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

Application of Pacific Gas and Electric
Company (U 39 E) for Adoption of Electric
Revenue Requirements and Rates Associated
with the 2010 Energy Resource Recovery
Account (ERRA) and Ongoing Competition
Transition Charge (CTC) Forecasts, Tesla
Generating Station, and Market Redesign and
Technology Upgrade (MRTU)

(U 39 E)

Application 09-06-001
(Filed June 1, 2009)

OPENING BRIEF OF PACIFIC GAS AND ELECTRIC COMPANY

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Dated: October 19, 2009

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

Application of Pacific Gas and Electric Company (U 39 E) for Adoption of Electric Revenue Requirements and Rates Associated with the 2010 Energy Resource Recovery Account (ERRA) and Ongoing Competition Transition Charge (CTC) Forecasts, Tesla Generating Station, and Market Redesign and Technology Upgrade (MRTU)

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Pursuant to Rule 13.11 of the Rules of Practice and Procedure of the California Public Utilities Commission and to the *Scoping Memo and Ruling of Assigned Commissioner* issued August 17, 2009 (Scoping Memo), Pacific Gas and Electric Company files this Opening Brief in its 2010 Energy Resource Recovery Account (ERRA) forecast proceeding.

The purpose of this proceeding is to determine PG&E's 2010 ERRA forecast revenue requirement, Ongoing Competition Transition Charge (CTC) forecast revenue requirement, Power Charge Indifference Amount (PCIA), electric sales forecast, and associated electric rates. For 2010 electric revenue requirements, PG&E's Application and supporting prepared testimony requested that the Commission adopt PG&E's 2010 ERRA forecast of \$2,997.1 million, Ongoing CTC forecast of \$540.1 million, and a PCIA credit of \$28.0 million, for a combined total of \$3,509.2 million. (Application, pages 2 and 12.)¹ The only active party on these issues has been the Division of Ratepayer Advocates (DRA).²

¹ PG&E's Application also included requests for recovery in rates of \$4.9 million for the abandoned Tesla Power Plant and \$35.9 million for implementing the Market Redesign and Technology Upgrade (MRTU) initiative, but the Scoping Memo ruled that Tesla and MRTU costs will not be included in the scope of this proceeding. (Scoping Memo, page 3.)

² The California Municipal Utilities Association (CMUA) requested that this proceeding consider a date for ending Ongoing CTC charges and include calculation of the Cost Responsibility Surcharge, but the Scoping Memo ruled that CMUA's issues will not be included in the scope of this proceeding. (Scoping Memo, page 4.)

On October 6, 2009, the *Administrative Law Judge's Ruling Receiving Exhibits into Evidence and Granting Confidential Treatment and Addressing Proposed Update* (ALJ Ruling) received into evidence Exhibit PG&E-1 consisting of PG&E's original prepared testimony supporting PG&E's ERRRA forecast and related matters, Exhibit DRA-1 consisting of DRA's prepared testimony dated September 10, 2009, and Exhibit PG&E-3 consisting of PG&E's prepared rebuttal testimony dated September 17, 2009. In Exhibit DRA-1, DRA raised several concerns about PG&E's ERRRA forecast, including the adequacy of PG&E's showing and the impact of MRTU on PG&E's 2010 ERRRA forecast revenue requirement. PG&E addressed DRA's concerns in Exhibit PG&E-3 and supplemented that testimony with data responses and in-person meetings. In the wake of these communications, counsel for DRA has informed counsel for PG&E that DRA will not be filing an opening or reply brief in this proceeding.

As usual in these annual PG&E ERRRA forecast proceedings, PG&E plans to file and serve an Update to its Application in early November. The revenue requirement adopted in this 2010 ERRRA forecast proceeding will be consolidated with the revenue requirement effects of other recent Commission decisions through PG&E's Annual Electric True-Up (AET) process. (See Advice Letter 3518-E.) The sales forecast adopted in this proceeding will be used in the 2010 test year, including the detailed departing load sales forecasts applicable to each non-bypassable charge in the AET and subsequent 2010 rate changes. The rates adopted in this proceeding should be approved to become effective on January 1, 2010, subject to the AET process.

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Based on the record developed in this 2010 ERRA forecast proceeding, the Commission should approve PG&E's Application, as modified by the early November Update, on the issues ruled to be within the scope of this proceeding. In particular, PG&E respectfully requests that the Commission issue a decision before the end of 2009 that:

1. Adopts PG&E's 2010 ERRA forecast of \$2,997.1 million, as modified by the Update;
2. Adopts PG&E's Ongoing CTC forecast of \$540.1 million, as modified by the Update;
3. Adopts PG&E's PCIA credit of \$28.0 million, as modified by the Update;
4. Adopts PG&E's electric sales forecast;
5. Adopts PG&E's proposed associated electric rates, subject to the AET process; and
6. Grants such additional relief as the Commission may deem proper.

Respectfully Submitted,

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By: _____ /s/
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CERTIFICATE OF SERVICE BY ELECTRONIC MAIL OR U.S. MAIL

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 Pacific Gas and Electric Company, Law Department B30A, 77 Beale Street, San Francisco, CA 94105.

I am readily familiar with the business practice of Pacific Gas and Electric Company for collection and processing of correspondence for mailing with the United States Postal Service. In the ordinary course of business, correspondence is deposited with the United States Postal Service the same day it is submitted for mailing.

On the 19th day of October, 2009, I caused to be served a true copy of:

OPENING BRIEF OF PACIFIC GAS AND ELECTRIC COMPANY

[XX] By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service list for **A.09-06-001** 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.09-06-001** without an e-mail address.

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 October, 2009, at San Francisco, California.

/s/

TAUVELA U’U

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