Decision 10-12-007 December 2, 2010

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2011 Energy Resource Recovery Account (ERRA) And 2011 Ongoing Competition Transition Charge (CTC) Forecasts. (U39E)	Application 10-05-022 (Filed May 28, 2010)

DECISION ADOPTING PACIFIC GAS AND ELECTRIC COMPANY'S 2011 ELECTRIC PROCUREMENT COST REVENUE REQUIREMENT FORECAST

1. Summary

Today's decision adopts a 2011 electric procurement cost revenue requirement forecast of $4,084.6 million for Pacific Gas and Electric Company (PG&E) as well as PG&E's 2011 forecast electric sales and rates subject to the Annual Electric True-up process. The total 2011 forecast of $4,084.6 million is approximately $26 million higher than the 2010 revenue requirement currently reflected in present rates. The $4,084.6 million forecast consists of PG&E's 2011 Energy Resources Recovery Account revenue requirement forecast of $3,484.3 million, an Ongoing Competition Transition Charge revenue requirement forecast of $633.6 million, and a Power Charge Indifference Amount credit of $33.2 million. The rate changes will be effective on January 1, 2011. The 2011 revenue requirement will be consolidated with the revenue requirement effects of other Commission decisions in the Annual Electric True-Up process.

2. Procedural Background

Pacific Gas and Electric Company (PG&E) filed Application (A.) 10-05-022 on May 28, 2010, requesting Commission adoption of electric revenue requirements of $4,084.6 million. The $4,084.6 million includes an Energy Resource Recovery Account (ERRA) forecast amount revenue requirement of $3,484.3 million, an Ongoing Competition Transition Charge (CTC) revenue requirement of $633.6 million, and a Power Charge Indifference Amount (PCIA) credit of $33.2 million. PG&E also requested adoption of its requested forecast of 2011 electric sales and rates, subject to the Annual Electric True-Up process.

Notice of A.10-05-022 appeared on the Daily Calendar on June 3, 2010. On June 23, 2010, and July 27, 2010, PG&E provided proof of compliance with Rules 3.2(c) and 3.2(d), respectively, of the Commission's Rules of Practice and Procedure[1] regarding public notice of the Application. On June 3, 2010, Resolution ALJ-176-3255 preliminarily determined that this proceeding was ratesetting and that hearings would be necessary.

On June 22, 2010, the California Municipal Utilities Association (CMUA) filed a response to the application. On July 6, 2010, the Division of Ratepayer Advocates (DRA) and the Marin Energy Authority (MEA) filed protests and the Merced Irrigation District (Merced ID) and Modesto Irrigation District (Modesto ID) jointly filed a response to the application. On July 16, 2010, PG&E filed a reply to the responses and protests, and on July 20, 2010, PG&E filed an amended reply. The City and County of San Francisco (CCSF) filed a motion to intervene on July 20, 2010.

---

[1] All references to Rules are to the Commission's Rules of Practice and Procedure unless otherwise noted.

On July 12, 2010, a *Notice of Prehearing Conference* was issued by Chief Administrative Law Judge (ALJ) Karen Clopton. On July 30, 2010, a prehearing conference (PHC) took place in San Francisco to establish the service list for the proceeding, discuss the scope of the proceeding, and develop a procedural timetable for the management of the proceeding. In addition to PG&E, DRA, MEA, Merced ID, and Modesto ID, who were already parties, the assigned ALJ granted party status at the PHC to the CCSF, California Large Energy Consumers Association, Alliance for Retail Energy Markets, Direct Access Customer Coalition (DACC), Western Power Trading Forum, Energy Producers and Users Coalition, and the CMUA.

On August 4, 2010, the Scoping Memo and Ruling of Assigned Commissioner (Scoping Memo) was issued. On August 6, 2010, a *Notice of Evidentiary Hearings* was issued by Chief ALJ Karen Clopton. On August 9, 2010 and August 16, 2010, CCSF filed *Ex Parte Notices* regarding its communications with advisors to Commissioner Ryan and President Peevey on August 5, 2010 and August 13, 2010 respectively. On August 20, 2010, MEA and CCSF served prepared testimony, and on August 30, 2010, PG&E served its rebuttal testimony.

