

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



April 14, 2007

Advice Letter 2913-E

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

Subject: Modification of Preliminary Statement EC – Demand Response Expense
Balancing Account (DREBA) to include activities related to Demand
Response Augmentation

Dear Ms. de la Torre:

Advice Letter 2913-E is effective August 9, 2006. A copy of the advice letter is returned
herewith for your records.

Sincerely,

Sean H. Gallagher, Director
Energy Division

REGULATORY RELATIONS	
M Brown Tariffs Section	D Poster
R Dela Torre	M Hughes
B Lam	
APR 18 2007	
Return to _____	Records _____
	File _____
cc. to _____	



Brian K. Cherry
Vice President
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
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415.973.4977
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October 12, 2006

Advice 2913-E

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject: Modification of Preliminary Statement EC - Demand Response Expense Balancing Account (DREBA) to include activities related to Demand Response Augmentation

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its electric tariffs. These changes are filed to comply with existing Commission decisions and approved advice letters.

The affected tariff sheets are included in Attachment I to this filing.

Purpose

This advice letter modifies the Demand Response Expense Balancing Account (DREBA) preliminary statement implemented to comply with Decision (D.)06-03-024. The proposed change is filed to recognize that following D. 06-03-024, in response to numerous rulings and directives of the Commission, the utilities are continuing to modify programs adopted in D. 06-03-024 and develop new programs. These activities may lead to revised or different programs being implemented than those adopted in D. 06-03-024. PG&E believes that the intent of DREBA is to allow the costs related to these activities to be recorded in the account and seeks hereby to clarify the language

Background and Request

In March of 2006, the Commission approved the demand response (DR) portfolio for 2006-2008 in D.06-03-024. The approved portfolio included the programs, budgets, and cost recovery methodology proposed in a settlement with parties filed by PG&E on January 30, 2006. On August 9, 2006, the Assigned Commissioner Ruling (ACR) of Commissioner Peevey highlighted the need for

additional demand response resources. On August 15, 2006, another ACR was issued directing PG&E to address the need for certain demand response programs related to air conditioning load similar to existing programs offered by SCE. On August 30, 2006, in response to these rulings PG&E filed with the California Public Utilities Commission (CPUC or Commission) proposals for augmentation of the Demand Response portfolio, and proposing additional new programs, with a goal of increasing the available demand response for summer 2007. In the August 30 filing PG&E also indicated that it was continuing to develop certain demand response programs and concepts and would file these for Commission approval at a later date.

PG&E filed advice letter 2804-E to establish the Demand Response Expenditures Balancing Account (DREBA) and the Demand Response Revenue Balancing Account (DRRBA) as authorized in D.06-03-024. On April 21, 2006, the Commission approved AL 2804-E, with an effective date of January 1, 2006.

The preliminary statement for DREBA approved by the Commission, and currently in effect, allows the recording of costs related to the demand response programs adopted in D.06-03-024. PG&E is making every effort to achieve real megawatts of demand response by summer of 2007, and has begun activities to ensure that program enhancements are in place for the summer. At the same time as PG&E's August 30, 2006 filing is pending before the Commission, PG&E is taking a proactive role for summer 2007, and is laying the groundwork for its enhancement of its DR portfolio. PG&E believes the intent of DREBA is to allow recording of costs associated with program enhancements and new programs in response to Commission rulings following D. 006-03-024. PG&E requests modification of the DREBA preliminary statement make this clear.

Preliminary Statement Changes

Electric Preliminary Statement Part EC - *Demand Response Expense Balancing Account* is revised to remove the language specifying costs related to D.06-03-024, and clarify that DREBA-recordable costs include costs for activities related to demand response programs developed and implemented pursuant to Commission directives following D. 06-03-024.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **November 1, 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

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.

