

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



December 6, 2012

**Advice Letters 3188-E and 3188-E-A**

Brian K. Cherry  
Vice President, Regulation and Rates  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

**Subject: Withdrawal – Negative Indifference Amount Memorandum Account  
and Supplemental Filing**

Dear Mr. Cherry:

Advice Letters 3188-E and 3188-E-A are withdrawn as requested in your letter dated November 9, 2012.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director  
Energy Division



**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

February 10, 2009

**Advice 3188-E-A**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Supplemental Advice Letter for Negative Indifference Amount  
Memorandum Account (NIAMA)**

Pacific Gas and Electric Company (PG&E) hereby submits this advice letter in compliance with Decision (D.) 06-07-030, *Opinion Regarding Direct Access and Departing Load Cost Responsibility Surcharge Obligations*, as modified by D.07-05-005, which ordered PG&E to calculate the indifference amount each year for departing customers subject to the provisions of D.06-07-030<sup>1</sup> and to track negative indifference amounts associated with the indifference calculation, as applicable.

This supplemental advice letter also implements certain aspects of D.08-09-012, *Decision on Non-bypassable Charges for New World Generation and Related Issues*, which determined the calculation methodology for non-bypassable charges for new generation resource commitments authorized in D.04-12-048.

Consistent with D.06-07-030, D.07-05-005, and D.08-09-012, this advice letter (1) updates the results of the indifference calculation adopted in D.06-07-030 for pre-2003 departing customers; (2) presents the vintaged indifference calculation for customers that departed during or after 2003; and (3) presents the respective entries in the Negative Indifference Amount Memorandum Account (NIAMA), as applicable, for each vintaged departing customer group for forecast years 2006-2009. In addition, this supplemental advice letter proposes changes to PG&E's NIAMA tariff to implement the vintaging mandates of D.08-09-012.

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<sup>1</sup> For purposes of this advice letter, the term "departing customers" generally refers to transferred and new municipal departing load, customer generation departing load, split-wheeling and new WAPA departing load, as well as customers who depart PG&E bundled service for direct access service or Community Choice Aggregation.

This supplemental advice letter replaces Advice 3188-E, filed December 31, 2007, in its entirety.

### **Background**

In Rulemaking (R.) 02-01-011, the Commission issued D.06-07-030, which ordered the utilities to calculate the indifference amount each year in their annual Energy Resource Recovery Account (ERRA) forecast proceeding. D.07-05-005 clarified that PG&E would need to track negative indifference amounts associated with the indifference calculation, as applicable.

On December 31, 2007, PG&E filed Advice 3188-E, in compliance with D.06-07-030 and D.07-05-005. In the advice letter, PG&E proposed NIAMA entries for non-exempt departing customers that left bundled service prior to 2003. PG&E's proposed entries were based on 2006 forecast cost and generation amounts from PG&E's 2006 ERRA forecast application (A.05-06-007). This supplemental advice letter corrects the NIAMA entries for pre-2003 non-exempt departing customers proposed in Advice 3188-E, which is still pending.

On September 3, 2008, in R.06-02-013, the Commission issued D.08-09-012, which modified the indifference amount calculation for departing customers not exempt from charges associated with new generation resource commitments authorized in D.04-12-048.<sup>2</sup> The modified indifference calculation includes the addition of new generation resources to each utility's total portfolio of resources, by vintage. This modified calculation methodology only applies to "non-exempt" customers; that is, customers responsible for new generation resource commitments, where the customers are also vintaged based on the year and month of their departure.

In addition to modifying the indifference calculation, D.08-09-012 extends the negative indifference tracking originally approved in D.06-07-030 and D.07-05-005 (previously applicable only to pre-2003 non-exempt departing customers) to post-2003 non-exempt departing customers.

With respect to new generation resource commitments, D.08-09-012 states:

"[N]ew generation costs will be calculated annually by each IOU as part of the generation revenue requirement determined in its ERRA proceeding. The adopted DWR power charge revenue requirement

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<sup>2</sup> Non-exempt customers subject to the provisions of D.08-09-012 include split-wheeling and new WAPA departing load, as well as customers who depart PG&E bundled service for direct access service, Community Choice Aggregation or a large municipal service.

is determined from the DWR revenue requirement allocation proceeding. With this information, the indifference amounts can be calculated . . . each utility may submit the calculation of the indifference amount for each vintage of departing customer in its advice letter implementing the later of the annual ERRRA decision or the annual DWR revenue requirement allocation decision.” (D.08-09-012, p. 67.)

PG&E was not able to include new generation costs in the indifference calculation in its 2009 ERRRA forecast application (A.08-06-011) because D. 08-09-012 had not been issued when PG&E originally filed its application. PG&E did state in its 2009 ERRRA proceeding that it would comply with the provisions of D.08-09-012 by supplementing Advice 3188-E, and at that time would request approval for entries in the NIAMA for non-exempt vintaged departing customers subject to the new generation non-bypassable charge. This supplemental advice letter complies with PG&E’s statements in its 2009 ERRRA forecast application, which was approved by D.08-12-029.

