



August 30, 2010

Advice 3725-E

Pacific Gas and Electric Company (U 39-M)

Public Utilities Commission of the State of California

**Subject: *New Rate Schedule E-LRAO - Local Resource Adequacy
Obligations During Direct Access Reopening - in Compliance
with Decision 10-03-022***

Pacific Gas and Electric Company (PG&E) hereby submits for filing new Electric Rate Schedule E-LRAO, *Local Resource Adequacy Obligations During Direct Access Reopening*, to implement the adopted Local Resource Adequacy cost allocation methodology adopted by Ordering Paragraph 7 of California Public Utilities Commission's (Commission) Decision (D.) 10-03-022. The affected tariff sheets are listed on the enclosed Attachment I.

Background And Purpose

Senate Bill (SB) 695, chaptered on October 11, 2009, included an amendment of the previously effective suspension of Direct Access (DA) service by authorizing an increase in the limit on the maximum level of Direct Access transactions to the "...maximum total kilowatt-hours supplied by all other providers to distribution customers of that electrical corporation during any sequential 12-month period between April 1, 1998 and the effective date of this Section." In addition, it required the Commission to adopt and implement a schedule, within 6 months of the effective date of SB 695, to begin the phase-in of authorized increases in the maximum amount of DA transactions over a period of at least three years, but not more than five years.

On March 11, 2010, the Commission approved D.10-03-022, *Decision Regarding Increased Limits for Direct Access Transactions* (Decision), which addressed only the implementation issues that must be resolved in order to begin the process of new enrollments of DA load starting on April 11, 2010. The Decision, among other things, adopted a methodology to fairly allocate the cost of meeting Local Resource Adequacy Obligations for newly enrolled DA load among the various Load Serving Entities during the 2010 Resource Adequacy compliance year. In accordance with Appendix 3 of the Decision, this methodology applies only for calendar year 2010, but may be continued or replaced, if another solution is adopted in Rulemaking (R.) 09-10-032, for the 2011 RA compliance year. In

compliance with the Decision, PG&E is submitting Schedule E-LRAO to implement the adopted Local Resource Adequacy cost allocation methodology.

Tariff Revisions

PG&E proposes a new rate Electric Rate Schedule E-LRAO, *Local Resource Adequacy Obligations During Direct Access Reopening*, which describes the applicability and charges associated with Local Resource Adequacy Obligation transfer payment authorized by the Commission in Appendix 3 of the Decision.

Protest Period

Anyone wishing to protest this filing may do so by sending a letter by **September 20, 2010**, which is 21 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be mailed to:

CPUC Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: jni@cpuc.ca.gov and mas@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission.

Jane K. Yura
Vice President, Regulations and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10B
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-6520
E-mail: PGETariffs@pge.com

Effective Date:

PG&E requests that this advice filing become effective regular notice, **September 29, 2010**. This Advice Letter is submitted with a Tier 2 designation.

Notice:

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes to the General Order 96-B service list and all electronic approvals should be directed to email PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

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

Jane K. Yura
Vice President – Regulation and Rates

cc: Service List for R.07-05-025

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Olivia Brown

Phone #: 415.973.9312

E-mail: oxb4@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3725-E

Tier: 2

Subject of AL: New Rate Schedule E-LRAO - Local Resource Adequacy Obligations During Direct Access Reopening - in Compliance with Decision 10-03-022

Keywords (choose from CPUC listing): Compliance

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.10-03-022

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: N/A

Resolution Required? Yes No

Requested effective date: September 29, 2010

No. of tariff sheets: 4

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting). N/A

Tariff schedules affected: New Electric Schedule E-LRAO

Service affected and changes proposed: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave., San Francisco, CA 94102

ijnj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Jane K. Yura, Vice President, Regulation and Rates

77 Beale Street, Mail Code B10B

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

**Cal P.U.C.
Sheet No.**

Title of Sheet

**Cancelling Cal
P.U.C. Sheet No.**

29619-E ELECTRIC SCHEDULE E-LRAO
LOCAL RESOURCE ADEQUACY OBLIGATIONS
DURING
DIRECT ACCESS REOPENING
Sheet 1

29620-E ELECTRIC SCHEDULE E-LRAO
LOCAL RESOURCE ADEQUACY OBLIGATIONS
DURING DIRECT ACCESS REOPENING
Sheet 2

29629-E ELECTRIC TABLE OF CONTENTS
Sheet 1

29627-E

29630-E ELECTRIC TABLE OF CONTENTS
RATE SCHEDULES
Sheet 5

29531-E



ELECTRIC SCHEDULE E-LRAO
LOCAL RESOURCE ADEQUACY OBLIGATIONS DURING
DIRECT ACCESS REOPENING

Sheet 1 (N)
 (N)
 (N)

