

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3288

Tel. No. (415) 703-1691



January 31, 2005

Advice Letter 2445-E

Rose de la Torre
Pacific Gas & Electric
77 Beale Street, Room 1088
Mail Code B10C
San Francisco, CA 94105

Subject: Compliance with G. O. 96-A, Sec. X.B., Electric Rule 20-A, Allowance Exemption

Dear Ms de la Torre:

Advice Letter 2445-E is effective November 21, 2003. A copy of the advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "S. H. Gallagher".

Sean H. Gallagher, Director
Energy Division



Karen A. Tomcala
Vice President
Regulatory Relations

77 Beale Street, Room 1065
San Francisco, CA 94105
Mailing Address
Mail Code B10A
P.O. Box 770000
San Francisco, CA 94177

November 21, 2003

Advice 2445-E
(Pacific Gas and Electric Company ID U 39 E)

415.972.5209
Internal: 222.5209
Fax: 415.972.5625
Internet: KAT5@pge.com

Public Utilities Commission of the State of California

Subject: In Compliance with General Order 96-A, Section X.B., Electric Rule 20.A. Allowance Exemption

Pacific Gas and Electric Company (PG&E) hereby submits for filing in accordance with General Order 96-A, Section X.B., a special agreement with the City and County of San Francisco (the City or CCSF) wherein PG&E will provide the City with a one-time exemption to Section A.2.e of Rule 20 – *Replacement of Overhead with Underground Electric Facilities*.¹

Purpose

The purpose of Advice 2445-E is to notify the Commission that PG&E has agreed to extend the electric Rule 20.A. "borrowing" beyond the five years allowed in the electric Rule 20.A. tariff in order to begin construction of the Octavia Boulevard Undergrounding Project in the City and County of San Francisco, and to complete a number of designated electric Rule 20.A. projects in the City.

Background

On October 17, 1989, the Loma Prieta Earthquake struck the San Francisco Bay Area, causing extensive damage to public infrastructure. Among the hardest hit were elevated freeways like the Cypress Structure in Oakland, the Embarcadero Freeway along the San Francisco waterfront and the Central Freeway near the heart of San Francisco. While both the Cypress and the Embarcadero structures were replaced with surface streets several years ago, an engineering and political solution of the Central Freeway proved more intractable. Through its established process, the City recently selected a replacement project for the damaged freeway and, as

¹ The Company reserves all legal rights to challenge the decisions or statutes under which it has been required to make this advice filing, and nothing in this advice filing constitutes a waiver of such rights. Also, the Company reserves any additional legal rights to challenge the requirement to make this advice filing by reason of its status as a debtor under Chapter 11 of the Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.

part of that decision, the San Francisco Department of Public Works has determined that it will widen and reconstruct Octavia Boulevard between Market Street and Hayes Street.

On February 11, 2003, the San Francisco Board of Supervisors approved Ordinance Number 24-03, designating that portion of Octavia Boulevard as City Underground District 359 for conversion of overhead lines to underground. PG&E has verified that this project is eligible for ratepayer funding under the provisions of PG&E's electric Rule 20.A.1.

This project has been in the planning phase for a number of years and PG&E and the City now recognize that the cost of completing this undergrounding project will be in excess of electric Rule 20.A. undergrounding allowances currently available for such work. Under the provisions of electric Rule 20, the City may, in addition to its accumulated allowances, borrow against future allowances that will be available over the next five years. However, as described below, even with allowable borrowing under the tariff, the City's accumulated allocations are insufficient to maintain the current pace of work and undertake additional underground conversion work along Octavia Boulevard. On the other hand, the citizens of San Francisco, and, indeed the entire Bay Area, have been waiting for almost fifteen years since the 1989 Earthquake for the final repair of this link with the Central Freeway section of U.S. Highway 101.

In addition to the Octavia street project, CCSF currently has a number of public interest undergrounding projects, under electric Rule 20.A., in planning or under construction throughout the City. These projects include districts that PG&E committed to underground and were legislated by the City as far back as 1997. PG&E has agreed to complete these projects by the end of 2006. However, the cost of undergrounding facilities in CCSF is higher than anywhere else in PG&E's service territory. This is due to a number of factors, including the density of development in CCSF and the consequent number of service laterals per block, the presence of public transit routes and traffic volumes which limit both working space and work hours, the lack of building set-backs which precludes the use of standard pad-mounted transformers, and limited sidewalk and parking space, which necessitates the temporary off-site storage of trench spoils. At the same time, the annual electric Rule 20.A. allocations to CCSF, pursuant to the CPUC's formula, do not take into consideration the higher undergrounding costs to which CCSF is subject. As a result, even without the addition of the Octavia Boulevard Project, the allocations to CCSF, including allocations borrowed forward five years, are insufficient to maintain the pace of undergrounding the underground districts already legislated.

