

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 2, 2008

Advice Letters 3023-E-A
3023-E-B
3023-E-C

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

Subject: Supplement – Modify Energy Resource Recovery Account to
Record and Recover the Costs Associated with RPS Compliance
Requirements. (Preliminary Statement CP)

Dear Mr. Cherry:

Advice Letters 3023-E-A, 3023-E-B, and 3023-E-C are effective December 20, 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

Fax: 415.973.7226

December 21, 2007

Advice 3023-E-C

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Third Supplement – Implementation of E-4139 approving the Modification of the Energy Resource Recovery Account (ERRA) associated with RPS Compliance requirements for WREGIS.

PURPOSE

This third supplement advice filing is being filed in compliance with Resolution E-4139, dated December 20, 2007. Specifically, ordering paragraph 2 of the Resolution requests respondents to modify their respective ERRA preliminary statement to include a line item to record costs associated with participation in the Western Renewable Energy Information System (WREGIS). Pacific Gas and Electric Company (PG&E) hereby submits to the California Public Utilities Commission (CPUC) a third supplemental filing for Advice 3023-E, originally dated March 30, 2007.

PG&E provides its updated ERRA Preliminary Statement changes as an attachment to this advice letter.

PROTESTS

PG&E requests that the Commission waive the protest period for this advice letter filing because its purpose is to comply with the Commission's directive to modify the Preliminary Statement CP pursuant to E-4139.

EFFECTIVE DATE

PG&E requests that this advice filing become effective January 1, 2008. PG&E submits this as a Tier 1 filing.

NOTICE

In accordance with General Order 96-B, Section IV, 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 R.06-05-027. Address changes should be directed to Rose De La Torre, at telephone number (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 "Bruce Kang".

Vice President – Regulatory Relations

Attachment 1 – ERRRA Preliminary Statement CP

Cc: R.06-05-027
Amy Baker, Energy Division
Sean Simon, 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) #: 3023-E-C

Tier: 1

Subject of AL: Third Supplement – Implementation of E-4139 approving the Modification of the Energy Resource Recovery Account (ERRA) associated with RPS Compliance requirements for WREGIS.

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

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: E-4139

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: 1/1/2008

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: Preliminary Statement Part CP

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 3023-E-C**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
26419-E	Preliminary Statement Part CP--Energy Resource Recovery Account	25456-E
26420-E	Preliminary Statement Part CP (Cont.)	25457-E
26421-E	Table of Contents -- Preliminary Statements	26216-E
26422-E	Table of Contents -- Title Page	26323-E



PRELIMINARY STATEMENT
(Continued)

CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA)

1. **PURPOSE:** The purpose of the Energy Resource Recovery Account (ERRA) is to record and recover power costs, excluding California Department of Water Resources (DWR) contract costs, associated with PG&E's authorized procurement plan, pursuant to Decision 02-10-062, Decision 02-12-074 and California Public Utilities Code § 454.5(d)(3). Power costs recorded in ERRA include, but are not limited to, utility retained generation fuels, Qualifying Facility (QF) contracts, inter-utility contracts, California Independent System Operator (ISO) charges, irrigation district contracts and other Power Purchase Agreements (PPA), fees associated with participating in the Western Renewable Energy Generation Information System (WREGIS), bilateral contracts, forward hedges, bilateral demand response agreements, pre-payments and collateral requirements associated with procurement (including disposition of surplus power), and ancillary services. These costs are offset by reliability-must-run (RMR) revenues, PG&E's allocation of surplus sales revenues and the ERRA revenue. Revenues received from Schedule TBCC will also be recorded to the ERRA. (N)
(N)

California Public Utilities Code § 454.5(d)(3) mandates a trigger mechanism to ensure that an undercollection or overcollection in the ERRA does not exceed 5 percent of a utility's recorded generation revenues for the prior year excluding revenues collected for the DWR.

Pursuant to Decision 02-12-074, Conclusion of Law 23 and Ordering Paragraph (OP) 15, PG&E is authorized to file an expedited trigger application at any time that its forecast indicates the undercollection in the ERRA will be in excess of the 5 percent threshold or 5 percent of the prior calendar year generation revenues less revenues collected for DWR during that year.

Pursuant to Decision 04-01-050, the ERRA trigger mechanism for 2004 and subsequent years would be established annually through an Advice Letter on or before April of each year.

Decision 04-12-048 extended the ERRA Trigger to be in effect during the term of the long-term procurement contracts, or 10 years, whichever is longer.

2. **APPLICABILITY:** The ERRA shall apply to all customer classes, except for those specifically excluded by the Commission.
3. **REVISION DATES:** Pursuant to Decision 04-01-050, the revision dates applicable to the ERRA shall be (i) June 1 of each year for the forecast filing; (ii) February of each year for the compliance review filing; (iii) as determined in Section 1 above in the case of an ERRA Trigger Application; and (iv) through the advice letter process.

