STATE OF CALIFORNIA ARNOLD SCHWARZENEGGER, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

May 16, 2007 Advice Letter 2815-G/3007-E

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

Subject: Low Emission Vehicle Program – Revisions to the Natural Gas Vehicle Balancing Account and Elimination of the Electric Vehicle Balancing Account in Compliance with D. 07-03-044

Dear Ms. de la Torre:

Advice Letter 2815-G/3007-E is effective January 1, 2007. A copy of the advice letter is returned herewith for your records.

Sincerely,

Sean H. Gallagher, Director
Energy Division

Pacific Gas and Electric Company®

Brian K. Cherry
Vice President
Regulatory Relations

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San Francisco, CA 94105

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Pacific Gas and Electric Company
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March 26, 2007

Advice 2815-G/3007-E
(Pacific Gas and Electric Company ID U 39M)

Public Utilities Commission of the State of California

Subject: Low Emission Vehicle Program - Revisions to the Natural Gas Vehicle Balancing Account and Elimination of the Electric Vehicle Balancing Account in compliance with Decision 07-03-044

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its gas and electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.

Purpose

The purpose of this filing is to revise PG&E's gas and electric Low Emission Vehicle (LEV) balancing accounts to reflect changes authorized in the General Rate Case (GRC) Decision (D.) 07-03-044, issued March 15, 2007 and effective January 1, 2007.

Decision 07-03-044 in PG&E's 2007 GRC adopted a gas and electric distribution base revenue which includes funding for PG&E's LEV program that was previously recovered separately through the LEV balancing accounts. As a result of D. 07-03-044, PG&E is proposing to close the Electric Vehicle Balancing Account (EVBA) and remove the expense entries from the Natural Gas Vehicle Balancing Account (NGVBA) accrued since December 31, 2006.

Background

The CPUC approved ratepayer funding for the state's investor-owned utilities' LEV programs in D. 95-11-035 for six years through 2001. Resolution G-3322 extended through 2002 PG&E's LEV funding at the level authorized by D. 95-11-035. D. 02-12-056 further extended the bridge funding until a final decision could be issued by the Commission in the LEV proceeding that was then underway to address future LEV program funding for the state's investor-owned utilities. The CPUC issued D. 03-10-086 in the LEV proceeding on October 30, 2003, that authorized all of PG&E's requested funding for LEV-related customer education, research, development and demonstration (RD&D), and technology assessment application (TAA) programs through December 31, 2005.

Per the “Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge” issued June 26, 2002, the LEV proceeding was bifurcated into what the CPUC considered mandatory and discretionary LEV activities. Funding for mandatory activities, such as the acquisition of alternative fuel use fleet vehicles pursuant to federal regulations, infrastructure needed to support alternate fuel use vehicles, operation and maintenance of alternative fuel use vehicles and supporting infrastructure, and accounting for these mandatory programs would be considered in the GRC or cost of service rate cases for the separate utilities. Funding for discretionary LEV activities, such as customer education and training, and RD&D was addressed in the LEV proceeding.

PG&E’s 2003 GRC (D. 04-05-055) included the mandatory LEV program costs in the distribution base revenue requirement. In accordance with Commission D. 05-05-010, issued May 5, 2005, PG&E’s discretionary LEV program funding was to be addressed in the next GRC or other cost of service proceeding. In the 2007 GRC D. 07-03-044, the Commission approved a Settlement that included funding for PG&E’s LEV program funding as part of gas and electric distribution base revenues, effective January 1, 2007.

As a result of PG&E’s LEV program funding now being recovered entirely through GRC base revenue, separate balancing account treatment is no longer required. Therefore, in this advice letter PG&E is proposing to close the EVBA and reverse the expense entries recorded in the NGVBA after December 31, 2006.

Close the EVBA Effective January 1, 2007

The EVBA currently includes an entry equal to the Electric Vehicle (EV) program expenses not included in the GRC distribution base revenue, an entry to record the revenue from Electric Schedule E9B, and interest on the account balance. Upon approval of this advice letter, PG&E is proposing to reverse the EV program expense and associated interest recorded to the EVBA after December 31, 2006, as the EV program costs are recorded in the Distribution Revenue Adjustment Mechanism (DRAM) as part of the electric distribution base revenue effective January 1, 2007. PG&E is also proposing to reverse the revenue and associated interest recorded in the EVBA after December 31, 2006, and to reallocate the revenue by component consistent with the allocation of the revenue from Electric Schedule E9A. Once these entries are reversed, the EVBA will be closed effective January 1, 2007.

Remove Expense Entries in the NGVBA Effective January 1, 2007

The NGVBA currently records an entry equal to Natural Gas Vehicle (NGV) program expenses not included in the GRC distribution base revenue, an entry to record the revenue from NGV rate schedules[1], and interest on the account balance. Upon approval of this advice letter, PG&E proposes to reverse the expense and associated interest recorded to the NGVBA after December 31, 2006, as the NGV program costs are now recorded in the Core Fixed Cost Account (CFCA) and Noncore Distribution Fixed Cost Account (NDFCA) as part of the gas distribution base revenue effective January 1, 2007.

