

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



February 28, 2011

**Advice Letter 3176-G/3784-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: Revision of PG&E's Tariffs to Reflect the Extension of Lower  
ITCC Rates Due to Tax Law Changes**

Dear Ms. Yura:

Advice Letter 3176-G/3784-E is effective September 9, 2010.

Sincerely,

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

Julie A. Fitch, Director  
Energy Division



**Jane K. Yura**  
Vice President  
Regulation and Rates

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

Fax: 415.973.6520

December 30, 2010

**Advice 3176-G/3784-E**

Pacific Gas and Electric Company (U 39-M)

Public Utilities Commission of the State of California

**Subject: Revision of PG&E's Tariffs to Reflect the Extension of Lower  
ITCC Rates Due to Tax Law Changes**

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to Gas and Electric Preliminary Statement Parts P and J. The affected tariff sheets are listed in Attachment 1.

**Purpose**

This filing is necessary in order to revise PG&E's Gas and Electric Preliminary Statements Parts P and J, *Income Tax Component of Contributions Provision*, to reflect recent changes in federal tax law. These changes temporarily extend and further reduce the tax factor used to compute the "Income Tax Component of Contribution (ITCC)" associated with Contributions in Aid of Construction.

In this advice letter, PG&E requests that the California Public Utilities Commission (Commission) further reduce the temporarily lower ITCC tax factor from 0.20 (20 percent) for gas and 0.22 (22 percent) for electric in effect on December 31, 2009 to 0.08 (8 percent) for gas and 0.08 (8 percent) for electric as a result of temporary 100% expensing provided by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312). This temporary 100% expensing lasts until December 31, 2011. PG&E would apply the reduced ITCC tax factor retroactive to September 9, 2010, and continue it at that level through December 31, 2011.

The Act further extends 50% bonus depreciation beginning on January 1, 2012 through December 31, 2012. As a result of this extension, the ITCC factor for both electric and gas will be 0.22 (22 percent) beginning January 1, 2012 and through December 31, 2012. Previously, the gas and electric tax factors differed because gas assets had a temporary federal tax depreciable life of 15 years, whereas electric distribution property has a life of 20 years. The temporary 15 year depreciable life for gas property expires on December 31, 2010 and was not extended. As such, on January 1, 2012 both gas and electric distribution property will have a depreciable life of 20 years, resulting in an ITCC tax factor of 0.22 (22 percent) for both gas and electric. The ITCC tax factor of 0.22 (22 percent) for gas was included in Advice Filing 2466-G/2386-E approved May 5, 2004. The reduced

ITCC tax factor has been calculated, as set forth in Attachment 2, by using Method 5 as described in Decision (D.) 87-09-026 and D.87-12-028 in OII 86-11-109.

### **Background**

Since the beginning of 2008, the ITCC Rate has been modified as a result of changes in federal tax law.

- February 13, 2008 – President Bush signed into law the Economic Stimulus Act of 2008 which provided for a temporarily lower ITCC tax factor used to compute the “Income Tax Component of Contribution associated with Contributions in Aid of Construction. This legislation modified a depreciation provision, Section 168(k) to the Internal Revenue Code, entitled, “Special allowance for certain property acquired after September 10, 2001, and before January 1, 2005.”

February 22, 2008 – PG&E filed Advice 2906-G/3212-E to implement the temporarily lower ITCC tax factor of 0.20 (20 percent) for gas and 0.22 (22 percent) on property contributed to PG&E after March 1, 2008.

March 19, 2008 – Advice 2906-G/3212-E was approved with an effective date of March 1, 2008.

- December 2, 2008 – PG&E filed Advice 2975-G/3372-E to notify the Commission that the lower ITCC tax factors under the Economic Stimulus Act of 2008 would expire on December 31, 2008 unless Congress extended the depreciation provision. With no extension under way at that time, PG&E requested that the ITCC tax factors be returned to the statutory levels of 0.31 (31 percent) for gas and 0.34 (34 percent) for electric, calculated using the current income tax rates of 8.84 percent (California) and 35 percent (federal).

January 15, 2009 -- Advice 2975-G/3372-E was approved on January 15, 2009 with an effective date of January 1, 2009 and in effect restoring the higher tax factors.

- February 17, 2009 – President Obama signed into law the American Recovery and Reinvestment Act of 2009 (the “Recovery Act”; H.R. 1). Section 1201 of the Recovery Act extended the modified depreciation provisions of the Economic Stimulus Act of 2008, which in turn extended the reduction of the ITCC tax factors.

February 20, 2009 – PG&E filed Advice 2998-G/3424-E to implement the extension of the temporarily lower ITCC tax factor of 0.20 (20 percent) for gas and 0.22 (22 percent) for electric in effect as of December 31, 2008.

March 19, 2009 – Advice 2998-G/3424-E was approved and the reduced ITCC tax factors were extended with an effective date of January 1, 2009.

