May 28, 2010

Advice Letter 3656-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: 2009 Vegetation Management Balancing Account

Dear Ms. Yura:

Advice Letter 3656-E is effective May 24, 2010.

Sincerely,

Julie A. Fitch, Director  
Energy Division
April 23, 2010

Advice 3656-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: 2009 Vegetation Management Balancing Account

In accordance with Preliminary Statement, Part BU--Vegetation Management Balancing Account (VMBA), Pacific Gas and Electric Company (“PG&E”) submits for filing a summary of the entries made to the VMBA for the period from January 1, 2009, through December 31, 2009. In 2009, the VMBA expense exceeded the amount adopted in the 2007 GRC decision. Since the account is a one-way balancing account, the 2009 VMBA under-collected balance is shareholder funded and no account disposition is required.

Background

In PG&E’s 1999 General Rate Case (“GRC”) Decision (“D.”) 00-02-046, the California Public Utilities Commission (“Commission”) adopted a one-way balancing account mechanism to track vegetation management expenditures during the time the 1999 GRC revenue requirement is in effect. The VMBA provides that PG&E will file an annual advice letter summarizing the entries to the VMBA for that year and a proposal for the disposition of any credit balance in the account. D.04-05-055 in PG&E’s 2003 GRC continued the VMBA through the 2003 GRC cycle.

In PG&E’s 2007 GRC (A.05-12-002), the Commission adopted a Settlement Agreement regarding the distribution revenue requirement (see D.07-03-044). Under the Settlement, PG&E is to continue using the one-way balancing account for Vegetation Management. In this agreement, $148.4 million (in 2009 dollars) was adopted as a reasonable forecast of Vegetation Management expense. Excluding the allocated FERC jurisdiction amounts, the net adopted 2009 expense is $147,608,424 (in 2009 dollars).

2009 VMBA Balance

Entries made to the VMBA for the period January 1, 2009, through December 31, 2009, are shown in Table 1. The recorded expenses for 2009 totaled $148,492,223. In accordance with VMBA accounting procedures, this amount excludes Vegetation
Management expenses allocated to Federal Energy Regulatory Commission (FERC) jurisdiction.

The difference between the amount adopted in D.07-03-044 and the recorded expense for 2009 is an over-spending of $882,890. This amount represents an under-collection, or debit balance, to the VMBA. Since the account is a one-way balancing account, this debit balance is not recoverable from customers.

This filing will not increase any rate or charge, cause the withdrawal of service or conflict with any other rate schedule or rule.

**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 13, 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: mas@cpuc.ca.gov or jnj@cpuc.ca.gov

Copies also should 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 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 **May 24, 2010**, which is 31 days from the date of this filing.

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

Vice President – Regulation and Rates

Attachments
**CALIFORNIA PUBLIC UTILITIES COMMISSION**

**ADVICE LETTER FILING SUMMARY**

**ENERGY UTILITY**

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

<table>
<thead>
<tr>
<th>Utility type</th>
<th>Contact Person</th>
<th>Phone #</th>
<th>E-mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ ELC</td>
<td>Linda Tom-Martinez</td>
<td>(415) 973-4612</td>
<td><a href="mailto:lmt1@pge.com">lmt1@pge.com</a></td>
</tr>
<tr>
<td>☑ GAS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ PLC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ HEAT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ WATER</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**EXPLANATION OF UTILITY TYPE**

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

Advice Letter (AL) #: **3656-E**  
Tier: **2**

Subject of AL: **2009 Vegetation Management Balancing Account**

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

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **D.00-02-046**

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: ________________

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:

Confidential information will be made available to those who have executed a nondisclosure agreement: ☑ Yes ☐ No

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information:

Resolution Required? ☐ Yes ☑ No

Requested effective date: **May 24, 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).

Tariff schedules affected: **N/A**

Service affected and changes proposed: **N/A**

Pending advice letters that revise the same tariff sheets: **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**
### Table 1

**Vegetation Management Balancing Account Summary**

**January 1, 2009, through December 31, 2009**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 GRC Adopted Estimate</td>
<td>$148,380,000</td>
</tr>
<tr>
<td>Less FERC Allocation (0.52%)</td>
<td>($771,576)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$147,608,424</strong></td>
</tr>
<tr>
<td>2009 Recorded Expenses</td>
<td>$149,272,078</td>
</tr>
<tr>
<td>Less FERC Allocation (0.52%)</td>
<td>($779,855)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$148,492,223</strong></td>
</tr>
<tr>
<td>Over (Under) Expenditure</td>
<td>$883,799</td>
</tr>
<tr>
<td>Accrued Interest (through December 31, 2009)</td>
<td>($909)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$882,890</strong></td>
</tr>
</tbody>
</table>
PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV

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
Ellison Schneider & Harris LLP
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
MAC Lighting Consulting
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.
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
Sutterland, 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