December 5, 2012

Advice Letter 3652-E

Brian K. Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Subject: Notice of Federal Energy Regulatory Commission Settlement of Rate Increase Filing (TO12) and Authorization to Institute Interim Rates

Dear Mr. Cherry:

Advice Letter 3652-E is effective November 16, 2012.

Sincerely,

Edward F. Randolph, Director
Energy Division
April 12, 2010

Advice 3652-E  
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Notice of Federal Energy Regulatory Commission Settlement of Rate Increase Filing (TO12) and Authorization to Institute Interim Rates

Purpose

Pacific Gas and Electric Company (PG&E) hereby submits this advice letter to provide the California Public Utilities Commission (Commission or CPUC) with notice of PG&E’s March 31, 2010 filing of an uncontested Settlement in PG&E’s TO12 transmission rate case with the Federal Energy Regulatory Commission’s (FERC). In addition, PG&E submitted a Motion for Interim rates on March 31, 2010, requesting to implement, on an interim basis effective June 1, 2010, the retail rates included in the Settlement. On April 8, 2010, FERC authorized PG&E to institute the interim retail rates effective June 1, 2010.

Background

On August 24, 2009, PG&E filed Advice 3517-E to notify the Commission of PG&E’s TO12 transmission rate case filing. On September 30, 2009, FERC accepted PG&E’s TO12 filing, suspended the rate increase for five months to become effective on March 1, 2010, subject to refund, and established hearing and settlement judge procedures.

On March 31, 2010, PG&E filed an offer of Settlement and Stipulation (Settlement) concerning PG&E’s proposed changes to its wholesale and retail electric transmission rates under its Transmission Owner Tariff (TO Tariff). PG&E also submitted a Motion for Interim rates requesting to implement, on an interim basis effective June 1, 2010, the retail rates included in the Settlement.

On April 8, 2010, FERC authorized PG&E to institute the interim retail rates effective June 1, 2010.

The Commission has long recognized that FERC has jurisdiction over unbundled retail electric transmission rates in California, including transmission services
provided under the FERC-approved California Independent System Operator Corporation (ISO) Tariff. To the extent that FERC decisions addressing ISO or other transmission service have been issued, they are deemed reasonable for purposes of inclusion in retail electric rates. (See New York v. FERC, 535 US 1 (2002).) The decision states, “When a bundled retail sale is unbundled and becomes separate transmission and power sales transactions, the resulting transmission transaction falls within the Federal Sphere of regulation,” Id. at 12 (citing FERC Order 888 approvingly, citations omitted.)

Approved on May 26, 2005, Commission Resolution E-3930 established a process for CPUC notification and review of transmission-related changes, and embodies this understanding in new Process Element 1, where it 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.”

In its TO12 Settlement, PG&E agreed upon a retail revenue requirement of $875 million. This represented a decrease of $71.4 million from PG&E’s as filed TO12 rates, which were based on a retail revenue requirement of $946.4 million and which became effective (subject to refund) on March 1, 2010. The effective date for implementation of settlement rates on an interim basis is June 1, 2010. Once the TO12 Settlement is approved by FERC, the difference between amounts collected by the as filed rates and the settlement rates for the period between March 1, 2010 and May 31, 2010 will be refunded through PG&E’s established End-Use Customer Refund Account (ECRA) mechanism.

**Compliance with Resolution E-3930**

PG&E submits this advice letter pursuant to Process Element 4 of Resolution E-3930. Consistent with past practice, PG&E has also provided the Commission with a complete copy of the multi-volume FERC filing and the Settlement on the same dates as filed with FERC, by service to Mr. Frank Lindh of the Commission’s Legal Division.

Pursuant to Process Elements 3 through 5 of Resolution E-3930, PG&E provides in Attachment A, a copy of its Appendix I though Appendix III of its Settlement and provides a complete statement of PG&E’s current and proposed retail transmission rates. In this advice letter, PG&E requests authority to revise each corresponding transmission rate component of its CPUC-jurisdictional tariffs on the date on which FERC ultimately authorizes these changes to become effective (subject to refund), and to make corresponding adjustments to PG&E’s total applicable CPUC-jurisdictional rates, with exceptions only as described below for the residential tariffs.

As described under Process Elements 5 and 6 of Resolution E-3930, 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.

As anticipated under Process Element 4 of Resolution E-3930, PG&E will provide complete updated tariff sheets, including this change, as part of a consolidation advice letter to be filed prior to June 1, 2010.