On August 25, 2010, PG&E filed motions to strike portions of the testimony of MEA and CCSF, as well as a motion to shorten the time to respond to its motions. On August 26, 2010, via e-mail, the assigned ALJ granted PG&E's motion to shorten the time to respond to its motions to strike, requiring parties to respond by August 30, 2010. Responses to PG&E's motions to strike were filed by MEA and CCSF on August 30, 2010. On August 31, 2010, the assigned ALJ issued a ruling granting PG&E's motion to strike portions of MEA's and CCSF's

testimony because this testimony was beyond the scope of this proceeding and we confirm the ALJ ruling here.

On August 30, 2010, PG&E served its Supplemental Testimony (Exhibit PGE-2) on changes in load from the reopening of Direct Access and Community Choice Aggregation activity to date, and also updated its requested ERRA revenue requirement forecast from $3,564.0 million to $3,431.0 million. Also on August 30, 2010, PG&E served its Rebuttal Testimony (Exhibit PGE-3) to MEA and CCSF testimony. Evidentiary hearings were held on September 1, 2010. CCSF requested that, given that a majority of MEA's and CCSF's testimony had been stricken, the bulk of Exhibit PGE-3 be stricken. The ALJ ruled that all but selected sections of Exhibit PGE-3 that addressed MEA's concerns regarding vintaging of contracts would be stricken. CCSF informed the assigned ALJ at evidentiary hearings that it would not present a witness and therefore not submit any of its remaining testimony for inclusion into the record. On September 9, 2010, MEA filed a motion to late-file an exhibit and served that exhibit (Exhibit MEA-3), pursuant to instructions from the assigned ALJ at the evidentiary hearings held on September 1, 2010. We rule herein that Exhibit MEA-3 is received into the record.

PG&E requested its Exhibits PGE-1a and PGE-2a be given confidential treatment under Decision (D.) 06-06-066, and pursuant to Public Utilities (Pub. Util.) Code §§ 454.5(g) and 583. During evidentiary hearings held on September 1, 2010, the assigned ALJ granted confidential treatment to these exhibits, which we confirm herein.

Opening and Reply Briefs were filed by MEA and PG&E on September 20, 2010 and September 27, 2010, respectively, and DRA filed a Reply Brief on September 27, 2010.

On October 14, 2010, the assigned ALJ issued *Assigned Administrative Law Judge Request for Information*, to which PG&E replied as part of its November 5, 2010 update to this application.

On November 5, 2010, PG&E served an update to its application (Update). Based on the Update, PG&E's total 2011 electric procurement revenue requirement forecast of $4,084.6 consists of PG&E's 2011 ERRA forecast revenue requirement of $3,484.3 million, Ongoing CTC forecast revenue requirement of $633.6 million, and a PCIA credit of $33.2 million. Primarily, these updates are due to: 1) PG&E's updated electric sales forecast; 2) updated forward electric and gas prices; 3) update to reflect the final market benchmark: and 4) the corrected vintage for the RSP_100_Harvest_I_Shell_8 (Harvest Wind 8) contract. PG&E's Update is identified as PG&E Exhibit PGE-4 and received into evidence. The confidential version of PG&E's Update is identified as Exhibit PGE-4a, is granted confidential treatment as discussed below in Section 8 of this decision, and is received into evidence.

3. PG&E's 2011 ERRA, Ongoing CTC, PCIA, and Sales Forecasts

The ERRA records energy procurement costs associated with serving bundled electric customers. These costs include: (1) post 2002 contracted resource costs; (2) fuel costs of PG&E-owned generation resources; (3) qualifying facility (QF) and purchased power costs; and (4) other electric procurement costs such as natural gas hedging and collateral costs. The ERRA regulatory process includes: (1) an annual forecast proceeding to adopt a forecast of the utility's electric procurement cost revenue requirement and electricity sales for the upcoming year, and (2) an annual compliance proceeding to review the utility's compliance in the preceding year regarding energy resource contract

administration, least cost dispatch, fuel procurement, and the ERRA balancing account.

