

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 3, 2008

Advice Letter 3163-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: Revision of Preliminary Statement Part ER to Track
Costs of Air Conditioning Direct Load Control Devices
in Excess of the 25,000 Installations Approved

Dear Mr. Cherry:

Advice Letter 3163-E is effective December 30, 2007.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director
Energy Division

November 30, 2007

**Advice 3163-E
(Pacific Gas and Electric Company U 39-E)**

Public Utilities Commission of the State of California

Subject: Revision of Preliminary Statement Part ER to Track Costs of Air Conditioning Direct Load Control Devices in Excess of the 25,000 Installations Approved.

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its electric preliminary statement ER – *Air Conditioning Tracking Memorandum Account*. The affected tariff sheets are enclosed as Attachment 1.

For reasons discussed below, PG&E requests that this advice letter be approved no later than December 30, 2007, which is 30 days after the date of this filing.

Purpose

The purpose of this advice letter is to allow PG&E to record increased costs that are associated with the installation of 25,000 direct load control devices incremental to the 5,000 devices authorized by the Commission in Resolution E-4061 and the 20,000 additional devices PG&E was authorized to record in ACTMA in Advice Letter 3025-E-A, approved on June 4, 2007.¹ By this advice letter, PG&E is not seeking cost recovery for the additional 25,000 AC load control device installations. Transfer of the balance of the memorandum account for recovery in rates would require California Public Utilities Commission (Commission) authorization, which PG&E has requested in its pending Application for Approval of an Air Conditioning Direct Load Control Program, A.07-04-009.

Background

On November 30, 2006, the Commission issued Decision (D.) 06-11-049, which approved the concept of PG&E's proposed air conditioning direct load control program that would deliver Demand Response (DR) by cycling or increasing the temperature setting of customer air conditioning (AC) units. D. 06-11-049 ordered PG&E to file an advice letter to implement an AC direct load control program for 2007 consistent with the decision. On December 8, 2006, in compliance with

¹ Resolution E-4061 was approved on February 15, 2007, in response to PG&E's Advice Letter 2946-E.

D.06-11-049, PG&E filed Advice 2946-E, which proposed an AC direct load control program for residential and small commercial (loads less than 200 kW) customers for the summer of 2007. In addition to providing detailed budget and cost information, Advice 2946-E stated PG&E's intention to file an application for an extensive system wide AC direct load control program that would go into effect in 2008 (the "2008 program").

In Advice 2946-E, PG&E also proposed filing an advice letter, concurrent with the application for a 2008-2020 AC direct load control program, to create a memorandum account to record costs associated with continuing device installations beyond 5,000 devices approved for cost recovery in Resolution E-4061.² This proposal was to ensure that PG&E would not lose the momentum created in the roll out of the 2007 program by ceasing installations between the time the 5000th device was installed and the beginning of the 2008-2020 AC program. On May 10, 2007, PG&E filed Advice 3025-E-A, which requested a memorandum account to record the costs for 20,000 incremental AC direct load control devices.³ Energy Division approved the Air Conditioning Tracking Memorandum Account (ACTMA) on June 4, 2007.

As of November 28, 2007, PG&E has received 37,900 customer enrollments in the AC Program. PG&E anticipates that it will install 25,000 devices by January 2008. At this point, PG&E has invested a great deal of effort to market and promote the AC Program, as well as get the necessary installation personnel in place. It would be detrimental to the AC Program if PG&E were required to temporarily abandon its roll out efforts once 25,000 devices are installed while awaiting a decision on its application.

PG&E Proposes to Continue to Build the AC Direct Load Control Program Beyond 25,000 Installations.

It is prudent for PG&E to continue with its AC direct load control device installations until the Commission issues its decision in A.07-04-009. The additional installations are necessary to maximize the DR benefits that will be available in Summer 2008 and increase grid reliability. Approved Advice 3025-E-A allows PG&E to record costs in the ACTMA until the 2008 Program commences, even if that occurs after January 1, 2008.⁴ PG&E, therefore, is requesting to increase the total number of devices tracked in the ACTMA by 25,000 devices. PG&E estimates that the 25,000 incremental installed devices would cost approximately \$9.1 million.

² On April 6, 2007, PG&E filed A.07-04-009 requesting the approval of a 2008-2020 AC Direct Load Control Program.

³ Advice 3025-E-A superseded Advice 3025-E, which was filed on March 27, 2007. The only difference between the filings is the substitution of a memorandum account (3025-E-A) for a revenue balancing account subaccount (3025-E).

⁴ Advice 3025-E-A, pg. 2.

Protest

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 **December 20, 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

PG&E requests that this advice letter be effective upon approval no later than **December 30, 2007**, as discussed above.

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 parties on the service list for A.07-04-009. Address changes to the General Order 96-B service list should be directed to Rose de la Torre at (415)

973-4716. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at:

<http://www.pge.tariffs>

A handwritten signature in black ink, appearing to read "Brian K. Cheyette". The signature is written in a cursive style and is positioned above the text "Vice President – Regulatory Relations".

