

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



January 30, 2006

Advice Letter 2701-E

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

Subject: Request for disposition and recovery of the balance in the advanced metering and demand response account

Dear Ms de la Torre:

Advice Letter 2701-E is effective January 12, 2006. 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

RECEIVED
REGULATORY RELATIONS DEPARTMENT

FEB 3 2006



**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
P. O. Box 770000
San Francisco, CA 94177

415.973.4977
Internal: 223.4977
Fax: 415.973.7228
Internet: BKC7@pge.com

August 18, 2005

Advice 2701-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Request for Disposition and Recovery of the Balance in the
Advanced Metering and Demand Response Account**

Pacific Gas and Electric Company (PG&E) hereby submits a request seeking authority to recover the current balance in the Advanced Metering and Demand Response Account (AMDRA). The detailed cost worksheet is in Attachment A.

Background

Order Instituting Rulemaking (R.) 02-06-001 began a process to assess ways to implement programs and tools to enable utilities to meet demand response targets.

Consistent with the Energy Action Plan, PG&E supports building a diversified portfolio that gives first preference to cost-effective energy efficiency and demand response programs, environmentally sustainable emerging technologies and renewable projects.

Since demand response programs are a key element of PG&E's diversified portfolio approach, PG&E has engaged in extensive efforts to foster those programs and it will continue to do so in the future. The AMDRA balance includes costs for the following activities, all of which have been previously authorized by the Commission:

(1) As directed by D. 05-01-056, PG&E implemented its approved 2005 DR programs. In accordance with that decision, and prior decisions in Docket 02-06-001, the costs to develop, implement, and measure these demand response programs are currently placed in the AMDRA account.¹

(2) Pursuant to D. 04-01-012, PG&E has included in AMDRA the costs of the Statewide Pricing Pilot (SPP) 2004 activities.

¹ On June 1, 2005, PG&E filed an Application for 2006-2008 Demand Response (DR) Programs (A. 05-06-006) which presents PG&E's DR proposals for 2006-2008. A. 05-06-006 describes the status of PG&E's attainment to date of the Commission's DR targets using existing programs. As of the date A. 05-06-006 was filed, PG&E had signed up 644 customers under these programs, representing an estimated 377 megawatt (MW) of demand reduction.

(3) The AMDRA account balance shown in Attachment A includes the incremental costs associated with AMI Project development and management activities, consistent with the most recently authorized PG&E preliminary statement, Part CS -- Advanced Metering and Demand Response Account, on July 6, 2005, effective February 24, 2005. Those activities include costs such as project management, Request for Proposal development and analysis, Business Case development, contract negotiation, and development of PG&E's rate case applications.

Purpose

In compliance with the language in PG&E's preliminary statement Part CS, PG&E seeks approval for the disposition of the current balance in the AMDRA. This balance reflects the costs from October 2004 through July 2005.

AMDRA Recovery

AMDRA states: "PG&E will file an annual advice letter, which shall include a summary of the entries to this account requesting recovery of the balance." PG&E requests the recovery of the current balance² in the account and has included a summary of the entries to this account for this period in Attachment A.

Approval of this Advice filing before December 2005 will allow PG&E to place these costs in rates by consolidating this balance with the request for recovery of DRAM through PG&E's Annual Electric True-up filing for rates effective January 1, 2006.

Request for Commission Approval

PG&E requests the Commission approve by resolution on or before the Commission's scheduled meeting of **September 22, 2005**, but no later than the scheduled meeting of November 18, 2005, PG&E's request for a specific finding that PG&E is authorized to recover the account balance through distribution rates, as described in PG&E's preliminary statement.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **September 7, 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:

² PG&E is seeking approval of October 2004 through July 2005 costs. The balance prior to January 1, 2004, was included in the headroom calculation filed in Advice 2555-G/2521-E, dated June 14, 2004. The activity from January 2004 through September 2004 was approved in Resolution E-3911.

