

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



October 29, 2010

Advice Letter 3732-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: Approval of PG&E's Investment Management Agreement for
the Qualified Nuclear Decommissioning Trusts**

Dear Ms. Yura:

Advice Letter 3732-E is effective October 11, 2010.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division



**Pacific Gas and
Electric Company™**

Jane K. Yura
Vice President
Regulatory Relations

Mailing Address
Mail Code B10B
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

Fax: 415.973.6520

September 10, 2010

Advice 3732-E

Pacific Gas and Electric Company (U 39-M)

Public Utilities Commission of the State of California

**Subject: Approval of PG&E's Investment Management Agreement for the
Qualified Nuclear Decommissioning Trusts**

Purpose

Pacific Gas & Electric Company (PG&E) hereby submits the Investment Management Agreement with EARNEST Partners, a minority-owned business, for approval to the California Public Utilities Commission (CPUC or the Commission) pursuant to Decision (D.) 95-07-055.

Background

In response to D.87-05-062 and Resolution E-3048, PG&E negotiated with the Commission staff and the Trustee of its decommissioning trusts to develop trust agreements for its nuclear decommissioning costs in accordance with the guidelines set forth in that Decision. Two trust agreements were required: one for the decommissioning funds, which qualifies for an income tax deduction under Section 468A of the Internal Revenue Code (Qualified Trust) and one for the remaining funds (Non-Qualified Trust). The two agreements are collectively referred to herein as the "Trusts."

On November 25, 1987, PG&E's trust agreements were approved by the Commission in Resolution E-3048 providing for the establishment of the Nuclear Facilities Decommissioning Master Trust Committee (Committee) consisting of five members, at least three of whom cannot be affiliated with PG&E. Pursuant to Sections 3.04 and 5.01 of the trust agreements and subject to Commission approval of the investment management agreements, the Committee is authorized to appoint one or more investment managers to direct the investments of all or part of the trust assets. By this filing, PG&E is requesting Commission approval of an Investment Management Agreement with EARNEST Partners, a minority-owned business, for the Qualified Trust. This proposed Investment Management Agreement is substantially the same as agreements with other investment managers that have been previously approved by the Commission.

This filing will not increase any management fee schedules, impact rates, conflict

with any schedules or rules, nor cause withdrawal of service.

Confidential Attachment 1

In support of this Advice Letter, PG&E submits Confidential Attachment 1, Investment Management Agreement with EARNEST Partners

This agreement contains market sensitive information on investment management fees that, if disclosed, could negatively impact PG&E's future contract negotiations. Therefore, in accordance with CPUC General Order 96-B, Section 9.3, Confidential Treatment, PG&E is requesting confidential treatment for Attachment 1, which will be provided to the Energy Division with this Advice Letter. All other parties on the service list will be served the Advice Letter only.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **September 30, 2010**, which is 20 days from the date of this 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
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: mas@cpuc.ca.gov and inj@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Honesto Gatchalian, Energy Division, 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.

Pacific Gas and Electric Company
Attention: Jane K. Yura
Vice President, Regulatory Relations
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 be approved as soon as possible, with the effective date of **October 11, 2010**, which is 31 days after the filing.

Notice

In accordance with G.O. 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 and the service list for A.09-04-007. Address changes to the G.O. 96-B service list should be directed to e-mail PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approval letters to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

A handwritten signature in black ink that reads "Jane Yura" followed by a stylized "OB" or similar mark.

Jane K. Yura
Vice President - Regulatory Relations

cc: Service List for A.09-04-007
Paul Phillips, California Public Utilities Commission

Attachments:

Confidential Attachment 1: Investment Management Agreement with
EARNEST Partners

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

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

Utility type:

☒ ELC

☒ GAS

☐ PLC

☐ HEAT

☐ WATER

Contact Person: Olivia Brown

Phone #: 415.973.9312

E-mail: oxb4@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas ☐

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3732-E

Tier: 2

Subject of AL: Approval of PG&E's Investment Management Agreement for the Qualified Nuclear Decommissioning Trusts

Keywords (choose from CPUC listing): Compliance, Nuclear

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.87-05-062 and Resolution E-3048

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: Yes, Investment Management Agreement with EARNEST Partners

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: October 11, 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

ijnj@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	Department of Water Resources	Northern California Power Association
Ameresco	Department of the Army	Occidental Energy Marketing, Inc.
Anderson & Poole	Dept of General Services	OnGrid Solar
Arizona Public Service Company	Division of Business Advisory Services	Praxair
BART	Douglass & Liddell	R. W. Beck & Associates
BP Energy Company	Downey & Brand	RCS, Inc.
Barkovich & Yap, Inc.	Duke Energy	Recon Research
Bartle Wells Associates	Dutcher, John	Recurrent Energy
Bloomberg New Energy Finance	Economic Sciences Corporation	SCD Energy Solutions
Boston Properties	Ellison Schneider & Harris LLP	SCE
Brookfield Renewable Power	Foster Farms	SMUD
C & H Sugar Co.	G. A. Krause & Assoc.	SPURR
CA Bldg Industry Association	GLJ Publications	San Francisco Public Utilities Commission
CAISO	Goodin, MacBride, Squeri, Schlotz & Ritchie	Santa Fe Jets
CLECA Law Office	Green Power Institute	Seattle City Light
CSC Energy Services	Hanna & Morton	Sempra Utilities
California Cotton Ginners & Growers Assn	Hitachi	Sierra Pacific Power Company
California Energy Commission	International Power Technology	Silicon Valley Power
California League of Food Processors	Intestate Gas Services, Inc.	Silo Energy LLC
California Public Utilities Commission	Lawrence Berkeley National Lab	Southern California Edison Company
Calpine	Los Angeles Dept of Water & Power	Sunshine Design
Cameron McKenna	Luce, Forward, Hamilton & Scripps LLP	Sutherland, Asbill & Brennan
Cardinal Cogen	MAC Lighting Consulting	Tabors Caramanis & Associates
Casner, Steve	MBMC, Inc.	Tecogen, Inc.
Chris, King	MRW & Associates	Tiger Natural Gas, Inc.
City of Glendale	Manatt Phelps Phillips	Tioga Energy
City of Palo Alto	McKenzie & Associates	TransCanada
Clean Energy Fuels	Merced Irrigation District	Turlock Irrigation District
Coast Economic Consulting	Mirant	U S Borax, Inc.
Commerce Energy	Modesto Irrigation District	United Cogen
Commercial Energy	Morgan Stanley	Utility Cost Management
Consumer Federation of California	Morrison & Foerster	Utility Specialists
Crossborder Energy	NRG West	Verizon
Davis Wright Tremaine LLP	New United Motor Mfg., Inc.	Wellhead Electric Company
Day Carter Murphy	Norris & Wong Associates	Western Manufactured Housing Communities Association (WMA)
Defense Energy Support Center	North America Power Partners	eMeter Corporation
	North Coast SolarResources	