

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



May 26, 2005

Advice Letter 2656-E

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

Subject: Baseline, balancing accounts

Dear Ms de la Torre:

Advice Letter 2656-E is effective May 1, 2005. A copy of the advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean 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
Pacific Gas and Electric Company
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April 29, 2005

Advice 2656-E
(Pacific Gas and Electric Company ID U39E)

Public Utilities Commission of the State of California

Subject: Modification to Electric Preliminary CE – Baseline Balancing Account (BBA), Including Disposition of Various Subaccounts, Creation of New Electric Preliminary DX – Family Electric Rate Assistance Balancing Account (FERABA), and Modification to Electric Preliminary Statements CG – Utility Generation Balancing Account and CZ – Distribution Revenue Adjustment Account to Offset Seasonal Residence Baseline Adjustments

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.

Purpose

On February 26, 2004, the Commission issued Decision (D.) 04-02-057, which is the Baseline OIR 01-05-047 Phase 2 final decision on possible modifications to the residential baseline program. Phase 2 included such issues as gas and electric usage by senior citizens, water well pumping, common areas in multi-family dwellings, seasonal homes, and charging lower-middle income large household participants Tier 2 electricity rates for their Tier 3 usage. D.04-02-057 adopted baseline modifications related to the latter two issues only.

On June 4, 2004, the Commission approved PG&E's Advice 2498-E, 2498-E-A, *Establish New Electric Rate Schedule E-FERA--Family Electric Rate Assistance Per 04-02-057*, effective April 26, 2004, which included compliance modification to electric Preliminary Statement CE (BBA).

The additional approved language authorizes PG&E to recover the shortfall in the residential customers' monthly revenues from the revenues that would have been recovered had FERA participants not been exempted from the additional charge for Tier 3 usage. It also approves recovery of FERA administrative costs.

In addition, also pursuant to D.04-02-057, Advice 2558-E, *Adjustment to Residential Electric Rates to Exclude the Usage of Seasonal Residences from the Recorded Usage Used to Set Target Baseline Quantities*, was approved by the Commission effective November 1, 2004. However, PG&E inadvertently neglected to request offsetting entries to Electric Preliminary Statements CG – *Utility Generation Balancing Account* and CZ – *Distribution Revenue Adjustment Account*, to ensure that PG&E did not collect in rates the generation and non-generation revenue shortfalls associated with the seasonal residence baseline adjustments. Accordingly, PG&E here presents modifications necessary to comply with D.04-02-057, but in the alternate requests the Commission consider eliminating these seasonal residence baseline adjustment balancing accounts for the reasons discussed below.

Based on clarifications of regulatory policy and accounting treatment, it is now possible to file for disposition of the various subaccounts that comprise electric Preliminary CE – *Baseline Balancing Account (BBA)*, in a fashion that complies with and compliments the environment established by the 2004 Rate Design Settlement Agreement (RDSA) D.04-02-062 and 2003 Phase 1 General Rate Case D.04-05-055.

Electric Preliminary CE – BBA – Subaccounts Affected in this Advice Letter

The BBA is comprised of six subaccounts: (1) Baseline OIR Phase 1 D.04-02-026 Generation Baseline Revenue Shortfall Subaccount, (2) D.04-02-026 Non-Generation Baseline Revenue Shortfall Subaccount, (3) D.04-02-026 Medical Baseline Program Cost Subaccount, (4) D.04-02-057 Family Electric Rate Assistance Balancing Account, (5) D.04-02-057 seasonal homes baseline quantity adjustment Generation Baseline Revenue Shortfall Subaccount, and (6) seasonal homes baseline quantity adjustment D.04-02-057 Non-Generation Baseline Revenue Shortfall Subaccount.

PG&E proposes to remove from BBA, as a subaccount, Family Electric Assistance Balancing Account (BBA) and create a new electric Preliminary Statement DX – Family Electric Rate Assistance Balancing Account. The new preliminary statement does not modify the existing accounting for FERA (as a subaccount in BBA). It merely creates it as its own preliminary statement.

Though the BBA is composed of six subaccounts, and this advice letter only addresses FERA and the seasonal residence baseline adjustments, the other subaccounts will be addressed pending the outcome of the Petition to Modify Decision 04-02-057 (Baseline Decision) that PG&E filed on May 10, 2004. In that petition, PG&E asked the Commission to revise Ordering Paragraph 23 of D.04-02-057 to track not only generation shortfalls, but non-generation shortfalls as well.

