Energy Company
Barkovich & Yap, Inc.
Bartle Wells 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
Chamberlain, Eric
Chevron Company
Chris, King
City of Glendale
City of Palo Alto
Clean Energy Fuels
Coast Economic Consulting
Commerce Energy
Commercial 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
Douglass & Liddell
Downey & Brand
Duke Energy
Dutcher, John
Ellison Schneider & Harris LLP
FPL Energy Project Management, Inc.
Foster Farms
G. A. Krause & Assoc.
GLJ Publications
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Power Institute
Hanna & Morton
Hitachi
International Power Technology
Intestate Gas Services, 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
Merged Irrigation District
Mirant
Modesto Irrigation District
Morgan Stanley
Morrison & Foerster
New United Motor Mfg., Inc.
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Association
Occidental Energy Marketing, Inc.
OnGrid Solar
Praxair
R. W. Beck & Associates
RCS, Inc.
Recon Research
SCD Energy Solutions
SCE
SMUD
SPURR
Santa Fe Jets
Seattle City Light
Sempra Utilities
Sierra Pacific Power Company
Silicon Valley Power
Silo Energy LLC
Southern California Edison Company
Sunshine Design
Sutherland, Asbill & Brennan
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 Specialists
Verizon
Wellhead Electric Company
Western Manufactured Housing
Communities Association (WMA)
eMeter Corporation