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 inj@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: PGETariffs@pge.com

Effective Date

In accordance with General Order 96-A, Section V.B., PG&E requests that this advice filing be effective the date of approval.

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 parties on the service list for R.02-06-001. 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>



Director - Regulatory Relations

Attachments

cc: Service List R.02-06-001

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. **Pacific Gas and Electric Company (ID U39)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Bernard Lam

Phone #: (415) 973-4878

E-mail: bxlc@pge.com

EXPLANATION OF UTILITY TYPE

(Date Filed/ Received Stamp by CPUC)

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

Advice Letter (AL) #: **2701-E**

Subject of AL: Request for Disposition and Recovery of the Balance in the Advanced Metering and Demand Response Account

Keywords (choose from CPUC listing): Metering

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

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

N/A

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

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

Resolution Required? Yes No

Requested effective date: 9/22/2005

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

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: N/A

Service affected and changes proposed¹: N/A

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

Pacific Gas and Electric Company
Attn: Brian K. Cherry
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com

¹ Discuss in AL if more space is needed.

Advanced Metering and Demand Response Account (AMDRA)
October 1, 2004 through July 31, 2005 Account Activity

Program	2004												2005												Total
	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July			
Large Customer	\$ 346,112.26	\$ 45,927.64	\$ 66,085.98	\$ 9,119.34	\$ 47,742.45	\$ 366,864.85	\$ (338,616.37)	\$ 33,958.48	\$ 29,558.69	\$ 49,321.56	\$ 656,674.88														
Demand Response	\$ 2,253.72	\$ 12,461.68	\$ 19,672.02	\$ 25,996.79	\$ 3,081.54	\$ 14,381.59	\$ (11,347.79)	\$ 20,843.52	\$ 22,774.84	\$ 13,904.76	\$ 117,027.81														
Programs	\$ 2,755.57	\$ 12,475.95	\$ 602.53	\$ 394.14	\$ 6,113.86	\$ 130,675.85	\$ (138,761.28)	\$ 34,793.89	\$ 62,484.81	\$ 125,551.15	\$ 285,270.36														
E-Save	\$ 9,496.77	\$ 6,744.65	\$ 90,744.75	\$ 8,588.48	\$ 4,357.59	\$ 5,609.02	\$ 85.55				\$ 65,626.81														
Power Down	\$ 1,535,855.96	\$ 2,909.39	\$ 47,195.25								\$ 1,585,960.60														
Customer Market Research	\$ 118,133.03		\$ 2,517.04	\$ 196,195.03	\$ 5,940.90	\$ 7,148.19	\$ 7,165.62	\$ 12,056.44	\$ 101,356.18	\$ 20,590.92	\$ 471,103.35														
Flex Your Power Now				\$ 83,518.44	\$ 1,323.39	\$ 9,830.92	\$ 487.28	\$ 13,493.55	\$ (35,407.90)	\$ 8,938.42	\$ 82,124.10														
Integrated Demand Side Management								\$ 3,487.13	\$ 5,232.60	\$ 3,716.35	\$ 14,656.84														
California 2020 Rebate Program								\$ 37,616.57	\$ 3,357,792.55	\$ 152,578.32	\$ (920,652.88)														
California 2020 Rebate Program								\$ 26,233.30	\$ 36,484.37	\$ 154,295.60	\$ 339,351.06														
Interact Payments								\$ 632.45	\$ 135.53	\$ 451.75	\$ 413.06														
Demand Response Database								\$ 299.30	\$ 630.59		\$ 929.89														