For reference, upon approval of AL 2660-E, the status of the remaining five BBA subaccounts and their disposition is as follows (*parenthetical references are to the current Preliminary CE, rather than the proposed modified attached version which transfers part 4 to new proposed Preliminary DX*) :

1—*D.02-04-026 Generation Baseline Revenue Shortfall Subaccount (CE part 5a)*: This subaccount is not affected by this Advice Letter.

2—*D.02-04-026 Non-Generation Baseline Revenue Shortfall Subaccount (part 5b)*: This subaccount is not affected by this Advice Letter.

3—*Medical Baseline Program Cost Subaccount (part 5c)*: This subaccount is not affected by this Advice Letter.

4—*Family Electric Rate Assistance Balancing Account (FERABA) (part 5d)*: This subaccount is still required to track and enable appropriate recovery of ongoing program costs. The existing FERABA subaccount will be retained as a new stand-alone balancing account and used as it is currently, with a new Preliminary Statement DX as described in the next section of this Advice Letter.

5—*D.04-02-057 Generation Baseline Revenue Shortfall Subaccount (part 5e)*: **PG&E modifies Preliminary CG UGBA to ensure PG&E does not collect this seasonal residence baseline adjustment generation shortfall amount in rates until the Commission decides class cost allocation, in compliance with Ordering Paragraph 23 of D.04-02-057.**

6—*D.04-02-057 Non-Generation Baseline Revenue Shortfall Subaccount (part 5f)*: **PG&E modifies Preliminary CZ DRAM to ensure PG&E does not collect this seasonal residence baseline adjustment non-generation shortfall amount in rates until the Commission decides class cost allocation, in compliance with Ordering Paragraph 23 of D.04-02-057.**

In the alternate, for subparts 5 and 6 above, the Commission may wish to consider the option that these two subaccounts are no longer needed because the generation and non-generation shortfalls associated with the exclusion of seasonal residences from the recorded usage data used to set baseline allowances will occur in summer 2005 only and is too small to collect through rates. In addition, any future shortfalls after 2005 will be collected from general rates after a decision is issued for PG&E's 2003 General Rate Case Phase 2 proceeding, or the January 1, 2006 AET, whichever comes first.

Regarding subaccounts number 5 and 6 above, and PG&E's request for possible alternate treatment, in Advice 2558-E, *Adjustment to Residential Electric Rates to Exclude the Usage of Seasonal Residences from the Recorded Usage Used to Set Target Baseline Quantities*, approved by the Commission effective November 1, 2004, PG&E estimated the generation revenue shortfall would be \$56,000 or

\$0.000008 per kWh per year. This could affect generation rates by the minimum \$0.00001, after rounding to the fifth decimal place. PG&E estimated the non-generation revenue shortfall would be \$27,000 per year or \$0.000001 per kWh per year, which is in the sixth decimal place, and thus should not affect non-generation rates.

However, Ordering Paragraph 12 of D.04-02-057 requires that total rates remain unchanged. On May 10, 2004, PG&E filed a Petition to Modify D.04-02-057. PG&E's petition pointed out that in the newly governing RDSA context, the D.04-02-057 prohibition on changes to total rates was no longer reasonable.

Thus, PG&E by this Advice Letter would fully comply with the Ordering Paragraph 23 requirement to track all generation and non-generation seasonal residence baseline adjustment shortfalls until cost allocation to each class can be addressed in PG&E's pending 2003 GRC Phase 2. **However, PG&E asks and prefers that the seasonal residence portion of this advice letter (but not the FERA portion) be rejected by the Commission in light of the negligible amount of revenue involved in subaccounts 5 and 6.** PG&E asks this only with respect to the immaterial revenue impact of the seasonal residence baseline adjustment, not FERA administrative costs or revenue shortfalls. **If the Commission agrees with this alternate approach, the seasonal residence baseline adjustment compliance measure filed herein of now adding offsetting UGBA and DRAM entries would no longer be necessary.** This would eliminate unnecessary balancing account items, avoid tracking and accounting requirements, and streamline and improve the efficiency of PG&E's balancing accounts.

These two seasonal residence revenue shortfalls will then automatically flow through to UGBA for generation and DRAM for non-generation in the January 1, 2006 AET, and be allocated using current functionalized revenue allocation methods to all customer classes consistent with the RDSA, and only to the extent rates are materially affected as discussed above.

