



City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: April 13, 2010

SUBJECT: Council Communications

Report in Brief

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

1. Notification from Pacific Gas and Electric of an increase in rates of .15%
2. Notification from Pacific Gas and Electric of an increase in rates of .10%
3. Notification from Pacific Gas and Electric of an increase in rates of .05%

These items are for your information only.

Prepared by: Sue Vannucci, Director of
Administrative Services

Mark G. Deven
City Manager

Attachment: Notice

NOTICE OF PACIFIC GAS AND ELECTRIC COMPANY'S APPLICATION FOR 2009 ENERGY RESOURCE RECOVERY ACCOUNT COMPLIANCE REVIEW AND FOR RECOVERY OF COSTS OF THE MARKET REDESIGN AND TECHNOLOGY UPGRADE INITIATIVE

On February 12, 2010, Pacific Gas and Electric Company (PG&E) filed an application with the California Public Utilities Commission (CPUC) requesting changes to its electric rates effective January 1, 2011.

Each year, PG&E is required to file an Energy Resource Recovery Account (ERRA) Compliance Review application demonstrating that certain electric procurement activity from the previous year complies with the standards and objectives detailed in PG&E's Long-Term Procurement Plan (LTPP). Typically, the ERRA Compliance Review applications do not affect customer rates unless there is an adverse finding made during the CPUC's review process.

However, in this year's 2009 ERRA Compliance Review application, PG&E is including a request that will affect customer rates. The inclusion of the rate recovery request was provided by CPUC Decision 09-12-021. Specifically, the request seeks to recover in rates the costs PG&E has incurred to comply with the mandated Market Redesign and Technology Upgrade (MRTU) initiative.

The MRTU initiative, which was developed by the California Independent System Operator and approved by the Federal Energy Regulatory Commission, was launched on March 31, 2009. The MRTU changed the manner in which electricity is procured and sold by participants in newly redesigned markets in California. Costs presented in this application represent actual costs to implement MRTU that were incurred by PG&E through December 31, 2009.

The total electric revenue (the total amount PG&E collects in rates from all customers) requirement request is \$18.3 million. PG&E requests that electric rates designed to recover this amount become effective on January 1, 2011.

Will rates increase as a result of this application?

Yes, approval of this application will increase electric rates for bundled service customers (those who receive electric generation as well as transmission and distribution service from PG&E) and for customers who purchase electricity from other suppliers (e.g., direct access and community choice aggregation) by less than one percent. The 2011 revenue requirement of \$18.3 million will increase PG&E's bundled system average rates, relative to current rates, by 0.15 percent in 2011.

THE CPUC PROCESS

The CPUC's Division of Ratepayer Advocates (DRA) will review this application. The 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. The DRA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. The 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 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.

FOR FURTHER INFORMATION

To request a copy of the application and exhibits or for more details, call PG&E at 1-800-PGE-5000.

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

Para más detalles llame 1-800-660-6789

詳情請致電 1-800-893-9555

You may request a copy of the application and exhibits by writing to:

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

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

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.

A copy of PG&E's 2009 ERRA Compliance MRTU application and exhibits are also available for review at the California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102, Monday-Friday, 8 a.m.-noon.

March 1, 2010
TO: STATE, COUNTY AND
CITY OFFICIALS

**NOTIFICATION OF PACIFIC GAS AND ELECTRIC COMPANY'S APPLICATION FOR EXPEDITED
AUTHORIZATION TO PROVIDE SUMMER 2010 RATE RELIEF FOR HOUSEHOLDS WITH UPPER
TIER CONSUMPTION**

On February 26, 2010, PG&E filed an application for expedited authorization from the California Public Utilities Commission (CPUC) to modify the Tier 3 through 5 electric rates of residential customers not enrolled in the California Alternate Rates for Energy (CARE) program. Specifically, PG&E proposes to increase the Tier 3 rate, and reduce the Tier 4 and 5 rates, to bring them closer together. Households with substantial upper tier consumption are experiencing great hardship due to the steeply tiered rate structure currently in place. PG&E's proposal will lower bills for such households, particularly during hot summer months in areas with large cooling demands, and reduce month-to-month bill volatility. Households with Tier 3 consumption will see moderate bill increases under PG&E's proposal. Overall, this proposal is revenue-neutral, collecting the same amount of revenue as current rates. Under PG&E's proposal, rate changes would become effective June 1, 2010.

Will rates increase as a result of this application?

No changes are proposed for non-residential rates or for residential customers on the CARE program. Tier 1 and Tier 2 residential rates will remain unchanged as well. Under PG&E's proposal, non-CARE Tier 3 rates will increase by about 4.3 cents per kilowatt-hour (kWh), while non-CARE Tier 4 and 5 rates will decrease by about 3.7 cents and 5.4 cents, respectively, per kWh. Increases or decreases on individual residential non-CARE customer bills will depend on each customer's electric usage.