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
Vice President, 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

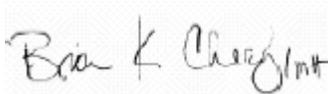
Effective Date

PG&E requests this advice letter be approved effective August 9, 2006, but that the Energy Division provide approval no later than November 30, 2006, so that approval of this preliminary statement language occurs at the same time as the anticipated approval of PG&E's August 30, 2006 Demand Response Augmentation 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 to the service list for A.05-06-006. 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>



Vice President - Regulatory Relations
Attachments
cc: Service List – A.05-06-006

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:

ELC GAS
 PLC HEAT WATER

Contact Person: Megan Hughes

Phone #: (415) 973-1877

E-mail: MEHr@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) #: **2913-E**

Subject of AL: Modification of Preliminary Statement EC - Demand Response Expense Balancing Account (DREBA) to include activities related to Demand Response Augmentation

Keywords (choose from CPUC listing): Demand Response

AL 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

Summarize differences between the AL and the prior withdrawn or rejected AL¹:

Resolution Required? Yes No

Requested effective date: 8-9-2006 or CPUC approval

No. of tariff sheets: 3

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:

Service affected and changes proposed¹: See Advice Letter

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)

Attn: Brian K. Cherry

Vice President, 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 2913-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
25387-E	Preliminary Statement Part EC--Demand Response Expenditures Balancing Account (DREBA)	24741-E
25388-E	Table of Contents -- Rate Schedules	25243-E
25389-E	Table of Contents -- Preliminary Statements	25376-E



PRELIMINARY STATEMENT

EC. Demand Response Expenditures Balancing Account (DREBA)

- 1. PURPOSE: The purpose of the Demand Response Expenditure Balancing Account (DREBA) is to track the authorized demand response program revenue requirement compared to costs incurred by PG&E to implement and administer demand response programs authorized by Decision (D.) 06-03-024, D.06-11-049, and additional costs associated with developing upcoming 2009 - 2011 Demand Response Portfolios. (T)
(T)

The DREBA is a one-way balancing account that records the one-time set-up and ongoing Operating and Maintenance (O&M) and Administrative and General (A&G) expenses (including customer participation incentives) and capital-related revenue requirements incurred to develop and implement, or in reasonable anticipation of implementing the demand response programs in D.06-03-024, D.06-11-049, and additional costs associated with developing upcoming 2009 - 2011 Demand Response Portfolios. The revenues to be recorded to this memorandum account will include, but will not necessarily be limited to the authorized program revenue requirement, any equipment costs or enrollment fees to be paid by customers participating in these programs, and any related non-compliance or contractual non-performance penalties. (T)
I
(T)

In addition, pursuant to Decision 04-01-012, the DREBA will also record the Statewide Pricing Pilot (SPP) activities, and the administrative costs associated with Phase 2 of Rulemaking 02-06-001.

Pursuant to D.06-03-024, all Interruptible Load Program Memorandum Account (ILPMA) and Advanced Metering and Demand Response Account (AMDRA) balances recorded after December 31, 2005 related to demand response and interruptible programs, excluding customer participation incentives, will be transferred to the DREBA as 2006 program expenditures.

- 2. APPLICABILITY: The DREBA shall apply to all customer classes, except those specifically excluded by the Commission.
- 3. REVISION DATE: The revision dates applicable to the DREBA shall be determined as necessary in the Annual Electric True-Up (AET) process or other proceeding as authorized by the Commission.
- 4. RATES: The DREBA does not have a rate component.
- 5. ACCOUNTING PROCEDURE: The following entries shall be made at the end of each month:
 - a. A debit entry equal to PG&E's incremental one-time "set up" and ongoing O&M and A&G expenses incurred to develop and implement, or incurred in reasonable anticipation of implementing, demand response programs authorized by D.06-03-024, D.06-11-049, and additional costs associated with developing upcoming 2009 - 2011 Demand Response Portfolios. (T)
I
(T)
 - b. A debit entry equal to the costs to install meters and to implement Time-Of-Use rates and demand response programs (including dynamic rates adopted by the Commission) for (1) customers with demands 200 kW or greater required to have such interval meters; and (2) customers with demands less than 200 kW choosing interval meters in order to participate in demand response programs.
 - c. A credit entry equal to one-twelfth of the current year demand response program revenue requirement as authorized by the CPUC.

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(T)

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

ABAG Power Pool
Accent Energy
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Elsesser
Ancillary Services Coalition
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.
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
Dynergy Inc.
Ellison Schneider
Energy Law Group LLP
Energy Management Services, LLC
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
Luce, Forward, Hamilton & Scripps
Manatt, Phelps & Phillips
Marcus, David
Matthew V. Brady & Associates
Maynor, Donald H.
MBMC, Inc.
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
OnGrid Solar
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
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