STATE OF CALIFORNIA

ARNOLD SCHWARZENEGGER, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

April 2, 2007

Advice Letters 2779-E
2779-E-A

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

REVISED

Subject: New Electric Preliminary Statement CJ – Negative Ongoing Competition Transition Charge Memorandum Account to Track Negative Ongoing Competition Transition Charge (CTC) in Compliance with D. 05-12-045

Dear Ms. de la Torre:

Advice Letters 2779-E and 2779-E-A are effective January 1, 2006. Copies of the advice letters and resolution are returned herewith for your records.

Sincerely,

S H Gallagher

Sean H. Gallagher, Director
Energy Division

REGULATORY RELATIONS
Tariffs Section
M Brown
R Dela Torre
B Lam
D Poster
M Hughes
APR 4 2007
Records
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File
cc to

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: 223.4877
Fax: 415.973.9572
Internet: BKC7@pge.com

February 7, 2006

Advice 2779-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: **New Electric Preliminary Statement CJ – Negative Ongoing Competition Transition Charge Memorandum Account to Track Negative Ongoing Competition Transition Charge (CTC) in Compliance with Decision 05-12-045**

Purpose

Pacific Gas and Electric Company (PG&E) hereby submits Advice 2779-E in compliance with Decision (D.) 05-12-045, *Decision Adopting the 2006 Forecast Revenue Requirement for Pacific Gas and Electric Company's Energy Resource Recovery Account (ERRA) and Competition Transition Charge (CTC)*, Ordering Paragraph (O.P.) 6. PG&E requests that the Commission approve the tariff modifications as per Attachment 1.

Background

In D.05-12-045, the Commission determined that beginning in 2006 and in subsequent years, negative above-market costs (referred to as negative CTC) shall be netted against future positive above-market costs or positive CTC. Further, the Commission stated that negative CTC "shall not be used to offset other components of the ongoing CTC (e.g., QF restructuring costs) or other components of the Cost Responsibility Surcharge (CRS)."

Proposed New Electric Preliminary Statement CJ – Negative Ongoing CTC Memorandum Account (NOCTCMA)

In order to offset positive CTC with negative CTC on an actual basis, PG&E requests through this advice letter that the Commission approve a new memorandum account, the NOCTCMA, to record and track negative CTC amounts. The establishment of a memorandum account to record and track the negative CTC costs that may accrue on an actual basis will allow PG&E to appropriately apply the negative CTC amounts to positive CTC amounts consistent with the Commission directives in D.05-12-045. Effective January 1, 2006, negative CTC amounts recorded and tracked in the memorandum account would only be eligible to be applied prospectively and only to costs associated with the above-market cost calculation. The negative CTC amounts associated with the above-market cost calculation are not eligible to be applied against other elements of the ongoing CTC revenue requirement such as contract restructuring, employee transition costs, or shareholder savings associated with contract restructuring. PG&E requests the approval of the NOCTCMA to implement the directives of D.05-12-045 and O.P. 6 of that decision.

PG&E also requests through this advice letter that the Commission approve modifications to its Electric Preliminary Statement CP: Energy Resource Recovery Account (ERRA) and Electric Preliminary Statement CQ: Modified Transition Cost Balancing Account (MTCBA) to allow for the negative CTC amounts that offset positive CTC amounts to be appropriately reflected in the ERRA and MTCBA .

Protest

Anyone who wishes to protest this filing may do so by sending a letter by **February 27, 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
505 Van Ness Avenue
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov and jnj@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.

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

Protests also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

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.05-12-045, PG&E requests that Advice 2779-E be approved effective **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 service list for Rulemaking (R.) 01-10-024 and Application (A.) 05-06-007. 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

Brian K. Cherry

Director – Regulatory Relations

Attachments

Cc: Service Lists R.01-10-024, A.05-06-007

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 U39M

Utility type:	Contact Person: Shilpa Ramaiya
☒ ELC ☒ GAS	Phone #: (415) 973-3186
☐ PLC ☐ HEAT ☐ WATER	E-mail: srrd@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) #: **2779-E**

