

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 10, 2007

Advice Letter 3035-E

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

Subject: Creation of the Humboldt Bay Power Plant Memorandum Account in Compliance with GRC D.07-03-044

Dear Ms. de la Torre:

Advice Letter 3035-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

REGULATORY RELATIONS	
M Brown	Tariffs Section
R Dela Torre	D Poster
B Lam	M Hughes
MAY 17 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: pgetariffs@pge.com

April 13, 2007

Advice 3035-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Creation of the Humboldt Bay Power Plant Memorandum Account in Compliance with GRC Decision 07-03-044

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

Purpose

In compliance with Decision (D.) 07-03-044, Ordering Paragraph 9, PG&E submits this Advice letter to establish the Humboldt Bay Power Plant Memorandum Account (HBPPMA). PG&E proposes to establish electric Preliminary Statement Part EQ - Humboldt Bay Power Plant Memorandum Account. The HBPPMA will be a one-way balancing account used to track the difference between the authorized and actual revenue requirement associated with specific projects which may be required for the continued operation of the existing units at Humboldt Bay Power Plant (HBPP). In the next General Rate Case, PG&E will refund any over collection of revenue not used to support these projects.

Background

On March 15, 2007, the Commission approved PG&E's 2007 General Rate Case (GRC) Settlement that includes specific revenue requirements for several projects that may be required for continued operation of HBPP. The revenue requirement details for years 2007 through 2009 are shown in Appendix C of the GRC Settlement. While no additional HBPP project costs were forecast for 2010, a revenue requirement for 2010 needs to be included for the final year of this account based on the prior costs outlined in the GRC Settlement. The 2010 estimated revenue requirement is \$2.255 million.

Preliminary Statement Changes

PG&E proposes to establish electric Preliminary Statement Part EQ – HBPPMA, to track the difference between the authorized and actual revenue requirement associated with specific projects required for the continued operation of the existing units at Humboldt Bay Power Plant. Any overcollection of revenue not used to support these projects will be refunded in the next General Rate Case.

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 **May 3, 2007**, which is 20 days after 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: anj@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

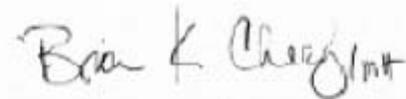
Effective Date

Per D.07-03-044, PG&E requests that this advice filing be approved 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 the parties on the service list for PG&E's 2007 GRC Application (A.)05-12-002. Workpapers supporting PG&E's 2010 estimated revenue requirement are available upon written request to: Pacific Gas and Electric Company, Regulatory Relations Department, Attention: Rose de la Torre, 77 Beale Street, Mail Code B10C, P.O. Box 770000, San Francisco, CA 94177 or email: PGETariffs@pge.com. 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>

A handwritten signature in black ink that reads "Brian K. Cheyette". The signature is written in a cursive style.

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:

ELC GAS
 PLC HEAT WATER

Contact Person: Megan Hughes

Phone #: (415) 973-1877

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) #: **3035-E**

Subject of AL: Creation of the Humboldt Bay Power Plant Memorandum Account in Compliance with GRC Decision 07-03-044

Keywords (choose from CPUC listing): Compliance, Memorandum Account

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 AL¹:

Resolution Required? Yes No

Requested effective date: **January 1, 2007**

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: New Electric Preliminary Statement EQ

Service affected and changes proposed¹:

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 3035-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
26307-E	Preliminary Statement Part EQ--Humboldt Bay Power Plant Memorandum Account	New
26308-E	Preliminary Statement Part EQ (Cont.)	New
26309-E	Table of Contents -- Rate Schedules	24332-E
26310-E	Table of Contents -- Title Page	26001-E



PRELIMINARY STATEMENT

EQ. HUMBOLDT BAY POWER PLANT MEMORANDUM ACCOUNT (HBPPMA)

(N)