California Power Authority DRP								\$ 4,768.19	\$ 6,033.22	\$ (10,481.37)	\$ 310.04														
California Power Authority Statewide								\$ 307,481.05	\$ 232,857.06	\$ 420,524.41	\$ 960,862.52														
Business Energy Coalition								\$ 125,678.10	\$ 159,417.20	\$ 284,085.30															
A/C Cycling Analysis								\$ 28,000.00	\$ 621.12	\$ 28,621.12															
Subtotal	\$ 2,039,607.31	\$ 83,516.05	\$ 171,566.55	\$ 330,544.70	\$ 82,921.32	\$ 581,521.48	\$ (197,098.21)	\$ 3,837,097.36	\$ 782,890.87	\$ 44,449.89	\$ 7,757,007.32														
Statewide Pricing Pilot ²	\$ 273,687.47	\$ 158,635.99	\$ 364,526.51	\$ 110,663.29	\$ 176,327.39	\$ 222,001.42	\$ 100,485.23	\$ 113,056.09	\$ 156,865.48	\$ 55,712.59	\$ 1,731,941.46														
Subtotal	\$ 273,687.47	\$ 158,635.99	\$ 364,526.51	\$ 110,663.29	\$ 176,327.39	\$ 222,001.42	\$ 100,485.23	\$ 113,056.09	\$ 156,865.48	\$ 55,712.59	\$ 1,731,941.46														
AMI Project	\$ 19,232.00	\$ 651,452.71	\$ (322,591.20)					\$ 2,650.00	\$ 170,973.40	\$ 2,675,589.95	\$ 2,067,704.96	\$ (1,095,329.11)													
Contract Negotiation and Administration								\$ 34,140.96	\$ 81,697.56	\$ 44,764.35	\$ 87,764.56	\$ 50,881.36													
Business Case Development	\$ 287,205.83	\$ 37,049.89	\$ 798,925.65	\$ 33,508.72	\$ 34,140.96	\$ 81,697.56	\$ 201,709.84	\$ 44,764.35	\$ 87,764.56	\$ 27,207.30	\$ 2,447,668.72														
REP Development and Analysis	\$ 26,193.82	\$ 25,395.96	\$ 12,913.20	\$ 10,038.81	\$ 37,934.40	\$ 36,353.80	\$ 19,311.88	\$ 23,243.64	\$ 27,207.30	\$ 933,292.33	\$ 1,153,683.14														
AMI Applications	\$ 21,782.74	\$ 8,849.31	\$ (19,421.22)	\$ 9,926.94	\$ (33,200.99)	\$ (36,964.25)	\$ (1,593.90)	\$ (1,963.95)	\$ 29,789.81	\$ 71,663.72	\$ 55,468.81														
Project Management	\$ 356,414.39	\$ 722,747.87	\$ 475,826.43	\$ 53,472.47	\$ 38,874.37	\$ 63,737.11	\$ 390,401.22	\$ 2,759,311.49	\$ 3,017,632.35	\$ 802,267.64	\$ 8,700,685.34														
Subtotal	\$ 1,75%	\$ 1.95%	\$ 2.18%	\$ 2.34%	\$ 2.53%	\$ 2.68%	\$ 2.82%	\$ 2.97%	\$ 3.05%	\$ 3.27%	\$ 3.42%														
Interest Rate	\$ 8,854.21	\$ 12,833.62	\$ 16,166.24	\$ 9,616.82	\$ 11,253.71	\$ 13,269.72	\$ 15,381.85	\$ 24,904.60	\$ 39,708.55	\$ 48,751.36	\$ 200,740.68														
Interest Total	\$ 2,678,543.38	\$ 977,733.53	\$ 1,028,085.73	\$ 504,297.28	\$ 309,576.79	\$ 900,529.73	\$ 309,170.09	\$ 6,734,369.54	\$ 3,997,087.25	\$ 951,181.48	\$ 18,390,374.80														
Monthly Totals																									

Note: Totals above do not include pre-deployment costs which was shown with a zero balance in the prior paperwork filed with Advice 2569 E on October 15, 2004.

¹ Includes \$78,448.90 of capital-related costs for April through July 2005 recorded in AMDRA in July 2005

² Incentive payments are recovered directly through the EPPRA account per D.03-03-036 and therefore, have not been included in this category.

**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
Alicantar & 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 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
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
Exater 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.
Hitachi Global Storage Technologies
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
Luca, 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 Walsenmiller & 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
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