



January 8, 2008

To: Matthew Hargrove
Tod McKelvy
Ken Cleaveland
Marc Intermaggio

From: Bill Roberts

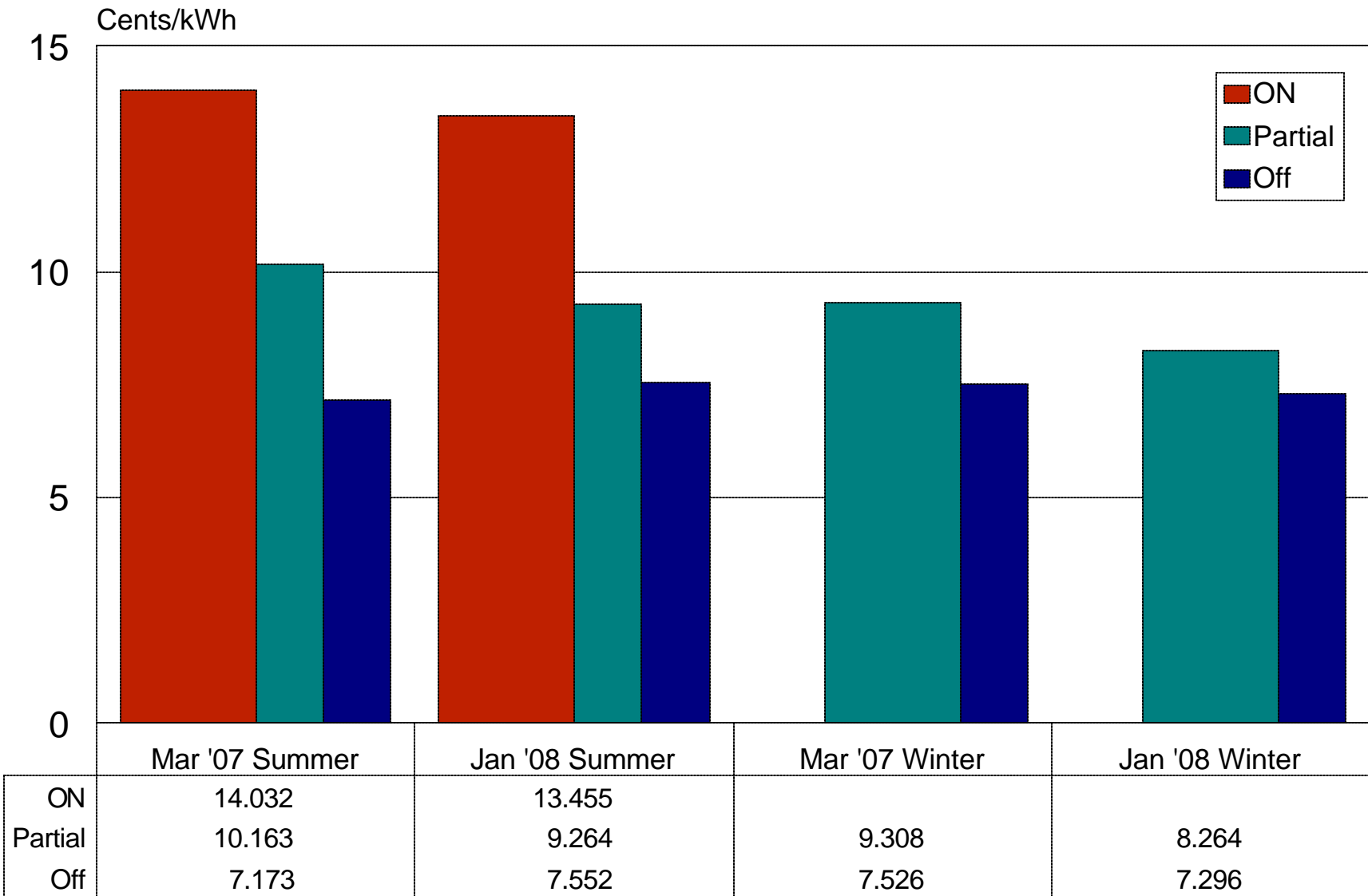
Re: Update on 2008 PG&E Commercial Electric Rates

PG&E has issued 2008 rate schedules (effective this month) that reflect the Settlement Agreement (that BOMA signed) adjusted for the end-of-year true-up for PG&E's revenue requirements. As you will recall, we estimated that the Settlement Agreement (based on PG&E's then current revenue requirements estimate) would yield an **annual** energy cost savings of about \$23 million for Northern California BOMA Members and about \$43 million for the total Northern California commercial building sector (relative to January 2007 rates). These figures have been dampened a bit by the revenue requirements true up and the new rates imply a total annual savings of about \$19 million for BOMA Members and \$36 million for the sector. That comes out to an average savings of about 27.6 cents per square foot per year. Note that this rate design will remain in place until the next PG&E GRC, which will probably be in 2010, so these annual savings should hold except for annual revenue requirements true-ups.