The Ongoing CTC forecast revenue requirement consists of the above-market costs associated with eligible contract arrangements entered into before December 20, 1995, and QF contract restructuring costs. CTC costs are recorded in the Modified Transition Cost Balancing Account.

The PCIA is applicable to departing load customers that are responsible for a share of the Department of Water Resources (DWR) power contracts or new generation resource commitments. The PCIA is intended to ensure that the departing load customers pay their share of the above-market portion of the DWR contract or new generation resource costs and bundled customers remain indifferent to customer departures. PG&E calculates the PCIA, in part, based on the vintage of a generation resource project; i.e., when a Power Purchase Agreement (PPA) contract is executed with an outside party, or when construction of a Utility Owned Generation (UOG) project begins.[2]

The vintage of a generation resource (year contract executed or construction began) is identified in order to determine which generation costs a departing load customer is responsible for. The departing load customer is responsible for bearing those stranded costs related to generation resource obligations incurred by the utility to provide procurement services to serve the customer's load, up until the time of the customer's departure. The departing load customer is not responsible for any such costs incurred by the utility after their departure, since the utility is no longer providing service to them.

---

[2] *See* Decision (D.) 08-09-012, Conclusion of Law 15.

Therefore, knowing the vintage of each generation resource is an essential component of the PCIA calculation. Pursuant to D.08-09-012, if a departing load customer either leaves or provides a binding notice of intent to leave the utility's system in the first half of a year, say in the first half of Year 2, the calculation of the PCIA will use generation costs with a vintage of Year 1. If a departing load customer either leaves or provides a binding notice of intent to leave the utility's system in the second half of a year, say in the second half of Year 2, the calculation of the PCIA will use generation costs with a vintage of Year 2.[3]

4. Issues to be Resolved

The Scoping Memo limited the issue to be resolved in this proceeding to whether PG&E's proposed revenue requirement and rates associated with its 2011 ERRA and CTC forecast, and its PCIA credit forecast should be adopted. Part of determining whether PG&E's forecasts should be adopted was to verify that the methods and inputs used by PG&E in calculating its forecasts, such as its forecast of 2011 electric sales and rates, were in compliance with applicable Commission decisions.

No party provided alternatives to PG&E's forecasted figures. MEA, though, raised concerns as to whether the method used by PG&E to assign vintage to photo voltaic (PV) PPA and PPA contracts, and UOG PV projects as part of the PCIA calculation was in compliance with applicable Commission decisions and whether PG&E's inputs should be changed accordingly.

Therefore, this decision is limited to determining a forecast of revenue requirement and rates associated with PG&E's 2011 ERRA and CTC forecast, and

[3] D.08-09-012 at 61.

PCIA credit forecast, and whether the methods and inputs used by PG&E in its calculations are in compliance with applicable Commission decisions.

5. Parties' Positions

5.1. DRA

In its Reply Brief, DRA supports PG&E's position that when calculating the PCIA, generation costs for its projects financed by PPA's should be vintaged when the PPA contract is executed and that vintaging of costs for new UOG should occur when construction of the new generation begins.

5.2. MEA

MEA is concerned with the contract vintages of generation costs used by PG&E in the calculation of the PCIA, in particular, the vintage and costs associated with selected PV PPA and PPA contracts, and UOG PV projects and the associated amount of megawatts included in a particular year for UOG PV contracts, all of which should be in conformance with D.08-09-012 and D.10-04-052.

MEA stated that the vintage of three PV PPA contracts included by PG&E in its PCIA calculation, including the Avenal Park LLC, Sun City Project LLC, and San Drag LLC projects, should be assigned to 2010 and not 2009 as assigned by PG&E.[4]

In its Exhibit MEA-3, which included data responses from PG&E, a copy of the PPA contract signature page for the Harvest Wind 8 contract with Shell Energy North America was included, which shows a contract execution date of January 29, 2010, which is different from the 2009 vintage which was provided in

[4] Exhibit MEA-1 at 4.

response to a previous data request.[5] MEA recommended that the PCIA be recalculated in order to reflect the correct vintage of this PPA contract, in compliance with D.08-09-012.[6]

