



City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: January 19, 2010

SUBJECT: Council Communication

Report in Brief

Attached is a communication received for which Council should be made aware:

1. Notification of a Pacific Gas and Electric application for a rate increase of 1.1% for the Manzanita Wind Project.

This item is for your information only.

Prepared by: Sue Vannucci, Director of
Administrative Services

Mark G. Deven
City Manager

Attachment: Notice

**NOTIFICATION OF APPLICATION FILING BY
PACIFIC GAS AND ELECTRIC COMPANY: THE MANZANA WIND PROJECT**

What is the Manzana Wind Project?

Pacific Gas and Electric Company (PG&E) is seeking approval from the California Public Utilities Commission (CPUC) to construct, own and operate the Manzana Wind Project (Project), a proposed wind generation facility to be constructed in eastern Kern County, in the Tehachapi region of southern California. The Project will range in size from 189 Megawatts (MW) to 246 MW, and is forecast to be operational by December 31, 2011. The project is intended to help meet California's renewable energy goals and reduce greenhouse gas emissions.

Information about PG&E's Application:

On December 3, 2009, PG&E filed an application with CPUC, in which PG&E requests authority to collect in electric generation rates the costs associated with purchasing the Project development rights and constructing, owning and operating the Project. If the CPUC approves PG&E's Application, recovery of costs in electric rates will begin in 2012.

Will Electric Rates Increase as a result of this project?

Yes. PG&E is requesting an increase in electric rates for the costs associated with the Project. If the CPUC approves PG&E's Application, rates for existing bundled customers (those who receive electric generation as well as transmission and distribution services from PG&E) will increase by \$131.8 million, or 1.1 percent, in 2012 (relative to current rates), which is when the project is expected to be operational. PG&E proposes to recover in rates the cost of the facility over its expected thirty year life. The rates for the first year of recovery will decline each year thereafter as the project costs are depreciated. In general, rates for existing direct access customers (those who purchase their electricity from non-PG&E suppliers) will not be subject to change. Finally, customers who depart PG&E's bundled service in the future may be responsible for a portion of these costs via a non-bypassable charge.

If the CPUC approves PG&E's Application, the average monthly bill for a typical bundled residential customer using 550 kilowatt-hours per month will change from \$74.13 to \$74.38, an increase of \$0.25 per month. The average monthly bill for a bundled residential customer using 850 kilowatt-hours per month, which is about twice the baseline allowance, will change from \$164.15 to \$166.04, an increase of \$1.89 per month. Individual customers' bills may differ.

PG&E will provide a table illustrating the allocation of the potential rate increases by customer class in this proposal, in a bill insert to be mailed directly to customers beginning in mid-December.

THE CPUC PROCESS

The CPUC's 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, but not participate, in these meetings.

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 al **1-800-660-6789**

詳情請致電 **1-800-893-9555**

For TDD/TTY (speech-hearing impaired) call **1-800-652-4712**

If you have questions regarding the proposed project, you may contact PG&E at the phone numbers noted above. If you would like a copy of the application and exhibits, you can write to PG&E at the address listed below:

Pacific Gas and Electric Company
Manzana Wind Project Application
P.O. Box 7442, San Francisco, CA 94120.

You may contact the CPUC's Public Advisor with comments:
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: Manzana Wind Project. All comments will be circulated to the Commissioners, the assigned Administrative Law Judge and the Energy Division staff.