The attached charts show the details of the new 2008 rate components relative to the March 2007 rates for schedules E19 and E20. Note that the changes in energy charges are somewhat modest but the reductions in peak and partial peak demand charges are very significant. As you may recall, the reduction of non-coincident demand charges was our primary goal for intervening in the case.

PG&E Electric Energy Rates

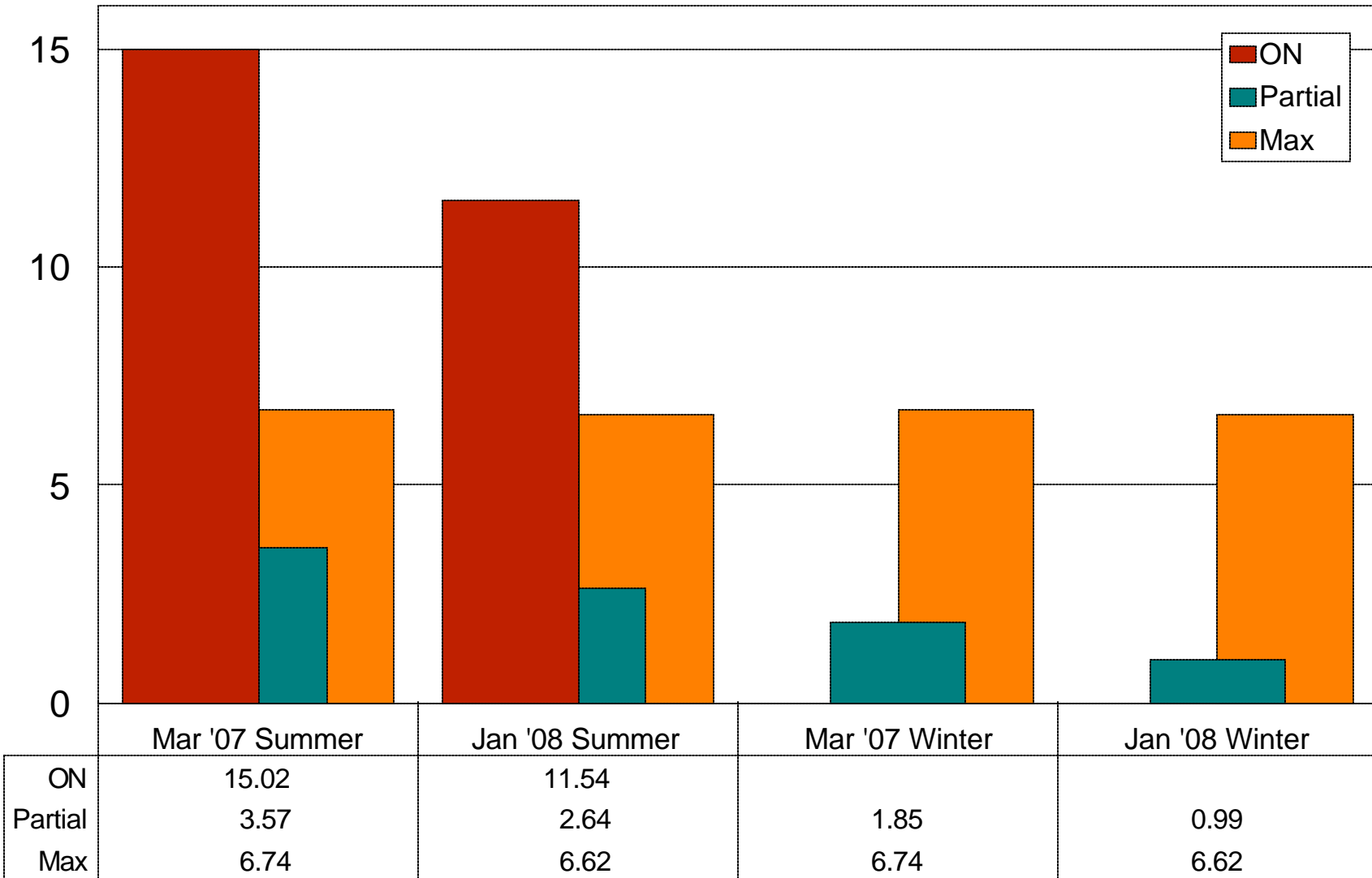
Rate Schedule: E19



PG&E Electric Demand Charges

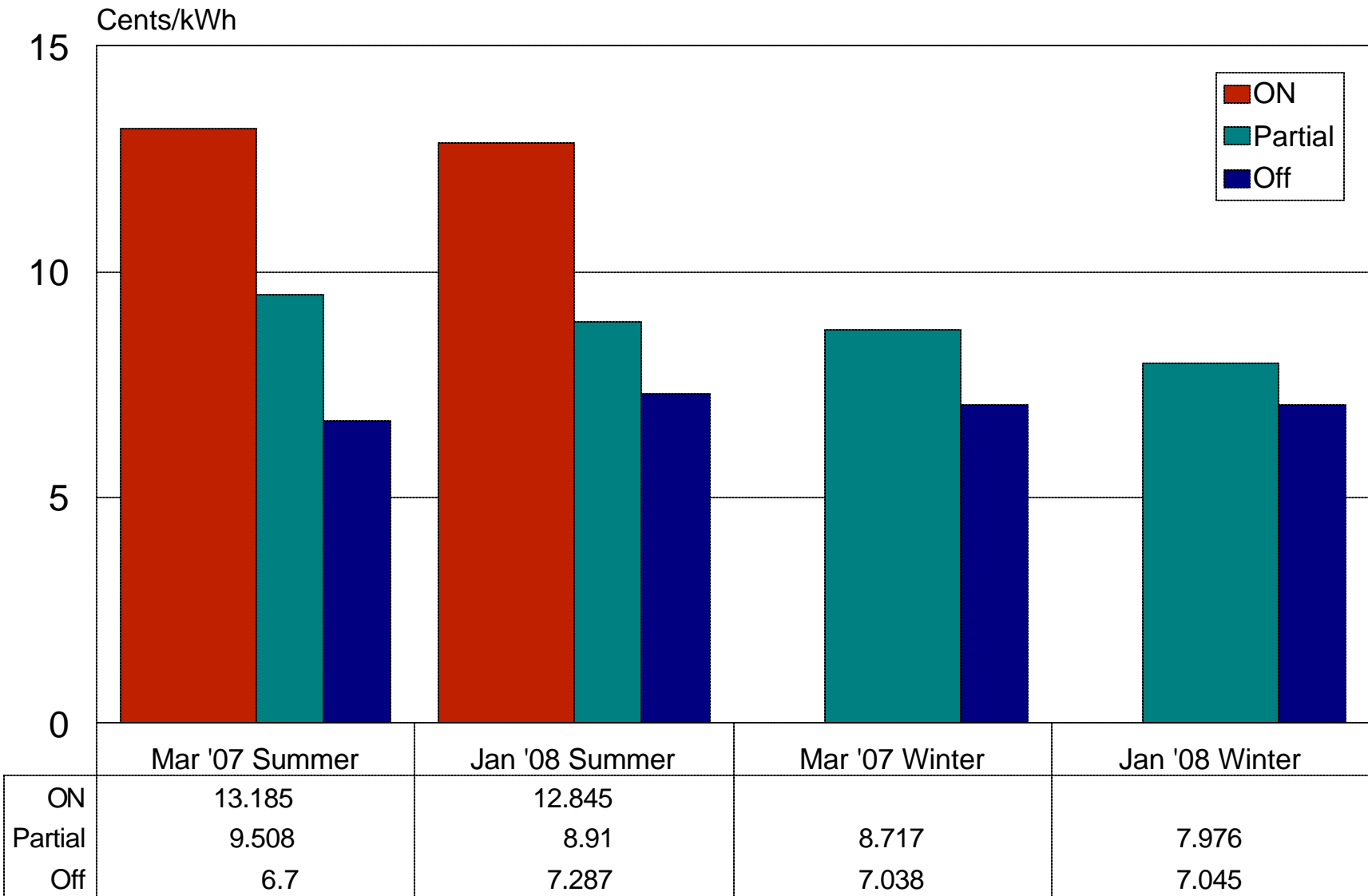
Rate Schedule: E19

Dollar/kW



PG&E Electric Energy Rates

Rate Schedule: E20



PG&E Electric Demand Charges

Rate Schedule: E20

