

Decision 08-04-008 April 10, 2008

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND ELECTRIC COMPANY to Recover Incremental Costs Related to the 2005-2006 New Year's Storms and July 2006 Heat Storm Recorded in the Catastrophic Event Memorandum Account (CEMA) Pursuant to Public Utility Code Section 454.9. (U 39 E)

Application 06-11-005
(Filed November 13, 2006;
reopened January 30, 2008)

OPINION MODIFYING DECISION 08-01-021

Ordering Paragraph 1 of Decision (D.) 08-01-021 adopted rate recovery of \$9,333,000, to be collected in rates in 2008, beginning January 1, 2008, through the Pacific Gas and Electric Company's (PG&E) recurring Annual Electric True-up advice letter. In doing so, the decision adopted the language of the September 21, 2007 settlement agreement between PG&E and the Division of Ratepayer Advocates (DRA), with the specific language describing the proposed rate recovery process. At the time the parties negotiated and signed the settlement agreement, it was feasible that the Commission decision would be issued prior to the end of 2007, with the approved amount eligible for incorporation into the end-of-year Annual Electric True-up advice letter and a January 1, 2008 rate change. On January 10, 2008, the Commission adopted D.08-01-021, and on January 30, 2008, PG&E timely filed a petition for modification of the decision. (Rule 16.4(d).)

The Administrative Law Judge's proposed decision was on track for adoption at the Commission's December 20, 2007 meeting. However, PG&E requested a delay of one meeting, in order to address a perceived issue in DRA's comments in support of the decision. (Petition, p. 1.) The proposed decision was therefore held over to a subsequent meeting and, through an oversight, the rate recovery mechanism was not modified to recognize that the True-up advice letter was filed and implemented before the adoption of D.08-01-021. The proposed decision was adopted without modification.

In its petition for modification of D.08-01-021, PG&E proposes to consolidate the rate recovery with its next scheduled electric rate change following a decision approving its petition for modification. PG&E states that its next electric rate changes are March 1, 2008, to implement revised electric transmission revenue requirements recently approved by the Federal Energy Regulatory Commission, and May 1, 2008, to implement an Energy Resource Recovery Account trigger filing. (Petition, Footnote 1.) The former is possibly too close, and therefore the May 1, 2008 filing is the one most likely to accommodate the proposal in the petition.

PG&E complied with Rule 16.4(b) and proposed specific wording to accomplish the requested modifications:

Page 2: The adopted electric revenue requirement is \$12,138,000, including interest through December 31, 2010, franchise fees, and uncollectibles, to be collected in rates, ~~beginning January 1, 2008,~~ with To recover these costs, rates will be increased by \$9,333,000 collected in rates in 2008, \$1,431,000 in 2009, and \$1,374,000 in 2010, with any under or over collections of these amounts accruing to the associated balancing accounts. PG&E will record commensurate amounts each year for the CEMA revenue requirement in its Distribution Revenue Adjustment Mechanism (\$11,460,000) and to the Utility Generation Balancing Account (\$503,000) for rate

recovery through its next available electric rate change in 2008 and through the Annual Electric True-up advice letter thereafter.
(Settlement, p. 3.)

Ordering Paragraph 1: 1. The settlement agreement between Pacific Gas and Electric Company (PG&E) and the Division of Ratepayer Advocates is adopted, with one modification due to the timing of the issuance of the decision. PG&E is authorized to recover revenue requirements for its 2005-06 Winter Storms Catastrophic Event Memorandum Account (CEMA) costs. PG&E shall recover \$12,138,000 in electric revenue requirements, including interest through December 31, 2010, franchise fees, and uncollectibles, to be collected in rates ~~beginning January 1, 2008,~~ with \$9,333,000 collected in rates in 2008, \$1,431,000 in 2009, and \$1,374,000 in 2010, subject to over- and undercollections of these amounts accruing to the associated balancing accounts. PG&E shall record commensurate amounts each year for the CEMA revenue requirement in its Distribution Revenue Adjustment Mechanism (\$11,460,000) and in the Utility Generation Balancing Account (\$503,000) for rate recovery to be consolidated with the next available 2008 electric rate change after the effective date of this decision, and through the Annual Electric True-up advice letter thereafter.

DRA was the only other active party and did not oppose the petition. The petition asserts that DRA reviewed the proposed modification before filing.

We agree with PG&E that the delay in adopting the proposed decision rendered the adopted rate recovery process for 2008 infeasible. We find that the proposed change is reasonable. Therefore, we will correct the ratemaking to allow PG&E a feasible means to recover the approved settlement costs.

Comments on Proposed Decision

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure,

the otherwise applicable 30-day period for public review and comment is waived.

Assignment of Proceeding

John A. Bohn is the assigned Commissioner and Douglas Long is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The rate recovery mechanism adopted in D.08-01-021 is infeasible because the decision was delayed.
2. The proposed correction will allow PG&E a feasible means to recover the approved settlement costs.

Conclusions of Law

1. The requested modification to D.08-01-021 is reasonable, pursuant to Rule 16.4, to provide feasible means to recover the approved settlement costs.
2. The decision should be effective upon its date of issuance to allow for expeditious rate recovery.
3. This proceeding should be closed.

O R D E R

Therefore, **IT IS ORDERED** that:

1. Decision (D.) 08-01-021 is modified to allow Pacific Gas and Electric Company (PG&E) a reasonable and feasible mechanism to recover adopted settlement costs.
2. The decision's summary (*mimeo.*, p. 2) is modified as follows:

The adopted electric revenue requirement is \$12,138,000, including interest through December 31, 2010, franchise fees, and uncollectibles, to be collected in rates. ~~beginning January 1, 2008,~~

~~with~~ To recover these costs, rates will be increased by \$9,333,000 collected in rates in 2008, \$1,431,000 in 2009, and \$1,374,000 in 2010, with any under or over collections of these amounts accruing to the associated balancing accounts. PG&E will record commensurate amounts each year for the CEMA revenue requirement in its Distribution Revenue Adjustment Mechanism (\$11,460,000) and to the Utility Generation Balancing Account (\$503,000) for rate recovery through its next available electric rate change in 2008 and through the Annual Electric True-up advice letter thereafter. (Settlement, p. 3.)

3. Ordering Paragraph 1 of D.08-01-021 is modified as follows:

The settlement agreement between Pacific Gas and Electric Company (PG&E) and the Division of Ratepayer Advocates is adopted, with one modification due to the timing of the issuance of the decision. PG&E is authorized to recover revenue requirements for its 2005-06 Winter Storms Catastrophic Event Memorandum Account (CEMA) costs. PG&E shall recover \$12,138,000 in electric revenue requirements, including interest through December 31, 2010, franchise fees, and uncollectibles, to be collected in rates ~~beginning January 1, 2008,~~ with \$9,333,000 collected in rates in 2008, \$1,431,000 in 2009, and \$1,374,000 in 2010, subject to over- and undercollections of these amounts accruing to the associated balancing accounts. PG&E shall record commensurate amounts each year for the CEMA revenue requirement in its Distribution Revenue Adjustment Mechanism (\$11,460,000) and in the Utility Generation Balancing Account (\$503,000) for rate recovery to be consolidated with the next available 2008 electric rate change after the effective date of this decision, and through the Annual Electric True-up advice letter thereafter.

4. This decision is effective upon its date of issuance.
5. Application 06-11-005 is closed.

This order is effective today.

Dated April 10, 2008, at San Francisco, California.

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners