

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



May 4, 2007

Advice Letter 3013-E

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

Subject: 2007 General Rate Case – D. 07-03-044: Vegetation Management Balancing  
Account Updates

Dear Ms. de la Torre:

Advice Letter 3013-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

<b>REGULATORY RELATIONS</b>	
M Brown Tariffs Section	D Poster
R Dela Torre	M Hughes
B Lam	
MAY 9 2007	
Return to _____	Records _____
	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

March 23, 2007

**Advice 3013-E**

(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject: 2007 General Rate Case – Decision (D.) 07-03-044  
Vegetation Management Balancing Account to track  
incremental inspection and removal costs resulting from  
new California Department of Forestry and Fire Protection  
(CDF) rules**

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to Preliminary Statement BU. The affected tariff sheets are listed on the enclosed Attachment 1.

**Purpose:**

This advice filing requests Commission approval to establish a Subaccount within Preliminary Statement Part BU, Vegetation Management Balancing Account (VMBA), to record any increased inspection or removal costs incurred by PG&E due to California Department of Forestry and Fire Protection (CDF) required work.

**Background:**

In Decision 07-03-044, the Commission adopted the Settlement of PG&E's 2007 General Rate Case. (See D.07-03-044, Appendix C) Paragraph 18 of the Settlement allows PG&E to establish a separate Vegetation tracking account to record increased inspection or removal costs incurred by PG&E due to (a) new CDF rules and/or requirements that increase hazard tree inspections or removals; (b) re-interpretation by CDF of its existing rules and/or requirements that increase hazard tree inspections or removals; (c) changes in CDF enforcement approach that require PG&E to significantly increase the scope of its Vegetation Management program, either through significantly increased inspections or tree mitigation activities, or (d) new incremental work related to so-called major woody stems, including removal of the major woody stems, adding

tree wire to existing lines if appropriate, or relocating power lines further away from major woody stems.

If the costs in the Incremental Inspection and Removal Cost Tracking account exceed \$5 million in any calendar year, and if PG&E's overall expenses for Vegetation Management exceed \$148.38 million (\$150 million SAP\$), as adjusted for attrition, PG&E shall be authorized to recover through an advice filing all costs appropriately recorded in this tracking account for that calendar year through the Distribution Revenue Adjustment Mechanism (DRAM), or subsequently established mechanism by the Commission, subject to DRA audit of those costs showing compliance with the provisions above.

### **Tariff Revisions:**

To reflect the changes authorized by the Decision as described above, PG&E has revised Preliminary Statement BU – Vegetation Management Balancing Account (VMBA) to include Part 5, effective January 1, 2007, and has also added language to the Purpose section (See Attachment). The revision to the VMBA conforms to the provision of Paragraph 18 of the 2007 GRC Settlement.

### **Protests**

Anyone wishing to protest this filing may do so by sending a letter by April 12, 2007 which is **20** days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division  
Attention: Tariff Unit, 4<sup>th</sup> Floor  
505 Van Ness Avenue  
San Francisco, California 94102  
Facsimile: (415) 703-2200  
E-mail: [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov) and [jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov)

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Honesto Gatchalian, Energy Division, 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:**

PG&E requests that this advice letter become effective on January 1, 2007 which is the effective date of D.07-03-044.

**Notice:**

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter excluding the confidential appendices and the confidentiality declaration are being sent electronically and via U.S. mail to parties shown on the attached list and the service list for A.05-12-002. Address changes should be directed to Rose De La Torre (415) 973-4716. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>



Vice President - Regulatory Relations

cc: A.05-12-002

Attachments:

# 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) #: **3013-E**

Subject of AL: 2007 General Rate Case – Decision (D.) 07-03-044 Vegetation Management Balancing Account Updates

Keywords (choose from CPUC listing): GRC, Electric Tariffs

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: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL: \_\_\_\_\_

Resolution Required?  Yes  No

Requested effective date: **01-1-07**

No. of tariff sheets: 4

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 BU

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](mailto:mas@cpuc.ca.gov) and [jnj@cpuc.ca.gov](mailto: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](mailto:PGETariffs@pge.com)**



PRELIMINARY STATEMENT  
(Continued)

BU. VEGETATION MANAGEMENT BALANCING ACCOUNT (VMBA)

1. PURPOSE

The purpose of the VMBA is to record the difference between the vegetation management expense adopted in PG&E's General Rate Case (GRC) or other base revenue proceeding, and PG&E's recorded vegetation management expense. The VMBA is created in compliance with Decision 00-02-046, and will record the differences between revenues and expenses beginning January 1, 1999. The incremental inspection and removal costs tracking account is created in compliance with D.07-03-044 and will record costs of incremental work required by the California Department of Forestry and Fire Protection (CDF).

(N)  
|  
(N)

2. APPLICABILITY

The VMBA is applicable to all rate schedules, except those expressly authorized by the Commission.

3. VMBA RATES

The VMBA does not have a rate component.

4. VMBA ACCOUNTING PROCEDURE

(T)

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

- a. A debit entry equal to PG&E's recorded vegetation management expense for the month, less the vegetation management expenses allocated to Federal Energy Regulatory Commission (FERC) jurisdiction. FERC jurisdiction allocation is determined by multiplying the recorded vegetation management expense by the ratio of FERC to total electric distribution revenues as adopted in PG&E's GRC or other base revenue proceeding.
- b. A credit entry equal to one-twelfth of the amount adopted in PG&E's GRC or other base revenue proceeding for vegetation management expense, less the vegetation management expenses allocated to FERC Jurisdiction.
- c. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after entries 4.a and 4.b above, 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, G.13 or its successor.

The VMBA is a one-way balancing account. PG&E shall file an annual advice letter which shall include a summary of the entries to this account and a proposal for the disposition of any credit balance in the account.

(Continued)



PRELIMINARY STATEMENT  
(Continued)

BU. VEGETATION MANAGEMENT BALANCING ACCOUNT (VMBA) (Cont'd.)

5. INCREMENTAL INSPECTION AND REMOVAL COST TRACKING ACCOUNT ACCOUNTING PROCEDURE

(N)

PG&E shall maintain a separate tracking account to record incremental inspection and removal costs PG&E incurs due to CDF required work.

a. A debit entry equal to recorded incremental inspection and removal costs PG&E incurs due to:

- 1) New CDF rules and/or requirements that increase hazard tree inspections or removals;
- 2) Re-interpretation by CDF of its existing rules and/or requirements that increase hazard tree inspections or removals;
- 3) Changes in CDF enforcement approach that require PG&E to significantly increase the scope of its Vegetation Management program, either through significantly increased inspections or tree mitigation activities; and
- 4) New incremental work related to so-called major woody stems, including removal of the major woody stems, adding tree wire to existing lines if appropriate, or relocating power lines further away from major woody stems.

b. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after entries 5.a above, 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, G.13 or its successor.

If the costs in the Incremental Inspection and Removal Cost Tracking account exceed \$5 million in any calendar year, and if PG&E's overall expenses for Vegetation Management exceed \$148.38 million (\$150 million SAP\$), as adjusted for attrition, PG&E shall be authorized to recover through an advice filing all costs appropriately recorded in this tracking account for that calendar year through the Distribution Revenue Adjustment Mechanism (DRAM), or subsequently established mechanism by the Commission, subject to DRA audit of those costs showing compliance with the provisions above.

(N)

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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.
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Cross Border Inc	Navigant Consulting	
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Department of the Army	Office of Energy Assessments	
Department of Water & Power City	OnGrid Solar	
DGS Natural Gas Services	Palo Alto Muni Utilities	