



City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: February 2, 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 general rate increase of between 3.2% and 10.6%.

This item is for your information only.

Prepared by: Sue Vannucci, Director of
Administrative Services

Mark G. Deven
City Manager

Attachment: Notice

NOTIFICATION OF PACIFIC GAS AND ELECTRIC COMPANY'S
2011 GENERAL RATE CASE (GRC) APPLICATION FILING

December 23, 2009
TO: STATE, COUNTY AND
CITY OFFICIALS

WHAT IS A GRC?

GRC stands for General Rate Case. Every three or four years, investor-owned utilities such as Pacific Gas and Electric Company (PG&E) are required to file a GRC in which the California Public Utilities Commission (CPUC) sets annual revenue levels. Annual revenue is the total amount of money a utility collects through rates in a given year for specific purposes.

On December 21, 2009, PG&E filed an application asking the CPUC to increase the revenue that PG&E uses to distribute gas and electricity and to generate electricity. While the GRC will determine the total amount of money PG&E can collect in rates, the design of the actual rates themselves (that is, the level of prices charged to customers) will be determined in separate proceedings to be filed in the future with the CPUC.

As part of this GRC, PG&E is also proposing changes to the operating hours for certain of its customer service counters at its local offices. Specifically, PG&E requests that the CPUC authorize PG&E to standardize business hours at all 75 local offices, such that all would open at 8:30 a.m. and close at 5:00 p.m. (Monday through Friday).

PG&E REQUESTS A TOTAL INCREASE OF \$1.101 BILLION FOR GAS AND ELECTRIC SERVICE EFFECTIVE JANUARY 1, 2011

PG&E is requesting a total revenue increase of \$1.101 billion over the currently authorized revenues for electric distribution and generation and gas distribution for 2011, with such increase to be effective on January 1, 2011. This increase consists of the following:

- An increase in electric revenues of \$888 million over the currently authorized levels for 2011. This increase is made up of two elements: (1) the cost of delivering electricity to PG&E's customers (\$557 million); and (2) the cost of operating PG&E's power plants (\$331 million). This increase does not include the cost of electricity procured for PG&E's customers, as such costs are recovered in a separate proceeding.
- An increase in gas revenues of \$213 million over the currently authorized level for 2011. This increase does not include the cost of gas procured for PG&E's customers, as such costs are also recovered in a separate proceeding.

PG&E is also requesting approval for additional revenue in 2012 and 2013 to cover increasing costs due to plant investment and inflation. PG&E estimates that these increases will total \$275 million in 2012 and \$343 million in 2013, subject to adjustment if certain fees and taxes paid by PG&E increase or decrease in these years.

KEY REASONS WHY PG&E IS ASKING FOR INCREASES ARE:

- To continue to invest in and maintain the system of power plants, poles, wires, pipes and equipment needed to deliver electricity and gas to PG&E's customers; and
- To maintain the support structure necessary to keep PG&E operating and to provide PG&E's customers with safe, reliable and responsive customer service.

During the proceedings, updated information may be introduced that could change the amounts PG&E has requested. What the CPUC adopts may differ from what PG&E has requested.

ESTIMATED IMPACT OF THIS REQUEST ON ELECTRIC AND GAS RATES

The actual distribution of the increase to each customer class depends on how the CPUC ultimately decides all issues in the GRC, as well as in the separate electric rate design proceeding expected to be filed with the CPUC in March 2010.

PG&E will provide an illustrative breakdown of rate impacts by customer class for electric and gas customers in a bill insert that will be mailed directly to customers in January 2010. Below is what PG&E estimates will be the impact on the bills of typical bundled electric customers (those who receive electric generation as well as transmission and distribution services from PG&E) and typical bundled gas customers (those who receive gas distribution and procurement services from PG&E).

If the CPUC approves PG&E's request for an electric rate increase, the bill for a typical bundled residential customer using 550 kWh per month would increase **\$2.37**, or **3.2 percent**, from **\$74.13** to **\$76.50**. The bill for a typical residential customer using 850 kWh per month would increase by **\$17.44**, or **10.6 percent**, from **\$164.15** to **\$181.59**. Individual customer bills may differ. Rates would become effective on January 1, 2011.

If the CPUC approves PG&E's request for a gas rate increase, the bill for a typical bundled residential customer using 40 therms per month would increase **\$3.15**, or **5.7 percent**, from **\$55.38** to **\$58.53**. Individual customer bills may differ. Rates would become effective on January 1, 2011.

Public Participation Hearings (PPHs)

The CPUC welcomes the public's participation. Before acting on PG&E's application, the CPUC will hold PPHs to provide customers with an opportunity to express their views before a CPUC Administrative Law Judge (ALJ). Notification of these hearings will be sent to you either by a separate mailing, or included as a bill insert. The notice will identify all of the locations that the PPHs are being held for your convenience and planning.

Those customers who cannot attend a hearing may submit written comments to the CPUC at the address listed below. All such correspondence to the CPUC should include a reference to PG&E's 2011 GRC application.

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.

In addition to public participation hearings, the CPUC will hold evidentiary hearings for the GRC application in 2010 where parties of record present their proposals in testimony and are subject to cross-examination before an 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 hearings.

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 application.

If you would like to participate in the evidentiary hearings as a party of record, please contact the CPUC's Public Advisor at the address below.

The Public Advisor
California Public Utilities Commission
505 Van Ness Avenue, Room 2103
San Francisco, CA 94102
415-703-2074
1-866-849-8390 (toll free)
TTY 415-703-5282
TTY 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 to the name of the application to which you are referring. All comments will be circulated to the Commissioners, the assigned ALJ and the Energy Division staff.

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 GRC application, please contact PG&E at the phone numbers noted above. If you would like a copy of the application and exhibits, please write to PG&E at the address listed below.

Pacific Gas and Electric Company
2011 General Rate Case application
P.O. Box 7442, San Francisco, CA 94120

A copy of PG&E's 2011 GRC application and exhibits are also available for review at the California Public Utilities Commission, 505 Van Ness Ave. San Francisco, CA 94102