Subject of AL: New Electric Preliminary Statement CJ – Negative Ongoing Competition Transition Charge Memorandum Account to Track Negative Ongoing Competition Transition Charge (CTC) in Compliance with Decision 05-12-045

Keywords (choose from CPUC listing): Memorandum Account, Compliance

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other ____________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: D.05-12-045

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL ____________

Summarize differences between the AL and the prior withdrawn or rejected AL[1]: ____________

Resolution Required? ☐ Yes ☒ No

Requested effective date: **1-01-06** No. of tariff sheets: 11

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: Preliminary Statement Part CJ (Negative Ongoing Competition Transition Charge Memorandum Account), CP (Energy Resource Recovery Account), and CQ (Modified Transition Cost Balancing Account)

Service affected and changes proposed[1]: 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

Utility Info (including e-mail)

[1] Discuss in AL if more space is needed.

ATTACHMENT 1
Advice 2779-E

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
24322-E	Preliminary Statement Part CJ--Negative Ongoing Competition Transition Charge Memorandum Account	New
24323-E	Preliminary Statement Part CP--Energy Resource Recovery Account	23762-E
24324-E	Preliminary Statement Part CP (Cont.)	24072-E, 23259-E
24325-E	Preliminary Statement Part CP (Cont.)	23764-E, 23260-E
24326-E	Preliminary Statement Part CQ--Modified Transition Cost Balancing Account	24073-E, 23261-E
24327-E	Preliminary Statement Part CQ (Cont.)	24074-E, 23262-E
24328-E	Preliminary Statement Part CQ (Cont.)	23263-E
24329-E	Preliminary Statement Part CQ (Cont.)	23264-E
24330-E	Preliminary Statement Part CQ (Cont.)	23265-E
24331-E	Table of Contents -- Preliminary Statements	24308-E
24332-E	Table of Contents -- Rate Schedules	24311-E

PRELIMINARY STATEMENT
(Continued)

CJ. NEGATIVE ONGOING COMPETITION TRANSITION CHARGE MEMORANDUM ACCOUNT (NOCTCMA) (N)

1. PURPOSE: The purpose of the NOCTCMA is to record and track negative costs associated with the above-market component of the ongoing competition transition charge (CTC), effective January 1, 2006. The above-market component of ongoing CTC is calculated monthly and negative results are to be tracked and applied prospectively to offset future positive above-market results in accordance with Decision 05-12-045, Ordering Paragraph (O.P.) 6.

   For negative above-market costs (i.e., "negative CTC"), PG&E shall record and track the negative CTC amounts in the NOCTCMA monthly. PG&E shall offset future positive above-market costs with negative CTC that is tracked in the NOCTCMA monthly. Any negative CTC that occurs in 2006 and beyond can only be used to offset future positive CTC amounts associated with the above-market cost calculation.

   The above-market cost calculation is associated with PG&E's portfolio of CTC-eligible contracts as defined in Public Utilities Code Section 367(a). The negative above-market costs are not eligible to be applied to other elements of the ongoing CTC revenue requirement such as contract restructuring amounts, employee transition costs, or the 10 percent shareholder savings associated with restructuring existing CTC-eligible contracts. Nor are the negative above-market amounts eligible to be applied to a balance undercollection in the Modified Transition Cost Balancing Account (MTCBA).

   No interest shall accrue on a negative CTC balance in the NOCTCMA. The tracking of negative CTC shall cease when all ongoing CTC costs associated with the CTC-eligible portfolio have been recovered. Any remaining negative CTC balance in the NOCTCMA shall have no further effect on cost allocation or rates, pursuant to Decision 05-12-045. Costs in the NOCTCMA will be tracked consistent with any customer-specific subaccount allocation carried in the MTCBA, pursuant to Decision 05-12-045.

2. APPLICABILITY: The NOCTCMA shall apply to all customers who are obligated to pay ongoing CTC subject to the jurisdiction of the Commission, except for those specifically excluded by the Commission.