**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 May 3, 2010, which is 21 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:

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 requests that this advice filing become effective on June 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 – Regulation and Rates

Attachments:
Attachment A: Appendix I, II, III FERC Docket No. ER09-1521-000
# ADVICE LETTER FILING SUMMARY

**ENERGY UTILITY**

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

<table>
<thead>
<tr>
<th>Company name/CPUC Utility No.</th>
<th>Pacific Gas and Electric Company (ID U39 M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility type:</td>
<td>Contact Person: Olivia Brown</td>
</tr>
<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>
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</table>

**EXPLANATION OF UTILITY TYPE**

<table>
<thead>
<tr>
<th>ELC = Electric</th>
<th>GAS = Gas</th>
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</thead>
<tbody>
<tr>
<td>PLC = Pipeline</td>
<td>HEAT = Heat</td>
</tr>
<tr>
<td>WATER = Water</td>
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</tr>
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**Advice Letter (AL) #: 3652-E**

**Tier: 2**

Subject of AL: Notice of Federal Energy Regulatory Commission Settlement of Rate Increase Filing (TO12) and Authorization to Institute Interim Rates

Keywords (choose from CPUC listing): Compliance

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

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

Resolution Required? ☐ Yes ☑ No

Requested effective date: June 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
ATTACHMENT A
PACIFIC GAS AND ELECTRIC COMPANY
TRANSMISSION OWNER TARIFF

TO12 Settlement Version
TO Tariff Sheets Effective March 1, 2010

Appendix I (Sheet No. 56)
Appendix II
Appendix III
APPENDIX I
Transmission and Reliability Services Revenue Requirements

1. The Transmission Revenue Requirement for purposes of calculating End-User transmission rates shall be $829,048,325, which is composed of the Base Transmission Revenue Requirement of $875,000,000, and the TRBAA of ($45,951,675).

2. For purposes of the ISO’s calculation of Access Charges under Section 26.1 of the ISO Tariff:

   a. The High Voltage Transmission Revenue Requirement shall be $369,950,683, which is composed of a High Voltage Base Transmission Revenue Requirement of $399,088,935, Standby Transmission Demand Revenue credit of ($1,523,914), and a High Voltage TRBAA of ($27,614,339).

   b. The Low Voltage Transmission Revenue Requirement shall be $435,172,404, which is composed of a Low Voltage Base Transmission Revenue Requirement of $455,911,065, Standby Transmission Demand Revenue credit of ($1,814,356), and a Low Voltage TRBAA of ($18,924,305).

   c. The High Voltage Transmission Revenue Requirement associated with New High Voltage Transmission Facilities is $209,625,978, which is composed of a High Voltage Base Transmission Revenue Requirement of $226,118,751, Standby Transmission Demand Revenue credit of ($863,057), and a High Voltage TRBAA of ($15,629,716).

   d. The forecast of Gross Load at the High Voltage/Low Voltage interface is 90,326,715 megawatt-hours.

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1 Total revenue requirement associated with transmission facilities and entitlements turned over to the operational control of the ISO by the Participating TO, which reflects a reduction or increase for Transmission Revenue Credits.
APPENDIX II

Access Charges for Wholesale Transmission

Per kWh

High Voltage Access Charge .................................. See ISO Tariff
Low Voltage Access Charge .................................. $0.004818
High Voltage Utility-Specific Access Charge .............. $0.004096

High Voltage Wheeling Access Charge

High Voltage Wheeling Access Charge ..................... See ISO Tariff

Low Voltage Wheeling Access Charge

High Voltage Wheeling Access Charge ..................... See ISO Tariff
Low Voltage Wheeling Access Charge ..................... $0.004818
APPENDIX III

Access Charges for End-Use Service ¹, ²

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  SCHEDULE A-6
  SCHEDULE A-15
  SCHEDULE TC-1
  SCHEDULE A-10
  SCHEDULE E-19
  SCHEDULE E-20
  SCHEDULE E-37
  SCHEDULE S

AGRICULTURAL SCHEDULES

STREETLIGHTING SCHEDULES

¹ These charges represent the rates for recovery of the Base Transmission Revenue Requirement. A TRBAA Rate of ($0.00054) per kWh and a TACBAA Rate of $0.00099 per kWh shall also apply to all of the rate schedules described in this Appendix.

² The applicability of these rates is described in the California Public Utilities Commission jurisdictional retail tariffs.