- December 11, 2009 – PG&E filed Advice 3070-G/3572-E, which notified the Commission that the lower ITCC tax factors under the Recovery Act would expire on December 31, 2009 unless Congress extended the depreciation provision. With no extension under way at that time, PG&E requested that the ITCC tax factors be returned to the statutory levels of 0.31 (31 percent) for gas and 0.34 (34 percent) for electric, calculated using the current income tax rates of 8.84 percent (California) and 35 percent (federal).

The tax factor for gas in Advice 3070-G also reflected the temporary federal depreciable tax life for gas distribution property of 15 years as adopted by the Energy Tax Incentives Act of 2005. This temporary federal depreciable tax life for gas distribution property is set to sunset on December 31, 2010.

January 7, 2010 – Advice 3070-G/3572-E was approved with an effective date of January 1, 2010 and in effect restoring the higher tax factors.

- September 27, 2010 – President Obama signed the Small Business Jobs Act of 2010 (Act) (H.R. 5297) into law. Section 2022 of the Act extends the depreciation provision (Section 168(k) of the Internal Revenue Code, entitled, “Special allowance for certain property acquired after September 10, 2001, and before January 1, 2005.”) which had resulted in the temporarily lower ITCC tax factors.
- October 27, 2010 – PG&E filed Advice 3160-G/3750-E to extend the temporarily lower ITCC tax factor of 0.20 (20 percent) for gas and 0.22 (22 percent) for electric in effect as of December 31, 2009 through December 31, 2010.

November 29, 2010 – Advice 3160-G/3750-E was approved and the reduced ITCC tax factors were extended with an effective date of January 1, 2010.

- December 17, 2010 – President Obama signed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) into law. Section 401 of the Act extends the depreciation provision (Section 168(k) of the Internal Revenue Code, entitled, “Special allowance for certain property acquired after September 10, 2001, and before January 1, 2005.”) which had resulted in the temporarily lower ITCC tax factors. A copy of Section 401 of the Tax Relief Act of 2010 amending Section 168(k) of the Internal Revenue Code is enclosed in Attachment 3.

In addition, the Tax Relief Act of 2010 provides for a temporary 100% expensing of property placed in service after September 8, 2010 and before January 1, 2012.

The Tax Relief Act of 2010 provides for a further reduced ITCC rate for the period September 9, 2010 through December 31, 2011, at which time the ITCC rate will revert to the temporarily reduced rate under the depreciation provisions of the American Recovery and Reinvestment Act of 2009, the Economic Stimulus Act of 2008 and the Small Business Jobs Act of 2010 to December 31, 2012.

### **Tariff Revisions**

Gas Preliminary Statement Part P, *Section 5. a*, has been revised to reflect a further reduction in the ITCC tax factor to 0.08 (8 percent) on property contributed to PG&E after September 8, 2010 and before January 1, 2012. Property contributed to PG&E on or after January 1, 2012, will be subject to the previously authorized ITCC tax factor of 22 percent.

In a similar fashion, Electric Preliminary Statement Part J, *Section 5. a*, has been revised to reflect a further reduction in the ITCC tax factor to 0.08 (8 percent) on property contributed to PG&E after September 8, 2010 and before January 1, 2012. Property contributed to PG&E on or after January 1, 2012, will be subject to the previously authorized ITCC tax factor of 22 percent.

### **Protests**

Anyone wishing to protest this filing may do so by sending a letter by **January 19, 2011**, 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, 4<sup>th</sup> Floor  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200

E-mail: [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov) and [inj@cpuc.ca.gov](mailto: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, Regulation and Rates  
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 Tier 1 advice filing become effective on **September 9, 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 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 PGETariffs@pge.com. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.

A handwritten signature in cursive script that reads "Jane Yura" followed by a slanted line and the initials "JY".

Vice President – Regulation and Rates

**Attachments:**

Attachment 1:	Tariff Revisions
Attachment 2:	The Extended ITCC Tax Factor
Attachment 3:	Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010

# 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: Greg Backens

Phone #: 415-973-4390

E-mail: GAB4@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) #: **3176-G/3784-E**

Tier: **1**

Subject of AL: **Revision of PG&E's Tariffs to Reflect the Extension of Lower ITCC Rates Due to Tax Law Changes**

Keywords (choose from CPUC listing): **Taxes**

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.87-09-026, D.87-12-028

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: 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:

Resolution Required? ☐ Yes ☒ No

Requested effective date: **September 9, 2010**

No. of tariff sheets: **6**

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: **Gas Preliminary Statement Part P – Income Tax Component of Contributions Provision, Electric Preliminary Statement Part J – Income Tax Component of Contributions Provision**

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 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 1  
Advice 3176-G**

