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April 21, 2011

Paul Clanon, Executive Director  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Re: Request for Extension of Time to Implement Time-Varying Pricing Per D.10-02-032

Dear Mr. Clanon:

Pacific Gas and Electric Company (PG&E) requests the following extension for implementation of D.10-02-032<sup>1</sup> concerning time-varying pricing:

- An extension of time to implement mandatory time-of-use (TOU) rates for small and medium agricultural customers from February 1, 2012 to March 1, 2013.
- Extension and modification of the time to implement mandatory TOU rates and default Peak Day Pricing (PDP) rates for small and medium business customers. Instead of implementing mandatory TOU and default PDP at the same time on November 1, 2011, mandatory TOU would be implemented first beginning on November 1, 2012. Implementation of default PDP would then begin on March 1, 2014.
- In place of rolling eligibility for mandatory TOU or default PDP, implementation would be on a semi-annual basis, March 1 and November 1 for all eligible customers who were not eligible on an earlier implementation date.
- An extension of PG&E's currently effective residential critical peak pricing rate, SmartRate™, for one year until November 2012. The residential PDP rate approved in D.10-02-032 also would be suspended until November 1, 2012.

PG&E made the non-residential implementation date deferral requests in a January 14, 2011 Petition to Modify (PTM) D.10-02-032's implementation dates (as extended by the Executive Director on November 8, 2010 for the small and medium Agricultural mandatory TOU rates and the residential PDP rate). The PTM also requests authority to retain residential SmartRate for the foreseeable future and to suspend the implementation date for the residential PDP rate indefinitely. However, for this letter, PG&E requests a one year extension for SmartRate and a one year deferral for residential PDP while awaiting a final decision on the PTM request.

In the PTM, PG&E requested a decision no later than April 2011. (PTM attached, page 2). PG&E requested this decision date to ensure that education and outreach activity related to the upcoming defaults is accurate and consistent with the timeframe or messaging if PG&E's (or the

<sup>1</sup> Implementation dates in D.10-02-032 were later extended by the Executive Director on November 8, 2010 for the small and medium Agricultural customers' mandatory TOU date and the residential customers' PDP rate.

Petitioners<sup>2</sup>) PTM is granted. In normal course, 9 to 12 months is necessary to raise awareness, educate, and help customers prepare for these significant pricing changes.

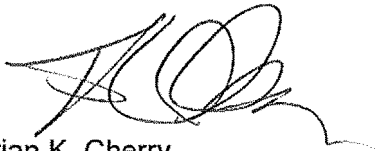
It is now April and a Commission decision on the PTM does not appear to be imminent. Absent a decision extending the currently effective dates, PG&E would launch planned outreach efforts immediately. PG&E strongly desires to avoid communicating a potentially inaccurate message to customers, which could happen if PG&E launches communications with the PTMs still pending. Messaging that may need to be corrected or repeated at a later date could confuse customers and is not the best use of limited funds for outreach. Therefore, PG&E is presenting this extension request to you for approval while we wait for Commission action on the PTM(s). This extension request also presumes that the CPUC issues a final decision on the PTM by December 2011, in order to provide sufficient time for outreach and education.

If you do not grant PG&E's extension request in this letter, PG&E requests that new revised default dates be provided that are 9 to 12 months from the date of your response (or the Commission's decision on the PTMs, whichever is later) to ensure that PG&E can conduct an orderly outreach and education effort to its customers. The revised default dates should also avoid implementation dates in mid-summer and seasonal dates that may be difficult for customers (such as agricultural customers).

As stated in the PTM, PG&E is committed to the success of the Commission's goal of engaging customer participation to address long-term energy costs in California using metering technology and time-varying dynamic pricing rates. (PTM, page 1.) However, the lessons learned from dynamic pricing and SmartMeter™ implementation efforts lead PG&E to conclude that the requested changes are necessary to build greater customer understanding, higher customer satisfaction and therefore more engaged participation. (PTM, pages 10 to 19.) Rather than repeat that discussion here, the reader is referred to pages page 10 to 19 of the PTM for the complete explanation.

For these reasons, PG&E requests that you approve the extension as set forth above.

Respectfully yours,



Brian K. Cherry  
VP, Regulatory Relations

cc: ALJ Steve Roscow  
Julie Fitch  
Peter Skala  
Bruce Kaneshiro  
Jennifer Caron  
Service list in A.09-02-022

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<sup>2</sup> Division of Ratepayer Advocates, The California Small Business Association, and the California Small Business Roundtable ("Petitioners") filed a PTM on February 4, 2011.