

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 17, 2008

Advice Letter 2892-G/3170-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: Elimination of the Financial Hedging Memorandum Accounts

Dear Mr. Cherry:

Advice Letter 2892-G/3170-E is effective January 4, 2008.

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

Pacific Gas and Electric Company
77 Beale St., Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

415.973.4977
Fax: 415.973.7226

December 5, 2007

Advice 2892-G/3170-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Elimination of the Financial Hedging Memorandum Accounts

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

Purpose

This filing proposes to transfer the remaining balance from the gas and electric Financial Hedging Memorandum Accounts (FHMAs), amortize the balance in the Unamortized Debt Expense Account, and to then eliminate the FHMAs, which are no longer applicable.

Background

The FHMAs were established to track costs associated with interest rate hedges that were authorized in PG&E bankruptcy Decision 03-09-020. All interest rate hedging cost had been recorded by April 2004. There will be no additional cost in the future. Decisions 02-11-027 and 04-12-047 authorized PG&E to recover this cost through PG&E's cost of debt. Consistent with these decisions, beginning in 2004, PG&E has continued to amortize the balance recorded in the FHMA accounts as portion of the cost is being included as part of PG&E's cost of debt.

The total remaining balance in the FHMAs as of November 2007 is \$ 31.5 million. Since there will be no future costs recorded in the FHMAs, there is no longer a need for the memorandum accounts. PG&E is requesting the transfer of balances in FHMAs to the Unamortized Debt Expense Account which contains cost associated with other debt issuance related expenses. The remaining transferred balance will continue to be amortized. After the transfer, PG&E proposes to close the FHMAs.

Tariff Revisions

PG&E proposes to close the following balancing accounts and delete the preliminary statements from its tariff book.

Electric Preliminary Statement Part CV – Financial Hedging Memorandum Account (FHMA) – There has been no activity associated with the account, and PG&E therefore proposes to eliminate the account. There is currently no balance in the account.

Gas Preliminary Statement Part BC – Financial Hedging Memorandum Account (FHMA) – There is currently a \$31.5 million balance in this account. Due to the fact that the only current and future activity that will be posted to this account is the monthly amortization of the balance, PG&E proposes to transfer the balance to the Unamortized Debt Expense Account and then eliminate the account.

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 **December 26, 2007**, which is 21 days after the date of this filing.¹ 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

¹ The 20 day protest period concludes on a holiday. PG&E is hereby moving this date to the following business day.

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Effective Date

PG&E requests that this advice filing become effective on regular notice, **January 4, 2007**, which is 30 calendar days after the date of 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. 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.com/tariffs>

A handwritten signature in black ink that reads "Brian K. Cheery". The signature is written in a cursive style and is positioned above the typed name and title.

Vice President, Regulatory Relations

Attachments

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: 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) #: 2892-G/3170-E

Tier: 2

Subject of AL: Elimination of the Financial Hedging Memorandum Accounts

Keywords (choose from CPUC listing): Memorandum Account

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

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

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: January 4, 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: Gas Preliminary Statement BC and Electric Preliminary Statement CV

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 2892-G**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
26713-G	Table of Contents -- Preliminary Statements	26522-G
26714-G	Table of Contents -- Title Page	26558-G
Delete	Preliminary Statement Part BC--Financial Hedging Memorandum Account (FHMA)	21818-G

**ATTACHMENT 1
Advice 3170-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
26741-E	Table of Contents -- Preliminary Statements	26506-E
26742-E	Table of Contents -- Title Page	26516-E
Delete	Preliminary Statement Part CV--Financial Hedging Memorandum Account (FHMA)	20631-E

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Part AG	Core Firm Storage Account.....	23280-G
Part AH	Air Quality Adjustment Clause	14928-14930-G
Part AI	Applicant Installation Trench Inspection Deferred Account.....	19533-G
Part AJ	Applicant Installation Trench Inspection Memorandum Account.....	19534-G
Part AK	Low Income Energy Efficiency Memorandum Account	21244-G
Part AN	Hazardous Substance Mechanism.....	23281-23283, 16693-16694-G
Part AV	Capital Audit Consultant Cost Memorandum Account	20432-G
Part AW	Self-Generation Program Memorandum Account	24767-G
Part AX	Food Service Technology Center Memorandum Account.....	20987-G
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Part BG	Gas Credit Facilities Fees Tracking Account	22096-G
Part BH	Public Purpose Program Surcharge - Low Income Energy Efficiency Balancing Account	23364-G
Part BI	Public Purpose Program Surcharge - Research, Development and Demonstration Balancing Account	23365-23366-G
Part BK	Advanced Metering Infrastructure Memorandum Account-Gas	23152-23153-G
Part BL	Noncore Distribution Fixed Cost Account.....	24740-G
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Part CI	Wholesale DWR/ISO Cost Memorandum Account	20503-E
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**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
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Chevron USA Production Co.	Maynor, Donald H.	Wellhead Electric Company
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City of Palo Alto	McKenzie & Associates	
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Crossborder Inc	New United Motor Mfg, Inc	
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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	