<b>Cal P.U.C. Sheet No.</b>	<b>Title of Sheet</b>	<b>Cancelling Cal P.U.C. Sheet No.</b>
28729-G	GAS PRELIMINARY STATEMENT PART P INCOME TAX COMPONENT OF CONTRIBUTIONS PROVISION Sheet 1	28552-G
28730-G	GAS TABLE OF CONTENTS Sheet 1	28660-G
28731-G	GAS TABLE OF CONTENTS Sheet 4	28640-G





## GAS PRELIMINARY STATEMENT PART P INCOME TAX COMPONENT OF CONTRIBUTIONS PROVISION

Sheet 1

### P. INCOME TAX COMPONENT OF CONTRIBUTIONS PROVISION

1. **GENERAL:** All Contributions in Aid of Construction (Contributions, or CIAC) made to PG&E shall include a charge to cover PG&E's resulting estimated liability for Federal and State Income Tax. PG&E shall collect the Federal Income Tax on Contributions made on or after February 11, 1987, for the unit costs under Rule 15 and January 1, 1987, for all other Contributions. California Corporate Franchise Tax shall be collected beginning January 1, 1992.
2. **DEFINITIONS:**
  - a. **Contributions:** Contributions shall include, but are not limited to, cash, services, facilities, labor, property, and related income taxes provided by a person or agency to PG&E. The value of all contributions shall be based on PG&E's estimates or a contract value acceptable to PG&E. Contributions shall consist of two components, as follows:
    - 1) Income Tax Component of Contribution (ITCC); and
    - 2) The balance of the contribution, excluding income taxes (Balance of Contribution).
  - b. **Government Agency:** For purposes of administering this part of the preliminary statement, a government agency shall include the Federal Government, a California state, county, or local government agency.
3. **APPLICABILITY:** The ITCC shall apply to Contributions including but not limited to charges under the applicable Rate Schedule and Rules, except as provided in Section 4 below.
4. **GOVERNMENT AGENCY EXEMPTIONS:**
  - a. **Public Benefit:** A contribution for a project will be considered a public benefit if, in the opinion of PG&E, the government agency making the contribution can clearly show that the contribution will benefit the public as a whole. Internal Revenue Service (IRS) Notice 87-82 dated December 3, 1987, excludes from the Public Benefit Exemption any government agency contribution associated with projects causing new or increased usage of utility service.
  - b. **Condemnation:** Contributions resulting from condemnation of company facilities, or the threat or imminence thereof may be excluded from the ITCC requirement when supported by evidence acceptable to PG&E provided by the government agency.
5. **DETERMINATION OF ITCC:**
  - a. The ITCC shall be calculated by multiplying the Balance of Contribution by the tax factor of 0.08 (8 percent). The 8 percent tax factor shall be applicable to contributions received by PG&E on or after September 9, 2010, and before January 1, 2012. As of January 1, 2012, the ITCC shall be calculated by multiplying the Balance of Contribution by the tax factor of 0.22 (22 percent). The 22 percent tax factor shall be applicable to contributions received by PG&E on or after January 1, 2012. PG&E will file an advice letter to reflect any changes in the tax factor which would cause an increase or decrease of five percentage points or more.
 

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  - b. The tax factor is established by using Method 5 as set forth in Decisions 87-09-026 and 87-12-028 in OII 86-11-019.

(Continued)



**Pacific Gas and Electric Company**  
San Francisco, California  
U 39

Cancelling Revised  
Revised

Cal. P.U.C. Sheet No.  
Cal. P.U.C. Sheet No.

28730-G  
28660-G

## GAS TABLE OF CONTENTS

Sheet 1

TITLE OF SHEET	CAL P.U.C. SHEET NO.	
Title Page .....	28730-G	(T)
Rate Schedules .....	28638,28639-G	
Preliminary Statements.....	28731,28465-G	(T)
Rules .....	28661-G	
Maps, Contracts and Deviations.....	28468-G	
Sample Forms .....	27715,28300,27262,28662,28503-G	

(Continued)

Advice Letter No: 3176-G  
Decision No. D.87-09-026

Issued by  
**Jane K. Yura**  
Vice President  
Regulation and Rates

Date Filed December 30, 2010  
Effective September 9, 2010  
Resolution No. \_\_\_\_\_



## GAS TABLE OF CONTENTS

Sheet 4

PART	TITLE OF SHEET	CAL P.U.C. SHEET NO.
<b>Preliminary Statements</b>		
Part A	Description of Service Area and General Requirements	14615-14623,18797-G
Part B	Default Tariff Rate Components .....	28615-28621, 28436-28438, 23229,28403-28411,27884,26727-G
Part C	Gas Accounting Terms and Definitions .....	23345,28412,28413, 28414,24973,23347,23760,27453,24431,28110,23561,23795,23351,28063-G
Part D	Purchased Gas Account.....	27761,25095,25096,27762-G
Part F	Core Fixed Cost Account.....	27763,24623,27764-G
Part J	Noncore Customer Class Charge Account .....	28552,25108-25109-G
Part L	Balancing Charge Account .....	23273-23274-G
Part O	CPUC Reimbursement Fee .....	24987-G
Part P	Income Tax Component of Contributions Provision.....	28729,13501-G
Part Q	Affiliate Transfer Fees Account .....	23275-G
Part S	Interest .....	12773-G
Part T	Tax Reform Act of 1986.....	12775-G
Part U	Core Brokerage Fee Balancing Account .....	23276-G
Part V	California Alternate Rates For Energy Account .....	23358,28100-G
Part X	Liquefied Natural Gas Balancing Account .....	27454-G
Part Y	Customer Energy Efficiency Adjustment.....	28301-28303,27060,27061-G

