

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 22, 2011

Advice Letter 3766-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: Methodology for Calculation of Non-Bypassable Charges for
Mountain House Customers**

Dear Ms. Yura:

Advice Letter 3766-E is effective December 29, 2010.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division

November 29, 2010

Advice 3766-E

(Pacific Gas and Electric Company ID U39E)

**Subject: Methodology for Calculation of Non-Bypassable Charges for
Mountain House Customers**

Public Utilities Commission of the State of California

This filing is made in accordance with Decision (D.) 04-03-036, dated March 16, 2004, for Pacific Gas and Electric Company's (PG&E) Application (A.) 03-02-005 pertaining to the authorization to lease and sell certain electric distribution facilities serving the Mountain House Area to Modesto Irrigation District (MOD). PG&E hereby files the annual advice letter to describe its calculations and methodologies for determining applicable non-bypassable charges (NBCs) for customers in the Mountain House Area of San Joaquin County, California, served by MOD.

Background

Pursuant to Public Utilities Code § 9610, a total of 137 Mountain House customers departed PG&E's service territory on January 1, 2001, and began receiving electric service from MOD. In D.04-03-036 (issued in A.03-02-005), the Commission approved an agreement between PG&E and MOD for the lease of certain electric distribution facilities in the Mountain House area (the Lease Agreement). The Lease Agreement provides that MOD will pay NBCs on behalf of the departing customers. Ordering Paragraph (OP) 6 of D.04-03-036 requires that PG&E shall annually file an advice letter that contains the proposed calculations and methodologies for determining the amount of NBCs to be paid by MOD for the year at least 90 days before the due date for MOD's payment of the NBCs for approval by the Commission's Energy Division. This Advice Letter fulfills PG&E's requirement as detailed in OP 6 of D.04-03-036.

Methodology and Illustrative Calculations

Attachment 1 of this filing is PG&E's statement of methodology for calculating NBCs to be paid by MOD on behalf of departing customers.

Consistent with Paragraph 6.2 of the Lease Agreement, on or before January 31, 2011, PG&E will provide MOD with PG&E's calculation of the 2010 NBC bill

for the Mountain House customers that departed PG&E's service territory on January 1, 2001, and began receiving electric service from MOD. This calculation will cover NBCs with interest for the period from January 1, 2010 through December 31, 2010.

Resolution E-3903 authorized PG&E to calculate and collect "the amount of ND [Nuclear Decommissioning] charges that it should have but did not collect from [departing] customers from the date Schedule E-DEPART expired through the effective date of this Resolution," to amortize this amount over a three-year period, and to bill [departing] customers accordingly. (See Resolution E-3903, page 10). As the 2008 calculation included the final portion of amortized ND charges, no such charges are included in this bill. The 2010 calculation includes ND charges for January 1, 2010 through December 31, 2010.

Resolution E-3999 also authorized PG&E to calculate and collect current and past Competition Transition Charges (CTCs). Since "some transferred MDL [Municipal Departing Load] customers may owe large amounts, it is appropriate to allow the customer the option to pay off any amounts owed over a 36-month period." (See Resolution E-3999, page 57). Accordingly, PG&E's calculation for 2010 will include the final installment of the amortized CTCs for the Mountain House customers from January 31, 2010 to February 28, 2010. The CTCs from January 1, 2010 through December 31, 2010, are included in the total NBCs for 2010.

Some of the 137 transferred accounts have subsequently gone out of existence, to make way for new development. Accordingly, PG&E will adjust the NBCs for the period January 1, 2010 through December 31, 2010 to account for these removals (and their removal dates), and PG&E will exclude these removed accounts from future NBC billings. As noted in Attachment 1, Mountain House customers are not obligated to pay the Department of Water Resources (DWR)-related components of the Cost Responsibility Surcharge (CRS) imposed by D.03-07-028, since they departed prior to the February 1, 2001, threshold date adopted in that decision.¹

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

¹ See D.03-07-028, Ordering Paragraph 2. For PG&E, the Cost Responsibility Surcharge (CRS) adopted by D.03-07-028 consists of the DWR Bond Charge (DWRBC), the DWR Power Charge (DWRPC), and the Competition Transition Charge (CTC). The DWRBC and DWRPC components of the CRS only apply to customers who departed PG&E service after February 1, 2001, and thus not to Mountain House customers (who departed on the January 1, 2001 transfer date). However, Mountain House customers are obligated to pay the CTC component of the CRS, which is applicable to customers who depart after December 20, 1995. Per Public Utilities Code Section 848(k), Mountain House customers are not obligated to pay the Energy Cost Recovery Amount (ECRA) charge.