If the CPUC approves this application, a typical residential customer using 550 kWh per month will see the average monthly bill change from \$76.79 to \$79.42, an increase of \$2.63 per month. A residential customer using 850 kWh per month, which is about twice the baseline allowance, will see the average monthly bill change from \$172.29 to \$179.87, an increase of \$7.58 per month. A residential customer using 1,500 kWh per month will see the average monthly bill change from \$461.13 to \$437.99, a decrease of \$23.14 per month. Individual customers' bills may differ.

THE CPUC PROCESS

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FOR FURTHER INFORMATION

To request a copy of the application and exhibits or for more details, call PG&E at **1-800-PGE-5000**.

Para más detalles llame al **1-800-660-6789**

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

You may request a copy of the application and exhibits by writing to:

Pacific Gas and Electric Company
Summer 2010 Rate Relief Application
P.O. Box 7442, San Francisco, CA 94120

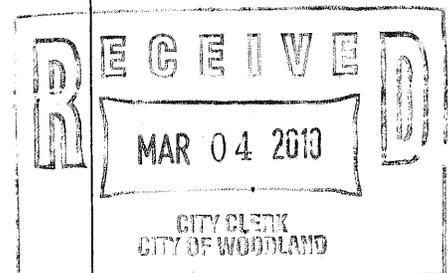
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San Francisco, CA 94102

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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.

A copy of PG&E's Summer 2010 Rate Relief and exhibits are also available for review at the California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102, Monday-Friday, 8 a.m.-noon.



March 1, 2010
TO: STATE, COUNTY
AND CITY OFFICIALS

**Notification of Pacific Gas and Electric Company's 2010 Rate Design
Window Application Filing**

On February 26, 2010, Pacific Gas and Electric Company (PG&E) filed its 2010 Rate Design Window Application with the California Public Utilities Commission (CPUC). The application complies with Commission Decision 09-03-026, which directed PG&E to design this type of program.

What is the Peak Time Rebate (PTR) program?

PG&E would like to inform our customers about proposed new time-based electric rates that will be available to residential customers on a staged basis during the summers of 2011 and 2012. This proposed rate is called the **Peak Time Rebate (PTR) program**. It is offered in response to a CPUC requirement that PG&E offer residential electric rates that will provide benefits to customers who conserve energy during critical peak periods. PG&E is proposing the design of this program in its 2010 Rate Design Window proceeding.

The PTR program will automatically apply to approximately 4.5 million PG&E residential electric customers when rollout is complete. To be eligible to participate, customers must have SmartMeter™ technology and be billed using hourly data. For most customers, PTR will apply starting in May 2012. In some limited geographic areas, PTR will be available in May 2011. In a few other areas, PTR may not be available until after May 2012 depending on the progress of SmartMeter™ deployment and hourly billing rollout. PTR will not apply to non-residential business or agricultural electric customers. Certain residential customers will also be ineligible for PTR, including Direct Access, Community Choice Aggregation, solar net metering and master metered customers, as well as customers with service on separately metered charging outlets for alternative fuel vehicles.

Under PG&E's proposal, the PTR program will provide residential customers bill credits for certain reduced electric usage on PTR event days. PG&E's proposal would give a credit of \$0.75 for each kilowatt-hour (kWh) reduction below a customer's savings threshold usage level. The savings threshold usage level is based on usage from days that precede the PTR event day. Customers participating in PG&E's SmartAC™ air conditioner (AC) program could receive additional credit savings by enrolling to have their AC system participate in PTR event days. **These customers would receive a bill credit of \$1.25 for each kWh reduction below the savings threshold level.**

PG&E proposes to trigger the PTR program on only 9 to 15 days per year, from 2:00 pm to 7:00 pm, based on temperature conditions or system constraints. Customers will be notified of a PTR event day by 2:00 pm on the preceding day.

PTR and other dynamic pricing and demand response programs are designed to reduce demand at critical times. PG&E does not benefit from the purchase of electricity in the wholesale market. This cost of electricity, as well as the cost of natural gas fuel, is a pass-through cost for our customers.

Will rates increase as a result of this application?

This application requests authority to recover in rates approximately \$32.7 million for the incremental costs associated with implementing PTR in 2010 through 2013. If the CPUC approves PG&E's full request, the cost of implementing the program will be recovered from all customers who receive electric generation, as well as transmission and distribution service from PG&E and direct access customers (those who purchase electricity from a non-PG&E supplier). **The average increase in bundled electric rates would be 0.10 percent, and 0.16 percent for direct access customers.**

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