Given the pace of the work on the existing underground districts, the high cost of work in dense urban areas like San Francisco and the cost saving and customer impact advantage to be gained by adding Octavia Boulevard so as to piggy-back on the transportation improvement and earthquake repair work that CCSF will undertake in the next few months, it seems prudent to temporarily extend electric Rule 20.A.

allocation borrowing beyond the five years allowed in the tariff. If PG&E and CCSF did not extend the borrowing, CCSF would need to either: 1) defer the Central Freeway repair until sufficient electric Rule 20.A. allocations are available; 2) do the Octavia Boulevard work in two phases and disrupt the neighborhood twice; or 3) slow the pace of undergrounding work in all other areas of the City.

It is PG&E's practice to evaluate underground project borrowing, on a case-by-case basis, to determine whether additional project participation would be in the overall best interest of PG&E's ongoing construction and maintenance programs, the party making the request and other electric Rule 20 project participants. PG&E's primary considerations include: 1) adequacy of PG&E's local (Division) construction and expense budgets; 2) local availability of physical crews and equipment to timely complete the project; 3) protection of the Company's primary mission to provide safe and reliable service; 4) the likelihood of certain project administration advantages or scale economies from the expanded project scope that would not be available if the project were split into two or more smaller projects; 5) minimizing disruption to public transit or important transportation corridors; and 6) that the additional borrowing and PG&E's commitment to the expanded project scope and compressed construction schedule will not adversely affect current electric Rule 20.A. projects, either locally or in other cities or counties in PG&E's service territory. These considerations apply with even greater force where, as here, the city seeks to borrow against future electric Rule 20.A. allocations beyond the five-year period permitted in the tariff and a tariff waiver is, therefore, required.

Given that CCSF has an active undergrounding program, that the businesses and residents of San Francisco have waited almost fifteen years for reconstruction of this Central Freeway link, that project administration will actually benefit from completing the project in a single phase, that local work crews are available, that this additional project will not adversely affect PG&E's ability to maintain safe reliable service nor slow the pace of other undergrounding projects in the area, PG&E believes that it is reasonable to allow additional borrowing in order to avoid additional delay.

Attached is the agreement between PG&E and CCSF to waive the 5-year borrowing-forward tariff provision for the purposes described in this advice filing.

This filing will not increase any rate of charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **December 11, 2003**, which is 20 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

IMC Branch Chief – Energy Division
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address. The protest should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company
Attention: Brian Cherry
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226
E-mail: RxDd@pge.com

Effective Date

In accordance with Section X.B. of General Order 96-A, the Company hereby notifies all interested parties that this advice filing shall become effective on the date filed, **November 21, 2003.**

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via postal mailing to parties shown on the attached list. Address change requests should be directed to Sandra Ciach at (415) 973-7572. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs/>

Karen A. Loncalo/snc
Vice President - Regulatory Relations

Attachments

Cal P.U.C. Sheet No.	Title of Sheet	Canceling Cal P.U.C. Sheet No.
20977-E	Lists of Contracts and Deviations	12004-E
20978-E	Table of Contents (Rules and Contracts and Deviations)	20483-E
20979-E	Table of Contents	20807-E



LIST OF CONTRACTS AND DEVIATIONS
(Continued)

Name and Location of Customer PG&E Installation Reference No.	Type or Class of Service	Execution and Expiration Dates	Commission Authorization Number and Date	Most Comparable Regular Tariff		
				Schedule or Rule No.	Contract Difference	
GOLDEN GATE REGION						
(Cont'd.)						
<u>Other Counties and Cities</u>						
City and County of San Francisco	Underground Conversion	9-9-03 2013	G.O.96.X.B. Advice 2445-E	Rule 20.A	Agreement to waive 5-year borrowing- forward tariff provision	(N) (N)

*1 to *4 See last page of Electric Contracts and Deviations Section for explanation of footnotes.

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(Continued)

TARIFF WAIVER AGREEMENT

This Tariff Waiver Agreement is entered into by and between PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"), a California corporation, and the CITY AND COUNTY OF SAN FRANCISCO, a California charter city and municipal corporation ("CCSF") (collectively, the "Parties"), on the terms and conditions set forth herein.

Whereas, the undergrounding of certain overhead electric lines is a public policy goal of the California Public Utilities Commission ("CPUC"); and

Whereas, the CPUC has established by rule, Electric Rule 20A, a program whereby local governments plan underground conversions "in the public interest;" using allocations of utility funding as determined by CPUC formula; and

Whereas, CCSF has legislated several underground districts covering 42 miles ("Underground Districts"), which qualify under Rule 20A; and

Whereas, in an agreement between PG&E and CCSF dated July 28, 1997, PG&E agreed to underground these Underground Districts; and

Whereas, several of CCSF's Underground Districts incorporate transportation improvement projects (e.g., light rail) that are dependent on federal funding and cannot be delayed or deferred; and

Whereas, CCSF has added the Central Freeway Octavia Boulevard project ("Octavia Boulevard") to the list of legislated Underground Districts and PG&E has also agreed to underground this additional Underground District; and

Whereas, CCSF is a community with an active undergrounding program; and

Whereas, according to PG&E the cost of undergrounding facilities in CCSF is higher than anywhere else in PG&E's service territory; and

Whereas, according to PG&E the allocations to CCSF, pursuant to the CPUC's formula, do not take into consideration the higher costs to underground facilities in CCSF; and

Whereas, according to PG&E the allocations to CCSF, pursuant to the CPUC's formula, including allocations borrowed forward five years, are insufficient to cover the costs of undergrounding the Underground Districts.

