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June 6, 2012

Advice 4053-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: 2012 Department of Water Resources (DWR) Revenue Requirement Determination in Compliance with Decision 12-05-006

Pacific Gas and Electric Company ("PG&E") hereby submits this advice letter in compliance with Decision (D.) 12-05-006, Decision Adopting Settlement on Allocation of the Continental Forge Settlement Discount and the Sempra Long-Term Contract Refund. Revised electric tariffs will be filed before June 29, 2012 as part of a PG&E advice letter filing consolidating various electric rate revisions approved by the Commission.

Purpose

The purpose of this filing is to comply with the requirements of D.12-05-006. Ordering Paragraph (OP) 8 of D.12-05-006 provides:

"Within 30 days of today's date, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company must each file a Tier 1 advice letter with tariff changes and new rates. The tariffs shall become effective subject to the Energy Division's determination that they are in compliance with this decision."

In addition, OP 5 of D.12-05-006 states that:

"Pacific Gas and Electric Company and San Diego Gas & Electric Company must implement rate change as of July 1, 2012, to account for the amortization of the allocations of the Settlement Agreement, which results in seven months of allocations amortized over six months."

Electric Rate Consolidation

In this advice letter, PG&E implements the DWR revenue requirement changes as described below. These changes will also be incorporated as part of a PG&E advice letter filing consolidating various electric rate revisions approved by the Commission,

to be filed by June 29, 2012, with rate changes to be effective on July 1, 2012. Revised electric tariff sheets will be submitted with this June 29, 2012, advice letter.

Settlement on Allocation of the Continental Forge Settlement (CFS) Discount and the Sempra Long-Term (LT) Contract Refund

The Commission in D.12-05-006 approved a Settlement Agreement entered into by PG&E, Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) to resolve the allocation issues regarding the CFS Discount and the Sempra LT Contract Refund. The Settlement Agreement does not change the California Department of Water Resources (CDWR) authorized 2012 Revenue Determination, but instead is a redistribution of previously authorized amounts allocated among PG&E, SCE, and SDG&E. The Settlement Agreement allocates an additional \$51.297 million to PG&E's bundled service customers.

On December 1, 2011, the Commission approved D.11-12-005, which adopted a negative 2012 DWR Revenue Requirement for PG&E of \$252 million¹. This resulted in a refund to bundled service customers through the Power Charge Collection Balancing Account (PCCBA) in which the refund was incorporated into PG&E's rates in its Advice Letter 3896-E-B. Advice Letter 3896-E-B became effective on January 1, 2012.

In compliance with OP 5 of D.12-05-006, the \$51.297 million will flow through the PCCBA and be refunded to customers in rates from July 1 through December 31, 2012.

CDWR provided a Scenario Table showing the additional payments to each of the utilities depending on when the Settlement was adopted². With the CPUC approval of D.12-05-006 on May 10, 2012, CDWR will provide an additional monthly payment of \$7.328 million to PG&E beginning in June 2012 through December 2012. Seven months of additional refund payments will be amortized and returned to bundled service customers over a six-month period beginning on July 1, 2012.

The \$51.297 million will also be accounted for in the next annual Total Portfolio Indifference calculation. This will be addressed in PG&E's 2013 Energy Resource Recovery Account and Generation Non-Bypassable Charges Forecast proceeding in the November 2012 update or earlier.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **June 26, 2012**, which is 20 days after the date of this filing. Protests should be mailed to:

¹ D.11-12-005, Appendix A, Allocation of 2012 Revenue Requirement Among Utilities, page 1.

² D.12-05-006, Attachment B, California Department of Water Resources Amortization Scenarios, page 3.

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

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@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:

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77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

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

Effective Date

Pursuant to OP 5 of D.12-05-006, PG&E requests that this Tier 1 advice filing become effective on **July 1, 2012**.

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 and the parties on the service list for R.11-03-006. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>

Brian Cherry /IG

Vice President, Regulation and Rates

cc: Service List R.11-03-006

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 E)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Igor Grinberg

Phone #: (415) 973-8580

E-mail: ixg8@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) #: **4053-E**

Tier: 1

Subject of AL: **2012 Department of Water Resources (DWR) Revenue Requirement Determination in Compliance with Decision 12-05-006**

Keywords (choose from CPUC listing): Compliance, Revenue Allocation, and Refund

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.12-05-006

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: _____

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

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes No

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

Resolution Required? Yes No

Requested effective date: **July 1, 2012**

No. of tariff sheets: 0

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).

Tariff schedules affected:

Service affected and changes proposed:

Pending advice letters that revise the same tariff sheets: 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
E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Brian Cherry
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**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

AT&T	Department of Water Resources	North Coast SolarResources
Alcantar & Kahl LLP	Dept of General Services	Northern California Power Association
Ameresco	Douglass & Liddell	Occidental Energy Marketing, Inc.
Anderson & Poole	Downey & Brand	OnGrid Solar
BART	Duke Energy	Praxair
Barkovich & Yap, Inc.	Economic Sciences Corporation	R. W. Beck & Associates
Bartle Wells Associates	Ellison Schneider & Harris LLP	RCS, Inc.
Bloomberg	Foster Farms	Recurrent Energy
Bloomberg New Energy Finance	G. A. Krause & Assoc.	SCD Energy Solutions
Boston Properties	GLJ Publications	SCE
Braun Blaising McLaughlin, P.C.	GenOn Energy, Inc.	SMUD
Brookfield Renewable Power	Goodin, MacBride, Squeri, Schlotz & Ritchie	SPURR
CA Bldg Industry Association	Green Power Institute	San Francisco Public Utilities Commission
CLECA Law Office	Hanna & Morton	Seattle City Light
CSC Energy Services	Hitachi	Sempra Utilities
California Cotton Ginners & Growers Assn	In House Energy	Sierra Pacific Power Company
California Energy Commission	International Power Technology	Silicon Valley Power
California League of Food Processors	Intestate Gas Services, Inc.	Silo Energy LLC
California Public Utilities Commission	Lawrence Berkeley National Lab	Southern California Edison Company
Calpine	Los Angeles Dept of Water & Power	Spark Energy, L.P.
Cardinal Cogen	Luce, Forward, Hamilton & Scripps LLP	Sun Light & Power
Casner, Steve	MAC Lighting Consulting	Sunrun Inc.
Center for Biological Diversity	MBMC, Inc.	Sunshine Design
Chris, King	MRW & Associates	Sutherland, Asbill & Brennan
City of Palo Alto	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto Utilities	Marin Energy Authority	Tiger Natural Gas, Inc.
City of San Jose	McKenzie & Associates	TransCanada
City of Santa Rosa	Merced Irrigation District	Turlock Irrigation District
Clean Energy Fuels	Modesto Irrigation District	United Cogen
Clean Power	Morgan Stanley	Utility Cost Management
Coast Economic Consulting	Morrison & Foerster	Utility Specialists
Commercial Energy	Morrison & Foerster LLP	Verizon
Consumer Federation of California	NLine Energy, Inc.	Wellhead Electric Company
Crossborder Energy	NRG West	Western Manufactured Housing Communities Association (WMA)
Davis Wright Tremaine LLP	NaturEner	eMeter Corporation
Day Carter Murphy	Norris & Wong Associates	
Defense Energy Support Center	North America Power Partners	