

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 11, 2008

Advice Letter 3247-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: Establish the Long-Term Procurement Plan Technical Assistance Memorandum Account (LTAMA) in Compliance with Decision 07-12-052, Opinion Adopting PG&E Company's SCE Company's, and SDG&E Company's Long Term Procurement Plans

Dear Mr. Cherry:

Advice Letter 3247-E is effective May 14, 2008.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division

April 14, 2008

Advice 3247-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Establish the Long-Term Procurement Plan Technical Assistance Memorandum Account (LTAMA) in Compliance with Decision 07-12-052, *Opinion Adopting Pacific Gas and Electric Company's, Southern California Edison Company's, and San Diego Gas & Electric Company's Long Term Procurement Plans*

Purpose

In compliance with Decision (D.) 07-12-052, Pacific Gas and Electric Company (PG&E) submits this advice letter to establish the Long-Term Procurement Plan (LTPP) Technical Assistance Memorandum Account (LTAMA) Electric Preliminary Statement to record technical assistance costs incurred by the California Public Utilities Commission (Commission) in connection with its implementation and administration of the LTPP program. In addition, PG&E modifies the Energy Resource Recovery Account (ERRA) Preliminary Statement as described below.

Background

On December 21, 2007, the Commission issued D.07-12-052, which approved PG&E's 2006 LTPP. In D.07-12-052, the Commission recognized that implementation and administration of the LTPP program is an immense task and authorized its Executive Director to seek additional expertise to assist Commission staff.¹ The Executive Director may hire and manage one or more contractors to provide technical support in several areas, including general program design, implementation and evaluation and other tasks to promote and maintain procurement policies and goals.

As stated in D.07-12-052, the Commission will send approved invoices issued by the contractor(s) or invoices issued by the Commission for reimbursement of costs incurred by the Commission to the investor-owned utilities (IOUs).² These costs

¹ D.07-12-052 at pp. 190-191.

² The IOUs are PG&E, Southern California Edison Company, and San Diego Gas & Electric Company.

will be paid by the IOUs on a pro rata basis unless the contractor(s) perform work related to only a specific utility. The total expenses shared by the IOUs shall not exceed an annual cap of \$400,000. Upon payment, the IOUs may record these costs into the LTAMA and later apply for recovery in rates.

Request

PG&E's proposed LTAMA Electric Preliminary Statement is provided in Attachment 1 to this advice letter as Preliminary Statement, Part EW. As noted in the proposed LTAMA Preliminary Statement, PG&E will record the above-described invoice amounts, if any, in the LTAMA on a monthly basis. PG&E requests that the year-end balance in the LTAMA be transferred to the ERRA at the end of each year, for recovery through the Annual Electric True-Up. Accordingly, as shown in Attachment 2, PG&E proposes to modify its ERRA Preliminary Statement, Part CP, to add an annual entry for the LTAMA costs.

PG&E also requests that the approved technical assistance invoices be sent via U.S. mail and by facsimile or electronically, if possible, to:

Kim Palacios
Manager – Electric Settlements
Pacific Gas and Electric Company
245 Market Street, Mail Code N12E
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 972-5507
E-Mail: KRWb@pge.com

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 **May 5, 2008**, which is 21 days after the date of this filing.³ 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: jnj@cpuc.ca.gov and mas@cpuc.ca.gov

³ The 20th day of the protest period ends on a weekend, therefore PG&E moves the protest end date to the next business day.

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 **May 14, 2008**, which is 30 calendar days after the date of filing. PG&E submits this advice filing as a Tier 2 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 R.06-02-013. 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

Attachments

cc: Service list for R.06-02-013

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) #: **3247-E**

Tier: 2

Subject of AL: Establish the Long-Term Procurement Plan Technical Assistance Memorandum Account (LTAMA) in Compliance with Decision 07-12-052

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.07-12-052

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: **May 14, 2008**

No. of tariff sheets: 6

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 CP; Electric Preliminary Statement EW