3. RATES: The NOCTCMA does not have a rate component.

4. ACCOUNTING PROCEDURES: PG&E shall make entries at the end of each month as follows:

   a. A credit entry equal to the negative above-market costs, allocated and tracked by customer-specific subaccounts defined in the MTCBA, as applicable.

   b. A debit entry equal to the positive above-market costs, up to but not greater than the NOCTCMA balance, allocated and tracked by customer-specific subaccounts defined in the MTCBA, as applicable. (N)

(Continued)

PRELIMINARY STATEMENT
(Continued)

CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA)

1. PURPOSE: The purpose of the Energy Resource Recovery Account (ERRA) is to record and recover power costs, excluding California Department of Water Resources (DWR) contract costs, associated with PG&E's authorized procurement plan, pursuant to Decision 02-10-062, Decision 02-12-074 and California Public Utilities Code § 454.5(d)(3). Power costs recorded in ERRA include, but are not limited to, utility retained generation fuels, Qualifying Facility (QF) contracts, inter-utility contracts, California Independent System Operator (ISO) charges, irrigation district contracts and other Power Purchase Agreements (PPA), bilateral contracts, forward hedges, pre-payments and collateral requirements associated with procurement (including disposition of surplus power), and ancillary services. These costs are offset by reliability-must-run revenues (RMR), PG&E's allocation of surplus sales revenues and the ERRA revenue. Revenues received from Schedule TBCC will also be recorded to the ERRA.

   California Public Utilities Code § 454.5(d)(3) mandates a trigger mechanism to ensure that an undercollection or overcollection in the ERRA does not exceed 5 percent of a utility's recorded generation revenues for the prior year excluding revenues collected for the Department of Water Resources.

   Pursuant to Decision 02-12-074, Conclusion of Law 23 and Ordering Paragraph (O.P.) 15, PG&E is authorized to file an expedited trigger application at any time that its forecast indicates the undercollection in the ERRA will be in excess of the 5 percent threshold or 5 percent of the prior calendar year generation revenues less revenues collected for DWR during that year. (T)

   Pursuant to Decision 04-01-050, the ERRA trigger mechanism for 2004 and subsequent years would be established annually through an Advice Letter on or before April of each year.

   Decision 04-12-048 extended the ERRA Trigger to be in effect during the term of the long-term procurement contracts, or ten years, whichever is longer.

2. APPLICABILITY: The ERRA shall apply to all customer classes, except for those specifically excluded by the Commission.

3. REVISION DATES: Pursuant to Decision 04-01-050, the revision dates applicable to the ERRA shall be (i) June 1 of each year for the forecast filing, (ii) February of each year for the compliance review filing, (iii) as determined in Section 1 above in the case of an ERRA Trigger Application, and (iv) through the advice letter process.

   Decision 04-01-050 modified ERRA revision dates for 2004 and beyond specifically that (i) forecast filing date is June 1 of each year, (ii) the reasonableness review in February 2005, and (iii) the ERRA trigger for 2004 and subsequent years would be established annually through an Advice Letter on or before April 1 of each year.

(Continued)

PRELIMINARY STATEMENT
(Continued)

CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) (Cont'd.)

4. RATES: The ERRA rate is set forth in electric Preliminary Statement Part I.

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 ERRA rate component from bundled customers during the month, excluding the allowance for Franchise Fees and Uncollectible (FF&U) Accounts expense;

b) A credit entry equal to RMR and ancillary services revenues from PG&E-owned generation facilities;

c) A credit entry equal to surplus sales revenues allocated to PG&E per the Operating Agreement between PG&E and the DWR, if applicable;

d) A credit entry equal to revenues received from Schedule TBCC;

e) A credit entry equal to revenue associated with designated sales;

The following entry reflects the ongoing CTC portion of procurement costs as defined by the Public Utilities Code Section 367(a)(1)-(6), known as the statutory method, included in the Modified Transition Cost Balancing Account for recovery:

f) A credit entry equal to the costs for ongoing CTC associated with QF obligations and PPA obligations, above the market benchmark currently adopted by the Commission;

g) A debit entry equal to negative above-market costs, that are applied to positive above-market (N)
costs in the MTCBA; (N)

(Continued)

PRELIMINARY STATEMENT
(Continued)

CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

The following entries reflect the total costs associated with procuring electricity for customers and other related costs:

h) A debit entry equal to the amount paid for ISO-related charges; (T)

i) A debit entry equal to the sum for the month of the product of: (1) the Millions of British Thermal Units (MMBtu) of natural gas burned daily for all purposes at PG&E's fossil plants; and (2) that day's weighted-average cost of gas on a Utility Electric Generation (UEG) portfolio basis ($/MMBtu); (T)

j) A debit entry equal to the sum for the month of the product of: (1) the barrels of distillate and heavy fuel oil burned daily for all purposes at the fossil plants; and (2) that day's weighted-average cost of distillate or fuel oil per barrel on a "last-in-first-out" (LIFO) basis; (T)

k) A debit entry equal to the hydroelectric fuel expenses. The fuel expenses include water purchase costs for the hydroelectric plants; (T)

l) A debit entry equal to fuel expenses for the Diablo Canyon Nuclear Power Plant; (T)

m) A debit entry equal to total costs associated with QF obligations that are eligible for recovery as an ongoing CTC; (T)

n) A debit entry equal to total costs associated with QF obligations that are not eligible for recovery as an ongoing CTC; (T)

o) A debit entry equal to bilateral contract obligations; (T)

p) A debit entry equal to hedging contract obligations; (T)

q) A debit entry equal to renewable contract obligations; (T)

r) A debit entry equal to costs associated with irrigation district contracts and other purchase power obligations, excluding WAPA but including capacity contract obligations; (T)

s) A debit entry equal to spot market purchases; (T)

t) A debit entry equal to system tolling or capacity contract obligations; (T)

u) A debit or credit entry equal to pre-payments and credit and collateral payments, including all associated fees, for procurement purchase and, if applicable, reimbursements of pre-payments, credit and collateral payments; (T)

v) A debit entry equal to incentive payments authorized in the Phase 1 decision of the Advanced Metering, Demand Response, and Dynamic Pricing Proceeding pursuant to Decision 03-03-036; (T)

w) A debit entry equal to any other power costs associated with procurement; and (T)

x) A monthly 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 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)

CQ. MODIFIED TRANSITION COST BALANCING ACCOUNT (MTCBA)

1. PURPOSE: The purpose of the MTCBA is to record ongoing transition costs associated with procurement (Decisions (D.) 02-11-022, 03-04-030 and 03-07-028), employee transition costs, and other costs as authorized by the Commission as defined by the Public Utilities Code Section 367(a)(1)-(6), known as the statutory method, and to record and recover $80 million in costs related to the settlement of the Electric Restructuring Costs Account (ERCA), authorized in D.04-12-017 for recovery over a one year period. Decision 05-02-040 authorized the establishment of subaccounts to more precisely track costs, revenues, and over- or under-collections uniquely applicable to individual customer groups. (T)

   The MTCBA is comprised of four subaccounts. The first subaccount will track the over- / under-collections attributable to the bundled and direct access (DA) customers' ongoing competition transition charge (CTC) costs authorized by the Commission. The second subaccount will track the over-/under-collections attributable to the customer generation departing load (CGDL) customers' ongoing CTC authorized by the Commission. The third subaccount will track the over-/ under-collections attributable to the Municipal departing load (MDL) customers' ongoing CTC authorized by the Commission. The fourth subaccount will be the ERCA subaccount which will track over- / under-collections attributable to the ERCA settlement amount authorized in D.04-12-017, and to be recovered from bundled and direct access customers over a one-year period. The ERCA settlement provides that recovery will exclude departing load customers.

2. APPLICABILITY: The MTCBA shall apply to all rate schedules and contracts for electric service subject to the jurisdiction of the Commission, except for those schedule and contracts specifically excluded by the Commission.

3. REVISION DATE: Disposition of amounts in this account shall be determined through the advice letter process.

4. RATE: The MTCBA rates are referred to as Competition Transition Charge rates and are set forth in each electric rate schedule. The CTC rates are composed of the ongoing CTC rates using the statutory method, applicable to bundled, DA, and DL customers and the ERCA CTC rates, applicable to bundled and DA customers. The ERCA CTC rates are separately identified in Part I of the Preliminary Statement, to be filed with PG&E's supplement to Advice 2570-E, scheduled to be filed by December 30, 2004.