1. **PURPOSE:** The purpose of the Humboldt Bay Power Plant Memorandum Account (HBPPMA) is to track the difference between the authorized and actual revenue requirement associated with specific projects which may be required for the continued operation of the existing units at Humboldt Bay Power Plant in accordance with the 2007 GRC Settlement and as approved by CPUC Decision 07-03-044 on March 15, 2007.
2. **APPLICABILITY:** The HBPPMA applies to all customer classes, except for those specifically excluded by the Commission. This is a one-way balancing account.
3. **RATES:** The current HBPPMA does not have a rate component.
4. **ACCOUNTING PROCEDURE:** PG&E shall maintain the HBPPMA by making entries to this account at the end of each month as follows:
 - a. A debit entry equal to PG&E's recorded expenses and capital-related revenue requirement incurred for the Humboldt Bay Power Plant (HBPP) projects required for the continued operation of the existing Plant at Humboldt Bay as described in the 2007 GRC Settlement. Capital-related revenue requirements include depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment. In addition, franchise fees and uncollectibles should be added to recorded expenses and capital-related revenue requirements. These expenses and capital-related revenue requirements will be for the following HBPP projects:
 - 316b Survey Studies
 - HBPP 316b Modifications of Intake Structure
 - HBPP MEPP 2 Fire Suppression System Replace
 - HBPP MEPP 3 Fire Suppression System Replace
 - U1 HPBB NOx Reduction SB 656 (PM10)
 - U2 HPBB NOx Reduction SB 656 (PM10)
 - HBPP U2 Replace FWH Control Valves
 - HBPP U2 Replace Super Heater
 - HBPP U1 Replace FWH Control Valves
 - HBPP U1 Purchase/Install 2.4 kV Switchgear
 - HBPP U1 Replace Condensate Control Valve
 - b. A credit entry equal to one-twelfth of the revenue requirement amount for each year 2007-2010 as adopted in PG&E's 2007 GRC for Humboldt Bay Power Plant projects. The 2007 revenue requirement is equal to \$1.341 million, the 2008 revenue requirement is equal to \$0.876 million, the 2009 revenue requirement is equal to \$0.709 million, and the 2010 revenue requirement is equal to \$2.255 million. These revenue requirements include franchise fees and uncollectibles expense.

(N)

(Continued)



PRELIMINARY STATEMENT
(Continued)

EQ. HUMBOLDT BAY POWER PLANT MEMORANDUM ACCOUNT (HBPPMA) (Cont'd.)

(N)

4. ACCOUNTING PROCEDURE: (Cont'd.)

c. An entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, 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.

The HBPPMA is a one-way balancing account. PG&E will transfer any credit balance in the account to the Utility Retained Generation Account (UGBA) before 2011. The disposition of the balance in this account shall be determined through the Annual Electric True-Up advice letter process.

(N)

TABLE OF CONTENTS

Preliminary Statements

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Part EA	Internal Combustion Conversion Incentives Balancing Account	23642-E
Part EC	Demand Response Expenditures Balancing Account (DREBA)	24741-24742-E
Part ED	Demand Response Revenue Balancing Account (DRRBA).....	24743-E
Part EF	Procurement Energy Efficiency Revenue Adjustment Mechanism (PEERAM).....	25392-E
Part EG	Credit Card Pilot Program Memorandum Account (CCPPMA)	25351-25352-E
Part EH	Negative Indifference Amount Memorandum Account (NIAMA)	25088-E
Part EI	SmartMeter Project Balancing Account - Electric.....	25141-25142-E
Part EJ	Pension Contribution Balancing Account	25227-25228-E
Part EL	Renewables Portfolio Standard Cost Memorandum Account	25453, 25453-E
Part EQ	Humboldt Bay Power Plant Memorandum Account.....	26307, 26308-E (N)

TABLE OF CONTENTS

Table of Contents

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Title Page	.....	26001-E
Rate Schedules	.....24617, 26092-26093, 25945, 26094-E	26094-E
Preliminary Statements	.....26095, 26000, 24331, 26309 -E	26309 -E (T)
Rules	.....	25588-E
Sample Forms	.....25587, 25586, 25875-25876, 25947, 25711, 25961-E	25961-E

**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
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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	
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Constellation New Energy	Morrison & Foerster	
CPUC	Morse Richard Weisenmiller & Assoc.	
Cross Border Inc	Navigant Consulting	
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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	