

Pacific Gas & Electric, Application 06-03-005, Phase 2 of 2007 Test Year General Rate
Case
Wednesday, February 14, 2007

Members of the CAL-SLA Executive Committee and Executive Director -
On Friday, February 09, 2007, Pacific Gas & Electric, on behalf of all
active settling parties in Application 06-03-005 (Phase 2 of 2007 Test Year
General Rate Case), filed with the California Public Utilities Commission a
motion to adopt the attached settlement agreement on marginal costs and
revenue allocation.

CAL-SLA is a settling party and I signed on behalf of CAL-SLA.

The settlement shows a -9.0% decrease in the overall revenues for street
lighting. CAL-SLA was very successful in the negotiations with PG&E and
other parties.

The settlement is before the Administrative Law Judge assigned to Phase 2
GRC. There is a comment period before he drafts his proposed decision on the
settlement and sends the settlement and proposed draft decision on to the
Commission.

Because it is an all-party settlement, I expect the ALJ to accept it and
recommend Commission adoption.

Discussions on settling rate design issues are on-going. Dave and I are
talking with PG&E lawyers and rate analysts on street light rate design and
tariff conditions. We are waiting for the first draft of a settlement
agreement on street light issues. The rate design settlement will set the
specific facilities and energy charges for street lights.

We will also be negotiating a settlement agreement on rate design for
traffic control signs. I'll keep you on the progress of the settlement
discussions on rate design.

Rate decreases resulting from the 2007 GRC Phase 2 settlements will occur
later this year; I'm not sure when.

Once again, CAL-SLA has produced results; this time, hopefully, a -9.0%
decrease in street light rates.