

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



November 28, 2006

Advice Letter 2920-E

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

Subject: Revision to Preliminary Statement CZ – Distribution Revenue Adjustment
Account for Recovery of Franchise Fee Remittances Associated with Revenues for
Repayment of the Rate Reduction Bonds in Compliance with D. 06-10-044

Dear Ms. De La Torre:

Advice Letter 2920-E is effective October 19, 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	
DEC - 1 2006	
Records _____	
Return to _____	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
San Francisco, CA 94177

415.973.4977
Internal: 223.4977
Fax: 415.973.7226
Internet: BKC7@pge.com

October 30, 2006

Advice 2920-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Revision to Preliminary Statement CZ – Distribution Revenue
Adjustment Account for Recovery of Franchise Fee Remittances
Associated with Revenues for Repayment of the Rate Reduction
Bonds in Compliance with Decision 06-10-044**

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

In compliance with Ordering Paragraph 2 (OP2) of Decision (D.) 06-10-044, PG&E is filing this compliance advice letter to recover in rates the cost of franchise fees (FF) in conjunction with the Rate Reduction Bond (RRB) revenue through an entry in its tariff Preliminary Statement Part CZ -- Distribution Revenue Adjustment Mechanism (DRAM).

Background

On September 8, 2005, PG&E filed Application (A.) 05-09-009 to request authorization to recover, on a prospective basis, the cost of franchise fees it pays to cities and counties in conjunction with the revenues it collects under electric Preliminary Statement Part AS – Fixed Transition Amount Charge, to repay the RRBs authorized by D.97-09-055. On October 19, 2006, the Commission issued D.06-10-044 authorizing PG&E to modify DRAM to allow recovery of these costs on a prospective basis.

Tariff Revisions

In accordance with D.06-10-044, the DRAM is modified to add language to the Part 5, Accounting Procedures, for recovery of franchise fees as follows:

A debit entry equal to the franchise fees paid by PG&E associated with the revenue collected by PG&E under electric Preliminary Statement Part AS – *Fixed Transition Amount Charge*, calculated in proportion to total franchise-applicable revenue, plus an allowance for Franchise Fees and Uncollectible Accounts expense.

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 20, 2006**, which is 21 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: jjj@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

Pursuant to OP2 in D.06-10-044, PG&E requests that this advice filing become effective on **October 19, 2006**.

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 A.05-09-009. 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>

Handwritten signature of Brian K. Cheng in black ink.

Vice President, Regulatory Relations

Attachments

cc: A.05-09-009

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) #: **2920-E**

Subject of AL: Revision to Preliminary Statement CZ – Distribution Revenue Adjustment Account for Recovery of Franchise Fee Remittances Associated with Revenues for Repayment of the Rate Reduction Bonds in Compliance with Decision 06-10-044

Keywords (choose from CPUC listing): Compliance, Franchise Fees

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

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

D.06-10-044

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: **October 19, 2006**

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: Preliminary Statement CZ

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: 2866-E/2866-E-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

¹ Discuss in AL if more space is needed.

**ATTACHMENT 1
Advice 2920-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
25400-E	Preliminary Statement Part CZ--Distribution Revenue Adjustment Mechanism	24630, 25224-E
25401-E	Table of Contents -- Preliminary Statements	25373-E
25402-E	Table of Contents -- Rate Schedules	25398-E



PRELIMINARY STATEMENT
(Continued)

CZ. DISTRIBUTION REVENUE ADJUSTMENT MECHANISM (DRAM) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

- f. A credit entry equal to the debit entry in the California Alternative Rates for Energy Account (CARE) that corresponds to the actual CARE revenue shortfall. The corresponding debit entry is defined in PG&E's electric Preliminary Statement Part M.
- g. A credit entry equal to the recorded amount of revenue cycle services credits given to customers for revenue cycle services provided by entities other than PG&E.
- h. A credit entry equal to the amount of Shareholder Participation, as defined in Section 6 below.
- i. A debit entry equal to the payment to fund PG&E Environmental Enhancement Corporation plus an allowance for FF&U, pursuant to the Chapter 11 Settlement Agreement Paragraph 17c adopted in Decision 03-12-035.
- j. A debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to the DRAM for recovery in rates, upon approval by the CPUC.
- k. A debit entry equal to one-twelfth of the electric portion of the current year Self Generation Incentive Program (SGIP) revenue requirement authorized by the CPUC.
- l. A debit or credit entry, as appropriate, to record any shareholder rewards or penalties under the Reliability Incentive Mechanism adopted in D. 04-10-034. (T)
- m. A debit entry equal to the amounts paid to the Commission for reimbursement of rate case expenses billed to the Utility pursuant to Public Utilities Code Section 631, plus an allowance for Franchise Fees and Uncollectible Accounts expense. (T)
- n. A debit entry equal to the intervenor compensation payments authorized by the Commission, recorded during the month, plus an allowance for Franchise Fees and Uncollectible Accounts expense. (T)
- o. A debit entry equal to the franchise fees paid by PG&E associated with the revenue collected by PG&E under electric Preliminary Statement Part AS – Fixed Transition Amount Charge, calculated in proportion to total franchise-applicable revenue, plus an allowance for Franchise Fees and Uncollectible Accounts expense. (N)
|
(N)
- p. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entries, at a rate equal to one-twelfth of 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)

6. SHAREHOLDER PARTICIPATION: PG&E's shareholders bear some responsibility for economic risks and rewards associated with, but not limited to, Commission-approved economic discounts and credits to certain PG&E customers. This section ensures that ratepayers will not assume shareholders' obligations.

Shareholder Participation will be calculated monthly as follows:

The amount of the Shareholder Participation Mechanism for Schedule ED, in accordance with Resolution E-3654.



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Part CX	Not Being Used	
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**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	