

Memorandum

Date: February 15, 2012

To: The Honorable Michael R. Peevey
President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

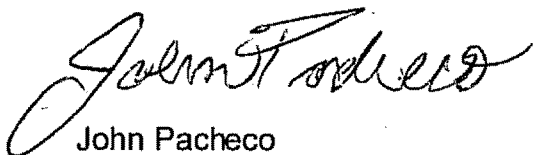
From: Department of Water Resources

Subject: R.11-03-006, IOUs' Settlement Agreement Requesting Re-Allocation of the Department of Water Resources Revised 2012 Revenue Requirement

The California Energy Resources Scheduling division of the Department of Water Resources (the "Department") submits this memorandum to assist the California Public Utilities Commission (the "Commission") in its decision making process regarding the Investor Owned Utilities' (the "IOUs") request to re-allocate the Department's Revised 2012 Revenue Requirement to implement the IOUs' Settlement Agreement resolving disputes over the CFS Discount and the Sempra LT Contract Refund (the "IOU Settlement Agreement").

The IOU Settlement Agreement does not change the Department's Revised 2012 Revenue Requirement Determination, but instead requests redistribution of amounts allocated among the three IOUs in the Commission's Decision 11-12-005. To assist the Commission, attached is a table showing four (4) different scenarios based on the effective date of the IOUs' Settlement Agreement. Each scenario allows for a different effective date over a four month period to allow the Commission sufficient time to prepare its decision. Depending on the effective date of the IOU Settlement Agreement, the amortization of the settlement through the end of this calendar year will change.

The Department has no comments or objections to the IOU Settlement Agreement filed with the Commission on February 10, 2012. Past distributions of the CFS Discount and the Sempra LT Contract Refund benefits were made using then-existing principles and allocation methods set forth in Commission's orders. The Department appreciates the opportunity to assist the Commission by providing the attached scenario table. If you have any questions or need additional information, please contact me at (916) 574-0311.



John Pacheco
Acting Deputy Director
California Energy Resources Scheduling

Attachment

cc: Honorable Michel Peter Florio, Commissioner
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Honorable Timothy Alan Simon, Commissioner
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Honorable Catherine J.K. Sandoval, Commissioner
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Honorable Mark J. Ferron, Commissioner
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Honorable Seaneen M. Wilson, Administrative Law Judge
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

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

Service List Rulemaking 11-03-006 (via electronic mail)

Attachment

Effective Date Scenario Table

IOU Settlement Summary

2012 Revenue Requirement Changes to Monthly Payments and Power Charges

Start Month ¹		Apr-12	May-12	Jun-12	Jul-12
PG&E rate	(\$/MWh)	84.75	84.75	84.75	84.75
PG&E original pmt	(\$)	29,535,127	29,535,127	29,535,127	29,535,127
PG&E new pmt	(\$)	35,234,842	35,947,306	36,863,332	38,084,699
difference	(\$)	5,699,715	6,412,179	7,328,205	8,549,573
SCE original pmt	(\$)	36,764,253	36,764,253	36,764,253	36,764,253
SCE new pmt	(\$)	30,135,198	29,306,566	28,241,182	26,820,670
difference	(\$)	(6,629,056)	(7,457,688)	(8,523,072)	(9,943,584)
SDG&E original rate	(\$/MWh)	40.83	40.83	40.83	40.83
SDG&E new rate	(\$/MWh)	31.33	27.49	17.92	0.00
difference	(\$/MWh)	(9.50)	(13.33)	(22.91)	(40.83)

1 - Different implementation dates result in changes to Power Charges (for SDG&E) and monthly amounts returned to PG&E and SCE customers so that the aggregate 2012 Revenue Requirement remains unchanged