



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

FILED

11-19-09
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Application of Pacific Gas and Electric Company
for Authority to Increase Electric Rates and
Charges to Recover Smart Grid Costs Relating to
Compressed Air Energy Storage Demonstration
Project Under American Recovery and
Reinvestment Act of 2009

U 39 E

A.09-09-019
(Filed September 29, 2009)

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
PROOF OF RULE 3.2(d) COMPLIANCE**

CHRISTOPHER J. WARNER

Pacific Gas and Electric Company
77 Beale Street
San Francisco, CA 94105
Telephone: (415) 973-6695
Facsimile: (415) 972-5220
E-Mail: CJW5@pge.com

Dated: November 19, 2009

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company
for Authority to Increase Electric Rates and
Charges to Recover Smart Grid Costs Relating to
Compressed Air Energy Storage Demonstration
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**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
PROOF OF RULE 3.2(d) COMPLIANCE**

Pacific Gas and Electric Company (PG&E) hereby provides proof of compliance with Rule 3.2 (d) of the California Public Utilities Commission's Rules of Practice and Procedure. As demonstrated in Attachment A, PG&E has met the notice requirement specified in Rule 3.2 (d) by mailing a bill insert describing the rate increase associated with the above-referenced Application to affected customers. Mailing of the insert was completed on November 9, 2009.

Respectfully Submitted,
CHRISTOPHER J. WARNER

By: _____ /s/
NICOLE M. RICHARDSON
Legal Assistant To Christopher J. Warner

Pacific Gas and Electric Company
77 Beale Street
San Francisco, CA 94105
Telephone: (415) 973-6695
Facsimile: (415) 972-5220
E-Mail: CJW5@pge.com
Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

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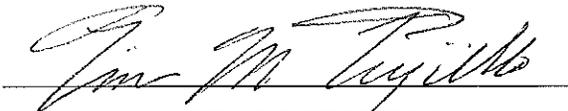
ATTACHMENT A

**DECLARATION OF MAILING NOTICE OF FILING TO
CUSTOMERS**

I, Tim M. Trujillo, an employee of Pacific Gas & Electric Company, state that I am a citizen of the United States and employed in the City of West Sacramento, County of Yolo, and State of California; that I am over the age of eighteen (18) years and not a party to the within cause; that my business address is 885 Embarcadero Drive, West Sacramento, California; and that a printed copy of the attached Notification of Application Filing by Pacific Gas and Electric Company for Authority to Increase Electric Rates and Charges to Recover Smart Grid Costs Relating to Compressed Air Energy Storage Demonstration Project Under America Recover and Reinvestment Act of 2009, No.09-09-019, was enclosed with customer bills during the period beginning October 12, 2009 and ending November 09, 2009.

I declare under penalty of perjury that the foregoing is true and correct.

Dated, November 12, 2009, at West Sacramento, California.


TIM M. TRUJILLO

BACK

In its proposal, PG&E is supported by the following stakeholders in the CAES project: Electric Power Research Institute, the California Independent System Operator, the California Energy Commission, Energy Storage and Power, IBM, Black & Veatch, and PayZone.

If the project is successful, it could enable more widespread use of renewable energy to replace fossil energy during times of peak demand.

Will electric rates increase?

Yes, this request will result in a slight increase to electric rates for bundled service customers (those using electric generation, transmission and distribution service from PG&E) and for direct access and community choice aggregation customers (those purchasing electricity from non-PG&E suppliers). Approval of one or both of these applications will increase bundled rates by less than one percent. Using the 2010 (highest single year) combined cost of \$13.6 million, the bundled system average rate increase will be 0.1 percent, over current rates.

THE CPUC PROCESS

The CPUC's Division of Ratepayer Advocates (DRA) will review these Applications. 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 these applications, it may adopt all or part of PG&E's request, amend or modify them or deny the applications. The CPUC's final decisions may be different from PG&E's proposed application filings.