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(Continued)

**ATTACHMENT 1  
Advice 3784-E**

<b>Cal P.U.C. Sheet No.</b>	<b>Title of Sheet</b>	<b>Cancelling Cal P.U.C. Sheet No.</b>
29937-E	ELECTRIC PRELIMINARY STATEMENT PART J INCOME TAX COMPONENT OF CONTRIBUTIONS PROVISION Sheet 1	29667-E
29938-E	ELECTRIC TABLE OF CONTENTS Sheet 1	29678-E
29939-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 6	29669-E



## ELECTRIC PRELIMINARY STATEMENT PART J INCOME TAX COMPONENT OF CONTRIBUTIONS PROVISION

Sheet 1

### J. INCOME TAX COMPONENT OF CONTRIBUTIONS PROVISION

1. **GENERAL:** All Contributions in Aid of Construction (Contributions, or CIAC) made to PG&E shall include a charge to cover PG&E's resulting estimated liability for Federal and State Income Tax. PG&E shall collect the Federal Income Tax on Contributions made on or after February 11, 1987, for the unit costs under Rule 15 and January 1, 1987, for all other Contributions. California Corporate Franchise Tax (CCFT) shall be collected beginning January 1, 1992.
2. **DEFINITIONS:**
  - a. **Contributions:** Contributions shall include, but are not limited to, cash, services, facilities, labor, property, and related income taxes provided by a person or agency to PG&E. The value of all contributions shall be based on PG&E's estimates or a contract value acceptable to PG&E. Contributions shall consist of two components, as follows:
    - 1) Income Tax Component of Contribution (ITCC); and
    - 2) The balance of the contribution, excluding income taxes (Balance of Contribution).
  - b. **Government Agency:** For purposes of administering this part of the preliminary statement, a government agency shall include the Federal Government, a California state, county, or local government agency.
3. **APPLICABILITY:** The ITCC shall apply to Contributions including but not limited to charges under the applicable Rate Schedule and Rules, except as provided in Section 4 below.
4. **GOVERNMENT AGENCY EXEMPTIONS:**
  - a. **Public Benefit:** A contribution for a project will be considered a public benefit if, in the opinion of PG&E, the government agency making the contribution can clearly show that the contribution will benefit the public as a whole. Internal Revenue Service (IRS) Notice 87-82 dated December 3, 1987, excludes from the Public Benefit Exemption any government agency contribution associated with projects causing new or increased usage of utility service.
  - b. **Condemnation:** Contributions resulting from condemnation of company facilities, or the threat or imminence thereof may be excluded from the ITCC requirement when supported by evidence acceptable to PG&E provided by the government agency.
5. **DETERMINATION OF ITCC:**
  - a. The ITCC shall be calculated by multiplying the Balance of Contribution by the tax factor of 0.08 (8 percent). The 8 percent tax factor shall be applicable to contributions received by PG&E on or after September 9, 2010, and before January 1, 2012. As of January 1, 2012, the ITCC shall be calculated by multiplying the Balance of Contributions by the tax factor of 0.22 (22 percent). The 22 percent tax factor shall be applicable to contributions received by PG&E on or after January 1, 2012. PG&E will file an advice letter to reflect any changes in the tax factor which would cause an increase or decrease of five percentage points or more.
 

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  - b. The tax factor is established by using Method 5 as set forth in Decisions 87-09-026 and 87-12-028 in OII 86-11-019.

(Continued)



**Pacific Gas and Electric Company**  
San Francisco, California  
U 39

Cancelling Revised  
Revised

Cal. P.U.C. Sheet No.  
Cal. P.U.C. Sheet No.