Decision 04-01-050 modified ERRA revision dates for 2004 and beyond specifically that (i) forecast filing date is June 1 of each year; (ii) the reasonableness review in February 2005; and (iii) the ERRA trigger for 2004 and subsequent years would be established annually through an Advice Letter on or before April 1 of each year.

(Continued)



PRELIMINARY STATEMENT
(Continued)

CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

The following entries reflect the total costs associated with procuring electricity for customers and other related costs:

- i) A debit entry equal to the amount paid for ISO-related charges;
- j) A debit entry equal to the sum for the month of the product of: (1) the Millions of British Thermal Units (MMBtu) of natural gas burned daily for all purposes at PG&E's fossil plants; and (2) that day's weighted-average cost of gas on a Utility Electric Generation (UEG) portfolio basis (\$/MMBtu);
- k) A debit entry equal to the sum for the month of the product of: (1) the barrels of distillate and heavy fuel oil burned daily for all purposes at the fossil plants; and (2) that day's weighted-average cost of distillate or fuel oil per barrel on a "last-in-first-out" (LIFO) basis;
- l) A debit entry equal to the hydroelectric fuel expenses. The fuel expenses include water purchase costs for the hydroelectric plants;
- m) A debit entry equal to fuel expenses for the Diablo Canyon Nuclear Power Plant;
- n) A debit entry equal to total costs associated with QF obligations that are eligible for recovery as an ongoing CTC;
- o) A debit entry equal to total costs associated with QF obligations that are not eligible for recovery as an ongoing CTC;
- p) A debit entry equal to bilateral contract obligations;
- q) A debit entry equal to hedging contract obligations;
- r) A debit entry equal to renewable contract obligations and fees associated with participating in WREGIS; (T)
(T)
- s) A debit entry equal to costs associated with irrigation district contracts and other purchase power obligations, excluding WAPA but including capacity contract obligations;
- t) A debit entry equal to spot market purchases;
- u) A debit entry equal to system tolling or capacity contract obligations;
- v) A debit or credit entry equal to pre-payments and credit and collateral payments, including all associated fees, for procurement purchase and, if applicable, reimbursements of pre-payments, credit and collateral payments;
- w) A debit entry equal to incentive payments authorized in the Phase 1 decision of the Advanced Metering, Demand Response, and Dynamic Pricing Proceeding pursuant to Decision 03-03-036;
- x) A debit entry equal to any other power costs associated with procurement;

(Continued)



TABLE OF CONTENTS

Preliminary Statements

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Part CB	DWR/ISO Cost Balancing Account	20500-E
Part CC	Real Time Energy Metering Memorandum Account.....	18307-18308-E
Part CD	Kern Restoration and Operation Memorandum Account.....	18509-E
Part CE	Baseline Balancing Account.....	23410-23411-E
Part CF	Net Energy Metering Memorandum Account	18831-E
Part CG	Utility Generation Balancing Account.....	25367, 25926-E
Part CH	Utility Retained Generation Income Tax Memorandum Account.....	20502-E
Part CI	Wholesale DWR/ISO Cost Memorandum Account	20503-E
Part CJ	Negative Ongoing Transition Charge Memorandum Account.....	25999-E
Part CK	Distribution Bypass Deferral Rate Memorandum Account	20619-E
Part CL	Distributed Energy Resources Memorandum Account.....	19042-E
Part CM	Bond Charge Balancing Account (BCBA)	20245, 19556-E
Part CN	Research, Development, and Demonstration Balancing Account.....	19371-E
Part CO	Renewables Balancing Account.....	19372-E
Part CP	Energy Resource Recovery Account	26419 , 24324, 26420 , 26218-E (T)
Part CQ	Modified Transition Cost Balancing Account.....	24326, 26415, 24328-24330-E
Part CR	Common Area Balancing Account	19768-19769-E
Part CS	Advanced Metering and Demand Response Account.....	26376-26378, 24739-E
Part CT	Direct Access Shortfall Account (DASA)	22416-E
Part CU	Customer Credit Card Holding Account	21533-E
Part CV	Financial Hedging Memorandum Account (FHMA)	20631-E
Part CY	El Paso Settlement Electric Memorandum Account (EPSEMA).....	20985-E
Part CZ	Distribution Revenue Adjustment Mechanism.....	24740*, 25368, 26210, 26504-26505-E



TABLE OF CONTENTS

Table of Contents

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Title Page	.....	26516-E
Rate Schedules	.....26685, 26515, 26540, 26689, 26573-E	
Preliminary Statements	.....26696, 26851 , 26444, 26382-E	(T)
Rules	.....	26568-E
Maps, Contracts and Deviations	.....	26322-E
Sample Forms	.....26569, 26541-26543, 25876, 26294, 26686, 25961-E	

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

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	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	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	