FOR FURTHER INFORMATION

To request a copy of one or both applications and exhibits or for more details call PG&E at **1-800-PGE-5000**
Para más detalles llame **1-800-660-6789** • 詳情請致電 **1-800-893-9555**
For TDD/TTY (speech-hearing impaired) call **1-800-652-4712**

You may request a copy of one or both applications and exhibits by writing to:
Pacific Gas and Electric Company, Smart Grid Applications, P.O. Box 7442,
San Francisco, CA 94120.

You may contact the CPUC's Public Advisor with comments or questions as follows:
Public Advisor's Office **1-415-703-2074** or **1-866-849-8390** (toll free)
505 Van Ness Avenue, Room 2103 **TTY 1-415-703-5282**, **TTY 1-866-836-7825** (toll free)
San Francisco, CA 94102 **E-mail to public.advisor@cpuc.ca.gov**

If you are writing a letter to the Public Advisor's Office, please include the number(s) (09-09-018 and/or 09-09-019) of the application(s) 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

FRONT

NOTIFICATION OF TWO APPLICATION FILINGS BY PACIFIC GAS AND ELECTRIC COMPANY (PG&E): TO RECOVER IN RATES COSTS ASSOCIATED WITH SMART GRID COSTS RELATING TO THE AMERICAN RECOVERY AND INVESTMENT ACT OF 2009 (SMART GRID APPLICATIONS) (NOS.09-09-018 AND 09-09-019)

What are the Smart Grid Applications?

PG&E applied for \$42.5 million and \$25 million, respectively, in federal funds from the US Department of Energy (DOE) for two separate projects related to the development and implementation of Smart Grid technology. In these two applications, PG&E is requesting the authority to recover in rates PG&E's matching funds to support the funds that may be awarded by the DOE.

DETAILED INFORMATION ABOUT THE SMART GRID APPLICATIONS

Smart Grid Application No 09-09-018 (Customer Energy Management programs) Detailed Information

On August 5, 2009, PG&E filed an application with the DOE under the Smart Grid Investment Grant program and American Recovery and Reinvestment Act of 2009 (ARRA), requesting that DOE award PG&E \$42.5 million in federal funds in order to expand and enhance PG&E's customer energy management programs (including in-premise devices that enable the customer to view and control energy usage), customer services, and grid infrastructure and monitoring.

On September 25, 2009, PG&E filed application 09-09-018 with the California Public Utilities Commission (CPUC) requesting authority to increase rates to recover PG&E's share of the \$42.5 million in matching funds for this award starting in 2010.

In its application, PG&E is supported by the following stakeholders in the customer energy management programs project: the City of San Jose, California Independent System Operator, the California Energy Commission, Stanford University Precourt Energy Efficiency Center, IBM, Cisco Systems, Inc., ABB, Inc., and Utility Integration Solutions, Inc.

This Smart Grid project will analyze the use of dynamic rates and innovative user interfaces with demand response, distributed generation, energy efficiency, and energy conservation. The project will improve grid performance by using PG&E's advanced metering infrastructure with Home Area Network (HAN) devices and sensors to monitor and control the operation of electric distribution circuits.

This application requests recovery of PG&E's share (\$23.5 million) of this project cost over the 2010 through 2014 period through a memorandum account. The estimated revenues required from customers range from \$1.3 million in 2010 to \$8 millions in 2013.

Smart Grid Application No. 09-09-019 (Compressed Air Energy Storage (CAES)) Detailed Information

On August 26, 2009, PG&E applied to DOE for a Smart Grid Demonstration grant under ARRA for a CAES project. Phase 1 of the project, **which will require \$25 million in ratepayer funding to match the \$25 million in DOE funding**, will design and study the feasibility of using off-peak energy, such as intermittent wind energy, to inject compressed air into an underground formation and using that compressed air to generate electricity at peak periods when the renewable energy might not be available.

On September 25, 2009, PG&E filed application 09-09-019 with the CPUC requesting authority to increase rates to recover \$25 million in matching funds for this award over the 2010 through 2014 period through a memorandum account. The estimated revenues required from customers range from \$0.5 million in 2013 to \$12.3 million in 2010.

