October 29, 2010

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

Dear Ms. Yura:

Advice Letter 3634-E is effective January 1, 2010.

Sincerely,

Julie A. Fitch, Director
Energy Division
March 16, 2010

Advice 3634-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 the annual adjustments to the electric public goods charge (PGC) funding obligations in compliance with Resolution E-3792 (Resolution). The 2010 PGC funding obligations for PG&E will remain the same as 2009.

Purpose

This filing complies with the Resolution issued on December 17, 2002.\(^1\) Specifically, this filing submits the annual adjustments to the electric PGC funding obligations in compliance with Ordering Paragraph 7 of the Resolution.

Background

The Resolution specified the methodology for utilities to adjust the electric PGC funding obligations required by Public Utilities (PU) Code § 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, the Resolution proposed applying the adjustment methodology one year later, on January 1, 2003. Advice 2363-E dated March 28, 2003, was PG&E’s first filing in compliance with the Resolution. This advice letter stated that adjustments for 2003 would be based on changes in sales and prices during 2002. Continuing that methodology, adjustments for 2010 will be based on changes in sales and prices during 2009.

\(^1\) Resolution E-3792 requires that this advice filing be submitted by March 31 of each year.
As directed in the Resolution, 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 the Resolution, consistent with PU Code § 399.8(d)(2). The Resolution 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. The Resolution further states that if the lower of sales change and price change is negative in any one year, the authorized funding for the subsequent year shall remain constant.

In accordance with SB 1036, Chapter 685, Statutes of 2007, and the amendments to Section 399.8 of the PU 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 California Public Utilities Commission (CPUC or Commission) issued the Resolution E-4160 that reduced the renewable portion of the PGC funding obligation effective January 1, 2008. Advice 3245-E approved on June 11, 2008, implemented this reduction of 2008.

**2010 PGC Funding Obligation**

PG&E’s electric sales were 85,763 billion kWh in 2009 and 88,269 billion kWh in 2008. The percentage change of sales between 2009 and 2008 is therefore (85,763 – 88,269)/88,269 = (2.84) percent.

On February 26, 2010, the annual GDP (Gross Domestic Product) deflator for 2009 was 109.761 as published by the U.S Department of Commerce. The annual GDP deflator on February 27, 2009, was 122.415, as stated in PG&E’s Advice Letter 3443-E. The percentage change in prices as measured by the change in the annual GDP deflator between 2010 and 2009 is therefore (109.761-122.415)/122.415 = (10.34) percent.

The percentage change for both sales and price is negative; hence, the funding authorization for 2010 will remain the same as 2009.

Therefore, the electric PGC funding obligations for PG&E, effective January 1, 2010, will continue to be:

2 Resolution E-3792, p. 10.
3 SB 1036, Ch. 685, Stats. 2007/PRC 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. Since there will be no change to the PGC for 2010, no adjustment to PPPRAM rates will result from this advice letter.

**Protests**

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 5, 2010, 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: jni@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:

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, California 94177

Facsimile: (415) 973-6520  
E-Mail: PGETariffs@pge.com

**Effective Date**

PG&E is filing this advice letter as a Tier 1 to be approved on the filing date,  

<table>
<thead>
<tr>
<th>EE Programs</th>
<th>Renewables</th>
<th>RDD</th>
<th>Total</th>
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<tbody>
<tr>
<td>$119,445,548</td>
<td>$36,452,596</td>
<td>$34,860,026</td>
<td>$190,758,170</td>
</tr>
</tbody>
</table>

**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](http://www.pge.com/tariffs).

[Signature]

Vice President, Regulation and Rates

Attachments

cc: Service List for A.08-07-021
**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>
</tr>
<tr>
<td>☐ WATER</td>
<td></td>
</tr>
</tbody>
</table>

**EXPLANATION OF UTILITY TYPE**

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

Advice Letter (AL) #: 3634-E  
Subject of AL: Annual Adjustments 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: 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

Resolution Required? ☐ Yes ☒ No

Requested effective date: January 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: 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: Jane K. Yura, Vice President, Regulation and Rates  
77 Beale Street, Mail Code B10B  
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
Bloomberg New Energy Finance
Boston Properties
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
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
Defence Energy Support Center
Department of Water Resources
Department of the Army
Dept of General Services
Division of Business Advisory Services
Douglass & Liddell
Downey & Brand
Duke Energy
Dutcher, John
Economic Sciences Corporation
Ellison Schneider & Harris LLP
Foster Farms
G. A. Krause & Assoc.
GLJ Publications
Goodin, MacBridge, 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
McKenzie & Associates
Merced Irrigation District
Mirant
Modesto Irrigation District
Morgan Stanley
Morrison & Foerster
NRG West
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