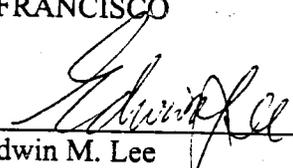
The Parties agree as follows:

1. The tariff provision limiting the borrowing forward of allocations (Electric Rule 20A.2.e) shall be waived for a period of ten years; thereby providing sufficient borrowed allocations to complete the Underground Districts in accordance with this agreement.

2. PG&E agrees to complete the Underground Districts by December 31, 2006.
3. PG&E will underground projects in addition to the Underground Districts consistent with Electric Rule 20A.
4. PG&E and CCSF agree to support the reasonableness of this agreement in any proceeding in which the CPUC exercises its right to consider this issue.
5. The Parties agree to meet and confer regarding the waiver or modification of certain work rules and other factors that increase the cost of undergrounding facilities in CCSF. CCSF will make its best efforts to waive or modify any rule that can reasonably lower undergrounding costs.
6. PG&E shall not be responsible for any delay in construction on undergrounding projects caused by the actions or inactions of other utilities or CCSF.
7. PG&E shall file this agreement with the CPUC, pursuant to Section X.B of General Order 96-A.

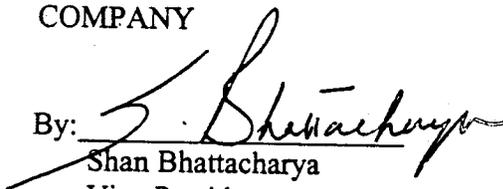
IN WITNESS WHEREOF, the Parties have caused this Tariff Waiver Agreement to be executed on September 16, 2003.

CITY AND COUNTY OF
SAN FRANCISCO

By: 

Edwin M. Lee
Director of Public Works

PACIFIC GAS AND ELECTRIC
COMPANY

By: 

Shan Bhattacharya
Vice President

**PG&E Electric Advice Filing List
General Order 96-A, Section III(G)**

ABAG Power Pool
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alicantar & Elsesser
Anderson Donovan & Poole P.C.
Applied Power Technologies
APS Energy Services Co Inc
Arter & Hadden LLP
Avista Corp
Barkovich & Yap, Inc.
BART
Bartle Wells Associates
Blue Ridge Gas
Bohannon Development Co
BP Energy Company
Braun & Associates
C & H Sugar Co.
CA Bldg Industry Association
CA Cotton Ginners & Growers Assoc.
CA League of Food Processors
CA Water Service Group
California Energy Commission
California Farm Bureau Federation
California ISO
Calpine
Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Cellnet Data Systems
Childress, David A.
City of Glendale
City of Healdsburg
City of Palo Alto
City of Redding
CLECA Law Office
Constellation New Energy
CPUC
Creative Technology
Crossborder Inc
CSC Energy Services
Davis, Wright Tremaine LLP
Davis, Wright, Tremaine, LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
Dept of the Air Force
DGS Natural Gas Services
DMM Customer Services
Downey, Brand, Seymour & Rohwer
Duke Energy
Duke Energy North America

Duncan, Virgil E.
Dutcher, John
Dynegy Inc.
Ellison Schneider
Energy Law Group LLP
Enron Energy Services
Exeter Associates
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
GLJ Energy Publications
Goodin, MacBride, Squeri, Schlotz &
Grueneich Resource Advocates
Hanna & Morton
Heeg, Peggy A.
Hogan Manufacturing, Inc
House, Lon
Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
J. R. Wood, Inc
JTM, Inc
Kaiser Cement Corp
Korea Elec Power Corp
Marcus, David
Masonite Corporation
Matthew V. Brady & Associates
Maynor, Donald H.
McKenzie & Assoc
McKenzie & Associates
Meek, Daniel W.
Meyer, Joseph
Mirant California, LLC
Modesto Irrigation Dist
Morrison & Foerster
Morse Richard Weisenmiller & Assoc.
New United Motor Mfg, Inc
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Agency
PG&E National Energy Group
Pinnacle CNG Company
PPL EnergyPlus, LLC
Price, Roy
Product Development Dept
Provost Pritchard
R. M. Hairston & Company
R. W. Beck & Associates
Recon Research
Regional Cogeneration Service
RMC Lonestar
Sacramento Municipal Utility District
SCD Energy Solutions
Seattle City Light

Sempra
Sempra Energy
Sequoia Union HS Dist
SESCO
Sierra Pacific Power Company
Silicon Valley Power
Simpson Paper Company
Smurfit Stone Container Corp
Southern California Edison
SPURR
St. Paul Assoc
Stanford University
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tansev and Associates
Tecogen, Inc
TFS Energy
TJ Cross Engineers
Transwestern Pipeline Co
Turlock Irrigation District
United Cogen Inc.
URM Groups
Utility Cost Management LLC
Utility Resource Network
Wellhead Electric Company
Western Hub Properties, LLC
White & Case
WMA