

NOTIFICATION OF TWO APPLICATION FILINGS BY
PACIFIC GAS AND ELECTRIC COMPANY (PG&E): TO RECOVER COSTS FOR SMART
GRID PROJECTS UNDER THE AMERICAN RECOVERY AND INVESTMENT ACT OF
2009 (SMART GRID APPLICATIONS)

What are the Smart Grid Applications?

PG&E applied for \$42.5 million and \$25 million, respectively, in federal funds from the US Department of Energy (DOE) for two separate projects related to the development and implementation of Smart Grid technology. In these two applications, PG&E is requesting the authority to recover in rates PG&E's matching funds to support the funds that may be awarded by the DOE.

DETAILED INFORMATION ABOUT THE SMART GRID APPLICATIONS

Smart Grid Application (Customer Energy Management programs)

Detailed Information

On August 5, 2009 PG&E filed an application with the DOE under the Smart Grid Investment Grant program and American Recovery and Reinvestment Act of 2009 (ARRA), requesting that DOE award PG&E \$42.5 million in federal funds in order to expand and enhance PG&E's customer energy management programs (including in-home devices that enable the customer to view and control energy usage), customer services, and grid infrastructure and monitoring.

On September 25, 2009 PG&E filed an application with the California Public Utilities Commission (CPUC) requesting authority to increase rates to recover PG&E's share of the \$42.5 million in matching funds for this award starting in 2010.

In its application, PG&E is supported by the following stakeholders in the customer energy management programs project: the City of San Jose, California Independent System Operator, the California Energy Commission, Stanford University Precourt Energy Efficiency Center, IBM, Cisco Systems, Inc., ABB, Inc., and Utility Integration Solutions, Inc.

This Smart Grid project will analyze the use of dynamic rates and innovative user interfaces with demand response, distributed generation, energy efficiency, and energy conservation. The project will improve grid performance by using PG&E's advanced metering infrastructure with Home Area Network (HAN) devices and sensors to monitor and control the operation of electric distribution circuits.

This application requests recovery of PG&E's share (\$23.5 million) of this project cost over the 2010 through 2013 period through a memorandum account. The estimated revenues required from customers range from \$1.3 million in 2010 to \$8 millions in 2013.

Smart Grid Application (Compressed Air Energy Storage (CAES))

Detailed Information

On August 26, 2009, PG&E applied to DOE for a Smart Grid Demonstration grant under ARRA for a CAES project. Phase 1 of the project, which will require \$25 million in ratepayer funding to match the \$25 million in DOE funding, will design and study the feasibility of using off-peak energy, such as intermittent wind energy, to inject compressed air into an underground formation and using that compressed air to generate electricity at peak periods when the renewable energy might not be available.

On September 25, 2009 PG&E filed an application with the CPUC requesting authority to increase rates to recover \$25 million in matching funds for this award over the 2010 through 2014 period through a memorandum account. The estimated revenues required from customers range from \$0.5 million in 2013 to \$12.3 million in 2010.

In its proposal, PG&E is supported by the following stakeholders in the CAES project: Electric Power Research Institute, the California Independent System Operator, the California Energy Commission, Energy Storage and Power, IBM, Black & Veatch, and PayZone.

If the project is successful, it could enable more widespread use of renewable energy to replace fossil energy during times of peak demand.

Will electric rates increase?

Yes, this request will result in a slight increase to electric rates for bundled service customers (those using electric generation, transmission and distribution service from PG&E) and for direct access and community choice aggregation customers (those purchasing electricity from non-PG&E suppliers). Approval of one or both of these applications will increase bundled rates by less than one percent. Using the 2010 (highest single year) combined cost of \$13.55 million, the bundled system average rate increase will be 0.1 percent, over current rates.

THE CPUC PROCESS

The CPUC's Division of Ratepayer Advocates (DRA) will review these Applications. 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 these applications, it may adopt all or part of PG&E's request, amend or modify them or deny the applications. The CPUC's final decisions may be different from PG&E's proposed application filings.

FOR FURTHER INFORMATION

To request a copy of one or both applications or 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 request a copy of one or both of the applications and exhibits by writing to:
Pacific Gas and Electric Company

Smart Grid Applications
P.O. Box 7442, San Francisco, CA 94120.

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