

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



January 12, 2006

Advice Letter 2757-E

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

Subject: Specification of cost recovery mechanism in Preliminary Statement AN – Diablo
Canyon property tax balancing account

Dear Ms de la Torre:

Advice Letter 2757-E is effective January 19, 2006. 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

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 20, 2005

Advice 2757-E

(Pacific Gas and Electric Company ID U 39 E)

**Subject: Specification of Cost Recover Mechanism in Preliminary
Statement AN – Diablo Canyon Property Tax Balancing Account**

Public Utilities Commission of the State of California

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

Purpose

This advice letter modifies electric Preliminary Statement AN – *Diablo Canyon Property Tax Balancing Account* (DCPTBA) to specify the transition cost recovery mechanism to which the year-end balance in the DCPTBA is transferred annually.

The purpose of the DCPTBA, which was established pursuant to Decision 04-05-055, is to record the difference between actual and authorized costs associated with Diablo Canyon property taxes. At the end of each calendar year, PG&E transfers the balance in the DCPTBA to the Utility Generation Balancing Account (UGBA), which records the authorized revenue requirements associated with PG&E-owned generation, including capital and related non-fuel operating and maintenance expenses.

This advice letter proposes to change the language in Preliminary Statement AN to specify that the UGBA is the appropriate cost recovery mechanism and that, at the end of each calendar year, PG&E will transfer the balance in the DCPTBA to the UGBA.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **January 9, 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
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov and inj@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

PG&E requests that this advice filing be approved upon regular notice, **January 19, 2006**, which is 30 days after this 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. 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

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 WATERContact Person: Soumya SastryPhone #: (415) 973-3295E-mail: svs6@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) #: **2757-E**Subject of AL: Specification of Cost Recover Mechanism in Preliminary Statement AN – Diablo Canyon Property Tax Balancing AccountKeywords (choose from CPUC listing): Balancing AccountAL 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/ASummarize differences between the AL and the prior withdrawn or rejected AL¹: _____Resolution Required? Yes NoRequested effective date: 1/19/2006No. of tariff sheets: 2Estimated system annual revenue effect: (%): N/AEstimated 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: Preliminary Statements: Electric Preliminary Statements: Part ANService affected and changes proposed¹: N/APending 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.

**ATTACHMENT I
ADVICE 2757-E**

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
24058-E	Preliminary Statements -- Part AN -- Not Being Used	21658-E
24059-E	Table of Contents -- Preliminary Statements --	23992-E



PRELIMINARY STATEMENT
(Continued)

AN. DIABLO CANYON PROPERTY TAX BALANCING ACCOUNT (DCPTBA)

1. **PURPOSE:** The purpose of the DCPTBA, which is established pursuant to Decision 04-05-055, is to record the difference between actual and authorized costs associated with Diablo Canyon property taxes.
2. **APPLICABILITY:** The DCPTBA shall apply to all customer classes, except for those specifically excluded by the Commission.
3. **DCPTBA RATES:** The DCPTBA does not currently have a rate component.
4. **ACCOUNTING PROCEDURE:** PG&E shall maintain the DCPTBA by making entries at the end of each month as follows:
 - a. A debit entry equal to the Diablo Canyon property taxes recorded during the month;
 - b. A credit entry equal to one-twelfth of the annual authorized Diablo Canyon property taxes, pursuant to Decision 04-05-055;
 - c. A debit or credit entry, as appropriate, equal to the interest on the average balance in the account at the beginning of the month and the balance in the account after entries 4.a. and 4.b. above, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, G.13 or its successor.

At the end of each calendar year starting in 1997, PG&E will transfer the balance in the DCPTBA to the Utility Generation Balancing Account (UGBA).

(T)



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PRELIMINARY STATEMENTS

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.	
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Part AO	Not Being Used		
Part AP	Not Being Used		
Part AS	Fixed Transition Amount Charge.....	14794,22477-E	
Part AT	Rate Reduction Bond Memorandum Account.....	21108,21109-E	
Part AU	Direct Access Discretionary Cost/Revenue Memorandum Account.....	14837-E	
Part BB	Competition Transition Charge Responsibility for All Customers and CTC Procedure for Departing Loads.....	16399,19906,19007,16400,14960, 14961,16229,16230,16231,14963,14964,14965,14966,14967,14968,14969,16401,16402-E	
Part BC	Restructuring Implementation Tracking Account.....		
Part BF	Streamlining Residual Account.....	15101-E	
Part BH	Not Being Used		
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Part BK	Transmission Revenue Requirement Reclassification Memorandum Account.....	16761-E	
Part BL	Not Being Used		
Part BM	Applicant Installation Trench Inspection Memorandum Account.....	16607-E	
Part BO	Real Property Gain/Loss on Sale Memorandum Account.....	16651-E	
Part BQ	Interim PX-Based Price Tracking Account.....	16695-E	
Part BT	Electric Supply Cost Memorandum Account.....	16813-E	
Part BU	Vegetation Management Balancing Account.....	16887-E	
Part BX	Interruptible Load Programs Memorandum Account.....	18902,18855-E	
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(Continued)

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

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