December 20, 2010,² 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 Yura
Vice President, Regulations 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 regular notice, December 29, 2010, which is 30 days after 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 and the service list for A.03-02-005. Address changes to the General Order 96-B service list should be directed to email 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 approvals to

² The 20-day protest period concludes on a weekend, therefore, PG&E is moving this date to the following business day.

PGETariffs@pge.com. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.

Jane Yura - OB

Vice President - Regulation and Rates

Attachments

Attachment 1: Methodology for Calculation of 2010 Non-Bypassable Charges for Mountain House Customers

Attachment 2: Preliminary 2010 Non-Bypassable Charge Invoice for Mountain House Customers

cc: Service List for A.03-02-005
Joy A. Warren, Modesto Irrigation District

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) #: 3766-E

Tier: 2

Subject of AL: Methodology for Calculation for Non-Bypassable Charges for Mountain House Customers (Modesto Irrigation District)

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 #: D.04-03-036

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: December 29, 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

ADVICE 3766-E

Attachment 1:
Methodology for Calculation of 2010 Non-Bypassable Charges
for Mountain House Customers

Methodology for Calculation of 2010 Non-Bypassable Charges For Mountain House Customers

Pursuant to Ordering Paragraph 6 of Decision 04-03-036, this attachment describes PG&E's method of calculating the non-bypassable charge (NBC) obligations for 2010 associated with PG&E's Mountain House customers that departed to Modesto Irrigation District (MOD).

A total of 137 Mountain House customers departed PG&E service on January 1, 2001 and began receiving electric service from MOD. Just prior to their departure, PG&E took a "snapshot" of each customer's billing determinants for the period of January 2000 to December 2000 (i.e., the 12 months immediately prior to their departure on January 1, 2001).

Some of the 137 transferred accounts have subsequently gone out of existence, to make way for new development. Accordingly, PG&E will adjust the NBCs for the period January 1, 2010 through December 31, 2010 to account for these removals (and their removal dates), and PG&E will exclude these removed accounts from future NBC billings.

The NBC obligations of the Mountain House customers include Competition Transition Charges (CTCs, per Public Utilities Code Sections 367, 368, 375 and 376), Trust Transfer Amount (TTA, per Code Section 840(d)),¹ and Nuclear Decommissioning (ND, per Code Section 379) Charges.

CTCs — The opportunity for utilities to recover and the obligation for customers to pay CTCs has been established both by Commission policy decisions and California law.² Except for those specific activities expressly exempted by the California legislature or the Commission, these costs are to be paid by all energy consumers. Commission Resolution E-3999 authorized PG&E to calculate and collect current and past CTCs. The amortized CTCs for the Mountain House customers were from March 31, 2002 (the date the E-DEPART tariff expired) through December 31, 2006. This bill includes the final installment of the amortized CTCs for the Mountain House customers from January 31, 2010 through February 28, 2010. (the first installment of amortized CTCs was billed from March 31, 2007 through December 31 2007, the second installment was

¹ Preliminary Statements Part AS and Part AT of PG&E's electric tariffs establish a Fixed Transition Amount (FTA) charge and Rate Reduction Bond Memorandum Account (RRBMA) for residential and small commercial customers who received the 10 percent rate reduction on January 1, 1998, as mandated in Assembly Bill (AB) 1890 (Code § 368 (a)).

² Electric Restructuring Policy Decision (D.95-12-063), as modified by the Revised Policy Decision (D.96-01-009), primarily Conclusions of Law 54 and 58, and Ordering Paragraph 28, and AB 1890, primarily Code Sections 367, 368, 375, 376 and 840(d). (A.00-01-056)

billed from January 31, 2008 to December 31, 2008, the third installment was billed from January 31, 2009 to December 31, 2009 and the final portion of the three-year amortization period was billed over the first two months of 2010, January 31, 2010 through February 28, 2010). The CTCs from January 1, 2010, through December 31, 2010, are included in the total NBCs for 2010.

