

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



June 22, 2007

Advice Letter 3057-E

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

Subject: 2006 Vegetation Management Balancing Account Balance

Dear Ms. de la Torre:

Advice Letter 3057-E is effective June 29, 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	
JUN 28 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

Fax: 415.973.7226

May 30, 2007

**Advice 3057-E**

(Pacific Gas and Electric Company ID U 39 E)

**Subject: 2006 Vegetation Management Balancing Account Balance**

Public Utilities Commission of the State of California

In accordance with the provisions of electric Preliminary Statement, Part BU--*Vegetation Management Balancing Account (VMBA)*, Pacific Gas and Electric Company (PG&E) submits for filing a summary of the entries made to the VMBA for the period from January 1, 2006, through December 31, 2006.

In 2006, the VMBA had a credit balance. Upon approval of this filing, PG&E will transfer the year-end 2006 balance, including accrued interest, to the Distribution Revenue Adjustment Mechanism (DRAM) account, the successor to the Transition Revenue Account (TRA). This is consistent with treatment of the 1999 and 2000 year-end VMBA balances authorized in Decision (D.) 02-02-043 dated February 21, 2002, the 2001 year-end VMBA balance by approval of Advice 2215-E, the 2002 year-end VMBA balance by approval of Advice 2370-E, and the 2005 year-end VMBA balance by approval of Advice 2818-E.

**Background**

In PG&E's 1999 GRC Decision (D.) 00-02-046, the Commission adopted a one-way balancing account mechanism to track vegetation management expenditures during the time the 1999 GRC revenue requirement is in effect. The VMBA provides that PG&E will file an annual advice letter summarizing the entries to the VMBA for that year and a proposal for the disposition of any credit balance in the account.

In PG&E's 2003 GRC Decision (D.) 04-05-055, the Commission adopted a Settlement Agreement regarding the distribution revenue requirement. Under the Settlement, PG&E is to continue using the one-way balancing account for

Vegetation Management, and \$127.9 million<sup>1</sup> (in 2003 dollars) was adopted as a reasonable forecast of Vegetation Management expense. This amount includes funding for the Vegetation Management Quality Assurance Program (VMQAP). On July 20, 2004, the Commission approved an attrition factor of 2.0% for the 2004 Electric Distribution Revenue Requirement (see Advice 2499-G/2446-E). The corresponding 2004 adopted expense for Vegetation Management was \$130.4 million (in 2004 dollars). On November 22, 2004, the Commission approved an attrition factor of 2.25% for the 2005 Electric Distribution Revenue Requirement (see Advice 2580-G/2566-E). The corresponding 2005 adopted expense for Vegetation Management was \$133.4 million (in 2005 dollars). On November 4, 2005, the Commission approved an attrition factor of 3.7% for the 2006 Electric Distribution Revenue Requirement (see Advice 2667-G/2722-E). The corresponding 2006 adopted expense for Vegetation Management was \$138.3 million (in 2006 dollars).

### **2006 VMBA Balance**

Entries made to the VMBA for the period January 1, 2006, through December 31, 2006, are shown in Table 1 on page 5, below. The recorded expenses for 2006 totaled \$137,457,985. In accordance with VMBA accounting procedures, this amount excludes Vegetation Management expenses allocated to Federal Energy Regulatory Commission (FERC) jurisdiction.

The adopted vegetation management expense for 2006 totaled \$138,297,000 (in 2006 dollars). Excluding the allocated FERC jurisdiction amounts, the net adopted 2006 expense is \$137,633,174 (in 2006 dollars).

The difference between the amount adopted in D.04-05-055 and the recorded expense for 2006, including accrued interest through April 31, 2006, is \$155,588. This amount represents an overcollection, or credit balance, in the VMBA. PG&E proposes to transfer the overcollection, including additional interest accrued, to the DRAM (successor to the TRA), consistent with treatment of the 1999 and 2000 VMBA overcollections authorized in D.02-02-043, the 2001 VMBA overcollection approved in Advice 2215-E, the 2002 VMBA overcollection approved in Advice 2370-E, and the 2005 VMBA overcollection approved in Advice 2818-E.

### **Effective Date**

PG&E requests that this filing become effective on **June 29, 2007**, which is 30 days after the date of filing.

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<sup>1</sup> \$124.7 million (in 2000 dollars)

**Protests**

Anyone wishing to protest this filing may do so by sending a letter by **June 19, 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, 4th Floor  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102  
Facsimile: (415) 703-2200  
E-mail: [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov) and [inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov)

Protests also should be sent by e-mail and facsimile to Mr. Honesto Gatchalian, Energy Division, as shown above, and by U.S. mail to Mr. Gatchalian at the above address.

The protest should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below.

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
P.O. Box 770000 Mail Code B10C  
San Francisco, California 94177  
Facsimile: (415) 973-7226  
E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

The protest shall set forth the grounds upon which it is based and shall be submitted expeditiously. There is no restriction on who may file a protest.

**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 "Bruce K. Anglin". The signature is written in a cursive, somewhat stylized font.

Vice President - Regulatory Relations

Attachments

**Table 1**

**Vegetation Management  
Balancing Account Summary**

**January 1, 2006, through December 31, 2006**

	2006 GRC Adopted Estimate*		\$138,297,000
	Less FERC Allocation (0.48%)		(\$663,826)
	<b>TOTAL</b>		\$137,633,174
	2006 Recorded Expenses*		\$138,120,966
	Less FERC Allocation (0.48%)		(\$662,981)
	<b>TOTAL</b>		\$137,457,985
	Over (Under) Expenditure		(\$175,189)
	Accrued Interest (through April 31, 2007)		\$19,601
	<b>TOTAL</b>		(\$155,588)

# 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) #: 3057-E

Subject of AL: 2006 Vegetation Management Balancing Account Balance

Keywords (choose from CPUC listing): Vegetation Management

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: D.00-02-046

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: 06-29-07

No. of tariff sheets: 0

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:

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)**

**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	