



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

**FILED**

11-20-09  
04:59 PM

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)

**REPLY COMMENTS OF  
PACIFIC GAS AND ELECTRIC COMPANY**

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Dated: November 20, 2009

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

Application of Pacific Gas and Electric Company  
for Authority to Increase Electric Rates and  
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PACIFIC GAS AND ELECTRIC COMPANY**

Pursuant to the November 5, 2009, Scoping Memo, Pacific Gas and Electric Company (PG&E) hereby files its Reply Comments in this proceeding. PG&E's Reply Comments address the only comments filed in this proceeding, those by the Division of Ratepayer Advocates (DRA).

DRA requested clarification of some issues in the proceeding, and also indicated that it would need additional brief discovery in the proceeding. PG&E is responding to DRA's additional discovery request concurrent with these Reply Comments. PG&E is also providing DRA the following clarification of issues:

**1. DRA asks for Commission confirmation that if DOE funding is not forthcoming, PG&E should withdraw the application and only seek state ratepayer funding by way of a regular application.**

**PG&E Response:** PG&E agrees that if DOE funding is not forthcoming for the project, it will withdraw or amend the application and only seek ratepayer funding through the Commission's regular application process.

**2. DRA requests that at the conclusion of Phase 1, PG&E be required to file a report on the outcome of certain matters, listed as the Phase 1 activities in its**

**application. DRA asks that the Commission order PG&E to supplement its DOE Report to discuss the outcome of the activities on the foregoing list, if the DOE does not require such discussion, and serve the Report and supplements on the parties to this proceeding. DRA also believes this Commission should create a process for review of Phase 1. DRA and other interested parties should have 90 days from the date PG&E serves parties to this proceeding with its DOE Report, containing the above-listed supplemental material, to conduct discovery on the matters raised in the Report and other Phase 1 matters. After the 90-day discovery period, there should be a comment period so that the parties – including PG&E – may brief the Commission and assigned Administrative Law Judge (ALJ) on the results of Phase 1. This discovery and comment period should occur before PG&E files its Phase 2 application.**

**PG&E Response:** PG&E believes that its reports to DOE on Phase 1 of the project will cover all the topics listed by DRA, but will supplement its report to provide the additional information to DRA and other parties as necessary. PG&E is also willing to provide DRA with an opportunity for discovery on the report and other Phase 1 matters prior to filing a formal application for Phase 2. However, PG&E does not believe a formal Commission proceeding for parties to comment on the Phase 1 report is necessary prior to filing the Phase 2 application. Instead, PG&E is willing to meet informally with DRA and other interested parties as well as interested Commissioners and staff to discuss the Phase 1 report and results and obtain informal input on the scope and structure of Phase 2 activities prior to filing the Phase 2 application.

PG&E appreciates DRA's willingness to move forward to seek these clarifications and brief additional discovery, and complete the record in this proceeding on an expedited schedule.

Respectfully Submitted,  
CHRISTOPHER J. WARNER

By: \_\_\_\_\_ /s/ \_\_\_\_\_  
CHRISTOPHER J. WARNER

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**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 20, 2009, I served a true copy of:

**REPLY COMMENTS 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.09-09-019 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 20th day of November, 2009, at San Francisco, California.

/s/

\_\_\_\_\_  
MARTIE L. WAY

**THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
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Last Updated: November 6, 2009

**CPUC DOCKET NO. A0909019**

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