Recently, in R.06-07-010, the Commission issued D.08-12-006, adopting the allocation of the California Department Water Resources (DWR) 2009 revenue requirement. Ordering Paragraph 1, subsection b, of that decision noted that the cost-follows-contracts (CFC) methodology adopted in Decision D.08-11-056 will change the allocation of the 2009 Power Charges. On December 22, 2008, PG&E, Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E) jointly filed advice letters in compliance with D.08-11-056.<sup>3</sup> The advice letters implement the provisions of the CFC methodology by proposing the cost allocation indifference payments for each year from 2009 until the last contract is scheduled to expire and includes the utilities’ agreement on a shaping proposal for these payments beginning in 2009 in accordance with D.08-11-056.

D.06-07-030 orders the utilities to address any prospective CRS issues concerning DA obligations in each IOU’s respective ERRRA proceeding or by advice letter, as appropriate. Given the final determination of PG&E’s 2009 DWR revenue requirement occurred after PG&E’s 2009 ERRRA November Update, the indifference calculation presented in this supplemental advice letter has been updated to reflect the final 2009 DWR revenue requirement approved in Advice 3384-E.

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<sup>3</sup> SDG&E Advice Letter 2051-E, PG&E Advice Letter 3384-E, and SCE Advice Letter 2304-E.

## **Summary of Request**

### **A. NIAMA Entries**

In this supplemental advice letter, PG&E has corrected the original indifference calculations presented in Advice 3188-E and made the calculation consistent across all of the forecast years. PG&E has summarized the corrections made to the original indifference calculations and the corresponding NIAMA entries for forecast years 2006 – 2008. In addition, since the original NIAMA entry was proposed to be one lump sum entry, this supplemental advice letter proposes that the NIAMA entry be proportionally allocated to the departing customers by vintage; that is, PG&E has refined the NIAMA entries such that each vintaged customer group is allocated a proportional share of the negative indifference result.<sup>4</sup>

PG&E also updates its 2009 indifference calculation applicable to non-exempt departing customers to reflect the final 2009 DWR revenue requirement determination pursuant to D.08-11-056 and D.08-12-006. PG&E's final DWR revenue requirement determination is \$1,531 million, as shown in Advice 3384-E, Attachment B, Revised Remittance Rate Calculation, line 33.

A summary of the indifference results, by vintage, is presented in Public Appendix A, which is not confidential. The detailed indifference calculations, by vintage, for forecast years 2006 – 2009 are presented in the Confidential Appendix B. New generation resource commitments are assigned to a vintage based on when the IOU executes a contract or makes a resource commitment; non-exempt departing customers are assigned a vintage based on the month and year of the customer's departure, pursuant to D.08-09-012, Ordering Paragraph 10.

### **B. NIAMA Tariff**

PG&E is also requesting changes to the NIAMA tariff to implement D.08-09-012's vintaging concept for non-exempt departing customers and the language in Ordering Paragraph 6 about ". . . netting of individually calculate [sic] annual charges and the carrying over of negative total charges for use in offsetting positive charge in subsequent years."

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<sup>4</sup> While the proportional share is useful in estimating the vintage's share of available offsetting credit, these amounts will not be used to calculate PCIA rates. The indifference amount for any given forecast year, including any offsetting negative credits, is calculated at the system level. This system level indifference amount taken together with the ongoing CTC revenue requirement determines that PCIA revenue requirement on which rates are based. The actual billed PCIA rate, derived from the PCIA RRQ, will vary by vintage and by customer class based on the total portfolio methodology and the PCIA rate design originally adopted in D.06-07-030 which has now been extended in D.08-09-012 to include post 2003 departing load customers and costs.

The revised NIAMA tariff, presented in Appendix C, adds entries that are vintage-specific such that the NIAMA balance for each vintage is separately identified and tracked. Specifically, PG&E has actual non-exempt vintaged departing customers in 2004, 2007, and 2008 and NIAMA entries specific to these vintages have been included in the revised NIAMA preliminary statement. There were no non-exempt departures in 2003, 2005, or 2006.

In addition to customers that have already departed during 2008, PG&E has a forecast of potential non-exempt departing customers for vintage 2008 that may depart (i.e., customers that depart through June 30, 2009 would be considered 2008 vintage customers.) PG&E has established a NIAMA entry specific to the 2008 vintage based on actual departures. If it is later determined that there are additional 2008 non-exempt customer departures, PG&E will revise the NIAMA entry accordingly.

Finally, although PG&E has no binding forecast of 2009 departing customers (i.e., customers that would depart between July 1, 2009 and June 30, 2010), PG&E has established a NIAMA entry specific to this vintage. If, in a future NIAMA update, it is determined that this entry is not needed, PG&E will revise the NIAMA preliminary statement accordingly.

