

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



February 9, 2007

Advice Letter 2961-E

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

Subject: 2007 Department of Water Resources (DWR) Revenue Requirement  
Determination

Dear Ms de la Torre:

Advice Letter 2961-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 "S. H. Gallagher".

Sean H. Gallagher, Director  
Energy Division

RECEIVED  
REGULATORY RELATIONS DIVISION  
FEB 9 1 2007



Brian K. Cherry  
Vice President  
Regulatory Relations

77 Beale Street, Room 1087  
San Francisco, CA 94105

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Mail Code B10C  
Pacific Gas and Electric Company  
P.O. Box 770000  
San Francisco, CA 94177

415.973.4977  
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December 28, 2006

**Advice 2961-E  
(Pacific Gas and Electric Company ID U 39 E)**

Public Utilities Commission of the State of California

**Subject: 2007 Department of Water Resources (DWR) Revenue Requirement Determination**

Pacific Gas and Electric Company (PG&E) hereby submits this advice letter in compliance with Decision (D.) 06-12-035, *Order Allocating the 2007 Revenue Requirement Determination of the California Department of Water Resources*. Revised electric tariffs will be filed as part of PG&E's Annual Electric True-up (AET) supplemental advice filing<sup>1</sup>.

**Purpose**

The purpose of this filing is to comply with the requirements of D.06-12-035. Ordering Paragraph (OP) 5 of D.06-12-035 provides:

“Within 14 days of the issuance of today’s decision, the utilities shall file advice letters with revised tariffs that reflect the power charges, as adjusted for the non-bundled customer responsibility surcharge. The new tariffs shall be effective no later than January 1, 2007, subject to review by the Commission’s Energy Division.”

**Electric Rate Consolidation**

In this advice letter, PG&E seeks to affect the DWR revenue requirement changes described below by including them in PG&E's supplemental AET filing, which is expected to be filed on or about December 29, 2006, with rate changes to be effective on January 1, 2007.

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<sup>1</sup> This will be a supplement to Advice Letter 2895-E, which was filed on September 1, 2006.

**2007 DWR Bond Charge**

The 2007 DWR revenue requirement proceeding establishes both the 2007 DWR bond charge rate and the 2007 DWR power charge revenue requirement. In this advice letter, PG&E proposes to implement both changes through the consolidated rate changes made in the AET. Pursuant to D.06-12-035 (OP 2), the DWR bond charge for 2007 is \$0.00469 per kilowatt-hour (kWh). The DWR bond charge is paid by eligible bundled and non-bundled customers.

**2007 DWR Power Charge and Remittance Rate**

The 2007 DWR power charge revenue requirement determined by the 2007 DWR revenue requirement decision (D.06-12-035) is \$1,710 million<sup>2</sup>. As detailed in PG&E's AET supplement, the December 31, 2006 Power Charge Collection Balancing Account (PCCBA) balance is forecast to be \$20 million. As provided for in the CPUC's AET Resolution E-4032, PG&E, in its AET supplement, will combine the current year power charge revenue requirement with the amortization of the forecast PCCBA balance to develop the total power charge related revenue requirement to be implemented in retail rates (\$1,730 million). The PCCBA revenue component is collected in generation rates paid by bundled customers.

The corresponding DWR remittance rate for PG&E is provided in Appendix A of D.06-12-035 and is \$0.0875 per kWh.

**Non-bundled Charges**

PG&E expects that the power charge component of PG&E's non-bundled cost responsibility surcharge revenues for 2007 will be zero. PG&E's entire 2007 DWR power charge revenue requirement will be collected from bundled customers.

**Tariff Changes**

Pursuant to PG&E's discussion with the Energy Division, PG&E will file a supplement to its AET Advice Filing on or about December 29, 2006, with tariffs that include the final DWR related rate values based on D.06-12-035. The AET supplement will also contain revised rates for the PCCBA in electric Preliminary Statement I – Rate Schedule Summary.

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<sup>2</sup> See attached Appendix A which contains applicable excerpts from Appendix A of D.06-12-035.

**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 **January 17, 2007**, which is 20 days from 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](mailto:jjj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@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](mailto:PGETariffs@pge.com)

**Effective Date**

Pursuant to OP 5 of D.06-12-035, PG&E requests that this advice filing become effective **January 1, 2007**.

**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 parties on the list for Rulemaking (R.) 06-07-010. 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>

*Brian K. Cherry / TEM*

Vice President, Regulatory Relations

Attachments

cc: Service Lists R.06-07-010

**Attachment A**

**Pacific Gas and Electric Company  
Allocation of 2007 Revenue Requirement to PG&E and Remittance Rate Calculation (D.06-12-035)  
(Dollars in millions)**

<b>Line</b>	<b>Description</b>	<b>PG&amp;E</b>	<b>Reference</b>
1	Allocation Percentages	42.20%	Decision 05-06-060
2			
3	2004-2005 Revenues	(3,799)	Actuals
4	2004-2005 Expenses	3,929	Actuals
5	Transfer to PCA due to Over/(Under) Payment by IOUs	(130)	
6			
7	2006 Revenues	(2,025)	actuals through Sep-06
8	2006 Expenses	2,017	actuals through Sep-06
9	Transfer to PCA due to Over/(Under) Payment by IOUs	7	
10			
11	<b>Balancing Calculation</b>		
12	December 31, 2007 Projected Balance		
13	Desired Allocation of Balance	654	
14	January 1, 2004 Starting PCA Balances	701	
15	Cumulative Transfer to/(from) PCA Due to Over/(Under) Payment by IOUs	(123)	Line 5 + Line 9
16	Transfer needed to allocate starting and ending balances	76	
17			
18	<b>2007 Revenue Requirement Determination</b>		
19	Avoidable Costs	41	2007RptRR
20	Net Non-Avoidable Costs	1,634	2007RptRR
21	Gas Collateral Cost	25	2007RptRR
22	Administrative and General	11	2007RptRR
23	Other Non-Allocated Costs	-	2007RptRR
24	Surplus Revenue	(44)	2007RptRR
25	Interest Earnings on Fund Balance	(34)	2007RptRR
26	Cumulative Transfer to/(from) PCA Due to Over/(Under) Payment by IOUs	76	Line 16
		<b>1,710</b>	
	<b>Rate Calculation Table</b>		
1	<b>Revenue Requirement Allocated to IOU's Customers</b>	<b>\$ 1,710</b>	
2	DWR Delivered Energy (GWh)	19,546	
3	Calendar Year Remittance Rates	0.08750	
5	less: Estimated Direct Access CRS Revenues	-	
6	Bundled Revenue Requirement	<b>1,710</b>	
7	DWR Delivered Energy (GWh)	19,546	
8			
9	Calendar Year Remittance Rates (with CRS)	0.08750	

# 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 M)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Ted Maguire

Phone #: (415) 973-0888

E-mail: TEMN@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) #: **2961-E**

Subject of AL: 2007 Department of Water Resources (DWR) Revenue Requirement Determination

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 #:

D.06-12-035

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: **January 1, 2007**

No. of tariff sheets: 0

Estimated system annual revenue effect (%): See AL 2895-E-A: AET Supplemental Filing

Estimated system average rate effect (%): See AL 2895-E-A: AET Supplemental Filing

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: See AL 2895-E-A: AET Supplemental Filing

Service affected and changes proposed<sup>1</sup>: See AL 2895-E-A: AET Supplemental Filing

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 and mas@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 & Kahl	Dutcher, John	Praxair, Inc.
Ancillary Services Coalition	Dynegy 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	