Pursuant to D.10-04-052, MEA states that the maximum amount of new UOG capacity from the PV program that can be considered in the calculation of the PCIA for a particular year (vintage) is 50 megawatt (MW) per year over a five year period,[7] not the 75 MW used by PG&E in its calculation of the PCIA.[8] MEA recommends that the ERRA and PCIA be recalculated in order to reflect the correct vintages of the UOG PV programs and amounts of new UOG PV capacity in a given year, in compliance with D.08-09-012 and D.10-04-052.[9]

In its Opening and Reply Briefs, MEA made two new recommendations not addressed in its exhibits entered into the record or in hearings, that: 1) PG&E's ERRA forecast revenue requirement of $3,564 million should be offset by PCIA revenues collected from departing load customers;[10] and 2) PG&E should provide an update to the Commission by January 31, 2011 regarding which PV PPA and PPA contracts, and UOG PV projects were executed and actually began construction in 2010, and if necessary, provide an update of the 2010 PCIA to comply with Commission vintaging rules.[11] MEA did not provide

---

[5] Exhibit MEA-2 at MEA Data Request 001-Question 01-Attachment A, page 2 of 6.

[6] MEA Opening Brief at 4-5, and MEA Reply Brief at 1-2.

[7] *See* D.10-04-052 at 2.

[8] Exhibit MEA-1 at 5, and Exhibit PGE-3 at 13.

[9] MEA Opening Brief at 5, and MEA Reply Brief at 2-3.

[10] MEA Opening Brief at 3-4.

[11] MEA Reply Brief at 3-4.

any support for the positions taken or calculations of what that offset amount should be.

5.3. PG&E

PG&E stated that it had properly vintaged its PV PPA contracts, in particular, the Avenal Park LLC, Sun City Project LLC, and San Drag LLC projects,[12] in compliance with D.08-09-012. PG&E agreed with MEA[13] that the vintage of some UOG PV programs were not in compliance with applicable Commission decisions and should be included in a different year for purposes of determining the PCIA.[14] PG&E also stated that MEA's statement that the ERRA revenue requirement forecast should be offset by PCIA revenues[15] is incorrect.[16]

6. Discussion

MEA raised concerns regarding the calculation of the PCIA portion of the revenue requirement, but no party provided alternatives to PG&E's requested 2011 ERRA and CTC forecast, its PCIA credit forecast, and the forecast inputs of 2011 electric sales and rates, for us to consider. Except as noted below, we find PG&E's revised forecast of $4,084.6 to be reasonable, with the adjustments ordered herein.

---

[12] Exhibit PGE-3 at 13, and PG&E Opening Brief at 16.

[13] Exhibit MEA-1 at 4-5 and MEA Opening Brief at 5.

[14] Exhibit PGE-3 at 13, and PG&E Opening Brief at 16-17.

[15] MEA Opening Brief at 3-4.

[16] PG&E Reply Brief at 1-5.

6.1. PCIA

6.1.1. Vintage of PPA

MEA voiced concern regarding the vintage of several PV PPA and PPA contracts used by PG&E in its PCIA calculation. PG&E provided contract signature pages for the Park LLC, Sun City Project LLC, and San Drag LLC PV PPA contracts that show contract execution dates in 2009, thereby supporting the vintage of 2009 used in its calculation of the PCIA.[17] In regards to these contracts, PG&E is therefore in compliance with D.08-09-012.

The vintage of the PPA contract for the Harvest Wind 8 contract should be changed from 2009[18] to 2010, as recommended by MEA, since the contract was executed in 2010.[19] In its Update, PG&E stated that it has revised the vintage of the Harvest Wind 8 project PPA contract. Since Commission approval is still pending regarding the Harvest Wind 8 PPA contract, it is not included in the current PCIA forecast. If the contract is approved by the Commission, the adjusted PCIA of $40.8 million would be included in subsequent years as a credit to the California Department of Water Resources revenue requirement.