<table>
<thead>
<tr>
<th>RESIDENTIAL SCHEDULES</th>
<th>TO RATES</th>
<th>ECRA RATES</th>
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<tr>
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<td>SCHEDULE EM AND EML (CARE)</td>
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<td>SCHEDULE E-9</td>
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</table>

Energy Charge ($/kWh) | $0.01158 | ($0.00050) |

Issued By: Dede Hapner, Vice President – FERC and ISO Relations  
Effective: 03/01/2010  
Issued On: 03/31/2010
### COMMERCIAL & INDUSTRIAL SCHEDULES

<table>
<thead>
<tr>
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<tr>
<td>SCHEDULE TC-1</td>
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</table>

Energy Charge ($/kWh)  

$0.01083  ($0.00047)

### SCHEDULE A-10

**BASIS FOR DEMAND CHARGE:** The customer will be billed for demand according to the customer’s “maximum demand” each month. The number of kW used will be recorded over 15-minute intervals; the highest 15-minute average in the month will be the customer’s maximum demand. **SPECIAL CASES:** (1) If the customer's use of energy is intermittent or subject to severe fluctuations, a 5-minute interval may be used, and (2) If the customer uses welders, the demand charge will be subject to the minimum demand charges for those welders’ ratings, as explained in Section J of PG&E’s CPUC Rule 2.

Maximum Demand Charge ($/kW/mo)  

$3.71

Energy Charge ($/kWh)  

($0.00045)

### SCHEDULE E-19

**BASIS FOR DEMAND CHARGE:** Demand will be averaged over 15-minute intervals. "Maximum demand" will be the highest of all the 15-minute averages for the billing month. If the customer's use of electricity is intermittent or subject to severe fluctuations, a 5-minute interval may be used. If the customer has any welding machines, the diversified resistance welder load, calculated in accordance with Section J of PG&E’s CPUC Rule 2, will be considered the maximum demand if it exceeds the maximum demand that results from averaging the demand over 15-minute intervals.

Maximum Demand Charge ($/kW/mo)  

$3.71

Energy Charge ($/kWh)  

($0.00045)
**SCHEDULE E-20**

**BASIS FOR DEMAND CHARGE:** Demand will be averaged over 15-minute intervals. "Maximum demand" will be the highest of all the 15-minute averages for the billing month. If the customer's use of electricity is intermittent or subject to severe fluctuations, a 5-minute interval may be used. If the customer has any welding machines, the diversified resistance welder load, calculated in accordance with Section J of PG&E's CPUC Rule 2, will be considered the maximum demand if it exceeds the maximum demand that results from averaging the demand over 15-minute intervals.

| Maximum Demand Charge ($/kW/mo) | $3.75 |
| Energy Charge ($/kWh)           | ($0.00035) |

**SCHEDULE E-37**

| Energy Charge ($/kWh) | $0.00862 ($0.00037) |

**SCHEDULE S**

**RESERVATION CAPACITY:** The Reservation Capacity to be used for billing under the above rates shall be as set forth in the customer's contract for service. For new or revised contracts, the Reservation Capacity shall be determined by the customer. However, if the customer's standby demand exceeds this new contracted capacity in any billing month, that standby demand shall become the new Reservation or Contract Capacity for 12 months, beginning with that month. See Special Condition 7 for the definition of Reservation Capacity for Supplemental Standby Service customers.

The **Reservation Charge**, in dollars per kilowatt (kW), applies to 85 percent of the customer's Reservation Capacity, as defined in Special Condition 1 of the tariffs.

| Reservation Charge ($/kW/mo) | $0.45 |
| Energy Charge ($/kWh)        | $0.00794 ($0.00068) |
### AGRICULTURAL SCHEDULES

The CPUC-jurisdictional retail tariffs should be referred to for detailed descriptions of how agricultural demand charges are assessed.

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Energy Charge ($/kWh)</th>
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### STREETLIGHTING SCHEDULES

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Energy Charge ($/kWh)</th>
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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  
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  
Douglass & Liddell  
Downey & Brand  
Duke Energy  
Dutcher, John  
Economic Sciences Corporation  
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Hitachi  
International Power Technology  
Intestate Gas Services, Inc.  
Los Angeles Dept of Water & Power  
Luce, Forward, Hamilton & Scripps LLP  
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MRW & Associates  
Manatt Phelps Phillips  
McKenzie & Associates  
Merced Irrigation District  
Miant  
Modesto Irrigation District  
Morgan Stanley  
Morrison & Foerster  
NRG West  
New United Motor Mfg., Inc.  
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