PACIFIC GAS AND ELECTRIC COMPANY
General Rate Case 2011 Phase I
Application 09-12-020
Data Response

PG&E Data Request No.:	DRA_283-01		
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Date Sent:	July 9, 2010	Requesting Party:	DRA
PG&E Witness:	Stephanie Maggard	Requester:	Truman Burns

EXHIBIT REFERENCE: PG&E-18

SUBJECT: HYDROELECTRIC OPERATIONS

QUESTION 1

Referring to p. 47-41, lns. 17-19, please provide workpapers supporting PG&E's estimate of its $500,000 share of Conservation Water revenue.

ANSWER 1

The Conservation Water revenue is based on the current amount of lost water from Powers Canal that could be recovered and sold if CalWater leak-proofed the canal. An independent consultant, MBK Engineers, was hired to quantify the amount of leakage from the canal. MBK Engineers measured the amount of water in the canal at various points and prepared a report summarizing their findings. Measurements of losses were made by MBK between August 6 and October 29, 2009 and the losses were as high as 28 acre feet per day with the average for the study period being 21 acre feet per day. This 21 acre foot per day loss represents 67% of the water delivered by PG&E to the Powers Canal during the study period. This amount of loss compares favorably to the losses found in the preliminary study prepared by MBK in 2008 which was 64%. The study used historic data which compared our releases from Coal Canyon PH (gage BW-41) to stream gages downstream owned by CWS.

The relative difference in the total water loss between 2008 and 2009 is proportional to the difference in water year conditions at the time of the studies. In the 2008 study, the conditions were fairly normal with average daily inflows from Coal Canyon PH of 54 acre feet per day compared to 2009, which was critically dry, with average daily inflows of 34 acre feet. Consequentially, the amount of water available for possible sale or transfer based on this most current study (and water year) would appear to be less, but is actually a higher percentage than previously thought. Using 2009 as the minimum estimate of water available in a critically dry year is a baseline value used for the worse case scenario.

The calculation of Conservation Water revenue is as follows.

Based on the MBK study, 21 acre feet of water per day would be available for sale or transfer for the period May 1 thru October 31:

21af/day X 184 days = 3,864 acre feet

Using DWR 2009 price offered for Environmental Water Account/Drought Water Bank of $275 per acre foot:

3,864 acre feet X $274/af = $1,062,600

Per the agreement, the first $100,000 in annual water sales is split 70/30 between PG&E and CWS. All annual sales after the first $100,000 are shared equally

PG&E's expected revenues based on a critically dry year = $551,300.