### **Description of NIAMA Entries**

PG&E requests the Commission approve the NIAMA entries shown in Table 1 below for vintage customer groups in the following four categories: pre-2003, 2004, 2007, and 2008. PG&E had no customer departures that qualify as vintages 2003, 2005, or 2006. For vintage year 2008, PG&E has some qualifying non-exempt departing customers; however, the end-date for qualification in this vintage continues through June 30, 2009. There are no qualifying non-exempt departing customers for 2009 vintage as of the date of this filing. The eligibility period for 2009 vintage departures will run between July 1, 2009 and June 30, 2010, and it is possible that by the end of this year, there may be some qualifying departing customers in this category.

**Table 1**  
**NIAMA Entries**

Vintaged Negative Indifference Amount Memorandum Account (NIAMA) Entries						
Line No.		Pre-2003 Vintage DL	2004 Vintage DL	2007 Vintage DL	2008 Vintage DL	2009 Vintage DL
	<b>2006 Annual ERRRA Forecast</b>					
1	Departing Customers, NIAMA Entry for Forecast Year 2006 (\$1000)	(81,861)	(452)			
	<b>2007 Annual ERRRA Forecast</b>					
3	Departing Customers, NIAMA Entry for Forecast Year 2007 (\$1000)	(48,495)	(329)	(1)		
4	Departing Customers, Cumulative NIAMA Balance (\$1000)	(130,356)	(781)	(1)		
	<b>2008 Annual ERRRA Forecast</b>					
6	Departing Customers, NIAMA Entry for Forecast Year 2008 (\$1000)	(41,534)	(323)	(6)	(1)	
7	Departing Customers, Cumulative NIAMA Balance (\$1000)	(171,890)	(1,104)	(7)	(1)	
	<b>2009 Annual ERRRA Forecast</b>					
9	Departing Customers, NIAMA Entry for Forecast Year 2009 (\$1000)	32,789	302	7	1	-
10	Departing Customers, Cumulative NIAMA Balance (\$1000)	(139,101)	(802)	-	-	-

PG&E also requests that the Commission approve corrections to the indifference calculations originally presented in Advice 3188-E. PG&E has attached detailed workpapers supporting the original indifference calculation and the corrected indifference calculation.

The corrected indifference calculations align the calculation methodology with the original directives in D.06-07-030 and implement a consistent inclusion of costs across all forecast years. A summary of the changes and corrections made to the original indifference amounts is shown below.

**A. Updated Total Portfolio Indifference Calculation Pursuant to D.07-06-030**

The indifference calculation adopted in D. 06-07-030 is applicable for customers that departed prior to 2003 as it includes generation costs for resources in PG&E's portfolio prior to 2001/2002, often referred to in D.06-07-030 as "old-world" generation resources. The original indifference calculation utilizing the total portfolio methodology adopted in D.06-07-030 resulted in a negative indifference amount for forecast years 2006 – 2008. These results were presented in the original Advice 3188-E.

This supplemental advice letter makes corrections to those original calculations, as itemized below. Both the original indifference calculations and the corrected calculation presented in this advice letter result in a negative indifference for forecast years through 2008. Thus, pre-2003 departing customers will have an available NIAMA balance at the end of 2008 to offset the 2009 positive indifference result indicated in PG&E's 2009 ERRRA Forecast application, approved

in D.08-12-029. The updated indifference calculations for 2006-2009 do not change the 2009 power charge indifference amount (PCIA). Rather the updated calculation only affects the negative indifference balance that pre-2003 customers have available in NIAMA.

In summary, the available NIAMA balance at the end of 2008 for pre-2003 customers was calculated as shown in Appendix A, Table 1. That balance was then adjusted with a debit entry to reflect some portion of the NIAMA balance was used to offset the positive 2009 indifference amount as shown in Table 1 above and attached Appendix A, Table 1. Itemizations of the corrections to the indifference calculations for all forecast years are shown below.

**1. 2006 Indifference Calculation, applicable to pre-2003 departing customers**

- All cost and generation amounts were updated to the authorized 2006 ERRRA Forecast, based on an October 2005 update, which was approved in D.05-12-045. The PCIA calculation originally presented in Advice 3188-E had 2006 forecast cost and generation amounts from the original June 2005 ERRRA forecast application.
- An adjustment was made to the total generation amount (GWh) to account for line losses such that generation is measured at customer meter (see D.06-07-030, Attachment 1, Appendix 1).
- Franchise fees and uncollectibles (ff&u) were removed from the URG revenue requirement forecast to put URG costs on par with other total portfolio generation costs.
- Gas hedging cost/benefit for URG and QFs was included.
- QF restructuring costs were included.
- All non-CTC eligible QF costs and generation amounts were included.

**2. 2007 Indifference Calculation, applicable to pre-2003 departing customers**

- A small adjustment was made to the URG generation amounts to eliminate double counting of Irrigation District and Water Agency Generation in URG line (see footnote 2, Table 2-3, PG&E's November 7 Update of 2007 ERRRA forecast, page 1-3).
- An adjustment was made to the total generation amount (GWh) to account for line losses such that generation is measured at customer meter (see D.06-07-030, Attachment 1, Appendix 1).
- Franchise fees and uncollectibles (ff&u) were removed from the URG revenue requirement forecast to put URG costs on par with other total portfolio generation costs.
- Gas hedging cost/benefit for URG was included.

