

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



November 28, 2006

Advice Letter 2819-E

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

Subject: Notice of Federal Energy Regulatory Commission Rate Filing to Transmission Revenue Balancing Account

Dear Ms. De La Torre:

Advice Letter 2819-E is effective January 1, 2007. A copy of the advice letter is returned herewith for your records.

Sincerely,

Sean H. Gallagher, Director
Energy Division

REGULATORY RELATIONS	
Tariffs Section	
M Brown	D Poster
R Dela Torre	S Ramaiya
B Lam	
DEC - 1 2006	
Records _____	
Return to _____	File _____
cc to _____	



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

April 19, 2006

Advice 2819-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Notice of Federal Energy Regulatory Commission Rate Filing to
Transmission Revenue Balancing Account**

Purpose

Pacific Gas and Electric Company (PG&E) hereby submits this advice to provide the Commission with notice of PG&E's recent filing with the Federal Energy Regulatory Commission (FERC) requesting a transmission rate change for its retail electric customers, in compliance with Resolution E-3930. The purpose of PG&E's FERC filing is to request an increase to its Transmission Owner (TO) Tariff Transmission Revenue Balancing Account (TRBA).

Background

In 1998, PG&E, Southern California Edison Company (SCE) and San Diego Gas and Electric Company (SDG&E) (collectively, "Companies") filed with the Commission the non-rate terms and conditions of their TO Tariffs in the Terms and Conditions Proceeding, FERC Docket No. ER97-2358-002, et al. The Companies explained in their TO Tariff filings that there are mismatches between the Companies' Existing Transmission Contract (ETC) charges and the California Independent System Operator Corporation (ISO) Tariff Scheduling Coordinator (SC) charges associated with the ETCs.¹ The Companies explained that such cost shortfalls or surpluses resulting from the difference between charges prescribed by the ETCs and charges imposed under the ISO Tariff (ETC Cost Differentials) should be recovered or credited through the TRBAs of their respective TO Tariffs and billed to the TO Tariff customers. Thus, the Companies

¹ Since the ISO commenced operations on April 1, 1998, PG&E has functioned as the ISO SC for certain ETC holders that received transmission service from PG&E pursuant to ETCs in effect prior to ISO operation. As the SC for the ETC holders, PG&E incurred ISO-imposed costs associated with the ISO's providing the ETC holders with access to the ISO Controlled Grid.

sought the Commission's approval to recover the ETC Cost Differentials from their TO Tariff customers, rather than from the ETC holders.

However, certain parties in FERC Docket No. ER97-2358-002 maintained that these costs should be billed to the ETC holders. In FERC Order Nos. 458 and 458-A, FERC rejected the Companies' contention that the ISO Tariffs provisions allowed for the recovery of the ETC Cost Differentials through the TRBA. The Companies and certain ETC holders appealed Order Nos. 458 and 458-A. On July 12, 2005, the United States Court of Appeals for the District of Columbia Circuit vacated FERC Order Nos. 458 and 458-A and remanded the matter to FERC for further consideration.² The D.C. Circuit Court found, in part, that the Commission had misinterpreted the ISO Tariff and arbitrarily precluded the Companies from recovering the ETC Cost Differentials through their respective TRBAs.

In light of the D.C. Circuit Court order on FERC Order Nos. 458 and 458-A, on December 20, 2005, the Commission issued its Order on Remand (Remand Order), 113 FERC 761,296, in FERC Docket Nos. ER97-2358-007, ER00-565-010, ER00-565-012, ER00-565-013, ER04-1233-000, and ER04-1233-001. The Remand Order affirmed that the Companies may only recover ETC Cost Differentials through the TRBA in their TO Tariffs or through bilateral contracts. The Remand Order also dismissed the proceeding concerning PG&E's alternate tariff mechanism, its Scheduling Coordinator Services Tariff (SCS Tariff), and terminated the dockets concerning the Companies' refund reports required by Order Nos. 458 and 458-A.

Pursuant to the Remand Order, PG&E filed a supplemental update to its TRBA in FERC Docket No. ER06-836 (TRBA Docket).³ This supplemental update filing requests recovery of \$109,013,146 in accumulated ETC Cost Differentials, plus interest of approximately \$46,761,683, that PG&E incurred over a period of seven and a half years as the SC for certain ETCs. PG&E has requested authority to recover this amount over 3 ½ years at a rate of approximately \$50 million annually.

