

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

Application of Pacific Gas And Electric  
Company (U 39-E) for Approval of 2008-2020  
Conditioning Direct Load Control Program

Application No. 07-04-009

**AMENDMENT TO SETTLEMENT AGREEMENT  
BETWEEN AND AMONG PACIFIC GAS AND  
ELECTRIC COMPANY, THE DIVISION OF  
RATEPAYER ADVOCATES AND THE UTILITY  
REFORM NETWORK**

**I. INTRODUCTION**

In accordance with Rule 12.1 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) the Division of Ratepayer Advocates (DRA) and the Utility Reform Network (TURN) (collectively referred to as "the Parties" or individually as a "Party"), hereby enter into this Amendment to the Settlement Agreement dated December 18, 2007 regarding PG&E's Application for an Air Conditioning Direct Load Control Program (AC Program), A.07-04-009 (hereinafter referred to as the "Amendment"). The purpose of the Amendment is to allow PG&E to continue to expand the amount of direct load control to be available in summer 2009 in the AC Program, within the previously approved budget.

**II. RECITALS**

A. On February 19, 2008, the Commission approved a Settlement Agreement between and among the Parties to PG&E's Application for Approval of 2008-2020 Air Conditioning Direct Load Control Program (A. 07-04-009). *Opinion Granting Application As Modified and Approving Settlement Agreement Between and Among Pacific Gas and Electric Company, the Division of Ratepayer Advocates and the Utility Reform Network, D.08-02-009.*

B. Section III B 4 of the Settlement Agreement provides that PG&E may install load control devices sufficient to obtain demand reduction of 152 MW in June 2009 and 224 MW in June 2010, for a total load reduction of 305 MW by June 2011.

C. PG&E's testimony in this proceeding estimated, based on PG&E's knowledge at that time, that each load control device installed would result in an average load impact reduction of approximately 1 kW per device. Subsequent to the Commission's approval of the Settlement Agreement, PG&E's consultant KEMA concluded an ex post load impact study of PG&E's 2007 AC Program. The 2007 study estimated that the load control devices produce an average load impact reduction of 1.23 kW per device. (Final Report Pacific Gas and Electric SmartAC Load Impact Evaluation, April 24, 2008.)

D. As of November 13, 2008, PG&E's contractor has installed load control devices that provide approximately 130 MW of load reduction. The installed devices include 88,061 air conditioning switches and 16,118 programmable communicating thermostats. PG&E also has approximately 7,737 enrolled customers who are waiting for enrollment verification and device installation. Based on current enrollment and installation rates and PG&E's current assumption of 1.23 kW per load control device, PG&E estimates that it will achieve approximately 152 MW of load reduction by January 31, 2009.

E. If PG&E is required to cease program activities from February to June 2009 to limit available load reduction from the AC Program to 152 MW by June 2009, PG&E would be required to reduce program marketing activities in the critical months before the summer season. Its installation contractor also would be required drastically to reduce its work force until June 2009. This could result in customer confusion and an unnecessary loss of marketing momentum for the AC program.

F. PG&E will conclude a new load impact assessment of its 2008 AC program events by April 2009. This new study may show a different load impact assessment per device than the study of the 2007 AC program and such assessment would be applied in future program reports.

### **III. AGREEMENT**

Based on the recitals set forth above, the Parties agree to amend the Settlement Agreement as follows:

A. The Parties agree to delete section III B 4 in its entirety and replace it with the following paragraph:

4. The Parties agree that PG&E may install a sufficient number of load control devices to obtain the following amount of load reduction:

June 2008: maximum load reduction of 65 MW

~~June 2009: maximum load reduction of 152 MW~~

June 2010: 224 MW

June 2011: 305 MW

B. This Amendment shall become effective on the mailing date of a final Commission decision approving the terms of this Amendment without modifications unacceptable to any Party.

C. Except as expressly modified by this Amendment, no provision of the Settlement Agreement is or shall be deemed to be modified, amended, waived, or otherwise affected by this Amendment. To the extent that this Amendment is inconsistent with any provision of the Settlement Agreement, this Amendment shall govern the rights and obligations of the Parties.

IN WITNESS WHEREFORE, the Parties have caused this Amendment to be executed by their authorized representatives. By signing this Amendment, the representatives of the Parties warrant that they have the requisite authority to bind their respective principals.

DATED: November 25, 2008

By: Steven J. McCarty By:   
*(ms)*

STEVEN J. MCCARTY  
Director, Demand Response  
Pacific Gas and Electric Company

NINA SUETAKE  
Attorney  
The Utility Reform Network

By: \_\_\_\_\_  
DAVE ASHUKIAN  
Deputy Director  
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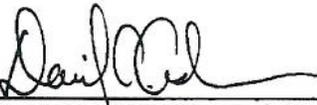
IN WITNESS WHEREFORE, the Parties have caused this Amendment to be executed by their authorized representatives. By signing this Amendment, the representatives of the Parties warrant that they have the requisite authority to bind their respective principals.

DATED: November 25, 2008

By: \_\_\_\_\_ By: \_\_\_\_\_

Name:  
Title  
Pacific Gas and Electric Company

NINA SUETAKE  
Attorney  
The Utility Reform Network

By:   
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