TTA Charges — The TTA charge is comprised of FTA (Fixed Transition Amount) and RRBMA (Rate Reduction Bond Memorandum Account) and only applicable to PG&E's residential and small commercial customers, to pay back rate reduction bonds issued to finance a 10 percent reduction in rates for these customers. The last payment for TTA was made in 2007. Effective 2008 going forward, adjustments of TTA have been negative and are reflected on the bill as a credit. In 2010, the TTA credit amount is included.

ND Charges — ND costs are separately identified in Code Section 379 as a non-bypassable charge that will continue until those costs are fully recovered. Per PG&E Advice 1614-E, filed October 11, 1996, PG&E's Commission-jurisdictional nuclear decommissioning accrual is approximately \$33 million per year.³ Per Commission Resolution E-3903, PG&E is authorized to bill previously-transferred Mountain House customers responsible for past ND charges for the period between March 31, 2002 (when Schedule E-DEPART temporarily expired) through January 31, 2005 (when Schedule E-DEPART was reinstated), amortized over a three-year period. The 2008 bill contained the final portion of such ND amortization charges (the first was billed from April 30, 2005 to December 31, 2005, the second – from January 31, 2006 to December 31, 2006, the third – from January 31, 2007 to December 31, 2007 and the final portion of the three-year amortization period was billed over the first three months of 2008, January 31, 2008 through March 31, 2008). The 2010 bill does not contain ND amortization charges. The ND charges from January 1, 2010, through December 31, 2010, are included in the total NBCs for 2010.

The Department of Water Resources' Bond and Power Charges, imposed by Decision 03-07-028, do not apply to the Mountain House customers due to the fact that these customers departed prior to February 1, 2001.

Since January 2002, PG&E has been annually billing MOD for all NBCs for which it had tariff authorization to bill. To date, PG&E has sent MOD ten annual NBC bills (for 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010) covering the obligations of the remaining departing customers.

³ Nuclear Decommissioning costs were approved in the 1996 General Rate Case at \$36 million per year, and then reduced by Advice 1614-E to \$33 million per year after a ruling by the Internal Revenue Service.

The first NBC bill (for 2001) was calculated by: (1) aggregating the usage “snapshots” of all customers on each rate schedule; (2) applying then-current schedule-specific NBC rates to the usage totals by schedule; and (3) summing the resulting NBC bills across schedules to obtain a total bill. Since then, however, each of the remaining departed customers was individually set up for departing load billing in PG&E’s Customer Information System (CIS).⁴ PG&E’s CIS calculates each departed customer’s NBC bill based on monthly usage from the customer’s 12-month historic “snapshot” and the then-current NBC rates applicable to the customer’s rate schedule or otherwise approved by the Commission for municipal departing load. The monthly NBC charges for each customer plus interest at the three-month commercial paper rate are then summed across all customers to create one annual bill to send to MOD covering the preceding year.

⁴ Some of these 137 accounts have subsequently gone out of existence to make way for new developments. PG&E has adjusted the bill to account for the removal.

ADVICE 3766-E

Attachment 2:
Preliminary 2010 Non-Bypassable Charge Invoice for
Mountain House Customers



99950007047586800004726520000472652

Invoice Number	Invoice Date	Amount Due	Amount Enclosed
0007047586 -8	10/20/2010	\$ 4,726.52	

MODESTO IRRIGATION DISTRICT
 ATTN: ROBERT HONDEVILLE
 P.O. BOX 4060
 MODESTO CA 95352

PG&E
 Box 997300
 Sacramento, CA
 95899-7300

Please return this portion with your payment. Thank you.

