



**Pacific Gas and
Electric Company**

August 19, 2009

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City of Albany
405 Kains Avenue
Albany, CA 94706

Subject: 2009 Rule 20A Allocation & Work Credit Status

Dear City Administrator,

The purpose of this letter is to update you on your community's Rule 20A Electric Underground Work Credit Balance. The table below shows your Rule 20A Work Credit Balance as of June 30, 2009. This balance reflects closed projects and amounts committed for projects with an underground conversion resolution adopted prior to June 30, 2009.

| <u>Work Credit Status</u> | |
|---|--------------------|
| Account Balance as of 07/01/2008 | \$2,227,277 |
| Projects Closed (7/1/08 through 12/31/08) | \$ 0 |
| Account Balance as of 12/31/2008 | \$2,227,277 |
| 2009 Allocation | \$153,943 |
| Adjustment | \$ 0 |
| Account Balance as of 01/01/2009 | \$2,381,220 |
| Committed Amounts | \$ 0 |
| Adjusted Balance as of 06/30/2009 | \$2,381,220 |

Expressed in dollars, the amounts listed above represent the value of work credits that apply only to qualified, public interest underground conversion projects pursuant to Rule 20A. However, notwithstanding the limitations on Rule 20A projects, these work credits may also be used as collateral to begin a Rule 20B neighborhood underground project design. If citizens in your community are interested in discussing a possible Rule 20B, please contact me for more information.

As with all major capital projects, when your community passes a resolution approving an underground district, it is categorized with other Rule 20A projects in the queue. At a company level, the actual budget and resources to do this work is prioritized with all other PG&E work. PG&E's first priority is maintaining overall electric system reliability to serve our customers. For example, customer service reliability projects receive higher priority and include repairing damaged lines and poles caused by storms, upgrading the electric capacity of the system, and connecting new customers. This means that while your underground project is important, we may not immediately be able to begin work after you have passed a resolution. For this reason, advance project planning is important. Also, Rule 20A underground conversion projects are complex, involving coordination with the community, PG&E, and other utilities, and includes complicated engineering to ensure that existing overhead systems remain operable until the moment of cut-over. Again, advance planning with the community and all affected utilities is critical to success.

PG&E values its partnership with the communities and we look forward to developing a plan that works for both of us. If you have any questions regarding your Rule 20A Work Credit Status, or if your community wants to discuss pending Rule 20A projects or potential future projects, please contact me at 707.577.7101.

Sincerely,

SINDY MIKKELSEN
Principal Program Manager - Rule 20A Program

cc: Public Works Director