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: 3218-E

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 3247-E**

**Cal P.U.C.
Sheet No.**

Title of Sheet

**Cancelling Cal
P.U.C. Sheet No.**

27309-E	ELECTRIC PRELIMINARY STATEMENT PART CP ENERGY RESOURCE RECOVERY ACCOUNT Sheet 1	27224-E
27310-E	ELECTRIC PRELIMINARY STATEMENT PART CP ENERGY RESOURCE RECOVERY ACCOUNT Sheet 4	27226-E*
27311-E	ELECTRIC PRELIMINARY STATEMENT EW Sheet 1	
27312-E	ELECTRIC TABLE OF CONTENTS Sheet 1	27306-E
27313-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 7	27066-E
27314-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 9	27305-E



ELECTRIC PRELIMINARY STATEMENT PART CP
ENERGY RESOURCE RECOVERY ACCOUNT

Sheet 1

CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA)

1. **PURPOSE:** The purpose of the Energy Resource Recovery Account (ERRA) is to record and recover power costs, excluding California Department of Water Resources (DWR) contract costs, associated with PG&E's authorized procurement plan, pursuant to Decision 02-10-062, Decision 02-12-074 and California Public Utilities Code § 454.5(d)(3). Power costs recorded in ERRA include, but are not limited to, utility retained generation fuels, Qualifying Facility (QF) contracts, inter-utility contracts, California Independent System Operator (ISO) charges, irrigation district contracts and other Power Purchase Agreements (PPA), revenues or costs related to congestion revenue rights (CRRs), Independent Evaluator (IE) costs related to Requests for Offers (RFOs), the technical assistance costs incurred by the Commission and paid by PG&E in connection with the Commission's implementation and administration of the Long-Term Procurement Plan (LTPP) program, fees associated with participating in the Western Renewable Energy Generation Information System (WREGIS), bilateral contracts, forward hedges, bilateral demand response agreements, pre-payments and collateral requirements associated with procurement (including disposition of surplus power), and ancillary services. These costs are offset by reliability-must-run (RMR) revenues, PG&E's allocation of surplus sales revenues and the ERRA revenue. Revenues received from Schedule TBCC will also be recorded to the ERRA.

(P)
(P)
(T)
|
(T)

California Public Utilities Code § 454.5(d)(3) mandates a trigger mechanism to ensure that an undercollection or overcollection in the ERRA does not exceed 5 percent of a utility's recorded generation revenues for the prior year excluding revenues collected for the DWR.

Pursuant to Decision 02-12-074, Conclusion of Law 23 and Ordering Paragraph (OP) 15, PG&E is authorized to file an expedited trigger application at any time that its forecast indicates the undercollection in the ERRA will be in excess of the 5 percent threshold or 5 percent of the prior calendar year generation revenues less revenues collected for DWR during that year.

Pursuant to Decision 04-01-050, the ERRA trigger mechanism for 2004 and subsequent years would be established annually through an Advice Letter on or before April of each year.

Decision 04-12-048 extended the ERRA Trigger to be in effect during the term of the long-term procurement contracts, or 10 years, whichever is longer.

2. **APPLICABILITY:** The ERRA shall apply to all customer classes, except for those specifically excluded by the Commission.
3. **REVISION DATES:** Pursuant to Decision 04-01-050, the revision dates applicable to the ERRA shall be (i) June 1 of each year for the forecast filing; (ii) February of each year for the compliance review filing; (iii) as determined in Section 1 above in the case of an ERRA Trigger Application; and (iv) through the advice letter process.

Decision 04-01-050 modified ERRA revision dates for 2004 and beyond specifically that (i) forecast filing date is June 1 of each year; (ii) the reasonableness review in February 2005; and (iii) the ERRA trigger for 2004 and subsequent years would be established annually through an Advice Letter on or before April 1 of each year.