### **3. 2008 Indifference Calculation**

- An adjustment was made to the total generation amount (GWh) to account for line losses such that generation is measured at customer meter (see D.06-07-030, Attachment 1, Appendix 1).
- Franchise fees and uncollectibles (ff&u) were removed from the URG revenue requirement forecast to put URG costs on par with other total portfolio generation costs.
- Gas Hedging costs and benefits were allocated between QF and URG.
- QF restructuring costs were included.

### **4. 2009 Indifference Calculation**

- Franchise fees and uncollectibles (ff&u) were removed from the URG revenue requirement forecast to put URG costs on par with other total portfolio generation costs.
- The 2009 DWR revenue requirement was updated to reflect the final allocated amount approved in Advice 3384-E.

Detailed confidential workpapers supporting the indifference calculations are presented in Confidential Appendix B.

## **B. Total Portfolio Indifference Calculation for Old World Generation Cost and New Generation Resource Commitments, Forecast Years 2006 – 2009**

The total portfolio indifference calculation for non-exempt departing customers that departed during or after 2003 includes the “old-world” generation costs discussed above as well as new generation resource commitments as authorized in D.04-12-048. PG&E includes an allocation of ISO administration costs with the allocation based on the total portfolio’s expected generation. PG&E excludes costs associated with ISO spot purchases and sales allocated to PG&E by the ISO.

In addition to including new generation resource commitments, the total portfolio indifference calculation for this group of departing customers is vintaged such that new generation resource commitments are included in the total portfolio calculation based on the year the commitment was made. The vintaged total portfolio calculations for forecast years 2006 – 2008 show a negative indifference amount (or NIAMA entry) for 2004 – 2007 vintaged departing customers through the 2008 forecast year.

Vintage 2004 departing customers will have an available NIAMA balance at the end of 2008 to fully offset the 2009 positive indifference result presented in

Appendix A, Table 2. Vintage 2007 and 2008 departing customers have an available NIAMA balance at the end of 2008 but the balances will not fully offset the 2009 positive indifference. Thus, 2007 and 2008 vintage departing customers' NIAMA balance drops to zero for forecast year 2009. For potential 2009 vintage departing customers, there is no available NIAMA balance to offset the positive 2009 indifference result. As a result, the positive 2009 total portfolio indifference amount is set equal to the Power Charge Indifference Amount (PCIA) revenue requirement plus the ongoing CTC revenue requirement. Stated another way, the PCIA revenue requirement equals the indifference amount, less the ongoing CTC revenue requirement. The net result is shown in Appendix A, Table A-2.

### **Conclusion**

PG&E requests that the Commission approve the proposed NIAMA entries presented in Table 1 of this advice letter. The NIAMA entries are based on the corrected indifference calculations discussed above and summarized in Appendix A, Table A-1 and Table A-2. Additionally, PG&E requests that the Commission approve the proposed NIAMA tariff modifications, discussed above.

### **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 **March 2, 2009**, 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: [ijnj@cpuc.ca.gov](mailto:ijnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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 filing become effective on regular notice, **March 12, 2009**, 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 and on the service list for Application, A.08-06-011, Rulemaking (R.) 02-01-011, R.03-10-003 and R.07-05-025. 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. Cheng / dc".

Vice President, Regulatory Relations

**Attachments**

cc: Service Lists for: A.08-06-011, R.02-01-011, R.03-10-003, R.07-05-025

# 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) #: **3188-E-A**

**Tier: 2**

Subject of AL: Supplemental Advice Letter for Negative Indifference Amount Memorandum Account (NIAMA)

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.06-07-030

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 AL:

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

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: Donna Barry, DLBF@pge.com, (415) 973-5707

Resolution Required?  Yes  No

Requested effective date: **March 12, 2009**

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: Electric Preliminary Statement EH

Service affected and changes proposed: 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**