New Electric Preliminary Statement DX – Family Electric Rates Assistance Balancing Account (FERABA)

Per the above description, PG&E recommends creating electric Preliminary Statement DX - *Family Electric Rate Assistance Balancing Account (FERABA)*. This balancing account currently resides as a subaccount in BBA and is the only subaccount that clearly recovers revenue transfers through electric Preliminary Statement CG – Utility Generation Balancing Account (UGBA). The purpose of UGBA includes the reduction of the UGBA revenue requirements from transferred revenues such as the Public Purpose Programs Revenue Adjustment Mechanism or PPP-RAM.

Although PG&E is proposing a new stand-alone FERA Preliminary Statement, the recovery mechanism and functions are exactly the same as those of the current FERABA subaccount within the BBA. PG&E feels that creating FERABA as a new Preliminary Statement and not as a 'leftover' BBA subaccount highlights its important role in providing appropriate rate reduction to a class of customers whose energy costs are beyond their means. It also provides a clearer approach to tracking revenues and costs.

In addition, PG&E's corporate accounting department can continue to track all FERA program costs that have been incurred since or prior to February 26, 2004, and all ongoing future administrative costs and revenue shortfalls. PG&E has been incurring administrative costs to plan and prepare for lower-middle income large household program implementation since the issuance of the October 10, 2003 Proposed Decision.

The FERA program is a rate assistance program whereby lower to middle income large household participants will be charged Tier 2 electricity rates for their Tier 3 usage if the household consists of three (3) or more people and the family has an income between 175% and 250% of the federal poverty threshold. The income threshold for a three (3) person family is \$39,300 or less, effective June 1, 2004. The income threshold increases with each additional family member over three (3).¹ The FERA program was designed to assist those larger families whose income levels are just above the California Alternate Rates for Energy (CARE) income limits and thus are not eligible for CARE benefits. FERA is applicable to domestic customers in individually metered single-family accommodations, or domestic submetered tenants residing in multifamily master-metered accommodations. Customers receiving service under CARE rate schedules, Schedule E-CARE, or sub-metered tenants receiving benefit of Schedule E-CARE on their sub-metered bills, as well as all Direct Access Customers, are not eligible for FERA.

In D.04-02-057, the Commission authorized the utilities to accrue program costs and related revenue losses in the baseline balancing account. In Section III.C.2.a, "Tier Exemption for Lower-Middle Income Larger Households," the Commission discussed the rationale for providing electric tier 3 exemptions for lower-middle income large households. The Commission directed the utilities to implement and administer the program by using existing protocols and procedures already developed for the CARE program. Similar to the CARE balancing account treatment of revenue shortfalls and administrative costs, the FERABA sub-account will be given the same treatment in regard to reasonableness. Since the Commission has neither authorized a budget for FERA administrative costs, nor estimated FERA revenue shortfalls, PG&E believes that FERA administrative expenses and revenue shortfalls that are comparable to authorized CARE administrative expenses and revenue shortfalls should be found reasonable by

¹ See Schedule E-FERA, Special Condition 2, *Eligibility*.

the Commission for recovery at a later date in appropriate proceedings as determined by the Commission. In testimony in PG&E's 2003 GRC Phase 2 proceeding, PG&E has proposed to address FERA cost allocation in the 2003 GRC Phase 2 proceeding, and use that allocation method to recover FERA costs in rates in the first AET proceeding after a 2003 GRC Phase 2 final decision.

Modification to Electric Preliminary Statements CG – Utility Generation Balancing Account and CZ – Distribution Revenue Adjustment Account

As discussed above, to comply with Ordering Paragraph 23 of D.04-02-057, and consistent with PG&E's Petition to Modify D.04-02-057 that non-generation shortfalls also be tracked, PG&E proposes to make offsetting UGBA and DRAM entries to prevent cost recovery of seasonal residence baseline adjustment generation and non-generation revenue shortfalls.

Description of Attachments

Attachment 1 includes a modified Electric Preliminary CE – Baseline Balancing Account (BBA), with margin notations to indicate deleted text. It also includes a new Electric Preliminary DX – Family Electric Rate Assistance Balancing Account (FERABA). Finally, as noted immediately above, it includes modifications to Electric Preliminary Statements CG – Utility Generation Balancing Account (UGBA) and CZ – Distribution Revenue Adjustment Account (DRAM) to offset seasonal residence baseline adjustment impacts.