CERTIFICATE OF SERVICE

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is 77 Beale Street, San Francisco, California 94105

On November 19, 2009, I served a true copy of:

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E) PROOF OF RULE 3.2(d)
COMPLIANCE**

- [XX] By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service list for A.09-09-019 with an e-mail address.
- [XX] By U.S. Mail – by placing the enclosed for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to those parties listed on the official service list for A.09-09-019 without an e-mail address and the following parties:

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 19th day of November, 2009, at San Francisco, California.

/s/

MARTIE L. WAY

**THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
EMAIL SERVICE LIST**

Last Updated: November 6, 2009

CPUC DOCKET NO. A0909019

abb@eslawfirm.com;agc@cpuc.ca.gov;bcragg@goodinmacbride.com;cem@newsdata.com;CentralFiles@semprautilities.com;chh@cpuc.ca.gov;cjw5@pge.com;dmg@cpuc.ca.gov;DNG6@pge.com;filings@a-klaw.com;kar@cpuc.ca.gov;kd1@cpuc.ca.gov;kk3@cpuc.ca.gov;lex@consumercal.org;lms@cpuc.ca.gov;marcel@turn.org;mdjoseph@adamsbroadwell.com;mrw@mrwassoc.com;nes@a-klaw.com;sas@a-klaw.com;srt@cpuc.ca.gov;tcahill@semprautilities.com;wtr@cpuc.ca.gov;

THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA SERVICE LIST

Last Updated: November 6, 2009

CPUC DOCKET NO. A0909019

Total number of addressees: 23

DIONNE ADAMS OPERATION REVENUE
REQUIREMENTS DEPT
PACIFIC GAS AND ELECTRIC COMPANY
77 BEALE ST., MAIL CODE B9A
SAN FRANCISCO CA 94105
Email: DNG6@pge.com
Status: INFORMATION

Andrew Campbell
CALIF PUBLIC UTILITIES COMMISSION
EXECUTIVE DIVISION
505 VAN NESS AVE RM 5203
SAN FRANCISCO CA 94102-3214
Email: agc@cpuc.ca.gov
Status: STATE-SERVICE

David M. Gamson
CALIF PUBLIC UTILITIES COMMISSION
DIVISION OF ADMINISTRATIVE LAW JUDGES
505 VAN NESS AVE RM 5019
SAN FRANCISCO CA 94102-3214
Email: dmj@cpuc.ca.gov
Status: STATE-SERVICE

Katherine MacDonald
CALIF PUBLIC UTILITIES COMMISSION
DIVISION OF ADMINISTRATIVE LAW JUDGES
505 VAN NESS AVE RM 5103
SAN FRANCISCO CA 94102-3214
Email: kk3@cpuc.ca.gov
Status: STATE-SERVICE

NORA SHERIFF
ALCANTAR & KAHL
33 NEW MONTGOMERY ST, STE 1850
SAN FRANCISCO CA 94105
Email: nes@a-klaw.com
Status: INFORMATION

KAREN TERRANOVA
ALCANTAR & KAHL
33 NEW MONTGOMERY ST, STE 1850
SAN FRANCISCO CA 94105
Email: filings@a-klaw.com
Status: INFORMATION

MARC D. JOSEPH
ADAMS BROADWELL JOSEPH & CARDOZO
601 GATEWAY BLVD., STE. 1000
SOUTH SAN FRANCISCO CA 94080-7037
FOR: Coalition of California Utility Employees (CUE)
Email: mdjoseph@adamsbroadwell.com
Status: INFORMATION

CHRISTOPHER J. WARNER
PACIFIC GAS AND ELECTRIC COMPANY
77 BEALE ST, B30A
SAN FRANCISCO CA 94120-7442
FOR: Pacific Gas & Electric Company
Email: cjw5@pge.com
Status: PARTY

Kevin R. Dudney
CALIF PUBLIC UTILITIES COMMISSION
ENERGY DIVISION
505 VAN NESS AVE AREA 4-A
SAN FRANCISCO CA 94102-3214
Email: kd1@cpuc.ca.gov
Status: STATE-SERVICE

