

August 6, 2008

**NOTICE OF DETERMINATION OF REVENUE REQUIREMENTS
(California Code of Regulations Title 23 Section 510 *et seq.*)**

The California Department of Water Resources ("Department" or "DWR") hereby provides notice of its determination of revenue requirements for the period January 1, 2009 through and including December 31, 2009. The Department has made this determination of revenue requirements in accordance with California Water Code, Division 27 (the "Act") and California Code of Regulations, Division 23, Chapter 4, Sections 510–517 (the "Regulations").

The Department has determined that its Revenue Requirement for the period January 1, 2009 through and including December 31, 2009, is \$4.890 billion, consisting of \$4.060 billion in Power Charges and \$0.829 billion in Bond Charges.

In reaching its revenue requirements determination, the Department followed procedures consistent with those contained in the Act and the Regulations. The Department issued a proposed determination on July 8, 2008. The deadline for submitting comments on the proposed revised determination was July 29, 2008. Pacific Gas and Electric Company and Southern California Edison Company submitted comments. To the extent changes were necessary, they have been incorporated within the Department's determination of revenue requirements and have been considered in connection with the Department reaching a determination that its 2009 revenue requirement is just and reasonable.

The Department may propose to revise its revenue requirements for 2009 given the potential for significant or material changes in the California energy market including changes in forecasted fuel costs, decisions made in connection with the California Independent System Operator's Market Redesign and Technology Upgrade proceeding, and many other events that may materially affect the realized or projected financial performance of the power charge or the bond charge accounts. In such event, the Department will inform the Commission of such material changes and will revise its revenue requirements accordingly.

This notice is being provided via electronic mail to those persons who received the original notice by electronic mail and by U.S. Mail to every person who has submitted a request for notice by U.S. Mail. This notice is also posted on the Department's web-site.

DWR will consider any request for reconsideration of the determination of revenue requirements only if the request satisfies the requirements of Section 515 of Title 23 of the California Code of Regulations, which are summarized below. To be considered, requests for reconsideration must be received at either of the following addresses by 5:00 P.M. on August 18, 2008:

Mailing address: Department of Water Resources
California Energy Resources Scheduling Division
3310 El Camino Avenue, Suite 120
Sacramento, CA 95821-9001
Attention: Russell Mills
E-mail address: millsr@water.ca.gov

Requests for reconsideration must satisfy the following requirements, as specified in Section 515 of Title 23 of the California Code of Regulations:

A comment must be in typewritten form and must be clear and permanently legible.

A comment must identify the determination that is the subject of the comment by referencing the deadline for submitting comments.

A comment must be signed. Comments submitted on behalf of a business or organization must be signed by a person authorized to comment on behalf of the business or organization, must include the name and title of the signatory, the date of signing, the signatory's business address, and the signatory's business telephone number. Comments submitted through electronic mail will be considered by DWR only if an original, signed copy of the comment is received by DWR within three working days after the receipt of the electronic-mail comment.

A signature on submitted testimony certifies that the signer has read the document and knows its contents; that to the signer's best knowledge, information, and belief, formed after diligent inquiry, the facts are true as stated; that any legal contentions are warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law; that the testimony is not tendered for any improper purpose; and that the signer has full power and authority to sign the document.

No documents or records submitted as testimony which purport to be statements of fact shall be considered by DWR unless the documents or records have been certified under penalty of perjury by the person preparing or in charge of preparing them as being true and correct.