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October 4, 2010

Tariff Unit, Water Division, 3rd floor
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

David P. Stephenson
Director of Rate Regulation
4701 Beloit Drive
Sacramento, CA 95838

**Re: Response to California American Water Company's (U-210-W) Advice Letter
Number 860.**

Pursuant to General Order (GO) 96-B, Section 7.4 et. seq., Pacific Gas and Electric Company (PG&E) responds to California American Water Company's Advice Letter (AL) No. 860.

PG&E supports the budget reallocation described in AL 860. The AL makes clear that the additional \$200,000 in funding to be shifted to the Segunda Project is available from \$203,934 in existing, unspent funds that had originally been earmarked for the San Jose Water OEEP Projects. The AL also states there will be no change in the amount of PG&E's OEEP reimbursement requirement as a result of this reallocation of funds between projects. As such, PG&E supports the AL.

In support of the AL, PG&E has prepared an updated "Table 2: Updated OEEP Budgets by Water Utility" that appears in D.10-04-030. The updated table reflects the reallocation of funds between programs as requested in the AL. In addition, it corrects a faulty entry in the original table from D.10-04-030 where the Alco Water Service Company total contribution should have been \$167,000, but was shown as \$187,000. For clarity, PG&E recommends that a copy of this table be appended as an exhibit to the AL.

Sincerely,

Michael R. Klotz