

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 13, 2007

Advice Letter 3149-E

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: Notice of Federal Energy Regulatory Commission Rate
Filing for Annual Updates to the Transmission Revenue
Balancing Account Adjustment, the Reliability Services
Rates and the End-Use Customer Refund Adjustment

Dear Mr. Cherry:

Advice Letter 3149-E is effective December 1, 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

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Mail Code B10C
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November 2, 2007

Advice 3149-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Notice of Federal Energy Regulatory Commission Rate Filing for Annual Updates to the Transmission Revenue Balancing Account Adjustment, the Reliability Services Rates and the End-Use Customer Refund Adjustment

Purpose

Pacific Gas and Electric Company (PG&E) hereby submits this advice to provide the Commission with notice of PG&E's recent filing with the Federal Energy Regulatory Commission (FERC) requesting a transmission rate change for its retail electric customers, in compliance with Resolution E-3930. The purpose of PG&E's FERC filing is to request the annual update to the Transmission Revenue Balancing Account Adjustment (TRBAA), the Reliability Services (RS) rates and the End-Use Customer Refund Adjustment (ECRA).

Background

TRBAA

PG&E's Transmission Owner (TO) Tariff specifies, among other things, the rates and charges for transmission access over the California Independent System Operator Corporation (CAISO) grid. A component of these charges is the TRBAA, which is the ratemaking mechanism designed to ensure, among other things, that all Transmission Revenue Credits flow through to TO Tariff retail and wholesale transmission customers.

On October 4, 2007, PG&E proposed in its FERC filing in Docket No. ER08-21-000 to:

- 1) revise the TO Tariff to reflect PG&E's annual revision of the TRBAA rate based on the TO9 Transmission Revenue Requirement (TRR) for retail service rendered between January 1, 2008 and February 28, 2008; and
- 2) for retail service rendered on or after March 1, 2008, PG&E's annual revision to the TRBAA based on the TO10 TRR (submitted in FERC Docket No. ER07-1213-000); and
- 3) the revised High Voltage and Low Voltage TRRs for use by the CAISO to calculate the CAISO Transmission Access Charge (TAC) rates, specifically the 2008 High Voltage Access Charges and Transmission Charges under the CAISO Tariff for the TO9 and TO10 time periods described above.

The retail TRBAA rate revision is based on the TRBA balance as of September 30, 2007, and on PG&E's 2008 TRBAA forecast, which is estimated to be equal to PG&E's net TRBAA revenues and debits for the twelve-month period ending September 30, 2007. The total revenue requirement used in developing the new TRBAA rate consists of the balance in the TRBA as of September 30, 2007, which is a negative \$6,363,529; the interest on that amount, which is negative \$3,467,010; the forecast TRBA amount, which is negative \$47,845,818; and a Franchise Fees and Uncollectibles (FFU) adjustment, which is negative \$591,471. Overall, the year 2008 forecast TRBAA revenue requirement is negative \$58,267,828, as compared to last year's revenue requirement of negative \$107,450,550. This results in a proposed TRBA rate of (\$0.00069) per kWh.

Additionally, PG&E has included the second installment of a three year amortized revenue requirement for the Existing Transmission Contract (ETC) Cost Differential sub-account in the amount of a positive \$0.00061 (approved by FERC on August 31, 2006, in Docket ER06-836-000). When the proposed TRBA rate is added to the ETC Cost Differentials sub-account rate, the effective TRBAA rate for 2008 is (\$0.00008) per kWh, compared to the present rate of (\$0.00067) per kWh.

RSBA

FERC Opinion No. 459 approved a September 21, 2001, partial settlement allowing recovery of PG&E's RS costs from Retail TO Tariff customers.

The RS rates consist of four components: (1) the 2007 Retail Carry Over; (2) the forecast RS costs for 2008; (3) the 2007 Retail Carry Over Interest, and; (4) an adjustment for FFU. The RS Rates for 2008 are developed using the following methodology: RS revenue requirement equals total RS costs less Retail revenue plus Retail Carry Over plus FFU plus RS cost forecast and interest.

The total revenue requirement of negative \$57,946,570 which is used in the development of the retail 2008 RS Rates consists of the forecast total 2008 RS costs of \$57,695,945 plus the retail carryover of negative \$106,820,732 plus the FFU of negative \$588,210 plus retail carryover interest of negative \$8,233,573.