Vice President – Regulatory Relations

Attachments

Cc: Service List – A.07-04-009

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: 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) #: 3163-E

Tier: 2

Subject of AL: Revision of Preliminary Statement Part ER to Track Costs of Air Conditioner Direct Load Control Devices in Excess of the 25,000 Installations Approved

Keywords (choose from CPUC listing): Preliminary Statement, Demand Side Management, Air Conditioning

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

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

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: **No**

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: December 30, 2007

No. of tariff sheets: 3

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 ER

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

**ATTACHMENT 1
Advice 3163-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
26721-E	Preliminary Statement Part ER--Air Conditioning Tracking Memorandum Account	26327*-E
26722-E	Table of Contents -- Rate Schedules	26685-E
26723-E	Table of Contents -- Title Page	26516-E



PRELIMINARY STATEMENT

ER. AIR CONDITIONING TRACKING MEMORANDUM ACCOUNT (ACTMA)

1. **PURPOSE:** The purpose of Air Conditioning Tracking Memorandum Account (ACTMA) is to track the costs associated with the installation of Air Conditioning (AC) direct load control devices.
2. **APPLICABILITY:** The ACTMA shall apply to all customer classes, except those specifically excluded by the Commission.
3. **REVISION DATE:** PG&E will request disposition of this account balance in a future advice filing.
4. **RATES:** The ACTMA does not have a rate component.
5. **ACCOUNTING PROCEDURES:** The following entries shall be made at the end of each month:
 - a. A debit entry equal to the costs associated with customer enrollment and installation of AC direct load control devices, as long as the following conditions are met: (1) no less than 5,000 devices have already been installed, (2) the total number of devices installed does not exceed 45,000, and (3) all devices are to be installed prior to the commencement of the program adopted by the Commission in response to PG&E's April 2007 AC Load Control Program application (A.07-07-009).
 - b. A credit entry to the ACTMA to transfer the amounts approved by the Commission for recovery in rates.
 - c. A credit entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entries, at a rate equal to one-twelfth of 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.

(T)

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

ABAG Power Pool
Accent Energy
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Kahl
Ancillary Services Coalition
Anderson Donovan & Poole P.C.
Applied Power Technologies
APS Energy Services Co Inc
Arter & Hadden LLP
Avista Corp
Barkovich & Yap, Inc.
BART
Bartle Wells Associates
Blue Ridge Gas
Bohannon Development Co
BP Energy Company
Braun & Associates
C & H Sugar Co.
CA Bldg Industry Association
CA Cotton Ginners & Growers Assoc.
CA League of Food Processors
CA Water Service Group
California Energy Commission
California Farm Bureau Federation
California Gas Acquisition Svcs
California ISO
Calpine
Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Cellnet Data Systems
Chevron Texaco
Chevron USA Production Co.
City of Glendale
City of Healdsburg
City of Palo Alto
City of Redding
CLECA Law Office
Commerce Energy
Constellation New Energy
CPUC
Cross Border Inc
Crossborder Inc
CSC Energy Services
Davis, Wright, Tremaine LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
DGS Natural Gas Services

Douglass & Liddell
Downey, Brand, Seymour & Rohwer
Duke Energy
Duke Energy North America
Duncan, Virgil E.
Dutcher, John
Dynergy Inc.
Ellison Schneider
Energy Law Group LLP
Energy Management Services, LLC
Exelon Energy Ohio, Inc
Exeter Associates
Foster Farms
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
G. A. Krause & Assoc
Gas Transmission Northwest Corporation
GLJ Energy Publications
Goodin, MacBride, Squeri, Schlotz &
Hanna & Morton
Heeg, Peggy A.
Hitachi Global Storage Technologies
Hogan Manufacturing, Inc
House, Lon
Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
Interstate Gas Services, Inc.
IUCG/Sunshine Design LLC
J. R. Wood, Inc
JTM, Inc
Luce, Forward, Hamilton & Scripps
Manatt, Phelps & Phillips
Marcus, David
Matthew V. Brady & Associates
Maynor, Donald H.
MBMC, Inc.
McKenzie & Assoc
McKenzie & Associates
Meek, Daniel W.
Mirant California, LLC
Modesto Irrigation Dist
Morrison & Foerster
Morse Richard Weisenmiller & Assoc.
Navigant Consulting
New United Motor Mfg, Inc
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Agency
Office of Energy Assessments
OnGrid Solar
Palo Alto Muni Utilities

PG&E National Energy Group
Pinnacle CNG Company
PITCO
Plurimi, Inc.
PPL EnergyPlus, LLC
Praxair, Inc.
Price, Roy
Product Development Dept
R. M. Hairston & Company
R. W. Beck & Associates
Recon Research
Regional Cogeneration Service
RMC Lonestar
Sacramento Municipal Utility District
SCD Energy Solutions
Seattle City Light
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URM Groups
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