

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



June 28, 2005

Advice Letter 2631-E

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

Subject: Utility specific balancing accounts for permanent allocation of the 2004 DWR revenue requirement

Dear Ms de la Torre:

Advice Letter 2631-E is effective February 15, 2005. 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



**Pacific Gas and
Electric Company**

Brian K. Cherry
Director
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

Mailing Address
Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

415.973.4977
Internal: 223.4977
Fax: 415.973.7226
Cellular: 415.517.5067
Internet: BKC7@pge.com

February 15, 2005

**Advice 2631-E
(Pacific Gas and Electric Company ID U 39 E)**

Public Utilities Commission of the State of California

**Subject: Utility Specific Balancing Accounts pursuant to Decision (D.)
04-12-014, Permanent Allocation of the 2004 Department of
Water Resources (DWR) Revenue Requirement**

Purpose

In compliance with D. 04-12-014, Pacific Gas and Electric Company (PG&E) seeks the Commission approval of the DWR-IOU (investor-owned utility) process to develop and agree on the structure and methodology of the Utility Specific Balancing Accounts (USBAs).

Background

On December 2, 2004, the Commission issued D. 04-12-014 (Decision) implementing a permanent allocation of the annual power charge revenue requirement (PCRR) determination of the California Department of Water Resources.

In this Decision, the Commission ordered the "establishment of utility specific balancing accounts that would track the revenues received by DWR from the customers of each utility against DWR's costs (or revenue requirement) for those same customers. DWR has indicated that it is willing to create and maintain these accounts....The utilities shall submit advice letters within 75 days of this decision, describing the utility specific balancing accounts and how they work" (Ordering Paragraph 9).

DWR's Exhibit Describing USBA

On January 31, 2005, DWR circulated a narrative description and a proposed format for the USBAs. DWR, not the utilities, intends to administer and maintain these accounts. PG&E and other utilities are in the process of commenting on

DWR's narrative description. DWR has and intends to continue working with the utilities, as directed, to develop these accounts. Thus, PG&E recommends that it would be more appropriate for DWR to make a submission describing the USBAs to the Commission, as ordered by D.04-12-014. PG&E asks the Commission to approve this process, as described above.

Protests

PG&E requests that anyone wishing to protest this filing may do so by sending a letter by **February 22, 2005**, which is 7 days from the date of this filing. PG&E requests the expedited protest period so that the Commission can resolve all related issues in time for the 2005 DWR Revenue Requirement decision on March 17, 2005. 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 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

Considering the nature of this matter, PG&E requests an effective date of February 15, 2005, which is the date of 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 and the service list for Application (A.) 00-11-056. Address changes should be directed to Rose De La Torre (RxDd@pge.com) at (415) 973-2716. Advice letter filings can also be accessed electronically at:

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

Brian K. Cheng / BC

Director - Regulatory Relations

cc: Service List – A. 00-11-056

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

ABAG Power Pool	DGS Natural Gas Services	Office of Energy Assessments
Accent Energy	DMM Customer Services	Palo Alto Muni Utilities
Aglet Consumer Alliance	Douglass & Liddell	PG&E National Energy Group
Agnews Developmental Center	Downey, Brand, Seymour & Rohwer	Pinnacle CNG Company
Ahmed, Ali	Duke Energy	PITCO
Alcantar & Elsesser	Duke Energy North America	Plurimi, Inc.
Anderson Donovan & Poole P.C.	Duncan, Virgil E.	PPL EnergyPlus, LLC
Applied Power Technologies	Dutcher, John	Praxair, Inc.
APS Energy Services Co Inc	Dynegy Inc.	Price, Roy
Arter & Hadden LLP	Ellison Schneider	Product Development Dept
Avista Corp	Energy Law Group LLP	R. M. Hairston & Company
Barkovich & Yap, Inc.	Energy Management Services, LLC	R. W. Beck & Associates
BART	Enron Energy Services	Recon Research
Bartle Wells Associates	Exelon Energy Ohio, Inc	Regional Cogeneration Service
Blue Ridge Gas	Exeter Associates	RMC Lonestar
Bohannon Development Co	Foster Farms	Sacramento Municipal Utility District
BP Energy Company	Foster, Wheeler, Martinez	SCD Energy Solutions
Braun & Associates	Franciscan Mobilehome	Seattle City Light
C & H Sugar Co.	Future Resources Associates, Inc	Sempra
CA Bldg Industry Association	G. A. Krause & Assoc	Sempra Energy
CA Cotton Ginners & Growers Assoc.	Gas Transmission Northwest Corporation	Sequoia Union HS Dist
CA League of Food Processors	GLJ Energy Publications	SESCO
CA Water Service Group	Goodin, MacBride, Squeri, Schlotz &	Sierra Pacific Power Company
California Energy Commission	Hanna & Morton	Silicon Valley Power
California Farm Bureau Federation	Heeg, Peggy A.	Simpson Paper Company
California Gas Acquisition Svcs	Hitachi Global Storage Technologies	Smurfit Stone Container Corp
California ISO	Hogan Manufacturing, Inc	Southern California Edison
Calpine	House, Lon	SPURR
Calpine Corp	Imperial Irrigation District	St. Paul Assoc
Calpine Gilroy Cogen	Integrated Utility Consulting Group	Stanford University
Cambridge Energy Research Assoc	International Power Technology	Sutherland, Asbill & Brennan
Cameron McKenna	Interstate Gas Services, Inc.	Tabors Caramanis & Associates
Cardinal Cogen	J. R. Wood, Inc	Tansev and Associates
Cellnet Data Systems	JTM, Inc	Tecogen, Inc
Chevron USA Production Co.	Kaiser Cement Corp	TFS Energy
Childress, David A.	Korea Elec Power Corp	Transwestern Pipeline Co
City of Glendale	Luce, Forward, Hamilton & Scripps	Turlock Irrigation District
City of Healdsburg	Marcus, David	U S Borax, Inc
City of Palo Alto	Masonite Corporation	United Cogen Inc.
City of Redding	Matthew V. Brady & Associates	URM Groups
CLECA Law Office	Maynor, Donald H.	Utility Cost Management LLC
Constellation New Energy	McKenzie & Assoc	Utility Resource Network
Cooperative Community Energy	McKenzie & Associates	Wellhead Electric Company
CPUC	Meek, Daniel W.	Western Hub Properties, LLC
Creative Technology	Mirant California, LLC	White & Case
Cross Border Inc	Modesto Irrigation Dist	WMA
Crossborder Inc	Morrison & Foerster	
CSC Energy Services	Morse Richard Weisenmiller & Assoc.	
Davis, Wright Tremaine LLP	Navigant Consulting	
Davis, Wright, Tremaine, LLP	New United Motor Mfg, Inc	
Defense Fuel Support Center	Norris & Wong Associates	
Department of the Army	North Coast Solar Resources	
Department of Water & Power City	Northern California Power Agency	