**jinj@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**

# **APPENDIX A**

## **Public Summary of Indifference Results**

**Table A-1**

Forecast Indifference Amount, Pre-2003		AL 3188-E	Corrected	
Line No.	2006 Annual ERRA Forecast	Indifference <sub>DWR</sub>	Indifference <sub>DWR</sub>	Line No.
1	Total Portfolio Generation at generator (GWh)	76,412	76,227	1
2	Total Portfolio Generation at customer meter (includes line losses) (GWh)		71,653	2
3	Total Portfolio Cost (\$1000)	\$ 4,697,590	\$ 4,885,611	3
4	Benchmark (\$/MWh) <b>\$90.12</b>			4
5	Market Cost (\$1000)	\$ 6,886,285	\$ 6,457,406	5
6	NBC Vintaged Portfolio of Above Market Costs (Line 3 - Line 5)	\$ (2,188,695)	\$ (1,571,795)	6
7				7
8	<b>Indifference Results, current year (excludes ff&amp;u) (\$1000)</b>	\$ (1,094,347)	\$ (785,898)	8
9	LOAD FORECAST CUMULATIVE TOTAL= Bundled + All DL (GWh)		82,876	9
10	LOAD FORECAST TOTAL = Bundled + Pre-2003 DL (GWh)		82,826	10
11	Pre-2003 Non-Exempt Departing Customers (GWh)		8,633	11
12	Pre-2003 Departing Customers NIAMA Entry for Forecast Year 2006 (\$1000)		\$ (81,861)	12
Forecast Indifference Amount, Pre-2003		AL 3188-E	Corrected	
Line No.	2007 Annual ERRA Forecast	Indifference <sub>DWR</sub>	Indifference <sub>DWR</sub>	Line No.
1	Total Portfolio Generation at generator (GWh)	76,014	75,667	1
2	Total Portfolio Generation at customer meter (includes line losses) (GWh)		71,127	2
3	Total Portfolio Cost (\$1000)	\$ 4,692,265	\$ 4,768,893	3
4	Benchmark (\$/MWh) <b>\$75.37</b>			4
5	Market Cost (\$1000)	\$ 5,729,208	\$ 5,360,828	5
6	NBC Vintaged Portfolio of Above Market Costs (Line 3 - Line 5)	\$ (1,036,942)	\$ (591,935)	6
7				7
8	<b>Indifference Results, current year (excludes ff&amp;u) (\$1000)</b>	\$ (1,036,942)	\$ (591,935)	8
9	LOAD FORECAST CUMULATIVE TOTAL= Bundled + All DL (GWh)		84,049	9
10	LOAD FORECAST TOTAL = Bundled + Pre-2003 DL (GWh)		83,997	10
11	Pre-2003 Non-Exempt Departing Customers (GWh)		6,886	11
12	Pre-2003 Departing Customers, NIAMA Entry for Forecast Year 2007 (\$1000)		\$ (48,495)	12
13	Pre-2003 Departing Customers, Cumulative NIAMA Balance (\$1000)		\$ (130,356)	13
Forecast Indifference Amount, Pre-2003		AL 3188-E	Corrected	
Line No.	2008 Annual ERRA Forecast	Indifference <sub>DWR</sub>	Indifference <sub>DWR</sub>	Line No.
1	Total Portfolio Generation at generator (GWh)	71,451	62,682	1
2	Total Portfolio Generation at customer meter (includes line losses) (GWh)		58,921	2
3	Total Portfolio Cost (\$1000)	\$ 4,422,827	\$ 3,877,703	3
4	Benchmark (\$/MWh) <b>\$75.05</b>			4
5	Market Cost (\$1000)	\$ 5,362,390	\$ 4,422,037	5
6	NBC Vintaged Portfolio of Above Market Costs (Line 3 - Line 5)	\$ (939,563)	\$ (544,334)	6
7				7
8	<b>Indifference Results, current year (excludes ff&amp;u) (\$1000)</b>	\$ (939,563)	\$ (544,334)	8
9	LOAD FORECAST CUMULATIVE TOTAL= Bundled + All DL (GWh)		82,826	9
10	LOAD FORECAST TOTAL = Bundled + Pre-2003 DL (GWh)		82,773	10
11	Pre-2003 Non-Exempt Departing Customers (GWh)		6,320	11
12	Pre-2003 Departing Customers, NIAMA Entry for Forecast Year 2008 (\$1000)		\$ (41,534)	12
13	Pre-2003 Departing Customers, Cumulative NIAMA Balance (\$1000)		\$ (171,890)	13
Forecast Indifference Amount, Pre-2003		A.08-06-011	Corrected	
Line No.	2009 Annual ERRA Forecast	Indifference <sub>DWR</sub>	Indifference <sub>DWR</sub>	Line No.
1	Total Portfolio Generation at generator (GWh)	62,087	62,087	1
2	Total Portfolio Generation at customer meter (includes line losses) (GWh)		58,362	2
3	Total Portfolio Cost (\$1000)	\$ 4,080,783	\$ 4,494,902	3
4	Benchmark (\$/MWh) <b>\$68.73</b>			4
5	Market Cost (\$1000)	\$ 4,011,481	\$ 4,011,481	5
6	NBC Vintaged Portfolio of Above Market Costs (Line 3 - Line 5)	\$ 69,302	\$ 483,421	6
7				7
8	<b>Indifference Results, current year (excludes ff&amp;u) (\$1000)</b>	\$ 69,302	\$ 483,421	8
9	LOAD FORECAST CUMULATIVE TOTAL= Bundled + All DL (GWh)		87,679	9
10	LOAD FORECAST TOTAL = Bundled + Pre-2003 DL (GWh)		87,626	10
11	Pre-2003 Non-Exempt Departing Customers (GWh)		5,947	11
12	Pre-2003 Departing Customers, NIAMA Entry for Forecast Year 2009 (\$1000)		\$ 32,789	12
13	Pre-2003 Departing Customers, Cumulative NIAMA Balance (\$1000)		\$ (139,101)	13