Charlyn A. Hook
CALIF PUBLIC UTILITIES COMMISSION
LEGAL DIVISION
505 VAN NESS AVE RM 4107
SAN FRANCISCO CA 94102-3214
Email: chh@cpuc.ca.gov
Status: STATE-SERVICE

Rebecca Tsai-Wei Lee
CALIF PUBLIC UTILITIES COMMISSION
ENERGY PRICING AND CUSTOMER PROGRAMS
BRANCH
505 VAN NESS AVE RM 4209
SAN FRANCISCO CA 94102-3214
Email: wtr@cpuc.ca.gov
Status: STATE-SERVICE

ANNIE STANGE
ALCANTAR & KAHL
1300 SW FIFTH AVE., STE 1750
PORTLAND OR 97201
Email: sas@a-klaw.com
Status: INFORMATION

HILARY CORRIGAN
CALIFORNIA ENERGY MARKETS
425 DIVISADERO ST. STE 303
SAN FRANCISCO CA 94117-2242
Email: cem@newsdata.com
Status: INFORMATION

ALEXIS WODTKE
CONSUMER FEDERATION OF CALIFORNIA
520 S. EL CAMINO REAL, STE. 340
SAN MATEO CA 94402
FOR: Consumer Federation of California
Email: lex@consumercal.org
Status: PARTY

THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA SERVICE LIST

Last Updated: November 6, 2009

CPUC DOCKET NO. A0909019

Total number of addressees: 23

Lisa-Marie Salvacion
CALIF PUBLIC UTILITIES COMMISSION
LEGAL DIVISION
505 VAN NESS AVE RM 4107
SAN FRANCISCO CA 94102-3214
FOR: DRA
Email: lms@cpuc.ca.gov
Status: PARTY

Karin M. Hieta
CALIF PUBLIC UTILITIES COMMISSION
ENERGY PRICING AND CUSTOMER PROGRAMS
BRANCH
505 VAN NESS AVE RM 4102
SAN FRANCISCO CA 94102-3214
FOR: DRA
Email: kar@cpuc.ca.gov
Status: STATE-SERVICE

Sarah R. Thomas
CALIF PUBLIC UTILITIES COMMISSION
LEGAL DIVISION
505 VAN NESS AVE RM 5033
SAN FRANCISCO CA 94102-3214
FOR: DRA
Email: srt@cpuc.ca.gov
Status: STATE-SERVICE

ANDREW B. BROWN
ELLISON SCHNEIDER & HARRIS LLP
2600 CAPITOL AVE, STE 400
SACRAMENTO CA 95816-5905
Email: abb@eslawfirm.com
Status: INFORMATION

BRIAN T. CRAGG ATTORNEY
GOODIN, MACBRIDE, SQUERI, DAY & LAMPREY
505 SANSOME ST, STE 900
SAN FRANCISCO CA 94111
FOR: Independent Energy Producers Association
Email: bcragg@goodinmacbride.com
Status: PARTY

MRW & ASSOCIATES, LLC
1814 FRANKLIN ST, STE 720
OAKLAND CA 94612
Email: mrw@mrwassoc.com
Status: INFORMATION

TODD J. CAHILL
SAN DIEGO GAS & ELECTRIC COMPANT
8330 CENTURY PARK COURT
SAN DIEGO CA 92123
Email: tcahill@semprautilities.com
Status: INFORMATION

CENTRAL FILES
SAN DIEGO GAS & ELECTRIC CO.
8330 CENTURY PARK COURT, CP31-E
SAN DIEGO CA 92123
Email: CentralFiles@semprautilities.com
Status: INFORMATION

MICHAEL HAWIGER ATTORNEY
THE UTILITY REFORM NETWORK
115 SANSOME ST, STE 900
SAN FRANCISCO CA 94104
FOR: The Utility Reform Network
Email: marcel@turn.org
Status: PARTY