In the alternate, were the Commission to approve PG&E's request to eliminate the immaterial impacts associated with the seasonal residence baseline adjustments, PG&E would file an alternate Preliminary CE as directed by the Energy Division or Commission. In that case, the Preliminary DX filed herein would not be affected, and the UGBA and DRAM modifications filed herein could be eliminated.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **May 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 and jnj@cpuc.ca.gov

April 29, 2005

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: PGETariffs@pge.com

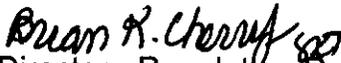
Effective Date

In compliance with D.04-02-057, the Baseline Balancing Account subaccount for the seasonal residence baseline adjustments commences tracking costs on May 1, 2005. Therefore, PG&E requests that this filing is effective on **May 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 for Rulemaking (R.) 01-05-047. Address changes should be directed to Rose De La Torre (RxDd@pge.com) at (415) 973-4716. Advice letter filings can also be accessed electronically at:

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


Director - Regulatory Relations

Attachments

cc: Service List – R. 01-05-047
Administrative Law Judge Robert A. Barnett

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. _____

Utility type:

X ELC GAS
 PLC HEAT WATER

Contact Person: Sharon K. Tatai

Phone #: (415) 973-2788

E-mail: skt2@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
 PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2656-E

Subject of AL: Modification to Electric Preliminary CE, CG, CZ, and DX (All Related to Baseline)

Keywords (choose from CPUC listing): Baseline, Balancing Account

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: _____

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: 05/01/2005 No. of tariff sheets: 8

Estimated system annual revenue effect (%): 0%

Estimated system average rate effect (%): 0%

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Electric Preliminary Statements CE, CG, CZ, DX

Service affected and changes proposed¹: _____

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Utility Info (including e-mail)

¹ Discuss in AL if more space is needed.

**ATTACHMENT I
ADVICE 2656-E**

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancelling Cal. P.U.C. Sheet No.</u>
23410-E	Preliminary Statements -- Part CE -- Baseline Balancing Account	21587-E
23411-E	Preliminary Statements -- Part CE -- Baseline Balancing Account	21588-E
23412-E	Preliminary Statements -- Part CG -- Utility Generation Balancing Account	22715-E
23413-E	Preliminary Statements -- Part CG -- Utility Generation Balancing Account	22716-E
23414-E	Preliminary Statements -- Part CZ -- Distribution Revenue Adjustment Mechanism	22718-E
23415-E	Preliminary Statements -- Part DX -- Family Electric Rate Assistance Balancing Account (FERABA)	New
23416-E	Table of Contents -- Preliminary Statements --	23268-E
23417-E	Table of Contents -- Rate Schedules --	23267-E



PRELIMINARY STATEMENT
(Continued)

CE. BASELINE BALANCING ACCOUNT (BBA)

1. **PURPOSE:** The purpose of the electric BBA is to record the revenue shortfalls resulting from the increases to update baseline allowances as authorized in Decision 02-04-026 from May 1, 2002, as well as Decision 04-02-057 beginning November 1, 2004 to exclude seasonal residences from the recorded usage data used to set baseline allowances. The BBA has five subaccounts consisting of: (1) D.02-04-026 Generation Baseline Revenue Shortfall Subaccount; (2) the D.02-04-026 Non-Generation Baseline Revenue Shortfall Subaccount; and (3) the D.02-04-026 Medical Baseline Program Cost Subaccount; (4) the D.04-02-057 generation revenue shortfalls for the seasonal residence adjustment to baseline quantities, and (5) the D.04-02-057 non-generation revenue shortfalls for the seasonal residence adjustment to baseline quantities. (D)
2. **APPLICABILITY:** The BBA shall apply to all electric customers except for those specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the amounts in this account shall be determined in the Annual Revenue Adjustment Proceeding, or as otherwise ordered by the Commission.
4. **RATES:** This account does not currently have a rate component.
5. **ACCOUNTING PROCEDURE:** PG&E shall make entries to the following subaccounts at the end of each month as follows:
 - a. **D.02-04-026 Generation Baseline Revenue Shortfall Subaccount:**
 - 1) A debit entry equal to the generation revenue shortfall in residential customer revenue resulting from the increases in updated May 1, 2002 electric baseline allowances. The revenue shortfall is computed by subtracting the residential customers' generation monthly revenues from the revenues that would have been recovered from customers had the baseline quantities not been changed.
 - 2) A debit entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
 - b. **D.02-04-026 Non-Generation Baseline Revenue Shortfall Subaccount:**
 - 1) A debit entry equal to the non-generation revenue shortfall in residential customer revenue resulting from the updated May 1, 2002 increases in baseline allowances. The revenue shortfall is computed by subtracting the residential customers' monthly revenues from the revenues that would have been recovered from customers had the baseline quantities not been changed.
 - 2) A debit entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

(Continued)



PRELIMINARY STATEMENT

(Continued)

CE. BASELINE BALANCING ACCOUNT (BBA) (Cont'd.)