29938-E  
29678-E

## ELECTRIC TABLE OF CONTENTS

Sheet 1

### TABLE OF CONTENTS

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.	
	Title Page .....	29938-E	(T)
	Rate Schedules .....	29682,29549, 296115,29630-E	
	Preliminary Statements .....	29939,29679,29497,29587-E	(T)
	Rules .....	29727-E	
	Maps, Contracts and Deviations.....	23671-E	
	Sample Forms .....	28385,29638,29325,29614,27639,29728,29550,29628-E	

(Continued)

Advice Letter No: 3784-E  
Decision No. D.87-09-026

Issued by  
**Jane K. Yura**  
Vice President  
Regulation and Rates

Date Filed December 30, 2010  
Effective September 9, 2010  
Resolution No. \_\_\_\_\_



**ELECTRIC TABLE OF CONTENTS**  
**PRELIMINARY STATEMENT**

Sheet 6

<b>PART</b>	<b>TITLE OF SHEET</b>	<b>CAL P.U.C. SHEET NO.</b>	
<b>Preliminary Statements</b>			
Part A	Description of Service Area and General Requirements .....	12081-12090,17048-E	
Part E	CPUC Reimbursement Fee .....	21604-E	
Part G	Catastrophic Event Memorandum Account .....	18998,11740-E	
Part H	Interest .....	10579-E	
Part I	Rate Schedule Summary.....	29332,29333, 29220-E	
Part J	Income Tax Component of Contributions Provision .....	29937,11503-E	(T)
Part K	Energy Commission Tax .....	24297-E	
Part M	California Alternate Rates for Energy Account .....	28948, 29849-E	
Part P	Customer Energy Efficiency Adjustment.....	29484,29485,29486-E	
Part R	Affiliate Transfer Fees Account .....	24313-E	
Part S	Hazardous Substance Mechanism .....	22710,15720,22711,22712,13420,13421-E	
Part U	Capital Audit Consultant Cost Memorandum Account.....	17993-E	
Part Y	Electric and Magnetic Field Measurement Policy .....	13399-E	
Part AD	Transition Cost Audit Memorandum Account .....	15917-E	
Part AE	Generation Divestiture Transaction Costs Memorandum Account .....	26414-E	
Part AU	Direct Access Discretionary Cost/Revenue Memorandum Account .....	14837-E	
Part BB	Competition Transition Charge Responsibility for All Customers and CTC Procedure for Departing Loads .....	24070,19906,19907,16400,14960,14961, 16229-16231,24071,14964-14969,16401,16402-E	
Part BF	Streamlining Residual Account.....	22714-E	
Part BK	Transmission Revenue Requirement Reclassification Memorandum Account.....	16761-E	
Part BO	Real Property Gain/Loss on Sale Memorandum Account.....	16651-E	
Part BU	Vegetation Management Balancing Account .....	26221,26222-E	
Part BY	Self-Generation Program Memorandum Account.....	26209-E	

(Continued)

