

March 14, 2000

**ADVICE 1977-E**

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its electric tariff sheets. The affected tariff sheets are listed on the enclosed Attachment I.

The purpose of this filing is to add Preliminary Statement Part BU--*Vegetation Management Balancing Account (VMBA)* in compliance with Decision (D.) 00-02-046, in Application (A.) 97-12-020, PG&E's Test Year 1999 General Rate Case.

D. 00-02-046 adopts a tree-trimming budget of \$130,512,650 (in 1999 dollars). The Commission also orders PG&E to establish a one-way balancing account to track vegetation management expenditures during the time the 1999 GRC revenue requirement is in effect. Generally, debit entries will reflect the vegetation management expenses PG&E incurs. Credit entries will reflect amounts adopted for vegetation management. If expenditures are less than the adopted amount, the difference will be returned to ratepayers.

More specifically, the expense entries made to the VMBA will not include the costs of the vegetation management quality assurance program established in D. 99-07-029. These costs are recorded in the Vegetation Management Quality Assurance Balancing Account. Furthermore, the expense entries will not include shareholder-funded expenses, as defined in D. 99-07-029, nor the vegetation management expenses allocated to Federal Energy Regulatory Commission (FERC) jurisdiction.

Likewise, the monthly credit entries (one-twelfth of the amount adopted for vegetation management in D. 00-02-046) will not include the adopted amount for the vegetation management quality assurance program. This amount is also recorded in the Vegetation Management Quality Assurance Balancing Account. Nor will the VMBA credit entries include the vegetation management expenses allocated to FERC jurisdiction

PG&E will file an annual advice letter to submit a summary of the entries made to the VMBA, and a proposal to dispose of any credit balance in the VMBA.



PRELIMINARY STATEMENT  
(Continued)

BU. VEGETATION MANAGEMENT BALANCING ACCOUNT (VMBA)

(N)

1. PURPOSE

The purpose of the VMBA is to record the difference between the vegetation management expense adopted in Phase I of PG&E's 1999 General Rate Case (1999 GRC) (Decision 00-02-046), and PG&E's recorded vegetation management expense. The VMBA is created in compliance with Decision 00-02-046.

2. APPLICABILITY

The VMBA is applicable to all rate schedules, except those expressly authorized by the Commission.

3. VMBA RATES

The VMBA does not have a rate component.

4. ACCOUNTING PROCEDURE

PG&E shall maintain the VMBA by making entries at the end of each month as follows:

- a. A debit entry equal to PG&E's vegetation management expense for the month, less the cost of PG&E's vegetation management quality assurance program, which is recorded in the Vegetation Management Quality Assurance Balancing Account (VMQABA), and less any shareholder-funded expenses as defined in Decision 99-07-029, and less the vegetation management expenses allocated to Federal Energy Regulatory Commission (FERC) jurisdiction (0.68% of total expenses based on Decision 00-02-046).
- b. A credit entry equal to one-twelfth of the amount adopted in Decision 00-02-046 for vegetation management expense (\$130,512,650 in 1999 dollars), less the amount adopted for vegetation management quality assurance programs, which is recovered through the VMQABA, and less the vegetation management expenses allocated to FERC Jurisdiction (0.68% of total expenses based on Decision 00-02-046).
- c. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after entries 4.a and 4.b above, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, G. 13 or its successor.

The VMBA is a one-way balancing account. PG&E shall file an annual advice letter which shall include a summary of the entries to this account and a proposal for the disposition of any credit balance in the account.

(N)

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Part AO	Diablo Canyon Audit Costs Memorandum Account.....	14433-E
Part AP	Real Property Sales Memorandum Account.....	14436-E
Part AQ	Reduced Return on Equity Memorandum Account.....	14449-E
Part AR	1997 Rate Design Window Shareholder Participation Memorandum Account.....	14723-E
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Part AX	Must-Run Fossil Plant Memorandum Account.....	15726,15009-E
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This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

PG&E requests that this filing become effective on **April 23, 2000**, which is 40 days after the date of filing.

Anyone wishing to protest this filing may do so by sending a letter within 20 days of this filing. Protests should be mailed to:

IMC Branch Chief  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4002  
San Francisco, California 94102  
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of the Director, Energy Division (address above), and Les Guliasi, Regulatory Relations Manager, 77 Beale Street, Mail Code B10C, P.O. Box 770000, San Francisco, California 94177, Facsimile (415) 973-7451. The protest should set forth the grounds upon which it is based and shall be submitted expeditiously. There are no restrictions on who may file a protest.

In accordance with Section III, Paragraph G of General Order 96-A, PG&E is mailing copies of this advice filing to the utilities and interested parties shown on the attached list, and interested parties in A. 97-12-020. Address change requests should be directed to Nelia Avendano at (415) 973-3529.

Vice President – Regulatory Relations

Attachments