

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



January 11, 2006

Advice Letter 2751-E

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

Subject: 2006 Department of Water Resources revenue requirement determination

Dear Ms de la Torre:

Advice Letter 2751-E is effective January 1, 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

JAN 18 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: 415.973.7226
Internet: BKC7@pge.com

December 15, 2005

**Advice 2751-E
(Pacific Gas and Electric Company ID U 39 E)**

Public Utilities Commission of the State of California

**Subject: 2006 Department of Water Resources (DWR) Revenue
Requirement Determination**

Pacific Gas and Electric Company (PG&E) hereby submits this advice letter in compliance with Decision (D.) 05-12-010, *Opinion Allocating the 2006 Revenue Requirement Determination of the California Department of Water Resources (DWR) and Denying Petition to Modify*. Revised electric tariffs will be filed as part of PG&E's Annual Electric True-up ("AET") supplemental advice filing¹.

Purpose

The purpose of this filing is to comply with the requirements of D.05-12-010, Ordering Paragraph (O.P.) 8, which provides:

"Within 14 days of the issuance of today's decision, Southern California Edison Company, Pacific Gas and Electric Company and San Diego Gas & Electric Company shall file advice letters with revised tariffs that reflect the power charges, as adjusted for the direct access customer responsibility surcharge. These new tariffs shall be effective no later than January 1, 2006, subject to review by the Commission's Energy Division."

Electric Rate Consolidation

In this advice letter, PG&E seeks consolidation of three DWR revenue requirement changes described below into a single electric rate change. These rate changes will be included in PG&E's supplemental AET filing, which is expected to be filed on or about December 30, 2005, with rate changes to be effective on January 1, 2006.

¹ This will be a supplement to Advice Letter 2706-E, which was filed on September 1, 2005.

2006 DWR Bond Charge

The 2006 DWR proceeding establishes both a DWR bond charge rate and the 2006 DWR power charge revenue requirement. In this consolidated rate change, PG&E proposes to implement both rate changes. D. 05-12-010 determined the 2006 DWR bond charge to be \$0.00485 per kilowatt-hour (kWh). The DWR bond charge is paid by eligible bundled, direct access and departing load customers. Direct access customers that pay the DWR bond charge will not face an overall increase in charges because the increase in the DWR bond charge will be offset by a decrease to DWR power charges to maintain the Direct Access Cost Responsibility (DA CRS) cap of \$0.027 per kWh.

2006 DWR Power Charge and Remittance Rate

D.05-12-010 determined PG&E's 2006 DWR power charge revenue requirement to be \$1,732 million.

The DWR power charge revenue must be adjusted to reflect the contribution of DA customers to the power charge revenue requirement in order to determine the amount to be collected from bundled customers. O.P. 7 of D.05-12-010 directs the utilities to update their estimates of DA CRS revenues. After adjusting for DA DWR bond charge revenue based on the Bond Charge rate discussed above and updating estimates of other CRS components, PG&E estimates that the 2006 DA power charge revenue will be \$103 million, leaving \$1,629 million to be recovered from bundled customers. PG&E coordinated with DWR and the Energy Division in making this proposed DA CRS power charge revenue adjustment. PG&E's revised 2006 DWR Remittance Rate, originally provided in Schedule 4, Appendix A, of D.05-12-010, is \$0.08345 per kWh.

Power Charge Collection Balancing Account

PG&E proposes to combine the current year bundled power charge revenue requirement with the amortization of the Power Charge Collection Balancing Account (PCCBA) balance to develop the total power charge related revenue requirement to be implemented in rates. The 2005 forecast year end PCCBA balance will be included as part of PG&E's AET filing. The PCCBA revenue component is collected in generation rates paid by bundled customers.

Tariff Changes

Pursuant to PG&E's discussions with the Energy Division, PG&E will file a supplement to its AET Advice Filing on or about December 30, 2005, with tariffs that include the final DWR related rate values based on D.05-12-010. The AET supplement will also contain revised rates for the PCCBA in electric Preliminary Statement I – *Rate Schedule Summary*.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **January 4, 2006**, 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:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
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

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above. 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

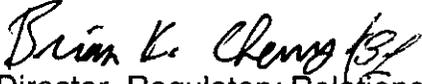
Effective Date

Pursuant to O.P. 8 of D. 05-12-010, PG&E requests that this advice filing become effective on **January 1, 2006**.

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 Application (A.) 00-11-038. 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 Lists A.00-11-038

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

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

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **2751-E**

Subject of AL: 2006 Department of Water Resources (DWR) Revenue Requirement Determination

Keywords (choose from CPUC listing): Compliance Filing

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

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

D.05-12-010

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: 1/1/2006

No. of tariff sheets: 0

Estimated system annual revenue effect (%): To be reflected in Annual Electric True-up supplement

Estimated system average rate effect (%): To be reflected in Annual Electric True-up supplement

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: To be filed in Annual Electric True-up supplement

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.

**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
Commerce Energy
Constellation New Energy
Cooperative Community Energy
CPUC
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
Dynergy 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.
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
Luce, Forward, Hamilton & Scripps
Manatt, Phelps & Phillips
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
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
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
Transcanada
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