**Advice 3176-G/3784-E**

**Attachment 2**

**CIAC Gross-up Computation Including California Taxes**



**CIAC GROSS-UP COMPUTATION INCLUDING CALIFORNIA TAXES (Electric)**

(A)	(B) TAX PMT/(BEN) REFLECTING CIAC	(C) TAX BASIS	(D) CALIFORNIA DEPRECIATION RATES	(E) CALIFORNIA RATES	(F) STATE TAX BENEFIT	(G) MODIFIED MACRS RATES	(H) FEDERAL TAX RATE	(I) FEDERAL TAX BENEFIT	(J) REMAINING CIAC PAYABLE	(K) WTD. AVG. UNRECOVERED TAX PMT.	(L) RATE OF RETURN	(M) REVENUE REQUIREMENT ON REMAINING INVESTMENT	(N) DISCOUNT FACTOR 0.12	(O) DISCOUNTED REVENUE REQUIREMENT ON REMAINING INVESTMENT
1	88.4	1,000	3.334%	8.840%	2.9473	100.000%	0.00%	0.0000	85.4527	86.9264	17.000%	14.7775	0.8929	13.1948
2	0		6.445%		5.6974	0.000%		0.0000	79.7554	82.6041	17.000%	14.0427	0.7972	11.1948
3			6.016%		5.3181	0.000%		0.0000	74.4372	77.0963	17.000%	13.1064	0.7118	9.3289
4			5.615%		4.9637	0.000%		0.0000	69.4736	71.9554	17.000%	12.2324	0.6355	7.7739
5			5.241%		4.6330	0.000%		0.0000	64.8405	67.1570	17.000%	11.4167	0.5674	6.4781
6			4.892%		4.3245	0.000%		0.0000	60.5160	62.6783	17.000%	10.6553	0.5066	5.3983
7			4.566%		4.0363	0.000%		0.0000	56.4796	58.4978	17.000%	9.9446	0.4523	4.4984
8			4.261%		3.7667	0.000%		0.0000	52.7129	54.5963	17.000%	9.2814	0.4039	3.7486
9			3.977%		3.5157	0.000%		0.0000	49.1973	50.9551	17.000%	8.6624	0.3606	3.1237
10			3.712%		3.2814	0.000%		0.0000	45.9158	47.5565	17.000%	8.0846	0.3220	2.6030
11			3.465%		3.0631	0.000%		0.0000	42.8528	44.3843	17.000%	7.5453	0.2875	2.1691
12			3.234%		2.8589	0.000%		0.0000	39.9939	41.4234	17.000%	7.0420	0.2567	1.8075
13			3.018%		2.6679	0.000%		0.0000	37.3260	38.6600	17.000%	6.5722	0.2292	1.5062
14			2.817%		2.4902	0.000%		0.0000	34.8358	36.0809	17.000%	6.1338	0.2046	1.2551
15			2.630%		2.3249	0.000%		0.0000	32.5109	33.6733	17.000%	5.7245	0.1827	1.0458
16			2.455%		2.1702	0.000%		0.0000	30.3406	31.4258	17.000%	5.3424	0.1631	0.8715
17			2.367%		2.0924	0.000%		0.0000	28.2482	29.2944	17.000%	4.9801	0.1456	0.7253
18			2.367%		2.0924	0.000%		0.0000	26.1558	27.2020	17.000%	4.6243	0.1300	0.6013
19			2.367%		2.0924	0.000%		0.0000	24.0634	25.1096	17.000%	4.2686	0.1161	0.4956
20			2.367%		2.0924	0.000%		0.0000	21.9709	23.0172	17.000%	3.9129	0.1037	0.4056
21			2.367%		2.0924	0.000%		0.0000	19.8785	20.9247	17.000%	3.5572	0.0926	0.3293
22			2.367%		2.0924			0.0000	17.7861	18.8323	17.000%	3.2015	0.0826	0.2646
23			2.367%		2.0924			0.0000	15.6937	16.7399	17.000%	2.8458	0.0738	0.2100
24			2.367%		2.0924			0.0000	13.6012	14.6474	17.000%	2.4901	0.0659	0.1641
25			2.367%		2.0924			0.0000	11.5088	12.5550	17.000%	2.1344	0.0588	0.1256
26			2.367%		2.0924			0.0000	9.4164	10.4626	17.000%	1.7786	0.0525	0.0934
27			2.367%		2.0924			0.0000	7.3239	8.3702	17.000%	1.4229	0.0469	0.0667
28			2.367%		2.0924			0.0000	5.2315	6.2777	17.000%	1.0672	0.0419	0.0447
29			2.367%		2.0924			0.0000	3.1391	4.1853	17.000%	0.7115	0.0374	0.0266
30			2.367%		2.0924			0.0000	1.0467	2.0929	17.000%	0.3558	0.0334	0.0119
31			1.184%		1.0467			0.0000	(0.0000)	0.5233	17.000%	0.0890	0.0298	0.0027
32					0.0000			0.0000	(0.0000)	(0.0000)	17.000%	0.0000	0.0266	0.0000
			<u>100.000%</u>		<u>88.4000</u>	<u>100.000%</u>		<u>0.0000</u>				<u>188.0041</u>		<u>79.5651</u>
												79.5651	/ 1000	<u>7.9600%</u>
	<u>88.4</u>							<u>88.4000</u>						<u>8.0000%</u>