6.1.2. UOG PPV

PG&E updated its calculation of the PCIA to correct the vintage of several UOG PV projects and the amount of MW's included in a particular year, in compliance with D.08-09-012 and D.10-04-052.[20] We accept PG&E's revisions to

---

[17] Exhibit PGE-3 at Appendix A.

[18] Exhibit MEA-2 at MEA Data Request 001-Question 01-Attachment A, page 2 of 6.

[19] Exhibit MEA-3 at response to Data Request MEA_003-02, regarding Harvest Wind 8.

[20] Exhibit PGE-3 at 13; PG&E Opening Brief at 16-17; and PG&E Reply Brief at 2.

the vintage of UOG PV projects and amount of MW's in compliance with the above referenced decisions, provided in its Update.

6.1.3. New Issues Raised in Briefs

Since the two new issues raised by MEA regarding a January update and offset of the ERRA revenue requirement by PCIA revenues are outside the scope of this proceeding, other parties did not have an opportunity to comment on the new recommendations, and no support was provided for either recommendation, we reject both recommendations.

7. Conclusion

For all of the foregoing reasons, an ERRA revenue requirement forecast of $3,484.3 million, a CTC revenue requirement forecast of $633.6 million, and a PCIA credit forecast of $33.2 million should be adopted.

We remind PG&E that its calculation of the 2011 ERRA and PCIA must be in compliance with all applicable Commission decisions and regulations that address this issue.

In addition, PG&E's forecast of electric sales and proposed associated electric rates, subject to the Annual Electric True-Up (AET) process, should be adopted. These rates should be effective January 1, 2011.

8. Request to File Under Seal

PG&E requested that Exhibits PGE-1a, PGE-2a and the confidential version of its Update (identified as PGE-4a) be given confidential treatment under D.06-06-066, and pursuant to Pub. Util. Code §§ 454.5(g) and 583. During evidentiary hearings held on September 1, 2010, the assigned ALJ granted confidential treatment to PG&E's Exhibits PGE-1a and PGE-2a These exhibits contain forecasts of items such as PG&E's load, utility owned generation, and purchase power requirements, which, pursuant to D.06-06-066 may be provided

confidential treatment. We therefore confirm the assigned ALJ's ruling of confidential treatment to PG&E's Exhibits PGE-1a, PGE-2a, and PGE-4a.

9. Categorization and Need for Hearings

In Resolution ALJ 176-3255, June 3, 2010, the Commission preliminarily categorized this Application as ratesetting, and preliminarily determined that hearings were necessary. The preliminary determinations made in Resolution ALJ 176-3255 with regard to categorization and hearings are affirmed.

10. Comments on Proposed Decision

As provided by Rule 14.3 of our Rules of Practice and Procedure and Pub. Util. Code § 311(g) (1), the draft decision of the ALJ in this matter was mailed to the parties on November 2, 2010. Opening Comments were filed on November 22, 2010 by PG&E, DRA, and AREM. Reply Comments were filed on November 29, 2010 by PG&E, DRA, and jointly by MEA, CCSF, DACC, and Energy Users Forum.[21] We have considered the comments in our final order.

11. Assignment of Proceeding

Nancy E. Ryan is the assigned Commissioner and Seaneen M. Wilson is the assigned ALJ in this proceeding.

Findings of Fact

1. Notice of the A.10-05-022 appeared on the Daily Calendar on June 3, 2010.
2. By Resolution ALJ 176-3255, dated June 30, 2010, A.10-05-022 was categorized as ratesetting with no need for hearing.

---

[21] On November 29, 2010, Energy Users Forum (EUF) filed a motion for party status with the intent to file reply comments. Because the record is closed, EUF's motion is denied. The reply comments jointly filed by MEA, CCSF, DACC, and EUF, are therefore considered filed by MEA, CCSF, and DACC only.

3. Protests and responses to the application were filed by CMUA, DRA, MEA, Merced ID, and Modesto ID.

4. Since issues of fact were raised by parties, it was determined that hearings were necessary.

5. On August 25, 2010, PG&E filed motions to strike portions of the prepared testimony served by MEA and CCSF on August 20, 2010, as well as a motion to shorten the time to respond to its motions. On August 26, 2010, via e-mail, the assigned ALJ granted PG&E's motion to shorten the time to respond to its motions to strike, requiring parties to respond by August 30, 2010. Responses to PG&E's motions to strike were filed by MEA and CCSF on August 30, 2010. On August 31, 2010, the assigned ALJ issued a ruling granting PG&E's motion to strike portions of MEA's and CCSF's testimony because this testimony was beyond the scope of this proceeding.

