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Mr. Honesto Gatchalian
California Public Utilities Commission
Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, CA 94102

Subject: PG&E's Protest Response to Advice 3137-G/3074-E

Dear Mr. Gatchalian:

Pacific Gas and Electric Company (PG&E) hereby responds to the protest dated July 30, 2010, from the Division of Ratepayer Advocates (DRA) to Advice 3137-G/3704-E, regarding the proposal to transfer \$577,539 in unspent 2009 Low Income Energy Efficiency (LIEE) funds to increase its Microwave Pilot program from \$300,000 for Program Years 2009-2011 to \$877,539.

Summary of DRA's Protest

DRA contends that PG&E's request to increase the microwave pilot funding violates of Decision (D.) 08-11-031 (Decision). DRA claims that the California Public Utilities Commission (Commission) requires a more specific and detailed report on increased expansion of pilot operations per OP 71 of the Decision.

DRA also contends that OP 73 of the Decision requires, at a minimum, the investor-owned utilities (the IOUs) to submit, upon the completion of any pilot and the subsequent evaluation, a final pilot report that includes recommendations as to whether the pilot should be expanded, problems encountered, and any proposed changes before expansion. Any request to expand the Microwave Pilot program should be based on the results of the Microwave Pilot program evaluation.

Response

Unfortunately, DRA misses the point of the advice letter. PG&E's advice letter did not request elimination of the reporting obligations associated with the end of the pilot. Instead, the advice letter proposed merely to expand the pilot to provide additional sampling that will allow a more complete review of the viability of microwaves in PG&E's LIEE program.

It should also be noted that Sempra Energy has already begun the full deployment of microwaves in its service territory. Therefore, PG&E's request to increase the pilot size from \$300,000 to \$877,539 for Program Years 2009-2011 is quite modest in the scheme of the overall low income program, which has a budget of \$416,912,752 for the calendar years 2009-2011. This request to increase the sampling of a very popular measure serves to benefit both PG&E's low income customers, as well as decision makers attempting to evaluate the viability of full deployment following the submittal of PG&E's final pilot report in 2011.

This information will enhance the reporting by providing additional data that will allow for a more thorough review of the long-term efficacy of microwave deployment in PG&E's LIEE program. PG&E will provide all of the items listed in OP 73 upon completion of the pilot, which it expects to occur around the third quarter of 2011.

Conclusion

With these clarifications in mind, PG&E respectfully requests that the Commission approve PG&E's Advice 3137-G/3074-E as filed.

Respectfully submitted,

A handwritten signature in black ink that reads "Jane Yura-OB". The signature is written in a cursive, flowing style.

Vice President - Regulations and Rates

cc: Mary O'Drain, PG&E
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Service List for A.08-05-022