**CIAC GROSS-UP COMPUTATION INCLUDING CALIFORNIA TAXES (Gas)**

(A)	(B) TAX PMT/(BEN) REFLECTING CIAC	(C) TAX BASIS	(D) CALIFORNIA DEPRECIATION RATES	(E) CALIFORNIA RATES	(F) STATE TAX BENEFIT	(G) MODIFIED MACRS RATES	(H) FEDERAL TAX RATE	(I) FEDERAL TAX BENEFIT	(J) REMAINING CIAC PAYABLE	(K) WTD. AVG. UNRECOVERED TAX PMT.	(L) RATE OF RETURN	(M) REVENUE REQUIREMENT ON REMAINING INVESTMENT	(N) DISCOUNT FACTOR 0.12	(O) DISCOUNTED REVENUE REQUIREMENT ON REMAINING INVESTMENT
YEAR	OF \$1,000													
1	88.4	1,000	2.857%	8.840%	2.5256	100.000%	0.00%	0.0000	85.8744	87.1372	17.000%	14.8133	0.8929	13.2268
2	0		5.551%		4.9071	0.000%		0.0000	80.9673	83.4209	17.000%	14.1815	0.7972	11.3054
3			5.234%		4.6269	0.000%		0.0000	76.3405	78.6539	17.000%	13.3712	0.7118	9.5174
4			4.935%		4.3625	0.000%		0.0000	71.9779	74.1592	17.000%	12.6071	0.6355	8.0120
5			4.653%		4.1133	0.000%		0.0000	67.8647	69.9213	17.000%	11.8866	0.5674	6.7448
6			4.387%		3.8781	0.000%		0.0000	63.9866	65.9256	17.000%	11.2074	0.5066	5.6780
7			4.137%		3.6571	0.000%		0.0000	60.3295	62.1580	17.000%	10.5669	0.4523	4.7799
8			3.901%		3.4485	0.000%		0.0000	56.8810	58.6052	17.000%	9.9629	0.4039	4.0238
9			3.678%		3.2514	0.000%		0.0000	53.6296	55.2553	17.000%	9.3934	0.3606	3.3874
10			3.468%		3.0657	0.000%		0.0000	50.5639	52.0968	17.000%	8.8565	0.3220	2.8516
11			3.270%		2.8907	0.000%		0.0000	47.6732	49.1186	17.000%	8.3502	0.2875	2.4005
12			3.084%		2.7263	0.000%		0.0000	44.9470	46.3101	17.000%	7.8727	0.2567	2.0207
13			2.908%		2.5707	0.000%		0.0000	42.3763	43.6616	17.000%	7.4225	0.2292	1.7010
14			2.742%		2.4239	0.000%		0.0000	39.9524	41.1643	17.000%	6.9979	0.2046	1.4319
15			2.585%		2.2851	0.000%		0.0000	37.6672	38.8098	17.000%	6.5977	0.1827	1.2054
16			2.438%		2.1552	0.000%		0.0000	35.5120	36.5896	17.000%	6.2202	0.1631	1.0146
17			2.299%		2.0323	0.000%		0.0000	33.4797	34.4959	17.000%	5.8643	0.1456	0.8541
18			2.168%		1.9165	0.000%		0.0000	31.5632	32.5215	17.000%	5.5287	0.1300	0.7189
19			2.040%		1.8034	0.000%		0.0000	29.7599	30.6615	17.000%	5.2125	0.1161	0.6052
20			2.040%		1.8034	0.000%		0.0000	27.9565	28.8582	17.000%	4.9059	0.1037	0.5086
21			2.040%		1.8034	0.000%		0.0000	26.1531	27.0548	17.000%	4.5993	0.0926	0.4257
22			2.040%		1.8034	0.000%		0.0000	24.3498	25.2515	17.000%	4.2927	0.0826	0.3548
23			2.040%		1.8034	0.000%		0.0000	22.5464	23.4481	17.000%	3.9862	0.0738	0.2941
24			2.040%		1.8034	0.000%		0.0000	20.7431	21.6447	17.000%	3.6796	0.0659	0.2424
25			2.040%		1.8034	0.000%		0.0000	18.9397	19.8414	17.000%	3.3730	0.0588	0.1984
26			2.040%		1.8034	0.000%		0.0000	17.1363	18.0380	17.000%	3.0665	0.0525	0.1611
27			2.040%		1.8034	0.000%		0.0000	15.3330	16.2347	17.000%	2.7599	0.0469	0.1294
28			2.040%		1.8034	0.000%		0.0000	13.5296	14.4313	17.000%	2.4533	0.0419	0.1027
29			2.040%		1.8034	0.000%		0.0000	11.7263	12.6279	17.000%	2.1467	0.0374	0.0803
30			2.040%		1.8034	0.000%		0.0000	9.9229	10.8246	17.000%	1.8402	0.0334	0.0614
31			2.040%		1.8034	0.000%		0.0000	8.1195	9.0212	17.000%	1.5336	0.0298	0.0457
32			2.040%		1.8034	0.000%		0.0000	6.3162	7.2179	17.000%	1.2270	0.0266	0.0326
33			2.040%		1.8034	0.000%		0.0000	4.5128	5.4145	17.000%	0.9205	0.0238	0.0219
34			2.040%		1.8034	0.000%		0.0000	2.7095	3.6111	17.000%	0.6139	0.0212	0.0130
35			2.040%		1.8034	0.000%		0.0000	0.9061	1.8078	17.000%	0.3073	0.0189	0.0058
36			1.025%		0.9061	0.000%		0.0000	(0.0000)	0.4530	17.000%	0.0770	0.0169	0.0013
								0.0000	(0.0000)	0.4530	17.000%	0.0770	0.0169	0.0013
			100.000%		88.4000	100.000%		0.0000				218.7731		84.1601
	88.4							88.4000				84.1601	/ 1000	8.4200%
														8.0000%

**Advice 3176-G/3784-E**

**Attachment 3**

**Section 401 – Tax Relief, Unemployment Insurance Reauthorization, and  
Job Creation Act of 2010**

Tax Relief, Unemployment Insurance Reauthorization, and Job  
Creation Act of 2010  
[P.L. 111-312 12/17/2010]

TITLE IV. TEMPORARY EXTENSION OF INVESTMENT INCENTIVES [§§401—402]

Law Sec. 401. EXTENSION OF BONUS DEPRECIATION; TEMPORARY 100 PERCENT EXPENSING FOR CERTAIN BUSINESS ASSETS.

(a) In General. Paragraph (2) of section 168(k) is amended—

(1) by striking “January 1, 2012” in subparagraph (A)(iv) and inserting “January 1, 2014”, and

(2) by striking “January 1, 2011” each place it appears and inserting “January 1, 2013”.

