

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



February 1, 2007

Advice Letter 2919-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 for Annual Updates to the Transmission Revenue Balancing Account Adjustment and the Reliability Services Rates and Implementing the End-Use Customer Refund Adjustment

Dear Ms. de la Torre:

Advice Letter 2919-E is effective January 1, 2007. A copy of the advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director  
Energy Division



**Brian K. Cherry**  
Vice President  
Regulatory Relations

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San Francisco, CA 94105

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October 27, 2006

**Advice 2919-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 for Annual Updates to the Transmission Revenue Balancing Account Adjustment and the Reliability Services Rates and Implementing the End-Use Customer Refund Adjustment

**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 the annual update to the Transmission Revenue Balancing Account Adjustment (TRBAA) and the Reliability Services (RS) rates and to implement the End-Use Customer Refund Adjustment (ECRA).

**Background**

**TRBAA**

PG&E's Transmission Owner (TO) Tariff specifies, among other things, the rates and charges for transmission access over the California Independent System Operator (CAISO) grid. A component of these charges is the TRBAA, which is the ratemaking mechanism designed to ensure, among other things, that all Transmission Revenue Credits flow through to TO Tariff retail and wholesale transmission customers.

In FERC Docket No. ER06-836-000, FERC approved PG&E's proposal to include a TRBAA sub-account rate to track the collection of Existing Transmission

Contract (ETC) Cost Differentials separately from the overall TRBA.<sup>1</sup> The sub-account rate collects historical ETC Cost Differentials from April 1998 through September 2005 and will be amortized over a three year period. PG&E filed Advice Letter 2819-E on April 19, 2006 informing the Commission of the April TRBAA. On October 26, 2006, PG&E filed Advice Letter 2819-E-A to update the Commission regarding FERC approval of PG&E's motion to modify the requested effective date of September 1, 2006 and implement the sub-account rate adjustment on January 1, 2007.<sup>2</sup> PG&E has also included the current ETC Cost Differentials as additional monthly components in the annual 2007 TRBAA calculation.

On October 5, 2006, PG&E proposed in its FERC filing in Docket No. ER07-16-000 to:

- 1) revise the TO Tariff to reflect PG&E's annual revision of the TRBAA rate based on the TO8 Transmission Revenue Requirement (TRR) for retail service rendered between January 1, 2007 and February 28, 2007; and
- 2) for retail service rendered on or after March 1, 2007, PG&E's annual revision to the TRBAA based on the TO9 TRR (submitted in FERC Docket No. ER06-1325-000); and
- 3) the revised High Voltage and Low Voltage TRRs for use by the CAISO to calculate the CAISO Transmission Access Charge (TAC) rates, specifically the 2007 High Voltage Access Charges and Transmission Charges under the CAISO Tariff for the TO8 and TO9 time periods described above.

The retail TRBAA rate revision is based on the TRBA balance as of September 30, 2006, and PG&E's 2007 TRBAA forecast estimated to be equal to PG&E's net TRBAA revenues and debits for the twelve-month period ending September 30, 2007. The total revenue requirement used in developing the new TRBAA rate consists of the balance in the TRBA as of September 30, 2006, which is a negative \$23,219,107; the interest on that amount of negative \$1,680,351; the forecast TRBA amount, a negative \$81,529,165; and a Franchise Fees and Uncollectibles (FFU) adjustment of a negative \$1,021,928. Overall, the year 2007 forecast TRBAA revenue requirement is negative \$107,450,550, as compared to last year's revenue requirement of negative \$53,623,930. This results in a proposed TRBA rate of (\$0.00128) per kWh. When this rate is added to the ETC Cost Differentials sub-account rate of \$0.00061 per kWh, the effective TRBAA rate for 2007 is (\$0.00067) per kWh, compared to the present rate of (\$0.00064) per kWh.

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<sup>1</sup> 116 FERC ¶ 61,202 (2006).

<sup>2</sup> 117 FERC ¶ 61,053 (2006).

**RSBA**

FERC Opinion No. 459, approved the September 21, 2001 partial settlement allowing recovery of PG&E's RS costs from Retail TO Tariff customers.

The RS rates consist of four components: (1) the 2006 Retail Carry Over, (2) the forecast RS costs for 2007, (3) the 2006 Retail Carry Over Interest and (4) an adjustment for FFU. The RS Rates for 2007 are developed using the following methodology: RS revenue requirement equals total RS costs less Retail revenue plus Retail Carry Over plus FFU plus RS cost forecast and interest.

The total revenue requirement of \$5,859,016 used in the development of the retail 2007 RS Rates consists of the forecast total 2007 RS costs of \$105,504,254 plus the retail carryover of (\$94,499,561) plus the FFU of \$55,723 plus retail carryover interest of (\$5,201,401).

**ECRA**

The ECRA is an adjustment to the transmission revenue requirement that is used to calculate End User Access Charge rates. Once a refund has been ordered by the Commission, PG&E will calculate the total amount due to PG&E's End Use Customers, including interest according to FERC. This amount will then be used to calculate a rate component of End-Use Customer rates for a 12 month period beginning on January 1st of the year following the date a refund is due retail customers under Commission Orders. PG&E selected a January 1st effective date so that the ECRA rate adjustment will coincide with the effective date for other balancing account rate adjustments. This provision was accepted as part of the settlement of the TO7 rate case.

Additionally, in PG&E's TO8 Filing, PG&E proposed an additional change to the definition of the ECRA to provide a mechanism for Standby revenues to be credited to End-Use Customers. CAISO Amendment No. 68 does not allow PG&E to forecast with accuracy the standby service PG&E will provide. Accordingly, in TO8, PG&E proposed to provide a Standby revenue credit, plus interest, as part of the ECRA starting on January 1, 2007, to reflect the Standby revenues received beginning with the effective date of TO8 rates. This provision was accepted as part of the settlement of the TO8 rate case.

The ECRA rate implementation for Stand-by revenues is based on monthly revenue billed under the standby rate classifications for March 2006 through September 2006. PG&E expects to refund a final amount of (\$4,172,935) to retail customers through the ECRA. This amount is based on (\$4,074,492) of principal and (\$98,444) of interest.

**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 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 TRBAA, RS, and ECRA 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 letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **November 16, 2006**, which is 20 days after the date of this filing. Protests should be mailed to:

CPUC Energy Division  
Tariff Files, Room 4005  
DMS Branch  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [ijnj@cpuc.ca.gov](mailto:ijnj@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 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:

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
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 to the General Order 96-A service list 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

# 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) #: **2919-E**

Subject of AL: Notice of Federal Energy Regulatory Commission Rate Filing for Annual Updates to the Transmission Revenue Balancing Account Adjustment and the Reliability Services Rates and Implementing the End-Use Customer Refund Adjustment

Keywords (choose from CPUC listing): Compliance

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

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

E-3930

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

Resolution Required?  Yes  No

Requested effective date: As soon as practicable after FERC ultimately authorizes these changes to become effective

No. of tariff sheets: 0

Estimated system annual revenue effect (%): TBD

Estimated system average rate effect (%): TBD

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: N/A

Service affected and changes proposed<sup>1</sup>: 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  
Tariff Files, Room 4005  
DMS Branch  
505 Van Ness Ave.,  
San Francisco, CA 94102  
jnj@cpuc.ca.gov

Pacific Gas and Electric Company  
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

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

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

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