ECRA

The ECRA is an adjustment to the transmission revenue requirement that is used to calculate End User Access Charge rates. Once a refund has been ordered by FERC, PG&E will calculate the total amount due to PG&E's End Use Customers, including interest according to FERC. This amount will then be used to calculate a rate component of End-Use Customer rates for a 12 month period beginning on January 1st of the year following the date a refund is due retail customers under FERC Orders. PG&E selected a January 1st effective date so that the ECRA rate adjustment will coincide with the effective date for other balancing account rate adjustments. This provision was accepted as part of the settlement of the TO7 rate case.

Additionally, in PG&E's TO8 Filing, PG&E proposed an additional change to the definition of the ECRA to provide a mechanism for Standby revenues to be credited to End-Use Customers. CAISO Amendment No. 68 does not allow PG&E to forecast with accuracy the standby service PG&E will provide. Accordingly, in TO8, PG&E proposed to provide a Standby revenue credit, plus interest, as part of the ECRA starting on January 1, 2008, to reflect the Standby revenues received beginning with the effective date of TO8 rates. This provision was accepted as part of the settlement of the TO8 rate case.

The ECRA rate implementation for Stand-by revenues is based on monthly revenue billed under the standby rate classifications for October 2006 through September 2007. PG&E expects to refund a final amount of negative \$7,731,475 to retail customers through the ECRA. This amount is based on negative \$7,088,535 of principal and negative \$642,940 of interest.

Compliance with Resolution E-3930

PG&E submits this advice pursuant to Process Element 3 of Resolution E-3930. Consistent with past practice, PG&E has also provided the Commission with a complete copy of the FERC filing on the same date that it was filed with FERC, by service to Mr. Randolph L. Wu of the Commission's Legal Division.

In this advice, PG&E requests authority to revise each corresponding transmission rate component of its CPUC-jurisdictional tariffs as soon as practicable once FERC authorizes the changes to become effective , and to make corresponding adjustments to its total applicable CPUC-jurisdictional rates, with exceptions only as described below for the residential tariffs.

As described under Process Elements 5 and 6 of Resolution E-3930, California Assembly Bill 1X (AB 1X) constraints continue to apply to total rates for residential usage up to 130 percent of baseline ("Tier 1 and 2 usage"). PG&E proposes to supplement this advice letter or detail in a separate advice letter that coincides with other retail rate changes how PG&E will meet AB 1X requirements for the TRBA rate change.

As anticipated under Process Element 4 of Resolution E-3930, PG&E will supplement this advice or indicate in a separate advice letter that coincides with other retail rate changes when the requested TRBAA, RS, and ECRA rate changes are approved, modified, denied or have been otherwise acted upon by the FERC. At that time, PG&E will also provide complete updated tariff sheets, including final adjustments to the rate components of the residential tariffs

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 November 22, 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: jjj@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

PG&E requests that this advice filing become effective as soon as practicable after FERC authorizes these changes to become effective. PG&E proposes to consolidate the electric rate changes resulting from the transmission rate change, to the extent practicable, with the first planned rate change after FERC authorizes PG&E's requests.

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 on the service list for PG&E's 2003 General Rate Case Application, A.02-11-017. Address changes to the General Order 96-B 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 cursive script that reads "Brian K. Cherry / drc".

Vice President, Regulatory Relations

cc: Service List

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 (ID U39 M)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Daren Chan

Phone #: (415) 973-5361

E-mail: d1ct@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) #: **3149-E**

Tier: 1

Subject of AL: Notice of Federal Energy Regulatory Commission Rate Filing for Annual Updates to the Transmission Revenue Balancing Account Adjustment, the Reliability Services Rates and the End-Use Customer Refund Adjustment

Keywords (choose from CPUC listing): Compliance

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: Res. E-3930

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes No

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: _____

Resolution Required? Yes No

Requested effective date: as soon as practicable after FERC authorizes these changes to become effective No. of tariff sheets: 0

Estimated system annual revenue effect (%): TBD

Estimated system average rate effect (%): TBD

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: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests, dispositions, 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

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave.,

San Francisco, CA 94102

jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

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

**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	