



NOTIFICATION OF PACIFIC GAS AND ELECTRIC COMPANY'S APPLICATION FOR AIR RESOURCE BOARD ASSEMBLY BILL 32 COST OF IMPLEMENTATION FEE RECOVERY PROGRAM (A.10-08-002)

On August 2, 2010, Pacific Gas & Electric Company (PG&E) filed an application with the California Public Utilities Commission (CPUC) in which PG&E asks for authority to recover costs associated with the Assembly Bill (AB) 32 Cost of Implementation Fee. PG&E estimates that its natural gas revenue required to cover these costs will increase by \$15.6 million and its electric revenue required will increase by \$0.5 million, both over a three-year period, beginning January 1, 2011.

What is the Air Resource Board Administration Cost Recovery Program? On September 27, 2006, AB 32, "the California Global Warming Solutions Act of 2006," was signed into law. Among other provisions, AB 32 authorized the Air Resource Board (ARB) to adopt a schedule of fees (as specified in section 95201) to be paid by all sources of greenhouse gas emissions to fund the administrative costs of implementing AB 32.

On August 2, 2010, PG&E, Southern California Edison, Southern California Gas Company and San Diego Gas & Electric Company jointly filed an application (A.10-08-002) with the CPUC requesting authority to allow PG&E to recover costs associated with the AB 32 Cost of Implementation Fee. The application asks for CPUC approval to record for future recovery of all costs associated with the AB 32 Cost of Implementation Fee. Electric costs will be recorded to the Energy Resource Recovery Account. Natural gas costs for core customers will be recorded to the Core Fixed Cost Account and natural gas costs for noncore customers will be recorded to the Noncore Cost Account.

Will rates increase as a result of this application? Yes, approval of this application will result in a slight increase to electric rates by less than one percent for bundled service customers (those who receive electric generation and transmission and distribution service from PG&E) as well as for natural gas customers. Using the forecast revenue requirement of \$0.2 million for electric, the bundled system average rate will increase 0.0013% in 2011, relative to current rates. Similarly, using the forecast annual revenue requirement of \$4.6 million for natural gas, average rate impacts for bundled core customers will increase 0.1% and unbundled customers affected by the change are shown in the following table:

Class Average Rates (Dollars per therm)

Table with 4 columns: Customer Class, August 1, 2010, Proposed Rates, and Percentage Change. Rows include Transport Only—Retail Core (Residential Non-CARE, Small Commercial Non-CARE, Large Commercial, Uncompressed Core Natural Gas Vehicle (NGV), Compressed Core NGV) and Transport Only—Retail Noncore (Industrial: Distribution, Industrial: Transmission, Industrial: Backbone, Uncompressed Noncore NGV: Distribution, Uncompressed Noncore NGV: Transmission).