



# Memorandum

**TO:** Honorable Mayor &  
City Council Members  
**SUBJECT:** The Public Record  
June 7 - 13, 2006

**FROM:** Lee Price  
MMC, City Clerk  
**DATE:** June 15, 2006

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## ITEMS TRANSMITTED TO THE ADMINISTRATION

None.

## ITEMS FILED FOR THE PUBLIC RECORD

- (a) Notice of Application Filing: PG&E's 2007 Energy Resource Recovery Account (ERRA) and Ongoing Competition Transition Charge (CTC) Forecast Revenue Requirements to State, County and City Officials date June 5, 2006.
- (b) Proposed Budget of West Valley Sanitation District for Fiscal Year 2006-2007 from the Administration Department of West Valley Sanitation District to City Managers, Public Works Directors, Libraries, Newspapers and other interested parties dated June 5, 2006. (Budget on File in the Office of the City Clerk)

Lee Price, MMC  
City Clerk

LP/np

Distribution: Mayor/Council  
City Manager  
Assistant City Manager  
Assistant to City Manager  
Council Liaison  
Director of Planning  
City Attorney  
City Auditor  
Director of Public Works  
Director of Finance  
Public Information Officer  
San Jose Mercury News  
Library

June 5, 2006  
TO: STATE, COUNTY AND  
CITY OFFICIALS

Public Records  
a

RECEIVED  
San Jose City Clerk

2006 JUN -9 P 3:30

**NOTICE OF APPLICATION FILING:  
PG&E'S 2007 ENERGY RESOURCE RECOVERY ACCOUNT (ERRA)  
AND ONGOING COMPETITION TRANSITION CHARGE (CTC)  
FORECAST REVENUE REQUIREMENTS**

Each year, Pacific Gas and Electric Company (PG&E) is required to file an application that forecasts in detail how much it will spend the following year to ensure adequate electricity supplies for its customers. The California Public Utilities Commission (CPUC) carefully reviews the utility's forecast to ensure that customers are not charged more than it costs PG&E to provide electricity.

On June 1, 2006, PG&E submitted an application requesting that the CPUC adopt its forecast of fuel and electricity purchase costs for 2007. PG&E's total electric procurement forecast (that is, the expected costs of electricity needed to serve its customers) is \$3.157 billion. This forecast consists of \$2.888 billion of power procurement costs (cost of fuel and electricity at or below market rates) and \$269 million of "uneconomic" power costs (such as power purchases under pre-existing contracts at prices that are now higher than market rates). These uneconomic power costs are recovered as an ongoing Competition Transition Charge (CTC) as allowed by the Electric Utility Industry Restructuring Act (Assembly Bill 1890). In its application, PG&E also proposes that expected over-collections of electric procurement costs in 2006 be refunded to customers by reducing rates in 2007.

**Does this mean electricity will cost me more?** Even though overall revenues from bundled customers (that is, customers who receive electric generation, as well as transmission and distribution, service from PG&E) will increase by approximately \$218 million, some customers' bills will increase and others will decrease. This is because the reduction is allocated among customer classes differently. PG&E expects that the rate changes associated with PG&E's 2007 electric procurement forecast, as well as any accrued under- or over-collection in related balancing accounts (an account established to record, for recovery through rates, certain authorized amounts and to ensure revenues match those amounts), will be consolidated with changes in other CPUC proceedings and incorporated into rates on January 1, 2007, so the eventual net change in rates for individual customers is difficult to predict.

**Detailed Information About PG&E's Application**

In December 2002, the CPUC ordered PG&E to establish the Energy Resource Recovery Account (ERRA). In this account, PG&E is to record the cost of fuels used in producing electricity at its own power plants and the cost of buying electricity from non-PG&E generators. Each year the utility submits a forecast of upcoming costs and reports on the previous months' activities.

In its 2007 ERRA application, PG&E proposes a 2007 ERRA revenue requirement for bundled customers of \$2,888 million and an ongoing Competition Transition Charge revenue requirement for bundled, direct access (customers who purchase their electricity from a non-utility supplier), and departing load customers (customers who receive electric generation, as well as transmission and distribution, service from a publicly-owned utility or municipality) of \$269 million. This increases bundled ERRA revenue collection by approximately \$291 million and reduces bundled, direct access, and departing load ongoing CTC revenue collection by approximately \$85 million relative to present ERRA and ongoing CTC rates.

PG&E is seeking to change total electric charges for bundled service customers. In addition, customers who purchase energy from non-PG&E suppliers (i.e., direct access customers) will also see a change (a reduction) to their bill due to the reduction of the CTC rate. (The reduction in CTC revenues across all direct access customers (approximately \$11 million) is currently largely offset by a corresponding increase in the California Department of Water Resources (DWR) power portion of the Direct Access Cost Responsibility Surcharge, but may be affected by issues being addressed in separate proceedings before the Commission). Departing load customers will see a decrease to the CTC rate.

If the Commission approves PG&E's application, a typical residential customer using 540 kWh per month will see the average monthly bill change from \$69.31 to \$69.68, an increase of \$0.37 per month. A residential customer using twice their baseline allowance, approximately 840 kWh per month, will see the average monthly bill change from \$143.10 to \$146.03, an increase of \$2.93 per month. Individual bills may differ.

PG&E will provide a more illustrative allocation of the potential rate increases among customer classes under its ERRA proposal in a bill insert to be mailed directly to customers later this month.

**The CPUC Process**

The CPUC's Independent Division of Ratepayer Advocates (DRA) will review this application, analyze the proposal and present an independent analysis and recommendations for the CPUC's consideration. Other parties will also participate.

The CPUC may hold evidentiary hearings where parties present their proposals in testimony and are subject to cross-examination before an administrative law judge. 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.

After considering all proposals and evidence presented during the hearing process, the CPUC 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**

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

Public Advisor's Office 415-703-2074 or 866-849-8390 (toll free)  
505 Van Ness Avenue, Room 2103 TTY 415-703-5282, TTY 866-836-7825 (toll free)  
San Francisco, CA 94102 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: PG&E'S 2007 Energy Resource Recovery Account (ERRA). All comments will be circulated to the Commissioners, the assigned Administrative Law Judge and the Energy Division staff.

For more details call PG&E at 800.743.5000  
Para más detalles llame 800.660.6789 • 詳情請致電 800.298.8438  
For TDD/TTY (speech/hearing impaired) call 800.552.4712

Public Record b



**WEST VALLEY SANITATION DISTRICT  
OF SANTA CLARA COUNTY**

SERVING RESIDENTS OF  
CITY OF CAMPBELL  
TOWN OF LOS GATOS  
CITY OF MONTE SERENO  
CITY OF SARATOGA  
UNINCORPORATED AREA

June 5, 2006

TO: City Managers, Public Works Directors,  
Libraries, Newspapers, and other interested parties

FROM: Administration Department of West Valley Sanitation District

SUBJECT: Proposed Budget of West Valley Sanitation District  
for Fiscal Year 2006-2007

RECEIVED  
SANTA CLARA COUNTY CLERK  
2006 JUN 12 P 2:37

On May 24, 2006, the West Valley Sanitation District Board of Directors held the first of two public hearings on the Proposed Budget for Fiscal Year 2006-2007. The second hearing is scheduled for Wednesday, June 14, 2006.

- \* A copy of the proposed budget is enclosed. Your comments are invited, either in writing or by attending the board meeting on Wednesday, June 14, 2006, at 6:00 p.m. at the district office, 100 East Sunnyside Avenue, Campbell, California.

Additional copies of the proposed budget are available at the district office.

- \* Budget on File in the Office of the City Clerk