

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 11, 2008

Advice Letter 3245-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: Annual Adjustments to the Electric Public Goods Charge
Funding Obligations in Compliance with Resolution E-3792

Dear Mr. Cherry:

Advice Letter 3245-E is effective May 1, 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

April 1, 2008

Advice 3245-E
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject: Annual Adjustments to the Electric Public Goods Charge
Funding Obligations in Compliance with Resolution E-3792**

Pacific Gas and Electric Company (PG&E) hereby submits for filing the annual adjustments to the electric public goods charge (PGC) funding obligations in compliance with Resolution E-3792. The 2008 PGC funding obligations for PG&E will increase 2.23% from that of 2007.

Purpose

This filing complies with Resolution E-3792 issued on December 17, 2002.¹ Specifically, this filing submits the annual adjustments to electric PGC funding obligations in compliance with Ordering Paragraph 7 of Resolution E-3792. This filing also implements the provision of Senate Bill (SB) 1036 amending Public Utility Code Section 399.8, which reduces the funding for renewable energy programs administered by the California Energy Commission (CEC).

Background

Resolution E-3792 specified the methodology for utilities to adjust the electric Public Purpose Program funding obligations required by the Public Utility Code Section 399.8(d)(2). This section states: "the [target funding] amounts shall be adjusted annually at a rate equal to the lesser of the annual growth in electric commodity sales or inflation, as defined by the gross domestic product deflator."

The section did not identify when these adjustments should begin, but since the section extended these programs starting January 1, 2002, Resolution E-3792 proposed applying the adjustment methodology one year later, on January 1,

¹ Resolution E-3792 requires that this advice filing be submitted by March 31 of each year. The Commission observed a holiday on March 31, 2008, so PG&E hereby submits this filing on the next business day.

2003. Advice Letter 2363-E dated March 28, 2003, was PG&E's first filing in compliance with this resolution. That advice letter stated that adjustments for 2003 would be based on changes in sales and prices during 2002. Continuing that methodology, adjustments for 2008 will be based on changes in sales and prices during 2007.

As directed in Resolution E-3792, "the utilities should each determine the adjusted target funding amounts that result from this adjustment methodology and, on or before March 31, 2003 and for each subsequent year ending with 2011, file an advice letter with the Commission that adjusts the authorizations and allocations found in Table 7, consistent with Public Utility Code Section 299.8(d)2)."² Resolution E-3792 also specified that the adjustment to one utility's allocated amounts in Table 7 of Resolution E-3792 should be governed by changes in its own sales (assuming that this statistic is lower than the rate of inflation), rather than by changes in the sales of all three utilities.

This filing also implements a reduction in PGC funding for renewable energy programs. In accordance with SB 1036, Chapter 685, Statutes of 2007, and the amendments to Section 399.8 of the Public Utilities Code, the utilities are required to collect \$65,500,000³ per year for renewable energy, which represents a reduction of 51.5% from the original \$135,000,000.⁴ Consistent with SB 1036, CPUC Draft Resolution E-4160 directs each utility to reduce its 2007 authorized renewable funding by 51.5%. PG&E's 2007 authorized renewable funding was \$71,888,614⁵; reduced by 51.5% yields \$34,865,978⁶, the amount which is further adjusted in this advice letter.

CPUC Draft Resolution E-4160 is scheduled to be voted out on April 10, 2008. As Resolution E-3792 requires payments to be made by March 31st of each year, PG&E is filing this advice letter on the good faith assumption that Draft Resolution E-4160 will be approved. If any changes are required, PG&E will submit a supplemental advice filing.

PG&E's electric sales were 86.313 billion kWh in 2007 and 84.425 billion kWh in 2006. The percentage change of sales between 2007 and 2006 is therefore $(86.313-84.425)/84.425 = 2.23\%$.

On February 28, 2008, the GDP (Gross Domestic Product) deflator was 119.682 as published by the United States Department of Commerce. The GDP deflator on February 28, 2007, was 116.042, as filed in PG&E's Advice Letter 3022-E. The

² p.10, Res. E-3792

³ Senate Bill 1036, Ch. 685, Stats. 2007/PRC 25743 (b) (1) eliminated the 51.5% New Account component of the CEC's Renewable funding

⁴ Table 5, Res. E-3792

⁵ AL 3022-E, filed March 30, 2007

⁶ Table 5, Draft Res. E-4160

percentage change in prices as measured by the change in the GDP deflator between 2008 and 2007 is therefore $(119.682-116.042)/116.042 = 3.13\%$.

The percentage change for both sales and price is positive, with the change in PG&E's electric sales being the lower of the two. Hence, per Resolution E-3792, the funding authorization 2008 will increase by 2.23%.

The electric public goods charge funding obligations for PG&E in 2008 are:

EE Programs	Renewables	RDD	Total
\$116,794,316.70	\$35,643,489.31	\$34,086,267.73	\$186,524,073.74

The revenue requirement established for the PGC is recovered through the Public Purpose Programs Revenue Adjustment Mechanism (PPPRAM), (electric Preliminary Statement Part DA). The PPPRAM balance is included in the rates set in each year's Annual Electric True-Up (AET) advice filing. The 2.23% funding increase will be recorded in the PPPRAM effective January 1, 2008, and will be reflected in rates in PG&E's next AET effective January 1, 2009.

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 **April 21, 2008**, 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 filing become effective on January 1, 2008.

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. Cheyette". The signature is written in a cursive style and is positioned above the typed name.

Vice President, Regulatory Relations

Attachments

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) #: 3245-E

Tier: 2

Subject of AL: Annual Adjustments to the Electric Public Goods Charge Funding Obligations in Compliance with Resolution E-3792

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: Resolution E-3792

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 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 1, 2008

No. of tariff sheets: N/A

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: 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 Avenue

San Francisco, CA 94102

E-mail: jjj@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	