

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



March 4, 2004

Advice Letter 2461-E/2461-E -A

Ms Anita Smith, Rate Analyst
Pacific Gas and Electric Company
77 Beale Street, Mail Code 10B
San Francisco, CA 94177

Subject: Establishment of a one-way procurement energy efficiency and balancing account to track costs and revenues associated with authorized programs

Dear Ms Smith:

Advice Letter 2461-E/2461-E-A is effective January 1, 2004. A copy of the advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in cursive script that reads "Paul Clanon".

Paul Clanon, Director
Energy Division



**Pacific Gas and
Electric Company**

Karen A. Tomcala
Vice President
Regulatory Relations

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San Francisco, CA 94105

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February 5, 2004

Advice 2461-E-A
(Pacific Gas and Electric Company ID U 39 E)

Subject: Establishment of a One-Way Procurement Energy Efficiency Balancing Account (PEEBA) to Track Costs and Revenues Associated with Authorized Programs

Pacific Gas and Electric Company (PG&E) hereby submits this supplemental filing, which include the following revisions to its electric and gas tariff schedules. The affected tariff sheets are listed on the enclosed Attachment. This filing supplements Advice 2461-E, filed on January 7, 2004.

Purpose

This advice filing establishes a One-Way Procurement Energy Efficiency Balancing Account (PEEBA) pursuant to Decision (D.) 03-12-062. The purpose of the PEEBA is to track PG&E's Procurement Energy Efficiency Costs and Revenues Associated with Authorized Programs.

Background

In D. 03-12-062, the Commission authorized PG&E to spend \$25 million in 2004 and \$50 million in 2005 on procurement-related energy efficiency programs. The Commission approved the use of a non-bypassable surcharge on all customers to pay the costs of the procurement-related energy efficiency programs. It directed PG&E and other utilities to establish a one-way Procurement Energy Efficiency Balancing Account to track the costs and revenues associated with the authorized programs. Each affected utility was directed to file an advice letter within 20 days of the effective date of the decision to establish the methodology and surcharge rate for incremental procurement energy efficiency programs for program year (PY) 2004 and 2005.

The electric Public Purpose Program costs are collected from all customers. To ensure that the PEEBA is funded by all customers, PG&E proposes to include the PEEBA revenue requirement for procurement energy efficiency programs in the overall public purpose program revenue requirement. This approach also minimizes implementation issues by using an existing line on customer bills. However, the recovery of the PEEBA costs along with the PGC surcharge does not alter the nature of the underlying authorized programs, which were approved as a

procurement resource. Costs associated with these accounts are to be submitted simultaneously with utility monthly Energy Resource Recovery Account filings to the Energy Division for review on a monthly basis.

PG&E proposes, on a monthly basis, to implement the 2004 PEEBA surcharge as follows:

- Before bottoms-up billing starts: PG&E proposes to debit one-twelfth of the 2004 annual authorized budget (\$25 million) in the Transition Revenue Account (TRA) and credit the same amount in PEEBA as PEEBA revenue.
- After bottoms-up billing starts: PG&E proposes that this rate be shown separately in Part I of the Preliminary Statement. PG&E proposes to set the PEEBA rate at \$0.00031/ kWh¹. The monthly PEEBA revenue collected through the PEEBA rate will be credited to the PEEBA. The 2004 year end balance will be true-ed up in the 2005 PEEBA rate design.

Since D.03-12-062 establishes the PEEBA as a one-way balancing account, any spending over the authorized spending level (\$75 million for 2004-2005 two year period) at the end of the program (December 31, 2005) will not be eligible for rate recovery from customers. However, any revenue shortfall needed to match expenditures up to the authorized spending level will be carried over for actual recovery in 2006 rates.

PG&E intends to implement this change as soon as possible after CPUC approval of the advice letter, no later than 120 days after CPUC approval.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **February 25, 2004**, 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

¹ The PEEBA rate of \$0.00031 per kWh equals the 2004 authorized annual budget (\$25 million) plus Franchise Fees and Uncollectibles (FF&U) by the forecasted electric sales for 2004

February 5, 2004

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 K. 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

PG&E requests that this advice filing be effective **January 1, 2004**, pursuant to D.03-12-062.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the service list for Rulemaking (R.) 01-10-024 and R.01-08-028. Address changes 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. Domeala/sjs
Vice President - Regulatory Relations

Attachments

cc: Service List – R.01-10-024, R.01-08-028

**Attachment I
Advice 2461-E-A**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
21172-E	Electric Preliminary Statement DI – Procurement Energy Efficiency and Balancing Account (PEEBA)	New
21173-E	Table of Contents – Electric Preliminary Statements (Continued)	20265-E
21174-E	Table of Contents	20814-E



PRELIMINARY STATEMENT
(Continued)

DI. PROCUREMENT ENERGY EFFICIENCY BALANCING ACCOUNT (PEEBA)

(N)

1. PURPOSE:

Per Decision 03-12-062, the one-way Procurement Energy Efficiency Balancing Account (PEEBA) is to track PG&E's procurement energy efficiency costs and revenues associated with authorized programs.

2. APPLICABILITY:

The PEEBA balance shall apply to all customer classes, except for any classes that may be specifically excluded by the CPUC.

REVISION DATE: Disposition of amounts in this account shall be determined in the Electric Annual True-up Proceeding or any other proceeding authorized by the Commission.

3. RATES:

The PEEBA rate is collected as part of the non-bypassable public purpose program rate set forth in each rate schedule. The PEEBA rate is separately identified in Part I of the Preliminary Statement.