Commission Resolution E-3930, approved on May 26, 2005, established a new process for CPUC notification and review of transmission-related changes, and embodies this understanding in new Process Element 1, where it states, "The Commission recognizes that under the filed rate doctrine, the Commission should allow a pass through of these transmission rates that are filed with and become effective at the FERC."

PG&E has requested an effective date of July 1, 2006 for this rate change. Between now and that date, PG&E expects FERC to either accept the filed rates

² *Southern Cal Edison Co. v. FERC*, 415 F.3d 17 (D.C. Cir. 2005) (D.C. Circuit Remand).

³ PG&E submitted its last TRBA update in FERC Docket No. ER06-034 on October 13, 2005. That filing was approved by a FERC letter dated December 8, 2005. The updated rate of negative \$0.00064 became effective on January 1, 2006, and is the rate currently in effect.

and authorize these rates to become effective on the requested date (subject to refund), or to accept the filing but suspend the effective date. If approved as requested the TRBA rate would be increased from its current level of a negative \$0.00064 per kWh to a negative \$0.00003 per kWh.

Compliance with Resolution E-3930

PG&E submits this advice pursuant to Process Element 3 of Resolution E-3930. Consistent with past practice, PG&E has also provided the Commission with a complete copy of the multiple-volume FERC filing on the same date that it was filed with FERC, by service to Mr. Randolph L. Wu of the Commission's Legal Division.

In this advice, PG&E requests authority to revise each corresponding transmission rate component of its CPUC-jurisdictional tariffs as soon as practicable after FERC ultimately authorizes these changes to become effective subject to refund, and to make corresponding adjustments to its total applicable CPUC-jurisdictional rates, with exceptions only as described below for the residential tariffs.

As described under Process Elements 5 and 6 of Resolution E-3930, California Assembly Bill 1X (AB 1X) constraints continue to apply to total rates for residential usage up to 130 percent of baseline ("Tier 1 and 2 usage"). PG&E proposes to supplement this advice letter or detail in a separate advice letter that coincides with other retail rate changes how PG&E will meet AB 1X requirements for the TRBA rate change.

As anticipated under Process Element 4 of Resolution E-3930, PG&E will supplement this advice or indicate in a separate advice letter that coincides with other retail rate changes when the requested TRBA rate changes are approved, modified, denied or have been otherwise acted upon by the FERC. At that time, PG&E will also provide complete updated tariff sheets, including final adjustments to the rate components of the residential tariffs

Protests

Anyone wishing to protest this filing may do so by sending a letter by **May 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 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

PG&E requests that this advice filing become effective as soon as practicable after FERC ultimately authorizes these changes to become effective. PG&E proposes to consolidate the electric rate changes resulting from the transmission rate change, to the extent practicable, with the first planned rate change after FERC ultimately authorizes PG&E's requests.

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

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) #: **2819-E**

Subject of AL: Notice of Federal Energy Regulatory Commission Rate Filing to Transmission Revenue Balancing Account

Keywords (choose from CPUC listing): Compliance, Increase Rates.

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

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

Resolution E-3930

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 AL¹: _____

Resolution Required? Yes No

Requested effective date: 7/1/2006, or as authorized by

No. of tariff sheets: TBD

Estimated system annual revenue effect: (%): Recovery of \$109,013,146 in accumulated ETC Cost Differentials, plus interest of approximately \$46,761,683, that PG&E has requested authority to recover over 3 ½ years at a rate of approximately \$50 million annually.

Estimated system average rate effect (%): TRBA rate would be increased from its current level of a negative \$0.00064 per kWh to a negative \$0.00003 per kWh

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). TRBA rate would be increased from its current level of a negative \$0.00064 per kWh to a negative \$0.00003 per kWh

Tariff schedules affected: Electric rate schedules

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: 2706-E-A, 2795-E-B, 2810-E-A

¹ Discuss in AL if more space is needed.

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**

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

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 & Eisesser	Dutcher, John	Praxair, Inc.
Anderson Donovan & Poole P.C.	Dynergy 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	