6. At evidentiary hearings on September 1, 2010, CCSF requested that, given that a majority of MEAs and CCSFs testimony had been stricken, the bulk of PG&E's Rebuttal Testimony (Exhibit PGE-3) be stricken. The ALJ ruled that all but selected sections of Exhibit PGE-3 that addressed MEA's concerns regarding vintaging of contracts would be stricken.

7. At evidentiary hearings on September 1, 2010, CCSF informed the assigned ALJ that it would not present a witness and therefore not submit any of its remaining testimony for inclusion into the record.

8. On September 9, 2010, MEA filed a motion to late-file an exhibit and served that exhibit (Exhibit MEA-3), pursuant to instructions from the assigned ALJ at the evidentiary hearings held on September 1, 2010.

9. On November 29, 2010, EUF filed a motion requesting party status.

10. PG&E's updated 2011 ERRA forecast revenue requirement, Ongoing CTC forecast revenue requirement, PCIA credit, sales forecast and associated rates, are supported by exhibits and filed documents.

11. PG&E's Application, as updated on November 5, 2010, requests the Commission to adopt a total 2011 electric procurement forecast of $4,084.6 million, which consists of PG&E's 2011 ERRA forecast revenue requirement of $3,484.3 million, its Ongoing CTC forecast revenue requirement of $633.6 million, and its PCIA credit forecast of $33.2 million.

12. No party provided alternatives to the 2011 forecasted amounts requested by PG&E for ERRA, Ongoing-CTC, PCIA credit, and electric sales and rates.

13. MEA raised concerns regarding the vintage of PPA and PV PPA contracts, and UOG PV projects, all of which are inputs to the calculation of the PCIA.

14. PG&E corrected the vintage of several UOG PV projects as it had agreed to do, and included the revised calculation of the PCIA in its Update.

15. PG&E has revised the vintage of its Harvest Wind 8 PPA contract to 2010.

16. Since Commission approval is still pending regarding the Harvest Wind 8 PPA contract, it is not included in the current PCIA forecast. If the contract is approved by the Commission, the adjusted PCIA of $40.8 million would be included in subsequent years as a credit to the California Department of Water Resources revenue requirement.

17. The total 2011 electric procurement forecast of $4,084.6, as adjusted for the revision to the PCIA ordered herein, is approximately $26 million higher than the 2010 revenue requirement currently in present rates.

18. PG&E requested that Exhibits PGE-1a and PGE-2a be given confidential treatment under D.06-06-066, and pursuant to Pub. Util. Code §§ 454.5(g)

and 583. During evidentiary hearings held on September 1, 2010, the assigned ALJ granted confidential treatment to these exhibits.

19. PG&E requested that Exhibit PGE-4a be given confidential treatment under D.06-06-066, and pursuant to Pub. Util. Code §§ 454.5(g) and 583.

Conclusions of Law

1. PG&E's updated 2011 ERRA forecast revenue requirement of $3,484.3 million, Ongoing CTC forecast revenue requirement of $633.6 million, and PCIA credit forecast of $33.2 million, should be adopted.

2. PG&E's 2011 forecast of sales and associated rates should be adopted, subject to the AET process.

3. The assigned ALJ's rulings that the time to respond to PG&E's motion to strike should be shortened and that portions of MEA's and CCSF's prepared testimony should be stricken should be confirmed herein.

4. The assigned ALJ's ruling that portions of PG&E's Rebuttal Testimony should be stricken should be confirmed herein.

5. We should rule herein that Exhibit MEA-3 be received into the record.

6. PG&E complied with the assigned ALJ's ruling, which requested that, in its November 5, 2010, it correct the vintage of several UOG PV projects as it had agreed to do, revised the calculation of the PCIA, and revised the vintage of the Harvest Wind 8 PPA contract to 2010.

