

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



July 16, 2004

Advice Letter 2525-E

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

Subject: 2003 Vegetation Management Balancing Account

Dear Ms Smith:

Advice Letter 2525-E is effective August 1, 2004. A copy of the advice letter is sent herewith for your records.

Sincerely,

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

Director
Energy Division



June 22, 2004

Advice 2525-E
(Pacific Gas and Electric Company ID U 39 E)

Subject: 2003 Vegetation Management Balancing Account

Public Utilities Commission of the State of California

In accordance with Preliminary Statement, Part BU--*Vegetation Management Balancing Account (VMBA)*, Pacific Gas and Electric Company (PG&E) submits for filing a summary of the entries made to the VMBA for the period from January 1, 2003, through December 31, 2003. In 2003, the VMBA expense exceeded the revenue requirement. Since the account is a one-way balancing account, the 2003 VMBA undercollected balance is shareholder funded and no account disposition is required.

Background

In PG&E's 1999 General Rate Case (GRC) D. 00-02-046, the Commission adopted a one-way balancing account mechanism to track vegetation management expenditures during the time the 1999 GRC revenue requirement is in effect. The VMBA provides that PG&E will file an annual advice letter summarizing the entries to the VMBA for that year and a proposal for the disposition of any credit balance in the account.

In PG&E's 2003 GRC (A. 02-11-017), the Commission adopted a Settlement Agreement regarding the distribution revenue requirement (see D. 04-05-055). Under the Settlement, PG&E is to continue using the one-way balancing account for Vegetation Management. In this agreement, \$127.9 million¹ (in 2003 dollars) was adopted as a reasonable forecast of Vegetation Management expense. This amount includes funding for the Vegetation Management Quality Assurance Program (VMQAP).

As adopted in the Tree Trimming Oil settlement (D. 99-07-029), the three-year shareholder funding commitments for the VMQAP expired on August 19, 2002. The last period for recording separate Quality Assurance Program expenses in the Vegetation Management Quality Assurance Balancing Account (VMQABA) was

¹ \$124.7 million (in 2000 dollars)



August 19, 2001, through August 18, 2002, as per Advice 2283-E.

2003 VMBA Balance

Entries made to the VMBA for the period January 1, 2003, through December 31, 2003, are shown in Table 1, below. The recorded expenses for 2003 totaled \$128,473,790. In accordance with VMBA accounting procedures, this amount excludes vegetation management expenses allocated to Federal Energy Regulatory Commission (FERC) jurisdiction.

The adopted vegetation management expense for 2003 totaled \$127,870,000 (in 2003 dollars). Excluding the allocated FERC jurisdiction amounts, the net adopted 2003 expense is \$127,000,484 (in 2003 dollars).

The difference between the amount adopted in D. 00-02-046, as modified, and the recorded expense for 2003 is an over spending of \$1,473,306. This amount represents an undercollection, or debit balance, to the VMBA. Since the account is a one-way balancing account, this debit balance is not recoverable from customers.

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

Protests

Anyone wishing to protest this filing may do so by sending a letter by **July 12, 2004**, which is 20 days after 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

PG&E requests that this advice filing become effective on **August 1, 2004**, which is 40 days from the date of this filing.

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. Address changes should be directed to Sharon Tatai at (415) 973-2788. Advice letter filings can also be accessed electronically at:

http://www.pge.com/customer_services/business/tariffs/

A handwritten signature in black ink that reads "Brian Cherry" followed by a stylized set of initials, possibly "DP".

Director - Regulatory Relations

Attachments

**Table 1****Decision Nos. 01-10-031 and 02-02-043****Vegetation Management
Balancing Account Summary****January 1, 2003, through December 31, 2003**

2003 GRC Adopted Estimate*		\$ 127,870,000
Less FERC Allocation		<u>(\$869,516)</u>
	TOTAL	<u>\$ 127,000,484</u>
2003 Recorded Expenses*		\$ 129,353,393
Less FERC Allocation		<u>(\$879,603)</u>
	TOTAL	<u>\$ 128,473,790</u>
Over (Under) Expenditure		\$1,473,306
Interest (through December 2003)		<u>(\$736)</u>
	TOTAL	<u>\$1,472,570</u>

* Vegetation Management Quality Assurance Balancing Account included

**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.
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
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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
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