APPLICABILITY: This schedule applies to Energy Service Providers (ESPs) who are providing electric commodity service to customers who enrolled in Direct Access (DA) Service, on or after April 11, 2010, under the provisions of electric Rule 22 (Direct Access) and Rule 22.1 (Direct Access Service Switching Exemption Rules). (N)

Pursuant to Appendix 3 of Decision (D.)10-03-022, an Energy Service Provider (ESP) who acquires additional DA load on or after April 11, 2010 will have the option to obtain an allocation of local resource adequacy (RA) "credits" from PG&E, through the payment of a Local RA Obligation transfer payment to PG&E, without the need for an actual sale of physical capacity to satisfy the ESP's Local RA Obligation for that DA load for the remainder of the 2010 compliance year.

For 2010, the Local RA Obligation transfer payment will cover the period of time the ESP serves the customer's DA load (i.e. meter read date activation through the end of calendar year 2010).

This schedule will terminate on December 31, 2010, unless extended by the Commission. For example, should this schedule be extended by the Commission into the 2011 compliance year, then the Local RA Obligation transfer payment for new DA customers would cover the period from January 18, 2011 through December 31, 2011. For ESPs electing to extend this option from 2010 into 2011, the transfer payment would cover the entire 2011 calendar year.

TERRITORY: Schedule E-LRAO applies everywhere PG&E provides electric service as shown in Preliminary Statement, Part A.

RATES: The rate under Schedule E-LROA is a fixed amount per kilowatt-year and represents the administrative price for the transfer of Local Resource Adequacy credits of \$24.00 per kilowatt-year (kW-year). The default Local RA Obligation transfer payment from the ESP will be determined pursuant to Appendix 3 of D. 10-03-022 as follows:

a) Look up PG&E's "Local to Peak Ratio" (LPR (%)) on the CPUC website at: www.CPUC.CA.Gov/PUC/Energy/Procurement/RA/RA_Guides_2008-09.htm

b) For each migrating customer, determine the Customer Load Obligation (CLO) as follows:

$CLO (kW) = LPR (\%) \times Customer's\ 2009\ Coincident\ Peak\ Demand\ (CPD) (kW)$ as grossed up by the appropriate Distribution Loss Factor (DLF)

c) Calculate the Default Transfer Payment (DTP) as follows:

$DTP (\$) = CLO (kW) \times \$24/ kW-yr \times Shaping\ Factor$ for the remaining months of 2010 (See Monthly Shaping Factors table at end of Appendix 3 of D. 10-03-022)

(N)

(Continued)

Advice Letter No: 3725-E
 Decision No. D.10-03-022

Issued by
Jane K. Yura
 Vice President
 Regulation and Rates

Date Filed August 30, 2010
 Effective _____
 Resolution No. _____



ELECTRIC TABLE OF CONTENTS

Sheet 1

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Sheet 5

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**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

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Arizona Public Service Company	Division of Business Advisory Services	Praxair
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Calpine	Los Angeles Dept of Water & Power	Sutherland, Asbill & Brennan
Cameron McKenna	Luce, Forward, Hamilton & Scripps LLP	Tabors Caramanis & Associates
Cardinal Cogen	MAC Lighting Consulting	Tecogen, Inc.
Casner, Steve	MBMC, Inc.	Tiger Natural Gas, Inc.
Chris, King	MRW & Associates	Tioga Energy
City of Glendale	Manatt Phelps Phillips	TransCanada
City of Palo Alto	McKenzie & Associates	Turlock Irrigation District
Clean Energy Fuels	Merced Irrigation District	U S Borax, Inc.
Coast Economic Consulting	Mirant	United Cogen
Commerce Energy	Modesto Irrigation District	Utility Cost Management
Commercial Energy	Morgan Stanley	Utility Specialists
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Crossborder Energy	NRG West	Wellhead Electric Company
Davis Wright Tremaine LLP	New United Motor Mfg., Inc.	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	Norris & Wong Associates	eMeter Corporation
Defense Energy Support Center	North America Power Partners	
	North Coast SolarResources	