5. ACCOUNTING PROCEDURE: (Cont'd.)

c. Medical Baseline Program Cost Subaccount:

- 1) A debit entry equal to the administrative costs associated with the medical baseline program changes.
- 2) A debit entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

d. D.04-02-057 Generation Baseline Revenue Shortfall Subaccount

(T)

- 1) A debit entry equal to the generation revenue shortfall in residential customer revenue resulting from the increases in November 1, 2004 electric baseline allowances associated with the exclusion of seasonal residences from the recorded usage data used to set baseline allowances. The revenue shortfall is computed by subtracting the residential customers' generation monthly revenues from the revenues that would have been recovered from customers had the baseline quantities not been changed.
- 2) A debit entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

e. D.04-02-057 Non-Generation Baseline Revenue Shortfall Subaccount:

(T)

- 1) A debit entry equal to the non-generation revenue shortfall in residential customer revenue resulting from the November 1, 2004 increases in baseline allowances associated with the exclusion of seasonal residences from the recorded usage data used to set baseline allowances. The revenue shortfall is computed by subtracting the residential customers' monthly revenues from the revenues that would have been recovered from customers had the baseline quantities not been changed.
- 2) A debit entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.



PRELIMINARY STATEMENT
(Continued)

CG. UTILITY GENERATION BALANCING ACCOUNT (UGBA)

1. **PURPOSE:** The purpose of the Utility Generation Balancing Account (UGBA) is to record and recover the authorized revenue requirements associated with PG&E-owned generation, including capital and related non-fuel operating and maintenance expenses. Until generation rates reflect the 2004 authorized revenue requirement consistent with the 2004 UGBA revenue requirements underlying the rate reduction adopted in D.04-02-062, PG&E will reduce UGBA revenue by the amount of imputed revenues in the Distribution Revenue Adjustment Mechanism, Public Purpose Programs Revenue Adjustment Mechanism and Nuclear Decommissioning Adjustment Mechanism, to mitigate a large overcollection in the UGBA.
2. **APPLICABILITY:** The Utility Generation Balancing Account (UGBA) shall apply to all customer classes, except for those specifically excluded by the Commission.
3. **REVISION DATES:** Disposition of the balance in this account shall be determined through the advice letter process.
4. **GENERATION RATES:** The generation rates are included in the effective rates set forth in each rate schedule.
5. **ACCOUNTING PROCEDURES:** The CPUC jurisdictional portion of all entries shall be made at the end of each month as follows:
 - a. A credit entry equal to the revenue from the generation rates less the recorded revenues from the: (1) Energy Resource Recovery Account (as defined in Part I of PG&E's electric Preliminary Statement (PS)), (2) Power Charge Collection Balancing Account (as defined in Part I of PG&E's electric PS), (3) Regulatory Asset Revenue Adjustment Mechanism (as defined in Part I of PG&E's electric PS), (4) Modified Transition Cost Balancing Account (as defined in Part I of PG&E's electric PS); (5) Regulatory Asset Tax Balancing Account (as defined in Part I of PG&E's electric PS); (6) Headroom Account (as defined in Part I of PG&E's electric PS); (7) Procurement Transactions Auditing Account (as defined in Part I of PG&E's electric PS); and (8) DWR Franchise Fees and Uncollectibles (as defined in Part I of PG&E's electric PS);
 - b. A credit equal to the Family Electric Rate Assistance (FERA) revenue shortfall. The corresponding debit entry is defined in PG&E's electric Preliminary Statement Part CE, Item 5.d.1;
 - c. A credit equal to the seasonal residence baseline adjustment generation revenue shortfall. The corresponding debit entry is defined in PG&E's electric Preliminary Statement Part CE, Item 5.d.1;

(N)
|
(N)

(Continued)



PRELIMINARY STATEMENT
 (Continued)

