

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
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August 2, 2007

Advice Letter 2580-E

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Subject: Recovery of 2004 Self-Generation and Demand Response
Program Costs

Dear Mr. Cherry:

Advice Letter 2580-E is effective July 21, 2005.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division



Brian K. Cherry
Director
Regulatory Relations

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November 5, 2004

Advice 2580-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Recovery of 2004 Self-Generation and Demand Response
Program Costs**

Purpose

Pacific Gas and Electric Company (PG&E) hereby requests approval to recover the November 30, 2004, balances contained in the electric Self-Generation Program Memorandum Account (SGPMA) and the electric Demand Responsiveness Program Memorandum Account (DRPMA).

On October 15, 2004, via Advice 2570-E, PG&E filed to revise electric rates on January 1, 2005. Page 15 of that filing noted that PG&E planned to make this advice filing, and noted that if the Commission approves this advice filing prior to December 31, 2004, the results will be consolidated with the December supplement to 2570-E. The estimated 2004 balance in the electric SGPMA through October is \$35.6 million. PG&E already reflected a \$25.5 million undercollection in the electric SGPMA when it filed its annual electric true-up advice filing¹. Therefore, this filing represents an increase of approximately \$10.1 million above the level noted in the electric true-up filing. The electric true-up filing further described that PG&E would be filing this separate advice letter to recover the electric SGPMA balance. PG&E intends to provide a final update of the 2004 SGPMA balance in the supplement to Advice 2570-E.

The estimated 2004 balance in the DRPMA through September is \$0.457 million. Similar to the SGPMA balance, PG&E intends to reflect the final update of the 2004 DRPMA balance in the supplement to Advice 2570-E.

Background

In D.01-03-073, the Commission authorized funding for PG&E's self-generation and demand responsiveness programs of \$240 million and \$12 million, respectively, over the four-year period ending December 31, 2004. Decision 01-03-073 required PG&E to allocate self-generation program costs between

¹ PG&E Advice 2570-E, page 19, Table 2, line 32.

electric and gas customers based on the current allocation of energy efficiency programs between those customers. In D.01-07-028, the Commission modified D.01-03-073 to establish a balancing account, rather than a memorandum account for electric customers to provide recovery of costs incurred to implement D.01-03-073.

Decision 01-07-028 also found that the costs for the programs adopted in D.01-03-073 were recoverable after the end of the rate freeze.

Later, in D.01-09-012, the Commission clarified certain ambiguities and inconsistencies in D.01-07-028 and ordered the utilities to change the associated balancing accounts to memorandum accounts for tracking program costs for future recovery. Finally, in D.02-02-026, the Commission ordered the utilities to revise their self-generation and demand responsiveness memorandum accounts to specify that the amounts recorded to the accounts are not to exceed the total funding authorized in D.01-03-073 for these programs over the four-year period. Decision 02-02-026 also specified that unused funds shall carry over from one year to the next.

Self-Generation Program

The SGPMA self-generation program awards customers monetary incentives to install qualifying generation on the customer's side of the utility meter that provides electricity for all or a portion of that customer's electric load. Qualifying self-generation is defined as distributed generation technologies such as microturbines, small gas turbines, wind turbines, photovoltaics, fuel cells and internal combustion engines, and combined heat and power or cogeneration. The current level of incentive payments to qualifying customers is outlined in the above described decisions, although additional program details have been addressed by later decisions, including Decisions 02-02-026, 02-04-004, and 02-09-051. Originally, the Commission only authorized funds for the self-generation program until December 31, 2004. However, AB 1685 extended this program to January 1, 2008.

The attached workpapers detail the amounts booked to the SGPMA through the end of October 2004.

Demand-Responsiveness Program

PG&E's demand-responsiveness program was a pilot website that provided interactive consumption and cost information to small customers, such as historical energy bill information, representative energy usage and cost information for common appliances, and tariff options. This information was conveyed to customers through PG&E's Interactive Consumption and Cost Information Program (www.californiaenergyconnection.com). PG&E's four-year demand-responsiveness program will end on December 31, 2004. PG&E has

submitted two reports describing program results to the Energy Division.² The latest report was issued on February 6, 2004.

PG&E intends to amortize the DRPMA balance in distribution rates, which is consistent with the amortization of SGPMA revenue requirements as described in Advice 2570-E.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **November 24, 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

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 letter become effective on December 14, 2004, which is 40 days from the date of filing. PG&E seeks approval to:

² Filed pursuant to Attachment 3 of the April 24, 2002, Administrative Law Judge's Ruling on the Schedule for Evaluation Reports in Rulemaking 98-07-037.

