



City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: June 29, 2010

SUBJECT: Council Communications

Report in Brief

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

1. Notice from Pacific Gas and Electric regarding rate changes.

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
APPLICATION FOR ITS 2011 ELECTRIC PROCUREMENT
FORECAST COSTS AND OTHER PROJECT COSTS**

On May 28, 2010, Pacific Gas and Electric Company (PG&E) filed an application with the California Public Utilities Commission (CPUC), requesting to lower electricity rates by \$211 million, or approximately 1.7 percent on average, effective January 1, 2011.

Each year, PG&E is required to file an application that forecasts how much it will spend the following year to ensure adequate electricity supply for its customers. The CPUC carefully reviews PG&E's forecast to ensure that customers are not charged more for electricity than it costs PG&E to provide. The forecasted costs approved by the CPUC are included in PG&E's electric rates the following year. During that year, PG&E's actual costs and revenues are tracked, and any difference is allocated to PG&E customers at a later date. PG&E recovers its electric procurement costs dollar for dollar, with no profit margin.

This application requests that the CPUC adopt PG&E's 2011 electric procurement forecast of approximately \$3.9 billion for the Energy Resource Recovery Account (ERRA) and Ongoing Competition Transition Cost (CTC), as well as the Power Charge Indifference Amount (PCIA). This forecast is \$211 million lower than present 2011 revenue rates, which is primarily due to lower energy prices in 2010 and to 2011 forecasts being lower than currently reflected in PG&E rates. 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?

For most customers, no, although impacts for individual customers will vary. Bundled customers (those who receive electric generation as well as transmission and distribution service from PG&E) will see revenue decreases, while most direct access customers (those who purchase their energy from a non-utility supplier) will see small increases. PG&E will provide an illustrative allocation of the proposed rate decreases/increases among customer classes, in this proposal, in a bill insert to be mailed directly to customers later this month.

If the CPUC approves this application, a typical bundled residential customer using 550 kilowatt-hours (kWh) per month will see the average monthly bill change from \$77.40 to \$76.92, a decrease of \$0.48 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 \$176.77 to \$173.23, a decrease of \$3.54 per month. Individual customers' bills may differ.

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 al **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
2011 ERRA Forecast Proceeding
P.O. Box 7442, San Francisco, CA 94120.

THE CPUC PROCESS

The CPUC's Division of Ratepayer Advocates (DRA) may 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 may 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 learn how you can participate in this proceeding or if you have comments or questions, you may contact the CPUC's Public Advisor as follows:

Public Advisor's Office
505 Van Ness Avenue
Room 2103
San Francisco, CA 94102

If you are writing a letter to the Public Advisor's Office, please include the number 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 2011 ERRA Forecast Proceeding 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.