5. ACCOUNTING PROCEDURE: PG&E shall make entries to the following subaccounts at the end of each month as follows:

   a. Bundled and DA Ongoing CTC Subaccount:

      1) A credit entry equal to the revenue from the ongoing CTC rate component from bundled and DA customers during the month; excluding the allowance for Franchise Fees and Uncollectible (FF&U) Accounts expense.

      2) A debit entry equal to bundled and DA customers' share of costs associated with any buy-out, buy-down, renegotiation, or termination of Qualifying Facility (QF) contracts and settlements or judgments related to QF power purchase agreements.

(Continued)

PRELIMINARY STATEMENT
(Continued)

CQ. MODIFIED TRANSITION COST BALANCING ACCOUNT (MTCBA)

5. ACCOUNTING PROCEDURE: (Cont'd.)

a. Ongoing CTC Subaccount: (Cont'd.)

3) A debit entry equal is bundled and DA customers' share of ten percent of the total net-present-value of the ratepayer benefits from a restructured QF contract, at the time the restructured contract is signed.

4) A debit or credit entry equal to bundled and DA customers' share upon Commission approval of a restructured contract to true-up for any difference between the initial net present value (Item 5.a. above), and the final Commission-approved net present value of the restructured QF contract and to adjust the interest computation in Item 5.a.8 below for the effect of the true-up.

5) A credit entry equal to bundled and DA customers' share of the revenue received from the sale of excess sulfur dioxide emission credits, less reasonably incurred sales costs not already recovered in rates (D.97-11-074, Section 11.7.3).

The following entry reflects the ongoing CTC costs associated with PG&E's procurement portfolio from the Energy Resource Recovery Account (ERRA) for recovery in this subaccount: (T)

6) A debit entry equal to the above-market for ongoing CTC associated with QF obligations and PPA obligations, above the market benchmark currently adopted by the Commission.

7) A credit entry equal to negative above-market costs that are applied to positive above-market costs in the Negative Ongoing Competition Transition Charge Memorandum Account (NOCTCMA). (N)

The following entry reflects other ongoing transition costs for recovery in this subaccount:

8) A debit entry equal to bundled and DA customers' share of PG&E's recorded employee transition costs for utility personnel affected by electric industry restructuring. These costs may be recovered through December 2006, pursuant to Decision 97-06-060, FOF 4, 24, COL 4, and 17. (T)

9) An entry equal to the interest on the average balance of the subaccount at the beginning of the month and the balance after the entries above, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor. (T)

(Continued)

PRELIMINARY STATEMENT
(Continued)

CQ. MODIFIED TRANSITION COST BALANCING ACCOUNT (MTCBA)

5. ACCOUNTING PROCEDURE: (Cont'd.)

b. Customer Generation Departing Load Ongoing CTC Subaccount:

1) A credit entry equal to the revenue from the ongoing CTC rate component from CGDL customers during the month; excluding the allowance for Franchise Fees and Uncollectible (FF&U) Accounts expense.

2) A debit entry equal to CGDL customers' share costs associated with any buy-out, buy-down, renegotiation, or termination of Qualifying Facility (QF) contracts and settlements or judgments related to QF power purchase agreements.

3) A debit entry equal to CGDL customers' share of ten percent of the total net-present-value of the ratepayer benefits from a restructured QF contract, at the time the restructured contract is signed.

4) A debit or credit entry upon Commission approval equal to CGDL customers' share of a restructured contract to true-up for any difference between the initial net present value (Item 5.b.3. above), and the final Commission-approved net present value of the restructured QF contract and to adjust the interest computation in Item 5.b.8. below for the effect of the true-up.

5) A credit entry equal to CGDL customers' share of the revenue received from the sale of excess sulfur dioxide emission credits, less reasonably incurred sales costs not already recovered in rates (D.97-11-074, Section 11.7.3).

The following entry reflects the ongoing CTC costs associated with PG&E's procurement portfolio from the Energy Resource Recovery Account (ERRA) for recovery in this subaccount:

6) A debit entry equal to the above-market costs for ongoing CTC associated with QF obligations and PPA obligations, above the market benchmark currently adopted by the Commission.