* O

When Making Inquiries or Address Changes,
 Please Contact :

Customer Number
 353102

Departing Load
 Mail Code B12C
 P.O. Box 770000
 San Francisco CA 94177-0001
 (800) 743-5000

Invoice Number *
 0007047586 -8

Departing Load Nonbypassable Charges

Rate schedule : E 1SB

Please see PG&E tariffs for rate component price

Description	Quantity	Unit Factor	Amount
Reference Number: WXV13712			
NUCLEAR DECOMMISSIONING CHARGES Dec-10	58838	Kwh	16.82
ONGOING CTC CHARGES Dec-10	58838	Kwh	320.79
NUCLEAR DECOMMISSIONING CHARGES Nov-10	62731	Kwh	17.94
ONGOING CTC CHARGES Nov -10	62731	Kwh	340.92
INTEREST CHARGE Nov-10			0.09
NUCLEAR DECOMMISSIONING CHARGES Oct-10	51587	Kwh	14.72
ONGOING CTC CHARGES Oct -10	51587	Kwh	280.57
INTEREST CHARGE Oct 10			0.13
NUCLEAR DECOMMISSIONING CHARGES Sep-10	46509	Kwh	13.43



MODESTO IRRIGATION DISTRICT
ATTN: ROBERT HONDEVILLE
P.O. BOX 4060
MODESTO CA 95352

PG&E
Box 997300
Sacramento, CA
95899-7300

When Making Inquiries or Address Changes,
Please Contact :

Customer Number
353102

Departing Load
Mail Code B12C
P.O. Box 770000
San Francisco CA 94177-0001
(800) 743-5000

Invoice Number
0007047586 -8

ONGOING CTC CHARGES Sep-10	46509	Kwh	252.19
INTEREST CHARGE Sep-10			0.28
NUCLEAR DECOMMISSIONING CHARGES Aug-10	56339	Kwh	16.28
ONGOING CTC CHARGES Aug-10	56339	Kwh	303.60
INTEREST CHARGE Aug-10			0.37
NUCLEAR DECOMMISSIONING CHARGES Jul-10	69659	Kwh	19.87
ONGOING CTC CHARGES Jul-10	69659	Kwh	380.85
INTEREST CHARGE Jul-10			0.41
NUCLEAR DECOMMISSIONING CHARGES Jun-10	60025	Kwh	17.33
ONGOING CTC CHARGES Jun-10	60025	Kwh	328.17
INTEREST CHARGE Jun-10			0.60
NUCLEAR DECOMMISSIONING CHARGES May-10	66652	Kwh	19.22
ONGOING CTC CHARGES May-10	66652	Kwh	364.75
INTEREST CHARGE May-10			0.60
NUCLEAR DECOMMISSIONING CHARGES Apr-10	64026	Kwh	18.24

MODESTO IRRIGATION DISTRICT
ATTN: ROBERT HONDEVILLE
P.O. BOX 4060
MODESTO CA 95352

PG&E
Box 997300
Sacramento, CA
95899-7300

When Making Inquiries or Address Changes,
Please Contact :

Departing Load
Mail Code B12C
P.O. Box 770000
San Francisco CA 94177-0001
(800) 743-5000

Customer Number
353102

Invoice Number
0007047586-8

ONGOING CTC CHARGES Apr-10	64026	Kwh	349.94
INTEREST CHARGE Apr-10			0.60
NUCLEAR DECOMMISSIONING CHARGES Mar-10	46678	Kwh	13.48
ONGOING CTC CHARGES Mar-10	46678	Kwh	254.65
INTEREST CHARGE Mar-10			0.74
NUCLEAR DECOMMISSIONING CHARGES Feb-10	65674	Kwh	18.98
ONGOING CTC CHARGES Feb-10	65674	Kwh	349.78
INTEREST CHARGE Feb-10			1.86
ONGOING CTC AMORTIZATION Feb-10			329.40
NUCLEAR DECOMMISSIONING CHARGES Jan-10	60489	Kwh	17.25
ONGOING CTC CHARGES Jan-10	60489	Kwh	330.36
INTEREST CHARGE Jan-10			1.91
ONGOING CTC AMORTIZATION Jan-10			329.40
<i>Line Item Subtotal</i>			4,726.52

AMOUNT NOW DUE \$ 4,726.52



MODESTO IRRIGATION DISTRICT
ATTN: ROBERT HONDEVILLE
P.O. BOX 4060
MODESTO CA 95352

PG&E
Box 997300
Sacramento, CA
95899-7300

*When Making Inquiries or Address Changes,
Please Contact :*

Departing Load
Mail Code B12C
P.O. Box 770000
San Francisco CA 94177-0001
(800) 743-5000

Customer Number
353102

Invoice Number
0007047586 -8

*NOTE : This invoice reflects current charges only.
Any past due amounts will be billed separately.*

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

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