PG&E proposes no change, at this time, to entries of the revenue collected through PG&E's experimental NGV rates. Due to the experimental nature of PG&E's NGV rates, the revenue collected from these rates are in excess of PG&E's authorized gas revenue requirement. Consequently, NGV revenues are recorded separately in the NGVBA and returned to all gas customers in Annual Gas True-ups. A change to the currently adopted treatment of revenue collected through PG&E's experimental NGV rates must be made within the context of a Biennial Cost Allocation Proceeding (BCAP). Therefore, until PG&E's NGV revenue treatment is addressed in a future BCAP, PG&E will continue to record the revenue from the NGV rate schedules in the NGVBA and to transfer the NGVBA balance to the CFCA and NCA for inclusion in gas transportation rates in the Annual Gas True-up advice filing.

Tariff Revisions

Gas Preliminary Statement X – *Natural Gas Vehicle Balancing Account (NGVBA*) is revised to remove accounting procedure 5.b, which records NGV program expenses. In addition, the language in the "Purpose" section is updated to reflect the removal of the costs from this account.

Electric Preliminary Statement Z – *Electric Vehicle Balancing Account (EVBA)* will be eliminated.

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 **April 16, 2007**, which is 20 days after the date of this filing.[2] Protests should be mailed to:

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

[1] There is also an entry to record the revenue from the LNG rate schedule; However, there are no customers taking service under this rate schedule.
[2] The 20 day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.

Facsimile: (415) 703-2200
E-mail: jnj@cpuc.ca.gov and 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

Effective Date

Per D. 07-03-044, PG&E requests that this advice filing become effective on **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 on the service lists for A.05-12-002. 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/mt

Vice President, Regulatory Relations

Attachments
cc: Service List A. 05-12-002

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:	Contact Person: Megan Hughes
☒ ELC ☒ GAS	Phone #: (415) 973-1877
☐ PLC ☐ HEAT ☐ WATER	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) #: 2815-G/3007-E
Subject of AL: Low Emission Vehicle Program - Revisions to the Natural Gas Vehicle Balancing Account and Elimination of the Electric Vehicle Balancing Account in compliance with Decision 07-03-044

Keywords (choose from CPUC listing): Compliance, Nuclear

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other ______________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: D.07-03-044

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 AL[1]:

Resolution Required? ☐ Yes ☒ No

Requested effective date: January 1, 2007 No. of tariff sheets: 5

Estimated system annual revenue effect: (%):

Estimated system average rate effect (%):

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: Gas Preliminary Statement X and Electric Preliminary Statement Z

Service affected and changes proposed[1]:

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
jnj@cpuc.ca.gov **and mas@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 2815-G

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
24809-G	Preliminary Statement Part X--Natural Gas Vehicle Balancing Account	23277-G
24810-G	Table of Contents -- Preliminary Statements	24621-G
24811-G	Table of Contents -- Title Page	24622-G

ATTACHMENT 1
Advice 3007-E

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
DELETED	Preliminary Statement Part Z--Electric Vehicle Balancing Account	21664-E
26226-E	Table of Contents -- Preliminary Statements	25901-E
26227-E	Table of Contents -- Title Page	25712-E

PRELIMINARY STATEMENT
(Continued)

X. NATURAL GAS VEHICLE BALANCING ACCOUNT (NGVBA)

1. PURPOSE: The purpose of the NGVBA is to record all transportation revenue from customers receiving service under all natural gas vehicle (NGV) and liquefied natural gas (LNG) rate schedules. The balance in the NGVBA will be recovered from all gas customers in rates in the next Annual Gas True-up of Balancing Accounts, or as otherwise authorized by the Commission. (T)

   Descriptions of the terms and definitions used in this section are found in Preliminary Statement, Part C, or in Rule 1.

2. APPLICABILITY: The NGVBA balance will be collected from all customer classes except for those specifically excluded by the CPUC.

3. REVISION DATE: Disposition of the balance in this account shall be determined in the Annual Gas True-up of Balancing Accounts advice filling, or as otherwise authorized by the Commission.

4. RATES: The NGVBA does not currently have a rate component. (T)

5. ACCOUNTING PROCEDURE:

   PG&E shall maintain the NGVBA by making entries at the end of each month as follows:

   a. A credit entry equal to the transportation revenue for deliveries during the month under all NGV and LNG rate schedules, excluding the allowance for franchise fees and uncollectible accounts (F&U) expense. (D)

   b. A credit or debit entry to transfer all or a portion of the balance in the NGVBA to other balancing accounts for future rate recovery, as may be approved by the CPUC. (T)

   c. An entry equal to interest on the average balance in the NGVBA at the beginning of the month and the balance at the end of the month after entries X.5.a and X.5.b are made, 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. (T)

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General Order 96-A, Section III(G)

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