4. ACCOUNTING PROCEDURE: The following entries shall be made each month:

- a. A credit entry equal to one-twelfth of the authorized 2004 budget (\$25 million) before the bottoms-up billing starts, or a credit entry equal to the revenue from the PEEBA rate after the bottoms-up billing starts.
- b. A debit entry equal to the expenses related to procurement energy efficiency programs.
- c. A entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entries, 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, H. 15 or its successor.

(N)

(Continued)



TABLE OF CONTENTS
(Continued)

PRELIMINARY STATEMENTS

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Part CA	Food Service Technology Center Memorandum Account	18781-E
Part CB	DWR/ISO Cost Balancing Account.....	18784-E
Part CC	Real Time Energy Metering Memorandum Account	18307,18308-E
Part CD	Kern Restoration and Operation Memorandum Account.....	18509-E
Part CE	Baseline Balancing Account	18812,18813-E
Part CF	Net Energy Metering Memorandum Account.....	18831-E
Part CG	Utility Generation Balancing Account	20501-E
Part CH	Utility Retained Generation Income Tax Memorandum Account	
Part CI	Wholesale DWR/ISO Cost Memorandum Account	
Part CJ	Surcharge Amortization Revenue Memorandum Account.....	18937-E
Part CK	Distribution Bypass Deferral Rate Memorandum Account.....	20619-E
Part CL	Distributed Energy Resources Memorandum Account.....	19042-E
Part CM	Bond Charge Balancing Account.....	19253-E
Part CN	Research, Development, and Demonstration Balancing Account	19371-E
Part CO	Renewables Balancing Account	19372-E
Part CP	Energy Resource Recovery Account (ERRA).....	19379,19876-E
Part CQ	Modified Transition Cost Balancing Account (MTCBA).....	19381-E
Part CR	Common-Area Balancing Account.....	19768-E
Part CS	Advanced Metering and Demand Response Account.....	19875-E
Part CV	Financial Hedging Memorandum Account.....	20631-E
Part DI	Procurement Energy Efficiency Balancing Account (PEEBA)	20151-E (N)

(Continued)



TABLE OF CONTENTS

	<u>CAL P.U.C. SHEET NO.</u>	
Title Page	8285-E	
Table of Contents:		
Rate Schedules	21174,20813,20805-E	(T)
Preliminary Statements	21173,20088,21153-E	(T)
Rules, Maps, Contracts and Deviations	19764-E	
Sample Forms	19880,20377,20196,19236,18911,19572,20804-E	

RATE SCHEDULES

<u>SCHEDULE</u>	<u>TITLE OF SHEET</u>	<u>CAL P.U.C. SHEET NO.</u>
RESIDENTIAL RATES		
E-1	Residential Service	20634,20635,19910,20636,20637-E
E-2	Experimental Residential Time-of-Use Service	19882,20638,20639,20235, 19887,20640,20641-E
E-3	Experimental Residential Critical Peak Pricing Service	19990,20642,20643, 19894 to 19896,20644,20645-E
EE	Service to Company Employees	18188-E
EM	Master-Metered Multifamily Service	20646,20647,20648,20649,20650-E
ES	Multifamily Service	20651,20652,19920,20653,20654-E
ESR	Residential RV Park and Residential Marina Service	20655,20656,20657,20658,20659-E
ET	Mobilehome Park Service	20660,20661,19930,20662,20663-E
E-7	Residential Time-of-Use Service	19170,20664,20665,20666,20667-E
E-A7	Experimental Residential Alternate Peak Time-of-Use Service	19172,20668,20669,20670,20671-E
E-8	Residential Seasonal Service Option	20672,20673,20674-E
E-9	Experimental Residential Time-of-Use Service for Low Emission Vehicle Customers	19176,20675,20676,20677,20678,20679,20680,20681-E
EL-1	Residential CARE Program Service	20682,19951,20683,20684-E
EML	Master-Metered Multifamily CARE Program Service	20685,19955,20686,20687-E
ESL	Multifamily CARE Program Service	20688,19959,20689,20690-E
ESRL	Residential RV Park and Residential Marina CARE Program Service	20691,19963,20692,20693-E
ETL	Mobilehome Park CARE Program Service	20694,19967,20695,20696,20697-E
EL-7	Residential CARE Program Time-of-Use Service	19990,20698,19781,20699-E
EL-A7	Experimental Residential CARE Program Alternate Peak Time-of-Use Service	19192,20700,19783,20701-E
EL-8	Residential Seasonal CARE Program Service Option	20702,20703,20704-E
COMMERCIAL/INDUSTRIAL		
A-1	Small General Service	20706,20707,20708,20709-E
A-6	Small General Time-of-Use Service	19790,20710,19791,20711,20712-E
A-10	Medium General Demand-Metered Service	19794,20713,20714,19987,20715,20716,19990-E
A-T	Nondomestic Interruptible Service	11862-E
A-RTP	Experimental Real-Time-Pricing Service	19991-E
A-15	Direct-Current General Service	20717,20718-E
E-19	Medium General Demand-Metered Time-of-Use Service ...	19797,17092,17093,20719,20720, 20721,19996,19603,20722,20723,18037,18864,18039,18040,18865,17900,16414,15330, 20724,20725,20726,20003,20004,19800,19801,20727,20728,20729,19805,20730,20731-E
E-20	Service to Customers with Maximum Demands of 1,000 Kilowatts or More	19209,17254,20732, 20733,20734,20010,20735,19314,20736,18866,18044,18045,18867,15356,16430,15358, 20737,20738,20739,20016,20017,16434,16435,16436,20740,20741,17101,20742-E

(Continued)

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

ABAG Power Pool
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & 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.
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City of Healdsburg
City of Palo Alto
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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
Dynergy 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.
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