

**NOTIFICATION OF APPLICATION FILING BY
PACIFIC GAS AND ELECTRIC COMPANY (PG&E) TO RECOVER
IN RATES THE COST TO COMPLETE CONSTRUCTION OF THE
TESLA GENERATING STATION**

WHAT IS THE TESLA GENERATING STATION?

The Tesla Generating Station (TG Station) is a proposed 560-megawatt, natural gas-fired combined-cycle electrical power generating facility that is located in eastern Alameda County. The TG Station was licensed by the State of California Energy Resources Conservation and Development Commission (CEC) in 2004 after an environmental review. PG&E is now seeking approval from the California Public Utilities Commission (CPUC) to build the CEC-approved facility. If its application is approved, PG&E will be the sole owner and operator of the facility. PG&E is adding this facility to improve its ability to provide a reliable electric supply for its customers in the future.

INFORMATION ABOUT THIS FILING

On July 18, 2008, PG&E filed an application with the CPUC, requesting authorization to recover in rates an estimated \$850 million in costs for construction and operation of the proposed facility, excluding fuel costs. This request assumes that the facility will begin operation by the fall of 2011. **The recovery of these construction and operation costs in rates would not begin until 2011.**

HOW DOES THIS FILING AFFECT RATES?

Utility charges on your bill will increase as a result of this project. PG&E's request will increase total electric generation rates by \$175.9 million per year. If the application is approved by the CPUC, rates for bundled customers (those who receive electric generation, transmission, and distribution service from PG&E) will increase by 1.6 percent on average, compared to current rates. In general, rates for direct access customers (those who purchase their electricity from a non-utility supplier) will not be subject to change. In addition, PG&E expects that rates to departing load customers (who receive electric generation from a non-utility supplier, as well as transmission and distribution service from a publicly-owned utility) will be unchanged. The rate changes by customer class associated solely with this application will be provided by PG&E in a bill insert that will be mailed directly to customers in August.

If the CPUC approves PG&E's application, the bill for a typical bundled customer using 550 kWh per month would increase \$0.34 from \$72.13 to \$72.47. The average usage for customers using about twice their baseline allowance is about 850 kWh. The bill for this average bundled customer would increase \$2.64 from \$148.44 to \$151.08 per month. Individual customers' bills may differ.

THE CPUC PROCESS

The CPUC's Independent Division of Ratepayer Advocates (DRA) will review this Application. DRA is an independent arm of the CPUC, created by the Legislature to represent the interests of all utility customers throughout the state and obtain the lowest possible rate for service consistent with reliable and safe service levels. DRA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. DRA's views do not necessarily reflect those of the CPUC. Other parties of record will also participate.

The CPUC may hold evidentiary hearings where parties of record present their proposals in testimony and are subject to cross-examination before an Administrative Law Judge (ALJ). These hearings are open to the public, but only those who are parties of record can present evidence or cross-examine witnesses during evidentiary hearings. Members of the public may attend these hearings, but are not allowed to participate, only listen.

After considering all proposals and evidence presented during the hearing process, the ALJ will issue a draft decision. When the CPUC acts on this application, it may adopt all or part of PG&E's request, amend or modify it, or deny the application. The CPUC's final decision may be different from PG&E's proposed application filing.

FOR FURTHER INFORMATION

For more details call PG&E at 1-800-PGE-5000 • Para más detalles llame 1-800-660-6789
詳情請致電 1-800-893-9555 • For TDD/TTY (speech-hearing impaired) call 1-800-652-4712

You may contact the CPUC's Public Advisor with comments or questions as follows:

Public Advisor's Office
505 Van Ness Avenue, Room 2103
San Francisco, CA 94102
1-415-703-2074 or 1-866-849-8390 (toll free)
TTY 1-415-703-5282, TTY 1-866-836-7825 (toll free)
E-mail to public.advisor@cpuc.ca.gov

If you are writing a letter to the Public Advisor's Office, please include the name of the application to which you are referring. All comments will be circulated to the Commissioners, the assigned Administrative Law Judge and the Energy Division staff.

Reviewed by the California Public Utilities Commission