(b) Temporary 100 Percent Expensing. Subsection (k) of section 168 is amended by adding at the end the following new paragraph:

“(5) SPECIAL RULE FOR PROPERTY ACQUIRED DURING CERTAIN PRE-2012 PERIODS.-In the case of qualified property acquired by the taxpayer (under rules similar to the rules of clauses (ii) and (iii) of paragraph (2)(A)) after September 8, 2010, and before January 1, 2012, and which is placed in service by the taxpayer before January 1, 2012 (January 1, 2013, in the case of property described in subparagraph (2)(B) or (2)(C)), paragraph (1)(A) shall be applied by substituting ‘100 percent’ for ‘50 percent’.”.

(c) Extension of Election to Accelerate the AMT Credit in Lieu of Bonus Depreciation.

(1) Extension. Clause (iii) of section 168(k)(4)(D) is amended by striking “or production” and all that follows and inserting “or production—

“(I) after March 31, 2008, and before January 1, 2010, and

“(II) after December 31, 2010, and before January 1, 2013,

shall be taken into account under subparagraph (B)(ii) thereof.”.

(2) Rules for Round 2 Extension Property. Paragraph (4) of section 168(k) is amended by adding at the end the following new subparagraph:

“(I) SPECIAL RULES FOR ROUND 2 EXTENSION PROPERTY.-

“(i) IN GENERAL.-In the case of round 2 extension property, this paragraph shall be applied without regard to—

“(I) the limitation described in subparagraph (B)(i) thereof, and

“(II) the business credit increase amount under subparagraph (E)(iii) thereof.

“(ii) TAXPAYERS PREVIOUSLY ELECTING ACCELERATION.-In the case of a taxpayer who made the election under subparagraph (A) for its first taxable year ending after March 31, 2008, or a taxpayer who made the election under subparagraph (H)(ii) for its first taxable year ending after December 31, 2008—

“(I) the taxpayer may elect not to have this paragraph apply to round 2 extension property, but

“(II) if the taxpayer does not make the election under subclause (I), in applying this paragraph to the taxpayer the bonus depreciation amount, maximum amount, and maximum increase amount shall be computed and applied to eligible qualified property which is round 2 extension property.

The amounts described in subclause (II) shall be computed separately from any amounts computed with respect to eligible qualified property which is not round 2 extension property.

“(iii) TAXPAYERS NOT PREVIOUSLY ELECTING ACCELERATION.-In the case of a taxpayer who neither made the election under subparagraph (A) for its first taxable year ending after March 31, 2008, nor made the election under subparagraph (H)(ii) for its first taxable year ending after December 31, 2008—

“(I) the taxpayer may elect to have this paragraph apply to its first taxable year ending after December 31, 2010, and each subsequent taxable year, and

“(II) if the taxpayer makes the election under subclause (I), this paragraph shall only apply to eligible qualified property which is round 2 extension property.

“(iv) ROUND 2 EXTENSION PROPERTY.-For purposes of this subparagraph, the term ‘round 2 extension property’ means property which is eligible qualified property solely by reason of the extension of the application of the special allowance under paragraph (1) pursuant to the amendments made by section 401(a) of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (and the application of such extension to this paragraph pursuant to the amendment made by section 401(c)(1) of such Act).”.

**(d) Conforming Amendments.**

(1) The heading for subsection (k) of section 168 is amended by striking “JANUARY 1, 2011” and inserting “JANUARY 1, 2013”.

(2) The heading for clause (ii) of section 168(k)(2)(B) is amended by striking “PRE-JANUARY 1, 2011” and inserting “PRE-JANUARY 1, 2013”.

(3) Subparagraph (D) of section 168(k)(4) is amended—

(A) by striking clauses (iv) and (v),

(B) by inserting “and” at the end of clause (ii), and

(C) by striking the comma at the end of clause (iii) and inserting a period.

(4) Paragraph (5) of section 168(l) is amended—

(A) by inserting “and” at the end of subparagraph (A),

(B) by striking subparagraph (B), and

(C) by redesignating subparagraph (C) as subparagraph (B).

(5) Subparagraph (C) of section 168(n)(2) is amended by striking “January 1, 2011” and inserting “January 1, 2013”.

(6) Subparagraph (D) of section 1400L(b)(2) is amended by striking "January 1, 2011" and inserting "January 1, 2013".

(7) Subparagraph (B) of section 1400N(d)(3) is amended by striking "January 1, 2011" and inserting "January 1, 2013".

(e) Effective Dates.

(1) In General. Except as provided in paragraph (2), the amendments made by this section shall apply to property placed in service after December 31, 2010, in taxable years ending after such date.

(2) Temporary 100 Percent Expensing. The amendment made by subsection (b) shall apply to property placed in service after September 8, 2010, in taxable years ending after such date.

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

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		Western Manufactured Housing Communities Association (WMA)
Defense Energy Support Center	Norris & Wong Associates	eMeter Corporation
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Dept of General Services	North Coast SolarResources	