7) A credit entry equal to negative above-market costs that are applied to positive above- (N)
market costs in the Negative Ongoing Competition Transition Charge Memorandum |
Account (NOCTCMA). (N)

The following entry reflects other ongoing transition costs for recovery in this subaccount:

8) A debit entry equal to CGDL customers' share of PG&E's recorded employee transition costs for utility personnel affected by electric industry restructuring. These costs may be recovered through December 2006, pursuant to Decision 97-06-060, FOF 4, 24, COL 4, and 17. (T)

9) An entry equal to the interest on the average balance of the subaccount at the beginning of the month and the balance after the entries above, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor. (T)

(Continued)

PRELIMINARY STATEMENT
(Continued)

CQ. MODIFIED TRANSITION COST BALANCING ACCOUNT (MTCBA)

5. ACCOUNTING PROCEDURE: (Cont'd.)

c. Municipal Departing Load Ongoing CTC Subaccount:

1) A credit entry equal to the revenue from the ongoing CTC rate component from MDL customers during the month; excluding the allowance for Franchise Fees and Uncollectible (FF&U) Accounts expense.

2) A debit entry equal to MDL customers' share costs associated with any buy-out, buy-down, renegotiation, or termination of Qualifying Facility (QF) contracts and settlements or judgments related to QF power purchase agreements.

3) A debit entry equal to MDL customers' share of ten percent of the total net-present-value of the ratepayer benefits from a restructured QF contract, at the time the restructured contract is signed.

4) A debit or credit entry upon Commission approval equal to MDL customers' share of a restructured contract to true-up for any difference between the initial net present value (Item 5.b.3. above), and the final Commission-approved net present value of the restructured QF contract and to adjust the interest computation in Item 5.b.8. below for the effect of the true-up.

5) A credit entry equal to MDL customers' share of the revenue received from the sale of excess sulfur dioxide emission credits, less reasonably incurred sales costs not already recovered in rates (D.97-11-074, Section 11.7.3).

The following entry reflects the ongoing CTC costs associated with PG&E's procurement portfolio from the Energy Resource Recovery Account (ERRA) for recovery in this subaccount:

6) A debit entry equal to the above-market costs for ongoing CTC associated with QF obligations and PPA obligations, above the market benchmark currently adopted by the Commission.

7) A credit entry equal to negative above-market costs that are applied to positive above- (N)
market costs in the Negative Ongoing Competition Transition Charge Memorandum |
Account (NOCTCMA). (N)

(Continued)

PRELIMINARY STATEMENT
(Continued)

CQ. MODIFIED TRANSITION COST BALANCING ACCOUNT (MTCBA)

5. ACCOUNTING PROCEDURE: (Cont'd.)

c. Municipal Departing Load Ongoing CTC Subaccount: (Cont'd.)

The following entry reflects other ongoing transition costs for recovery in this subaccount:

8) A debit entry equal to MDL customers' share of PG&E's recorded employee transition costs for utility personnel affected by electric industry restructuring. These costs may be recovered through December 2006, pursuant to Decision 97-06-060, FOF 4, 24, COL 4, and 17. (T)

9) An entry equal to the interest on the average balance of the subaccount at the beginning of the month and the balance after the entries above, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor. (T)

d. ERCA CTC Subaccount:

1) A credit entry equal to the revenue from the ERCA CTC rate component from bundled and DA customers during the month; excluding the allowance for Franchise Fees and Uncollectible (FF&U) Accounts expense.

2) A one-time debit entry equal to the ERCA settlement amount of $80 million authorized for recovery in D.04-12-017.

3) An entry equal to the interest on the average balance of the subaccount at the beginning of the month and the balance after the entries above, at a rate equal to one-twelfth of the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

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PRELIMINARY STATEMENTS

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RATE SCHEDULES

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

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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
CPUC
Cross Border Inc
Crossborder Inc
CSC Energy Services
Davis, Wright, Tremaine LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
DGS Natural Gas 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
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.
IUCG/Sunshine Design LLC
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