

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company To Revise Its Electric Marginal Costs, Revenue Allocation, and Rate Design, including Real Time Pricing, to Revise its Customer Energy Statements, and to Seek Recovery of Incremental Expenditures. (U 39 M).

Application 10-03-014
(Filed March 22, 2010)

**ADMINISTRATIVE LAW JUDGE'S RULING
SOLICITING COMMENTS ON ACCEPTANCE OF
AMENDED SETTLEMENT PROVISION**

At the request of Assigned Commissioner Peevey in response to comments on the Proposed Decision on Pacific Gas and Electric Company's revenue allocation and non-residential rate design issues in Application 10-03-014, this ruling is issued. By this ruling, we solicit a response from each of the Settling Parties to the medium and large light and power (MLLP) rate design settlement to affirm whether they agree to one modification in the MLLP Settlement based on the circumstances specified below.

The MLLP Settling Parties oppose the Solar Alliance proposal for the creation of an Option R rate under Schedules E-19 and E-20 with reduced demand charges. This ruling serves notice that the Commission is considering a modification to the Proposed Decision to adopt the MLLP settlement, in amended form, to allow for approval of the Solar Alliance proposal for an

Option R, but limited to a cap of 100 megawatts (MW) of newly installed Distributed Generation (DG) capacity, rather than the 250 MW cap requested by Solar Alliance.

Under the terms of the MLLP settlement, in Section III.7, the following provision is set forth:

The MLLP Settling Parties intend the MLLP Settlement to be interpreted and treated as a unified, integrated agreement incorporating the March 14 Settlement, which forms the foundation for the MLLP rate design agreed to herein. In the event the Commission rejects or modifies this MLLP settlement or the underlying March 14 Settlement, the MLLP Settling Parties reserve their rights under CPUC Rule 12.4.

Under Rule 12.4 (c), the Commission may propose alternative terms to the parties to the settlement which are acceptable to the Commission and allow the parties reasonable time within which to elect to accept such terms or request other relief.

Pursuant to Rule 12.4(c), comments are hereby solicited from the MLLP Settling Parties as to whether they agree to continue to support the MLLP Settlement, assuming the Commission decides to adopt the MLLP Settlement with one modification, namely, approving the Solar Alliance Option R rate proposal, but limited to a 100 MW cap of newly-installed DG capacity.

In the interests of preserving the opportunity for the Commission to consider adoption of the MLLP Settlement in amended form at its December 15, 2011, meeting, an expedited schedule is set for the Settling Parties to comment on this issue, as specified below.

IT IS RULED that:

1. Comments are solicited from each of the MLLP Settling Parties as to whether they would agree to continue to support the MLLP Settlement with the one modification approving the Solar Alliance Option R rate proposal, but limited only to a 100 MW cap. Comments shall be due on Monday, December 12, 2011, affirming whether the MLLP Settling Parties would continue to support the MLLP Settlement with the one modified provision. If a Settling Party fails to either affirm or deny acceptance of this modified provision, the Commission will assume that the Settling Party does not object to the modification.

2. The comments affirming or denying acceptance shall be included with reply comments on the ALJ's Proposed Decision, due on December 12, 2011. The permitted page length of reply comments on the Proposed Decision is expanded to 10 pages on all parties.

Dated December 7, 2011, at San Francisco, California.

/s/ THOMAS R. PULSIFER

Thomas R. Pulsifer
Administrative Law Judge