CG. UTILITY GENERATION BALANCING ACCOUNT (UGBA) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

- d. A debit entry equal to the annual authorized revenue requirements associated with PG&E's owned generation divided by twelve; (T)
- e. A debit entry equal to the costs of providing video tapes of the Diablo Canyon Independent Safety Committee meetings; (T)
- f. A credit entry equal to one-twelfth of the adopted annual on-going CTC portion of PG&E's revenue requirement associated with PG&E's owned generation for serving the Western Area Power Authority (WAPA) load; (T)
- g. A debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to the UGBA for recovery in rates, upon approval by the CPUC. (T)
- h. An 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 of 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. (T)



PRELIMINARY STATEMENT
(Continued)

CZ. DISTRIBUTION REVENUE ADJUSTMENT MECHANISM (DRAM) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

- e. A credit entry equal to the debit entry in the California Alternative Rates for Energy Account (CARE) that corresponds to the actual CARE revenue shortfall. The corresponding debit entry is defined in PG&E's electric Preliminary Statement Part M.
- f. A credit entry equal to the recorded amount of revenue cycle services credits given to customers for revenue cycle services provided by entities other than PG&E.
- g. A credit entry equal to the amount of Shareholder Participation, as defined in Section 6 below.
- h. A debit entry equal to the payment to fund PG&E Environmental Enhancement Corporation plus an allowance for FF&U, pursuant to the Chapter 11 Settlement Agreement Paragraph 17c adopted in Decision 03-12-035.
- i. A credit equal to the seasonal residence baseline adjustment non-generation revenue shortfall. The corresponding debit entry is defined in PG&E's electric Preliminary Statement Part CE, Item 5.e.1; (N)
|
(N)
- j. A debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to the DRAM for recovery in rates, upon approval by the CPUC. (T)
- k. An 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 of 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. (T)

6. SHAREHOLDER PARTICIPATION: PG&E's shareholders bear some responsibility for economic risks and rewards associated with, but not limited to, Commission-approved economic discounts and credits to certain PG&E customers. This section ensures that ratepayers will not assume shareholders' obligations.

Shareholder Participation will be calculated monthly as follows:

The amount of the Shareholder Participation Mechanism for Schedule ED, in accordance with Resolution E-3654.



PRELIMINARY STATEMENT

(Continued)

DX. FAMILY ELECTRIC RATE ASSISTANCE BALANCING ACCOUNT (FERABA)

1. **PURPOSE:** The purpose of the electric FERABA is to record the revenue shortfalls and program administrative costs for the large household program (also called the Family Electric Rate Assistance (FERA) program) approved by D.04-02-057.
2. **APPLICABILITY:** The FERABA shall apply to all electric customers except for those specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the amounts in this account shall be determined in the Annual Revenue Adjustment Proceeding, or as otherwise ordered by the Commission.
4. **RATES:** This account does not currently have a rate component.
5. **ACCOUNTING PROCEDURE:** PG&E shall make entries to the following subaccounts at the end of each month as follows:
 - a) A debit entry equal to the FERA revenue shortfall in residential customer revenue resulting from the change in price from Tier 3 to Tier 2 for all enrolled FERA customers. The revenue shortfall is computed by subtracting the residential customers' monthly revenues from the revenues that would have been recovered from customers had the Tier 3 rate not been reduced.
 - b) A debit entry equal to the administrative costs associated with the FERA program.
 - c) A debit entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

(N)

(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	20500-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	23410,23411-E	(T)
Part CF	Net Energy Metering Memorandum Account	18831-E	
Part CG	Utility Generation Balancing Account	23412,23413-E	(T)
Part CH	Utility Retained Generation income Tax Memorandum Account	20502-E	
Part CI	Wholesale DWR/ISO Cost Memorandum Account	20503-E	
Part CJ	Not Being Used		
Part CK	Distribution Bypass Deferral Rate Memorandum Account	20619-E	
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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
Cooperative Community Energy
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
DGS Natural Gas Services
DMM Customer Services
Douglass & Liddell
Downey, Brand, Seymour & Rohwer
Duke Energy

Duke Energy North America
Duncan, Virgil E.
Dutcher, John
Dynergy Inc.
Ellison Schneider
Energy Law Group LLP
Energy Management Services, LLC
Enron Energy Services
Exeter Associates
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.
Hitachi Global Storage Technologies
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
PITCO
PPL EnergyPlus, LLC
Praxair, Inc.
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
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