- Recover in 2005 electric rates, the October 2004 balances in the two accounts described in this filing.
- Recover in 2005 electric rates the November 30, 2004, SGPMA and DRPMA balances, via a supplement to Advice 2570-E.
- Consolidate these rate changes with other pending rate changes such as those covered by Advice 2570-E.

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 parties on the list for Rulemaking R.04-03-017. Address changes should be directed to Rose De La Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

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

Brian K. Cherry / TSJ

Director - Regulatory Relations

cc: Service List – R.04-03-017

Advice 2580-E
Self-Generation Program Memorandum Account (SGPMA)
January 1, 2004, through October 31, 2004, Account Activity
Electric Portion Only

Month	Beginning Cumulative Balance	Expense	Interest Rate %	Interest Factor	Cumulative Interest Adjustment	Ending Cumulative Balance
Jan 2004	\$ -	\$ 2,209,446.88	1.05%	0.00087500	\$ 966.63	\$ 2,210,413.51
Feb 2004	\$ 2,210,413.51	\$ 1,018,953.49	1.01%	0.00084167	\$ 2,289.24	\$ 3,231,656.23
Mar 2004	\$ 3,231,656.23	\$ 6,564,865.06	1.01%	0.00084167	\$ 5,482.69	\$ 9,802,003.99
Apr 2004	\$ 9,802,003.99	\$ 6,157,833.06	1.00%	0.00083333	\$ 10,734.10	\$ 15,970,571.15
May 2004	\$ 15,970,571.15	\$ 1,937,042.67	1.05%	0.00087500	\$ 14,821.71	\$ 17,922,435.53
Jun 2004	\$ 17,922,435.53	\$ 2,270,982.30	1.07%	0.00089167	\$ 16,993.32	\$ 20,210,411.14
Jul 2004	\$ 20,210,411.14	\$ 1,694,541.54	1.34%	0.00111667	\$ 23,514.41	\$ 21,928,467.10
Aug 2004	\$ 21,928,467.10	\$ 3,287,355.54	1.50%	0.00125000	\$ 29,465.18	\$ 25,245,287.82
Sep 2004	\$ 25,245,287.82	\$ 8,910,453.31	1.62%	0.00135000	\$ 40,095.69	\$ 34,195,836.81
Oct 2004	\$ 34,195,836.81	\$ 1,402,963.68	1.75%	0.00145833	\$ 50,891.92	\$ 35,649,692.42
Balance as of October 31, 2004		\$ 35,454,437.52			\$ 195,254.89	\$ 35,649,692.42

Expense Category	Total Expenses by Category	Electric Portion (89%)
Administration	\$921,529.11	\$ 820,160.91
Marketing	\$65,767.57	\$ 58,533.14
M&E	\$733,925.43	\$ 653,193.63
Incentives	\$38,115,224.55	\$ 33,922,549.85
Total SGPMA Expenses	\$39,836,446.66	\$ 35,454,437.53
	Interest	\$ 195,254.89
Electric SGPMA Total Expenses (with interest)		\$ 35,649,692.42

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

ABAG Power Pool
Accent Energy
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 Gas Acquisition Svcs
California ISO
Calpine
Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Cellnet Data Systems
Chevron Texaco
Chevron USA Production Co.
Childress, David A.
City of Glendale
City of Healdsburg
City of Palo Alto
City of Redding
CLECA Law Office
Constellation New Energy
Cooperative Community Energy
CPUC
Creative Technology
Cross Border Inc
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
Douglass & Liddell
Downey, Brand, Seymour & Rohwer
Duke Energy
Duke Energy North America
Duncan, Virgil E.
Dutcher, John
Dynegy Inc.
Ellison Schneider
Energy Law Group LLP
Energy Management Services, LLC
Enron Energy Services
Exelon Energy Ohio, Inc
Exeter Associates
Foster Farms
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
G. A. Krause & Assoc
Gas Transmission Northwest Corporation
GLJ Energy Publications
Goodin, MacBride, Squeri, Schlotz &
Hanna & Morton
Heeg, Peggy A.
Hogan Manufacturing, Inc
House, Lon
Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
Interstate Gas Services, Inc.
J. R. Wood, Inc
JTM, Inc
Kaiser Cement Corp
Korea Elec Power Corp
Luce, Forward, Hamilton & Scripps
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.
Navigant Consulting
New United Motor Mfg, Inc
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Agency
Office of Energy Assessments
Palo Alto Muni Utilities
PG&E National Energy Group
Pinnacle CNG Company
PITCO
Plurimi, Inc.
PPL EnergyPlus, LLC
Price, Roy
Product Development Dept
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
U S Borax, Inc
United Cogen Inc.
URM Groups
Utility Cost Management LLC
Utility Resource Network
Wellhead Electric Company
Western Hub Properties, LLC
White & Case
WMA