



**Pacific Gas and
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March 30, 2005

Advice 2644-E
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject: Annual Adjustments to the Electric Public Purpose Programs
Funding Obligations in Compliance with Resolution E-3792**

Pacific Gas and Electric Company (PG&E) hereby submits for filing the annual adjustments to the electric Public Goods Charge (PGC) funding obligations in compliance with Resolution (R.) E-3792. The 2005 PGC funding obligation for PG&E will increase 2.10% from that of 2004.

Purpose

This filing complies with R. E-3792 issued on December 17, 2002. Specifically, this filing submits the annual adjustments to electric PGC funding obligations in compliance with Ordering Paragraph 7 of R. E-3792.

Background

R. E-3792 specified the methodology for utilities to adjust the electric PGC funding obligations required by the Public Utility Code Section 399.8(d)(2). This section states: "the [target funding] amounts shall be adjusted annually at a rate equal to the lesser of the annual growth in electric commodity sales or inflation, as defined by the gross domestic product deflator."

The section did not identify when these adjustments should begin, but since the section extended these programs starting January 1, 2002, R. E-3792 proposed applying the adjustment methodology one year later, on January 1, 2003. Advice Letter 2363-E dated March 28, 2003 was PG&E's first filing in compliance with this resolution. This advice letter stated that adjustments for 2003 would be based on changes in sales and inflation during 2002. Continuing this

methodology, adjustments for 2005 will be based on changes in sales and inflation during 2004.

R. E-3792 also specified that the adjustment to one utility's allocated amounts in Table 7 should be governed by changes in its own sales (assuming that this statistic is lower than the rate of inflation), rather than by changes in the sales of all three utilities.

PG&E's electric sales were 80,156 million kWh in 2003 and 82,936 million kWh in 2004. The percentage change of sales was 3.47%.

The inflation rate, measured by the change in the GDP deflator in 2004 as published by the U.S. Department of Commerce on February 25, 2005, was $(108.226-105.998)/105.998 = 2.10\%$.

The percentage change for both sales and inflation is positive, with the change in the GDP deflator being the lower of the two. Hence, per R. E-3792, the funding authorization for the subsequent year will increase by 2.10%. With this adjustment, the electric PGC funding obligations (Table 7 of R. E-3792) for PG&E in 2005 will be:

<u>EE Programs</u>	<u>Renewables</u>	<u>RDD</u>	<u>Total</u>
\$110,618,335.73	\$69,605,551.90	\$32,283,815.80	\$212,507,703.43

The revenue requirements established for electric PGC are collected in rates set in each year's Annual Electric True-Up (AET), using the Public Purpose Programs Revenue Adjustment Mechanism (PPPRAM). The accounting procedures for this cost recovery mechanism are contained in PG&E's Tariff Book, Electric Preliminary Statement DA. The 2.10% funding increase will be included in the PPPRAM effective January 1, 2005 and will be reflected in PG&E's next AET to be filed in September, 2005 for electric rates effective January, 2006.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **April 19, 2005**, 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 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

In accordance with Resolution E-3792, PG&E respectfully requests an effective date of January 1, 2005.

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 Rose De La Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

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



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Director - Regulatory Relations

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General Order 96-A, Section III(G)**

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DGS Natural Gas Services
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Douglass & Liddell
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Interstate Gas Services, Inc.
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North Coast Solar Resources
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Office of Energy Assessments
Palo Alto Muni Utilities
PG&E National Energy Group
Pinnacle CNG Company
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Product Development Dept
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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
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