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BELMONT CITY CLERK

March 2, 2009

TO: STATE, COUNTY AND CITY
OFFICIALS

Council Agenda # 4-B
Meeting Of 3-24-09

**NOTIFICATION OF APPLICATION FILING BY PACIFIC GAS AND ELECTRIC
COMPANY (PG&E): PHOTOVOLTAIC (PV) PROGRAM**

What is the PV Program?

The PV Program is a five-year program which demonstrates PG&E's commitment to environmental leadership. PG&E proposes to develop, construct, own and operate up to 250 Megawatts (MW) of clean solar photovoltaic facilities and acquire an additional 250 MW to be built and owned by independent developers. When all projects are up and running by 2015, they are expected to deliver power equal to the annual consumption of about 150,000 average homes each year. Prior to developing these facilities, PG&E intends to move forward with a pilot program developing up to 2 MW in order to establish sound processes and procedures for the larger program. PG&E will seek to pursue land options in order to secure land for the development of its program; however, whenever possible, projects developed and owned by PG&E will be built on land already owned by the utility or near its substations to minimize the cost and delays of interconnecting them to the power grid.

On February 24, 2009, PG&E filed the above referenced application with the California Public Utilities Commission (CPUC), in which PG&E requests authority to collect in electric generation rates the cost of owning and operating facilities associated with the PV Program. The annual revenue requirement increases each year from an increase relative to current rates of \$16.5 million in 2010 to the highest increase relative to current rates of \$170.4 million in 2014.

Does this mean rates will increase?

Yes, utility charges will increase as a result of this program. If the application is approved by the CPUC, electric generation rates will increase as early as January 1, 2011.

If the CPUC approves PG&E's application, the bill for a typical bundled customer (customers who receive electric generation, transmission and distribution service from PG&E) using 550 kWh per month in 2014 (the year of the highest revenue increase) would increase \$0.32 from \$73.32 to \$73.64. The bill for a typical bundled customer using approximately twice the average baseline allowance, or 850 kWh per month, would increase \$2.44 from \$157.99 to \$160.43. Individual customers' bills may differ.

The proposed rate changes by customer class associated with this application will be provided in detail in a bill insert to be mailed directly to customers beginning in March.

The CPUC Process

The CPUC's Independent Division of Ratepayer Advocates (DRA) will review this Application. DRA is an independent arm of the CPUC, created by the Legislature to represent the interests of all utility customers throughout the state and obtain the lowest possible rate for service consistent with reliable and safe-service levels. DRA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. DRA's views do not necessarily reflect those of the CPUC. Other parties of record will also participate.

The CPUC may hold evidentiary hearings where parties of record present their proposals in testimony and are subject to cross-examination before an Administrative Law Judge (ALJ). These hearings are open to the public, but only those who are parties of record can present evidence or cross-examine witnesses during evidentiary hearings. Members of the public may attend these hearings, but are not allowed to participate, only listen.

After considering all proposals and evidence presented during the hearing process, the ALJ will issue a draft decision. When the CPUC acts on this application, it may adopt all or part of PG&E's request, amend or modify it or deny the application. The CPUC's final decision may be different from PG&E's proposed application filing.

FOR FURTHER INFORMATION

For more details, call PG&E at 800-743-5000 • Para más detalles llame 800-660-6789
詳情請致電 800-893-9555 • For TDD/TTY (speech-hearing impaired), call 800-652-4712

You may contact the CPUC's Public Advisor with comments or questions as follows:

Public Advisor's Office
505 Van Ness Avenue, Room 2103
San Francisco, CA 94102
415-703-2074 or 866-849-8390 (toll-free)
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If you are writing a letter to the Public Advisor's Office, please include the name of the application to which you are referring. All comments will be circulated to the Commissioners, the assigned Administrative Law Judge and the Energy Division staff.

Reviewed by the California Public Utilities Commission

**NOTIFICATION OF PACIFIC GAS AND ELECTRIC COMPANY (PG&E)
APPLICATION FOR RECOVERY OF CATASTROPHIC EVENT COSTS (CEMA)
IN ELECTRIC RATES**

March 2, 2009
TO: STATE, COUNTY AND CITY
OFFICIALS

On February 27, 2009, Pacific Gas & Electric Company (PG&E) filed the above referenced application with the California Public Utilities Commission, in which PG&E asks for authority to recover catastrophic event costs associated with the 2008 Wildland Fires. PG&E estimates that electric revenues to cover these costs will increase by \$6.56 million over a 1-year period beginning January 1, 2010.

What is CEMA and What Does It Do?

CEMA stands for Catastrophic Event Memorandum Account. State law and the CPUC allow public utilities to recover the incremental costs of: (1) restoring utility service to its customers; (2) repairing, replacing or restoring damaged utility facilities; and (3) complying with government agency orders resulting from declared disasters, as a result of catastrophic events. The CPUC also authorizes utilities to record capital-related costs such as depreciation and return on capitalized plant additions resulting from the restoration activities. The CPUC requires that costs recorded in a utility's CEMA "may be recovered in rates only after a request by the affected utility, a showing of their reasonableness, and approval by the CPUC."

