

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 12, 2007

Advice Letters 2981-E-A
2981-E-B

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas & Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Subject: Supplement – PG&E’s Request for the Establishment of a Market
Redesign and Technology Upgrade Memorandum Account

Dear Mr. Cherry:

Advice Letters 2981-E-A and 2981-E-B are effective June 7, 2007.

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

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

June 15, 2007

Advice 2981-E-B

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Supplement - PG&E's Request for the Establishment of a Market Redesign and Technology Upgrade Memorandum Account

Purpose

On February 9, 2007 PG&E submitted Advice 2981-E-A¹ to create new electric Preliminary Statement EP - Market Redesign and Technology Upgrade Memorandum Account (MRTUMA), to record incremental expenses and incremental capital related costs associated with the California Independent System Operator's (CAISO) Market Redesign and Technology Upgrade (MRTU) initiative.

On June 7, 2007 the Commission approved Advice 2981-E-A in Resolution E-4093, with modifications. PG&E submits this supplemental filing in compliance with Ordering Paragraph (OP) 4 of Resolution E-4093, in which the Commission orders PG&E to update Part EP.4.b., which shall now read as follows:

"A credit entry to transfer amounts recorded in the MRTUMA to UGBA after Commission authorization by order in the ERRRA or other formal proceeding where the Commission has completed a review of the reasonableness of those amounts; and"

¹ PG&E had initially filed Advice 2981-E on February 9, 2007 to record incremental costs for MRTU in the Utility Generation Balancing Account. After subsequent conversations with the Commission's staff expressing their desire for a consistent approach between the three major Investor Owned Utilities, PG&E then filed Advice 2981-E-A to create the MRTUMA instead.

The revised MRTUMA is being submitted as Attachment 1 to this advice letter and supersedes the version of the MRTUMA submitted in Advice 2981-E-A in its entirety.

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 **July 5, 2007**. 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: mas@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 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:

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

In accordance with OP 4 of Resolution E-4093, PG&E requests that this advice filing become effective on **June 7, 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. 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>

A handwritten signature in black ink, appearing to read "Brent K. Anglin". The signature is written in a cursive style with a large, sweeping initial "B".

Vice President, Regulatory Relations

Attachment 1 – Memorandum Account

cc: Eric Greene – Energy Division

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 (ID39E)

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: David Poster

Phone #: (415) 973- 1082

E-mail: dxpu@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) #: **2981-E-B**

Subject of AL: Supplement – PG&E's Request for the Establishment of a Market Redesign and Technology Upgrade Memorandum Account

Keywords (choose from CPUC listing): MRTU, CAISO

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: N/A

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

Resolution Required? Yes No

Requested effective date: **06-07-07**

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: Electric Preliminary Statement Part EP

Service affected and changes proposed: 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

mas@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

**ATTACHMENT 1
Advice 2981-E-B**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
26406-E	Preliminary Statement Part EP--Market Redesign and Technology Upgrade Memorandum Account	26304-E
26407-E	Table of Contents -- Rate Schedules	26328-E
26408-E	Table of Contents -- Title Page	26323-E



PRELIMINARY STATEMENT
(Continued)

EP. Market Redesign and Technology Upgrade Memorandum Account (MRTUMA) (N)

1. PURPOSE:

The purpose of the MRTUMA is authority to record incremental expenses and incremental capital related costs associated with the California Independent System Operator's (CAISO) Market Redesign and Technology Upgrade (MRTU) initiative. PG&E must comply with the MRTU Tariff to conform to FERC regulations, and with existing legal agreements with the CAISO. In late September 2006, the FERC conditionally approved the MRTU tariff.

2. APPLICABILITY:

The MRTUMA shall apply to all customer classes, except for those specifically excluded by the Commission.

3. MRTUMA RATES:

The MRTUMA does not currently have a rate component.

4. ACCOUNTING PROCEDURE:

PG&E shall maintain the MRTUMA by making entries to this account at the end of each month as follows:

- a. A debit entry equal to PG&E's incremental expenses and capital-related revenue requirements (i.e., book depreciation, applicable taxes, and an authorized return on rate base) associated with implementing the CAISO's MRTU initiative;
- b. A credit entry to transfer amounts recorded in the MRTUMA to UGBA after Commission authorization by order in the ERRA or other formal proceeding where the Commission has completed a review of the reasonableness of those amounts; and
- c. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after entry 4.a, 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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Part ER	Air Conditioning Tracking Memorandum Account	26327, 26327*-E

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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 & 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	Sutherland, Asbill & Brennan
California ISO	International Power Technology	Tabors Caramanis & Associates
Calpine	Interstate Gas Services, Inc.	Tecogen, Inc
Calpine Corp	IUCG/Sunshine Design LLC	TFS Energy
Calpine Gilroy Cogen	J. R. Wood, Inc	Transcanada
Cambridge Energy Research Assoc	JTM, Inc	Turlock Irrigation District
Cameron McKenna	Luce, Forward, Hamilton & Scripps	U S Borax, Inc
Cardinal Cogen	Manatt, Phelps & Phillips	United Cogen Inc.
Cellnet Data Systems	Marcus, David	URM Groups
Chevron Texaco	Matthew V. Brady & Associates	Utility Resource Network
Chevron USA Production Co.	Maynor, Donald H.	Wellhead Electric Company
City of Glendale	MBMC, Inc.	White & Case
City of Healdsburg	McKenzie & Assoc	WMA
City of Palo Alto	McKenzie & Associates	
City of Redding	Meek, Daniel W.	
CLECA Law Office	Mirant California, LLC	
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	