7. If the Harvest Wind 8 PPA contract is approved by the Commission, the adjusted PCIA of $40.8 million should be included in subsequent year's proceedings as a credit to the California Department of Water Resources revenue requirement.

8. PG&E's calculation of the ERRA forecast, Ongoing CTC, and PCIA, should be in compliance with all applicable Commission decisions and requirements, including but not limited to D.08-09-012 and D.10-04-052.

9. The assigned ALJ's granting of confidential treatment to PG&E's Exhibits PGE-1a and PGE-2a should be confirmed herein. Pursuant to D.06-06-066, this information should remain under seal for a period of three years after the date of this order.

10. PG&E Exhibit PGE-4a should be granted confidential treatment under D.06-06-066, and pursuant to Pub. Util. Code §§ 454.5(g) and 583. Pursuant to D.06-06-066, this information should remain under seal for a period of three years after the date of this order.

11. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to recover a total 2011 electric procurement cost revenue requirement forecast of $4,084.6 million, consisting of its 2011 Energy Resource Recovery Account forecast revenue requirement of $3,484.3 million, an Ongoing Competition Transition Charge forecast revenue requirement of $633.6 million, and a Power Charge Indifference Amount credit of $33.2 million.

2. Pacific Gas and Electric Company's requested 2011 forecast of electric sales and associated rates is adopted, subject to the Annual Electric True-up process.

3. The revenue requirement and sales forecast adopted in this order shall be consolidated with the revenue requirement effects of other recent Commission decisions through the Annual Electric True-Up process.

4. The assigned Administrative Law Judge's rulings that the time to respond to Pacific Gas and Electric Company's motion to strike should be shortened and that portions of Marin Energy Authority's and City and County of San Francisco's prepared testimony should be stricken is confirmed.

5. The assigned Administrative Law Judge's ruling that portions of Pacific Gas and Electric Company's Rebuttal Testimony should be stricken is confirmed.

6. We rule herein that Exhibit MEA-3 is received into the record.

7. Energy Users Forum motion for party status is denied.

8. Pacific Gas and Electric Company corrected the vintage of several Utility Owned Generation photovoltaic projects in its November 5, 2010 update.

9. Since the RSP_100_Harvest_I_Shell_8 project Power Purchase Agreement contract was executed in 2010, the vintage of this Power Purchase Agreement contract was changed by Pacific Gas and Electric Company from 2009 to 2010 in its November 5, 2010 update.

10. If the RSP_100_Harvest_I_Shell_8 project Power Purchase Agreement contract is approved by the Commission, the adjusted Power Charge Indifference Amount of $40.8 million must be included in subsequent years proceedings as a credit to the California Department of Water Resources revenue requirement.

11. Pacific Gas and Electric Company's calculation of the Energy Resource Recovery Account forecast, Ongoing Competition Transition Charge, and Power Charge Indifference Amount, must be in compliance with all applicable Commission decisions and requirements, including but not limited to Decision 08-09-012 and Decision 10-04-052.

12. The assigned Administrative Law Judge's granting of confidential treatment to Pacific Gas and Electric Company's Exhibits PGE-1a and PGE-2a is confirmed. We also grant confidential treatment to Pacific Gas and Electric Company's Exhibits PGE-4a. Pursuant to Decision 06-06-066, this information should remain under seal for a period of three years after the date of this order. During this three-year period, this information may not be viewed by any person other than the assigned Commissioner, the assigned Administrative Law Judge, the Assistant Chief Administrative Law Judge, or the Chief Administrative Law Judge, except as agreed to in writing by Pacific Gas and Electric Company, or as ordered by a court of competent jurisdiction. If Pacific Gas and Electric Company believes that it is necessary for this information to remain under seal for longer than three years, Pacific Gas and Electric Company may file a motion at least 30 days before the expiration of this limited protective order.

13. Application 10-05-022 is closed.

This order is effective today.

Dated December 2, 2010, at San Francisco, California.

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
TIMOTHY ALAN SIMON
NANCY E. RYAN
Commissioners