

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



April 27, 2006

Advice Letter 2811-E

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

Subject: Elimination of Electric Restructuring Costs Account Sub Account in Preliminary Statement Part CQ Pursuant to Resolution E-3956

Dear Ms de la Torre:

Advice Letter Advice Letter 2811-E is effective: May 6, 2006. A copy of the advice letter is returned herewith for your records.

Sincerely,

Sean H. Gallagher, Director  
Energy Division

<b>REGULATORY RELATIONS</b>	
M Brown	Tariffs Section
R De la Torre	D Poster
B Lam	S Ramaiya
MAY 2 2006	
Return to _____	Records _____
cc to _____	File _____



**Brian K. Cherry**  
Director  
Regulatory Relations

77 Beale Street, Room 1087  
San Francisco, CA 94105

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Mail Code B10C  
Pacific Gas and Electric Company  
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April 6, 2006

**Advice 2811-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Elimination of Electric Restructuring Costs Account (ERCA)  
Subaccount in Preliminary Statement Part CQ Pursuant to  
Resolution E-3956**

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 1.

**Purpose**

The purpose of this filing is to eliminate the Electric Restructuring Costs Account (ERCA) CTC subaccount currently contained within Preliminary Statement Part CQ – Modified Transition Cost Balancing Account (MTCBA), as authorized by Resolution E-3956. Resolution E-3956 approved, among other things, PG&E's proposal regarding this subaccount made in Advice 2706-E - *Annual Electric True-Up Filing – Change PG&E Electric Rates on January 1, 2006*. In that filing, PG&E had proposed closing the ERCA CTC subaccount of the MTCBA and transferring its remaining balance to the bundled and direct access subaccount of the MTCBA.

**Background**

On December 2, 2004, the Commission issued Decision 04-12-017 that adopted the all-party motion for settlement of recovery of costs recorded in PG&E's ERCA.<sup>1</sup> This decision allowed PG&E to recover \$80 million in rates for electric utility industry restructuring costs over a one-year period beginning January 1, 2005.

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<sup>1</sup> The parties to the Joint Motion were PG&E, the Division of Ratepayer Advocates, Aglet Consumer Alliance, and The Utility Reform Network.

On December 30, 2004, PG&E filed Advice 2570-E-A, a supplement to its 2005 Annual Electric True-Up (AET), which consolidated the \$80 million ERCA settlement amount with other authorized revenue requirement changes to be implemented in rates beginning January 1, 2005. On April 1, 2005, the Commission issued a letter stating that Advice 2570-E-A was effective January 1, 2005 pursuant to Resolution E-3906.

By the end of 2005, PG&E forecasted the ERCA subaccount to be substantively amortized. As a result, in PG&E's 2006 AET Advice Letter, Advice 2706-E, PG&E stated, "Accordingly, with approval of this advice letter, PG&E will close this account and transfer the remaining ERCA balance to the bundled and DA subaccount of the MTCBA to recover the remaining amount in bundled and DA CTC rates. Accordingly, rates for ERCA in Part I of the Preliminary Statement will no longer be separately specified." As a result, Part I submitted with Advice 2706-E did not include a separate rate for ERCA and this rate was eliminated effective January 1, 2006.

Ordering Paragraph 1 of Resolution E-3956 stated, "The request of PG&E in Advice Letter 2706-E is approved with modifications." There were no modifications mentioned in Resolution E-3956 related to the request to close the ERCA subaccount. Thus, in this filing, PG&E eliminates the ERCA CTC subaccount and transfers the remaining balance to the Bundled and DA Ongoing CTC subaccount of the MTCBA, as was proposed in Advice 2706-E.

### **Tariff Revisions**

Preliminary Statement Part CQ – *Modified Transition Cost Balancing Account (MTCBA)*

PG&E proposes to eliminate the ERCA CTC subaccount as well as references to the subaccount in other parts of the MTCBA. As discussed above, PG&E will transfer the remaining balance in the ERCA CTC subaccount through a one-time debit entry to the Bundled and DA Ongoing CTC Subaccount, upon approval of this advice letter.

### **Protests**

Anyone wishing to protest this filing may do so by sending a letter by **April 26, 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, 4<sup>th</sup> Floor  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [jjr@cpuc.ca.gov](mailto:jjr@cpuc.ca.gov) and [jnj@cpuc.ca.gov](mailto: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](mailto:PGETariffs@pge.com)

### **Effective Date**

PG&E requests that this advice filing become effective on **May 6, 2006**, which is 30 days from the date of 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 and the Service List for Application (A.) 00-07-013. 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

cc: Service List – A.00-07-013

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

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) #: **2811-E**

Subject of AL: Elimination of Electric Restructuring Costs Account (ERCA) Subaccount in Preliminary Statement Part CQ Pursuant to Resolution E-3956

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

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

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

Resolution E-3956

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 AL<sup>1</sup>: \_\_\_\_\_

Resolution Required?  Yes  No

Requested effective date: **May 6, 2006**

No. of tariff sheets: 5

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 CQ

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: 2779-E

**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**

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT 1  
Advice 2811-E**

<b>Cal P.U.C. Sheet No.</b>	<b>Title of Sheet</b>	<b>Cancelling Cal P.U.C. Sheet No.</b>
24756-E	Preliminary Statement Part CQ--Modified Transition Cost Balancing Account	23261, 24073-E
24757-E	Preliminary Statement Part CQ (Cont.)	23262, 24074-E
24758-E	Preliminary Statement Part CQ (Cont.)	23265-E
24759-E	Table of Contents -- Preliminary Statements	24752-E
24760-E	Table of Contents -- Rate Schedules	24732-E



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. 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. (D)

The MTCBA is comprised of three 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. (T)

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. (D)

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. (D)

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. Bundled and DA Ongoing CTC Subaccount: (Cont'd.) (T)

3) A debit entry equal to 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. (T)

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.3 above), and the final Commission-approved net present value of the restructured QF contract and to adjust the interest computation in Item 5.a.9 below for the effect of the true-up. (T)

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).

6) A one-time debit entry equal to the balance in the ERCA CTC subaccount as authorized by the Commission. (N)

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 account:

7) 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. (T)

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.)

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.
- 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.

(D)

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