Table A-2

Forecast Indifference Amount, by Vintage						
Line No.	2006 Annual ERRRA Forecast	2004 Vintage	2007 Vintage	2008 Vintage	2009 Vintage	Line No.
1	Total Portfolio Generation at generator (GWh)	77,638				1
2	Total Portfolio Generation at customer meter (includes line losses) (GWh)	72,980				2
3	Total Portfolio Cost (\$1000)	\$ 5,063,935				3
4	Benchmark (\$/MWh) <b>\$90.12</b>					4
5	Market Cost (\$1000)	\$ 6,576,936				5
6	NBC Vintaged Portfolio of Above Market Costs (Line 3 - Line 5)	\$ (1,513,001)				6
7	2006 Indifference 7/1 - 12/31 (1/2 year)	\$ (756,500)				7
8	LOAD FORECAST CUMULATIVE TOTAL (GWh)	74,244				8
9	LOAD FORECAST VINTAGE TOTAL (GWh)	74,244				9
10	Non-Exempt Departing Customers (GWh)	49.8				10
11	Departing Customers, NIAMA Entry for Forecast Year 2006 (\$1000)	\$ (452)				11
Forecast Indifference Amount, by Vintage						
Line No.	2007 Annual ERRRA Forecast	2004 Vintage	2007 Vintage	2008 Vintage	2009 Vintage	Line No.
1	Total Portfolio Generation at generator (GWh)	77,797	83,707			1
2	Total Portfolio Generation at customer meter (includes line losses) (GWh)	73,129	78,684			2
3	Total Portfolio Cost (\$1000)	\$ 4,953,665	\$ 5,839,501			3
4	Benchmark (\$/MWh) <b>\$75.37</b>					4
5	Market Cost (\$1000)	\$ 5,511,766	\$ 5,930,434			5
6	NBC Vintaged Portfolio of Above Market Costs (Line 3 - Line 5)	\$ (558,102)	\$ (90,933)			6
7						7
8	Indifference Results, current year (excludes ff&u)	\$ (558,102)	\$ (90,933)			8
9						
10	LOAD FORECAST CUMULATIVE TOTAL (GWh)	77,164	77,114			
11	LOAD FORECAST VINTAGE TOTAL (GWh)	77,161	77,114			11
12	Non-Exempt Departing Customers (GWh)	49.8	2.2			12
13	Departing Customers, NIAMA Entry for Forecast Year 2007 (\$1000)	\$ (329)	\$ (1)			13
14	Departing Customers, Cumulative NIAMA Balance (\$1000)	\$ (781)	\$ (1)			14
Forecast Indifference Amount, by Vintage						
Line No.	2008 Annual ERRRA Forecast	2004 Vintage	2007 Vintage	2008 Vintage	2009 Vintage	Line No.
1	Total Portfolio Generation at generator (GWh)	62,959	71,508	71,508		1
2	Total Portfolio Generation at customer meter (includes line losses) (GWh)	59,182	67,217	67,217		2
3	Total Portfolio Cost (\$1000)	\$ 3,903,979	\$ 4,793,731	\$ 4,836,392		3
4	Benchmark (\$/MWh) <b>\$75.05</b>					4
5	Market Cost (\$1000)	\$ 4,441,580	\$ 5,044,665	\$ 5,044,665		5
6	NBC Vintaged Portfolio of Above Market Costs (Line 3 - Line 5)	\$ (537,601)	\$ (250,933)	\$ (208,272)		6
7						7
8	Indifference Results, current year (excludes ff&u)	\$ (537,601)	\$ (250,933)	\$ (208,272)		8
9						9
10	LOAD FORECAST CUMULATIVE TOTAL (GWh)	76,506	76,456	76,454		10
11	LOAD FORECAST VINTAGE TOTAL (GWh)	76,503	76,456	76,454		11
12	Non-Exempt Departing Customers (GWh)	49.8	2.2	0.5		12
13	Departing Customers, NIAMA Entry for Forecast Year 2008 (\$1000)	\$ (323)	\$ (6)	\$ (1)		13
14	Departing Customers, Cumulative NIAMA Balance (\$1000)	\$ (1,104)	\$ (7)	\$ (1)		14
Forecast Indifference Amount, by Vintage						
Line No.	2009 Annual ERRRA Forecast	2004 Vintage	2007 Vintage	2008 Vintage	2009 Vintage	Line No.
1	Total Portfolio Generation at generator (GWh)	62,430	70,740	72,431	72,431	1
2	Total Portfolio Generation at customer meter (includes line losses) (GWh)	58,684	66,496	68,085	68,085	2
3	Total Portfolio Cost (\$1000)	\$ 4,528,726	\$ 5,524,851	\$ 5,676,023	\$ 5,676,023	3
4	Benchmark (\$/MWh) <b>\$68.73</b>					4
5	Market Cost (\$1000)	\$ 4,033,658	\$ 4,570,568	\$ 4,679,808	\$ 4,679,808	5
6	NBC Vintaged Portfolio of Above Market Costs (Line 3 - Line 5)	\$ 495,068	\$ 954,283	\$ 996,214	\$ 996,214	6
7						7
8	Indifference Results, current year (excludes ff&u)	\$ 495,068	\$ 954,283	\$ 996,214	\$ 996,214	8
9	Cumulative Indifference Amount (prior years + current year results)	\$ (1,357,135)	\$ 612,417	\$ 787,942	\$ 996,214	9
10	Ongoing CTC RRO (\$1000)	\$ 624,252	\$ 624,252	\$ 624,252	\$ 624,252	10
11	PCIA RRO (\$1000)	(624,252)	\$ (5,554)	\$ 171,771	\$ 382,179	11
12	LOAD FORECAST CUMULATIVE TOTAL (GWh)	81,732	81,682	81,680	81,679	12
13	LOAD FORECAST VINTAGE TOTAL (GWh)	81,729	81,682	81,680	81,679	13
14	Non-Exempt Departing Customers (GWh)	49.8	2.2	0.5	-	14
15	Departing Customers, NIAMA Entry for Forecast Year 2009 (\$1000)	\$ 302	\$ 7	\$ 1	\$ -	15
16	Departing Customers, Cumulative NIAMA Balance (\$1000)	\$ (802)	\$ -	\$ -	\$ -	16

