

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



July 17, 2006

Advice Letter 2838-E

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

Subject: Revised Preliminary Statement Part DI, Procurement Energy Efficiency Balancing Account, and establishment of Part EF, Procurement Energy Efficiency Revenue Adjustment Mechanism

Dear Ms de la Torre:

Advice Letter 2838-E is effective July 17, 2006. 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	
JUL 20 2006	
_____ Records _____	
Return to _____	File _____
cc to _____	



Brian K. Cherry
Director
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

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Pacific Gas and Electric Company
P.O. Box 770000
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May 31, 2006

Advice 2838-E
(Pacific Gas and Electric Company ID 39 E)

Public Utilities Commission of the State of California

Subject: Revise Electric Preliminary Statement Part DI – Procurement Energy Efficiency Balancing Account (PEEBA) and Establish New Part EF -- Procurement Energy Efficiency Revenue Adjustment Mechanism (PEERAM)

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 I.

Purpose

This advice letter modifies electric Preliminary Statement Part DI *Procurement Energy Efficiency Balancing Account (PEEBA)* to properly track PG&E's authorized procurement energy efficiency costs and authorized procurement energy efficiency revenue requirements. Consistent with Decision (D.) 03-12-062, the PEEBA operates as a one-way balancing account. In addition this Advice Letter (AL) proposes to establish a new Procurement Energy Efficiency Revenue Adjustment Mechanism, or PEERAM, to ensure collection of authorized procurement energy efficiency revenue requirements.

This modification of the PEEBA and establishment of the PEERAM is consistent with PG&E's other existing, authorized accounts for energy efficiency programs.

Background

The purpose of the existing PEEBA is to track PG&E's procurement energy efficiency costs and revenues associated with authorized programs as per Ordering Paragraph (OP) 21 in D.03-12-062, issued on December 18, 2004. PG&E implemented OP 21 via AL 2461-E, which was approved effective January

1, 2004. AL 2461-E established the existing PEEBA account and the existing PEEBA rate.

The current PEEBA was intended to be a one-way balancing account. However, the implementing language in the tariff preliminary statements combines the revenue and expenditure entries into the same account, and does not include the Commission-authorized revenue requirement in the account entries. Thus the existing PEEBA account structure does not operate like PG&E's other authorized energy efficiency balancing account, the Public Purpose Programs Energy Efficiency Balancing Account (PPPEEBA), where currently authorized program expenditures are tracked against currently authorized revenue requirements, showing expenditure variances from the Commission's approved program year funding level.

The revised PEEBA will track procurement energy efficiency related costs against the Commission-approved revenue requirement, and the new PEERAM will track revenue from the PEERAM rate (formerly the PEEBA rate) against the Commission-approved revenue requirement. The proposed PEERAM structure is consistent with the PPPRAM as approved in D.99-10-057 and will ensure collection of Commission-authorized procurement energy efficiency revenue requirements.

The rate subcomponent would be unaffected except for the change in name from PEEBA to PEERAM.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than 20 days after the date of this filing, which is **June 20, 2006**. 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 this advice letter be effective upon approval.

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 service 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>

Handwritten signature of Brian K. Cherry in black ink.

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

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) #: **2838-E**

Subject of AL: Revise Electric Preliminary Statement Part DI – Procurement Energy Efficiency Balancing Account (PEEBA) and Establish New Part EF -- Procurement Energy Efficiency Revenue Adjustment Mechanism (PEERAM)

Keywords (choose from CPUC listing): Balancing Account

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

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

N/A

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: **Upon approval**

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 Statements DI and EF

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.

**ATTACHMENT 1
Advice 2838-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
25023-E	Preliminary Statement Part DI--Procurement Energy Efficiency Balancing Account (PEEBA)	21172-E
25024-E	Preliminary Statement Part EF--Procurement Energy Efficiency Revenue Adjustment Mechanism (PEERAM)	New
25025-E	Table of Contents -- Preliminary Statements	24752-E
25026-E	Table of Contents -- Preliminary Statements	24753-E
25027-E	Table of Contents -- Rate Schedules	25014-E



PRELIMINARY STATEMENT
(Continued)

DI. PROCUREMENT ENERGY EFFICIENCY BALANCING ACCOUNT (PEEBA)

1. PURPOSE:

Per Decision 03-12-062, the one-way Procurement Energy Efficiency Balancing Account (PEEBA) is to track PG&E's procurement energy efficiency costs and revenues associated with authorized programs. The PEEBA tracks actual expenditures for authorized procurement energy efficiency activities against the authorized revenue requirement for such activities.

(N)
(N)

2. APPLICABILITY:

The PEEBA balance shall apply to all customer classes, except for any classes that may be specifically excluded by the CPUC.

3. REVISION DATE:

Pursuant to D.03-12-062, disposition of the balance in this account shall be determined in the energy efficiency proceeding, R.01-08-028 or its successor, or any other proceeding as authorized by the Commission.

(T)

4. RATES:

The PEEBA does not have a separate rate element.

5. ACCOUNTING PROCEDURE:

PG&E shall maintain the PEEBA by making entries as follows:

- a. A debit equal to the expenses related to procurement energy efficiency programs.
- b. A credit equal to one-twelfth of the annual authorized revenue requirement for procurement energy efficiency programs.
- c. An entry reflecting interest on the average balance 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, H. 15 or its successor.

(T)



PRELIMINARY STATEMENT
(Continued)

EF. PROCUREMENT ENERGY EFFICIENCY REVENUE ADJUSTMENT MECHANISM (PEERAM)

(N)

1. PURPOSE:

Per Decision 03-12-062, the Procurement Energy Efficiency Revenue Adjustment Mechanism (PEERAM) is to ensure the collection of PG&E's procurement energy efficiency revenues associated with authorized programs. The PEERAM tracks actual revenues for authorized procurement energy efficiency activities against the authorized revenue requirement for such activities.

2. APPLICABILITY:

The balances in the PEERAM shall apply to all customer classes, except for any classes that may be specifically excluded by the CPUC.

3. REVISION DATE:

Disposition of amounts in the PEERAM shall be determined through the Annual Electric True-Up (AET) advice letter process.

4. RATES:

The PEERAM rate is collected as part of the non-bypassable public purpose program rate set forth in each rate schedule. The PEERAM rate is separately identified in Part I of the Preliminary Statement.

5. ACCOUNTING PROCEDURE:

PG&E shall maintain the PEERAM by making the entries as follows:

- a. A debit entry equal to one-twelfth of the annual authorized revenue requirement for procurement energy efficiency programs.
- b. A credit entry equal to the revenue from the PEERAM rate.
- c. An entry reflecting interest on the average balance 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, H. 15 or its successor.

(N)



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