Background to the filing of this Application: From May 22, 2008 through October 2008, wild land fires caused significant damage to portions of PG&E's infrastructure and operations. Because of these fires Governor Schwarzenegger issued State of Emergency Proclamations for 10 counties in PG&E's service territory. Then-President Bush, acting under authority of the Stafford Disaster Relief and Emergency Assistance Act, also issued declarations of emergency in several of these same counties. PG&E seeks to recover the costs of restoring service and repairing its electric distribution system in these counties.

What impact will this Application filing have on rates? This request will result in a slight increase to electric rates for bundled service customers (customers who receive electric generation as well as transmission and distribution service from PG&E) and for customers who purchase electricity from other suppliers (direct-access and community-choice aggregation). If the CPUC approves PG&E's full request, the system average bundled electric rate will increase 0.06 percent on January 1, 2010.

**NOTIFICATION OF APPLICATION FILING BY
PACIFIC GAS AND ELECTRIC COMPANY (PG&E):
2009 RATE DESIGN WINDOW**

On February 27, 2009, PG&E filed its 2009 Rate Design Window Application with the CPUC. The Application complies with Decision 08-07-045, which ordered PG&E to propose certain time-differentiated electric rates called dynamic pricing, and to request recovery of the costs of implementation.

What is Dynamic Pricing?

Dynamic pricing is designed to reflect variations in the actual cost of energy at different times of day and on different types of days. Dynamic pricing creates economic incentives for customers to actively manage their energy costs by shifting electricity use from when it costs more to when it costs less. For example, when given a notice a day in advance that electricity prices will be extremely high for a short period the following day, customers can arrange to use less electricity at that time and/or shift use to other times. This type of rate is also known as Critical Peak Pricing, a type of dynamic pricing that has been available to customers in the past. While dynamic pricing will remain voluntary for residential customers, Decision 08-07-045 specifies that most non-residential customers must be assigned by default to new dynamic pricing rate schedules. The effective implementation of dynamic pricing can lower customer costs and increase electricity system reliability by stabilizing demand over time, reducing demand when supply is low, and setting rates that better reflect the marginal cost of providing electricity.

What Impact will this Application Filing have on Rates?

This Application requests authority to recover in rates approximately \$33.1 million for the costs associated with implementing dynamic pricing through 2010. If the CPUC approves PG&E's full request, the cost will be recovered from all customers who receive transmission and distribution services from PG&E, including bundled and direct access customers. The average increase in bundled electric rates would be 0.22 percent.

The CPUC Process

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The CPUC may hold evidentiary hearings where parties of record present their proposals in testimony and are subject to cross-examination before an Administrative Law Judge (ALJ). These hearings are open to the public, but only those who are parties of record can present evidence or cross-examine witnesses during evidentiary hearings. Members of the public may attend these hearings, but may not participate, only listen.

After considering all proposals and evidence presented during the hearing process, the ALJ will issue a draft decision for each application. When the CPUC acts on each application, it may adopt all or part of PG&E's request, amend or modify it or deny the application. The CPUC's final decision may be different from PG&E's proposed application filing.

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Reviewed by the California Public Utilities Commission

March 9, 2009
TO: STATE, COUNTY AND CITY
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**NOTIFICATION OF APPLICATION FILING BY
PACIFIC GAS AND ELECTRIC COMPANY (PG&E): APPLICATION FOR PENSION
CONTRIBUTION AND FOR APPROVAL OF MECHANISM TO ADJUST PENSION
CONTRIBUTION ANNUALLY**

On March 2, 2009, Pacific Gas and Electric Company (PG&E) filed Application No. 09-03-003 asking the California Public Utilities Commission to approve a total revenue increase in 2011 of \$277.8 million, or 1.7 percent, over the 2009-authorized level of \$16.818 billion to increase the contribution to PG&E's Retirement Plan trust, commonly referred to as a pension contribution, and to approve a mechanism to adjust pension-related revenue annually. Under the proposed mechanism, PG&E would be required to file an Advice Letter each year to adjust its pension-related revenue based on the contribution necessary to attain a fully funded Retirement Plan at the end of a seven-year period.

The total consists of (1) an increase for electric service of \$203.7 million, or 1.6 percent, over the 2009-authorized level of \$12.643 billion, and (2) an increase for gas service of \$74.1 million, or 1.8 percent, over the 2009-authorized level of \$4.175 billion.

What impact will this application have on rates?

If the CPUC approves, this application rates the bill for a typical bundled customer (a customer who receives electric generation, transmission and distribution service from PG&E) using 550 kWh per month would increase \$0.49, or 0.7 percent, from \$74.07 to \$74.56. The bill for a typical bundled customer using approximately twice the average baseline allowance, or 850 kWh per month, would increase \$3.72, or 2.3 percent, from \$163.68 to \$167.40 per month. The bill for a typical bundled residential gas customer using 40 therms per month would increase \$1.07, or 1.9 percent, from \$55.38 to \$56.45. Individual customers' bills may differ.

The proposed rate changes by customer class associated with this application will be provided in detail in a bill insert to be mailed directly to customers beginning in mid-March and ending in mid-April.

The CPUC Process

The CPUC's Independent Division of Ratepayer Advocates (DRA) will review this Application. DRA is an independent arm of the CPUC, created by the Legislature to represent the interests of all utility customers throughout the state and obtain the lowest possible rate for service consistent with reliable and safe-service levels. DRA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. DRA's views do not necessarily reflect those of the CPUC. Other parties of record will also participate.

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