## **APPENDIX B**

### **Confidential Indifference Calculations**

**APPENDIX C  
Advice 3188-E-A**

<b>Cal P.U.C. Sheet No.</b>	<b>Title of Sheet</b>	<b>Cancelling Cal P.U.C. Sheet No.</b>
28037-E	ELECTRIC PRELIMINARY STATEMENT PART EH NEGATIVE INDIFFERENCE AMOUNT MEMORANDUM ACCOUNT Sheet 1	25088-E
28038-E	ELECTRIC PRELIMINARY STATEMENT PART EH NEGATIVE INDIFFERENCE AMOUNT MEMORANDUM ACCOUNT Sheet 2	25088-E
28039-E	ELECTRIC TABLE OF CONTENTS Sheet 1	28034-E
28040-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 9	28021-E



**ELECTRIC PRELIMINARY STATEMENT PART EH**  
**NEGATIVE INDIFFERENCE AMOUNT MEMORANDUM ACCOUNT**

Sheet 1

**EH. NEGATIVE INDIFFERENCE AMOUNT MEMORANDUM ACCOUNT (NIAMA)**

1. **PURPOSE:** The purpose of the NIAMA is to record and track negative indifference amounts associated with the calculation of Cost Responsibility Surcharge (CRS), effective September 1, 2006. The indifference amount is calculated annually and negative results are to be tracked and applied prospectively to offset future positive indifference amount results in accordance with Decision (D.) 06-07-030, Ordering Paragraphs (O.P.) 6 and 9 and D.08-09-013 O.P. 6. (T)

D.06-07-030 adopted the indifference methodology to determine departing customers CRS related to the California Department of Water Resources (CDWR) contract costs. D.08-09-012 extended the CRS to include a non-bypassable charge (NBC) associated with D.04-12-048's new generation resource commitments, vintaged by the year the resource commitment was made. Departing customers will also be vintaged based on the year and month of their departure in accordance with D.08-09-012, O.P. 10. (N)

Negative indifference amounts by vintage are to be recorded and tracked in the NIAMA. For each vintage future positive indifference amounts will be offset with past negative indifference amounts that are tracked in the NIAMA. Any negative indifference amount that occurs in 2006 and beyond can only be used to offset future positive indifference amounts. (T)

The negative indifference amounts are not eligible to be applied to other components of CRS including, but not limited to, DWR Bond Charge, Energy Cost Recovery Amount (ECRA). (T)

No interest shall accrue on NIAMA balances. The tracking of negative indifference amounts by vintage shall remain in effect until the Commission deems otherwise when this account is closed. Any remaining negative balance in the NIAMA shall have no further effect on cost allocation or rates, pursuant to D.06-07-030 and D.08-09-012. (T)

2. **APPLICABILITY:** The NIAMA shall apply to all non-bundled customers who are obligated to pay Power Charge Indifference Amount (PCIA) as ordered in D.06-07-030 or in D.08-09-012, except for those specifically excluded by the Commission. (T)
3. **REVISION DATES:** The NIAMA shall be updated through the advice letter process sometime after a final benchmark has been approved in the annual ERRA Forecast Proceeding, as prescribed in D.06-07-030, Appendix 1 and after final Decisions adopting the ERRA and DWR Revenue Requirements have been issued. (T)
4. **RATES:** The NIAMA does not have a rate component.
5. **ACCOUNTING PROCEDURES:** PG&E shall make entries at the beginning of each year as follows:
  - a. **Pre-2003 Vintage Negative Indifference** (T)
    1. A credit entry equal to (-1) times the negative indifference amount; and (T)
    2. A debit entry equal to the positive indifference amount, up to but not greater than the NIAMA balance. (T)

(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART EH**  
**NEGATIVE INDIFFERENCE AMOUNT MEMORANDUM ACCOUNT**

Sheet 2

EH. NEGATIVE INDIFFERENCE AMOUNT MEMORANDUM ACCOUNT (NIAMA) (Cont'd.)

