May 17, 2010

Advice Letter 3639-E

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: 2010 Energy Resource Recovery Account Trigger Amount – Compliance Filing with D.02-10-062, 04-01-050, and 04-12-048

Dear Ms. Yura:

Advice Letter 3639-E is effective March 26, 2010.

Sincerely,

Julie A. Fitch, Director
Energy Division
March 26, 2010

Advice 3639-E
(Pacific Gas and Electric Company ID U 39E)

Public Utilities Commission of the State of California

Subject: 2010 Energy Resource Recovery Account Trigger Amount – Compliance Filing with Decisions 02-10-062, 04-01-050, and 04-12-048


In Decision (D.) 02-10-062 (see pages 64-66), the California Public Utilities Commission (Commission) established an ERRA “trigger” mechanism to comply with Public Utilities (PU) Code §454.5(d)(3)’s requirement that “any overcollection or undercollection in the power procurement balancing account does not exceed 5 percent of the electrical corporation’s actual recorded generation revenues for the prior calendar year excluding revenues collected for the Department of Water Resources.” 1

In D.04-01-050 the Commission ordered that the “ERRA trigger amount Advice Letter should be filed April 1 of each year.” 2

Purpose

The purpose of this advice letter is to establish PG&E’s 2010 ERRA trigger amount in compliance with PU Code §454.5(d)(3), D.04-01-050, and D.04-12-048.

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1 In pages 213-214 of D.04-12-048, the Commission directed the investor-owned utilities to “keep the trigger mechanism in effect during the term of the long-term contracts, or ten years, whichever is longer.”
2 See D.04-01-050, Ordering Paragraph 5 and pages 175-176, ERRA Schedule Tables, Table Footnote 1.
ERRA Trigger Calculation

PG&E’s 2010 ERRA trigger amount is calculated to be $270.4 million. Consistent with PG&E’s ERRA trigger advice letters in previous years, this year’s calculation is based on revenue streams from the balancing accounts that record PG&E’s generation revenues, excluding DWR revenues. These revenue streams include the Utility Generation Balancing Account (UGBA), ERRA, and the Modified Transitional Cost Balancing Account (MTCBA). These balancing accounts include the capital and non-fuel operating costs in PG&E’s existing generation asset base, fuel and electric procurement costs, and ongoing competition transition costs, respectively. The 2009 revenues from the three accounts and the corresponding trigger amount are shown in the table below.

<table>
<thead>
<tr>
<th>Account</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 UGBA Revenues</td>
<td>$1,128.8M</td>
</tr>
<tr>
<td>2009 ERRA Revenues</td>
<td>$3,672.1M</td>
</tr>
<tr>
<td>2009 MTCBA Revenues</td>
<td>$606.7M</td>
</tr>
<tr>
<td><strong>Total 2009 Generation Revenues, excluding DWR</strong></td>
<td><strong>$5,407.6M</strong></td>
</tr>
<tr>
<td><strong>2010 ERRA Trigger (5% of total $5,407.6M)</strong></td>
<td><strong>$270.4M</strong></td>
</tr>
</tbody>
</table>

**Conclusion**

PG&E requests that the Commission approve $270.4 million as PG&E’s 2010 ERRA trigger amount. PG&E also requests that this 2010 trigger amount remain in effect until the Commission adopts the 2011 trigger amount, to be submitted by advice letter no later than April 1, 2011.

**Protest**

Anyone wishing to protest this filing may do so by sending a letter by **April 15, 2010**, which is 20 days from the date of filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. 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: inj@cpuc.ca.gov and mas@cpuc.ca.gov

Copies of protests should also be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.
The protest 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 as a Tier One advice letter and, provided no protests are received, requests that this filing be effective on **March 26, 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](http://www.pge.com/tariffs).

Vice President – Rates and Regulation
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) #: 3639-E**

**Subject of AL:** 2010 Energy Resource Recovery Account (ERRA) Trigger Amount – Compliance Filing with Decisions 02-10-050, 04-01-050, and 04-12-048

**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 #: Decisions 02-10-050, 04-01-050, and 04-12-048

**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:** March 26, 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
PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV

Alcantar & Kahl
Day Carter Murphy
Defence Energy Support Center
Dept of the Army

Ameresco
Department of Water Resources
Dept of General Services

Anderson & Poole
Department of the Army

Arizona Public Service Company
Division of Business Advisory Services

BART
Duke Energy

BP Energy Company
Douglass & Liddell

Barkovich & Yap, Inc.
Downey & Brand

Bartle Wells Associates
Dutcher, John

Bloomberg New Energy Finance
Economic Sciences Corporation
Ellison Schneider & Harris LLP

Boston Properties
Foster Farms

C & H Sugar Co.
G. A. Krause & Assoc.

CA Bldg Industry Association
GLJ Publications

CALSECA Law Office
Goodin, MacBride, Squeri, Schlotz & Ritchie

CSC Energy Services
Hanna & Morton

California Cotton Ginners & Growers Assn
Green Power Institute

California Energy Commission
Hitachi

California League of Food Processors
International Power Technology

California Public Utilities Commission
Intestate Gas Services, Inc.

Calpine
Los Angeles Dept of Water & Power

Cameron McKenna
Luce, Forward, Hamilton & Scripps LLP

Cardinal Cogen
MBMC, Inc.

Casner, Steve
MRW & Associates

Chamberlain, Eric
Manatt Phelps Phillips

Chris, King
McKenzie & Associates

City of Glendale
Merced Irrigation District

City of Palo Alto
Mirant

Clean Energy Fuels
Modesto Irrigation District

Coast Economic Consulting
Morgan Stanley

Commerce Energy
Morrison & Foerster

Commercial Energy
NRG West

Consumer Federation of California
New United Motor Mfg., Inc.

Crossborder Energy
Norris & Wong Associates

Davis Wright Tremaine LLP
North Coast Solar Resources
Occidental Energy Marketing, Inc.
OnGrid Solar

Day Carter Murphy
North Coast Solar Resources

Defense Energy Support Center
Occidental Energy Marketing, Inc.

Department of Water Resources
OnGrid Solar

Department of the Army
Praxair

Dept of General Services
R. W. Beck & Associates

Division of Business Advisory Services
RCS, Inc.

Duke Energy
Recon Research

Dutcher, John
SCD Energy Solutions

Economic Sciences Corporation
SCE

Ellison Schneider & Harris LLP
SMUD

Foster Farms
SPURR

G. A. Krause & Assoc.
Santa Fe Jets

GLJ Publications
Seattle City Light

Goodin, MacBride, Squeri, Schlotz & Ritchie
Sempra Utilities

Hanna & Morton
Sierra Pacific Power Company

Green Power Institute
Silicon Valley Power

Hitachi
Silo Energy LLC

International Power Technology
Southern California Edison Company

Intestate Gas Services, Inc.
Sunshine Design

Los Angeles Dept of Water & Power
Sutherland, Asbill & Brennan

Luce, Forward, Hamilton & Scripps LLP
Tabors Caramanis & Associates

MBMC, Inc.
Tecogen, Inc.

MRW & Associates
Tiger Natural Gas, Inc.

Manatt Phelps Phillips
Tioga Energy

McKenzie & Associates
TransCanada

Merced Irrigation District
Turlock Irrigation District

Mirant
U S Borax, Inc.

Modesto Irrigation District
United Cogen

Morgan Stanley
Utility Cost Management

Morrison & Foerster
Utility Specialists

NRG West
Verizon

New United Motor Mfg., Inc.
Wellhead Electric Company

Norris & Wong Associates
Western Manufactured Housing Communities Association (WMA)

eMeter Corporation