- 5. ACCOUNTING PROCEDURES (cont'd.): (N)
  - b. 2004 Vintage Negative Indifference
    - 1. A credit entry equal to (-1) times the negative indifference amount; and
    - 2. A debit entry equal to the positive indifference amount, up to but not greater than the NIAMA balance.
  - c. 2007 Vintage Negative Indifference
    - 1. A credit entry equal to (-1) times the negative indifference amount; and
    - 2. A debit entry equal to the positive indifference amount, up to but not greater than the NIAMA balance.
  - d. 2008 Vintage Negative Indifference
    - 1. A credit entry equal to (-1) times the negative indifference amount; and
    - 2. A debit entry equal to the positive indifference amount, up to but not greater than the NIAMA balance.
  - e. 2009 Vintage Negative Indifference
    - 1. A credit entry equal to (-1) times the negative indifference amount; and
    - 2. A debit entry equal to the positive indifference amount, up to but not greater than the NIAMA balance. (N)



**ELECTRIC TABLE OF CONTENTS**

Sheet 1

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**PRELIMINARY STATEMENT**

Sheet 9

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(T)

(Continued)

Advice Letter No: 3188-E-A  
 Decision No. 06-07-030

Issued by  
**Brian K. Cherry**  
 Vice President  
 Regulatory Relations

Date Filed February 10, 2009  
 Effective \_\_\_\_\_  
 Resolution No. \_\_\_\_\_

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

Aglet	Department of the Army	Northern California Power Association
Agnews Developmental Center	Dept of General Services	Occidental Energy Marketing, Inc.
Alcantar & Kahl	Division of Business Advisory Services	OnGrid Solar
Ancillary Services Coalition	Douglas & Liddell	PPL EnergyPlus, LLC
Anderson & Poole	Douglass & Liddell	Pinnacle CNG Company
Arizona Public Service Company	Downey & Brand	Praxair
BART	Duke Energy	R. W. Beck & Associates
BP Energy Company	Duncan, Virgil E.	RCS, Inc.
Barkovich & Yap, Inc.	Dutcher, John	RMC Lonestar
Bartle Wells Associates	Ellison Schneider & Harris LLP	Recon Research
Blue Ridge Gas	Energy Management Services, LLC	SCD Energy Solutions
Braun & Associates	FPL Energy Project Management, Inc.	SCE
C & H Sugar Co.	Foster Farms	SESCO
CA Bldg Industry Association	Foster, Wheeler, Martinez	SMUD
CAISO	Franciscan Mobilehome	SPURR
CLECA Law Office	G. A. Krause & Assoc.	Santa Fe Jets
CSC Energy Services	GLJ Publications	Seattle City Light
	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sempra Utilities
California Cotton Ginners & Growers Assn	Green Power Institute	Sequoia Union HS Dist
California Energy Commission	Hanna & Morton	Sierra Pacific Power Company
California League of Food Processors	Heeg, Peggy A.	Silicon Valley Power
California Public Utilities Commission	Hitachi	Smurfit Stone Container Corp
Calpine	Hogan Manufacturing, Inc.	Southern California Edison Company
Cameron McKenna	Imperial Irrigation District	St. Paul Assoc.
Cardinal Cogen	Innercite	Sunshine Design
Casner, Steve	International Power Technology	Sutherland, Asbill & Brennan
Cerox	Intestate Gas Services, Inc.	TFS Energy
Chamberlain, Eric	J. R. Wood, Inc.	Tabors Caramanis & Associates
Chevron Company	JTM, Inc.	Tecogen, Inc.
Chris, King	Los Angeles Dept of Water & Power	Tiger Natural Gas, Inc.
City of Glendale	Luce, Forward, Hamilton & Scripps LLP	Tioga Energy
City of Palo Alto	MBMC, Inc.	TransCanada
City of San Jose	MRW & Associates	Turlock Irrigation District
Clean Energy Fuels	Manatt Phelps Phillips	U S Borax, Inc.
Coast Economic Consulting	Matthew V. Brady & Associates	United Cogen
Commerce Energy	McKenzie & Associates	Utility Cost Management
Commercial Energy	Meek, Daniel W.	Utility Resource Network
Constellation	Merced Irrigation District	Utility Specialists
Constellation New Energy	Mirant	Vandenberg Air Force
Consumer Federation of California	Modesto Irrigation District	Verizon
Crossborder Energy	Morgan Stanley	Wellhead Electric Company
Davis Wright Tremaine LLP	Morrison & Foerster	Western Manufactured Housing Communities Association (WMA)
		White & Case
Day Carter Murphy	New United Motor Mfg., Inc.	eMeter Corporation
Defense Energy Support Center	Norris & Wong Associates	
Department of Water Resources	North Coast SolarResources	