(Continued)

Advice Letter No. 3247-E
 Decision No. 07-12-052

Issued by
Brian K. Cherry
 Vice President
 Regulatory Relations

Date Filed April 14, 2008
 Effective May 14, 2008
 Resolution No. _____



ELECTRIC PRELIMINARY STATEMENT PART CP
ENERGY RESOURCE RECOVERY ACCOUNT

Sheet 4

CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

- x) A debit entry equal to incentive payments related to authorized bilateral demand response agreements; (P)
- y) A monthly entry equal to the interest on the monthly nuclear fuel inventory at the beginning of the month and one-half the balance of the current month's activity, multiplied at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor; (P)
- z) A credit or debit entry equal to the revenues or costs related to CRRs; (P)
- aa) A debit entry equal to the incremental IE costs through 2010 related to RFOs seeking terms of less than five years. After 2010, a debit entry equal to all IE costs related to all RFOs; (P)
(P)
- ab) A monthly 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 rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor; and (P)
- ac) A debit entry equal to the year-end balance transferred from the Long-Term Procurement Plan Technical Assistance Memorandum Account (LTAMA). (N)
(N)



ELECTRIC PRELIMINARY STATEMENT EW
LONG-TERM PROCUREMENT PLAN
TECHNICAL ASSISTANCE MEMORANDUM ACCOUNT (LTMA)

Sheet 1 N

1. PURPOSE:

The purpose of the LTAMA is to track the technical assistance costs incurred by the Commission and paid by PG&E in connection with the Commission's implementation and administration of the Long-Term Procurement Plan (LTPP) program. Pursuant to Decision 07-12-052, the Executive Director of the Commission is authorized to hire and manage one or more contractors to provide technical support to Commission staff in several areas. These areas include work performed on: general program design, implementation and evaluation, design and evaluation of a more rigorous portfolio evaluation approach to long term resource planning, and other tasks identified by Commission staff to promote LTPP program goals and to maintain a reliable, cost-effective, and environmentally sound electric supply in California. Decision 07-12-052 provides that the investor-owned utilities (IOUs) will pay for the technical assistance costs incurred in these areas, and that the IOUs may record such payments in the LTAMA and later apply for recovery in rates.

(N)

2. APPLICABILITY:

The LTAMA shall apply to all customer classes, except for those specifically excluded by the Commission.

3. REVISION DATE:

Disposition of amounts in this account shall be determined in the applicable applications, or any other proceeding as authorized by the CPUC.

4. RATES:

The LTAMA does not have a rate component.

5. ACCOUNTING PROCEDURE:

PG&E shall maintain the LTAMA by making entries at the end of each month as follows:

- a. A debit entry equal to the technical assistance costs incurred by the Commission and paid by PG&E in connection with the Commission's implementation and administration of the LTPP.
- b. A debit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the entries above, at a rate equal to one-twelfth 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.
- c. A credit entry to transfer the year-end balance to the Energy Resource Recovery Account (ERRA).

(N)



ELECTRIC TABLE OF CONTENTS

Sheet 1

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Table of Contents		
	Title Page	27312-E (T)
	Rate Schedules	27175,27304,27294,27051-E
	Preliminary Statements	27065,27313,26739,27314-E (T)
	Rules	25588-E
	Sample Forms	26370,26372,25587,25452,24958,26294,26295,25059-E

(Continued)



ELECTRIC TABLE OF CONTENTS
PRELIMINARY STATEMENT

Sheet 7

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Preliminary Statements		
Part CC	Real Time Energy Metering Memorandum Account.....	18307-18308-E
Part CD	Kern Restoration and Operation Memorandum Account.....	18509-E
Part CE	Baseline Balancing Account.....	23410-23411-E
Part CF	Net Energy Metering Memorandum Account	18831-E
Part CG	Utility Generation Balancing Account.....	25367,25926-E
Part CH	Utility Retained Generation Income Tax Memorandum Account.....	20502-E
Part CI	Wholesale DWR/ISO Cost Memorandum Account	20503-E
Part CJ	Negative Ongoing Transition Charge Memorandum Account	24322-E
Part CK	Distribution Bypass Deferral Rate Memorandum Account	20619-E
Part CL	Distributed Energy Resources Memorandum Account.....	19042-E
Part CM	Bond Charge Balancing Account (BCBA)	20245,19556-E
Part CN	Research, Development, and Demonstration Balancing Account.....	19371-E
Part CO	Renewables Balancing Account.....	19372-E
Part CP	Energy Resource Recovery Account	27309,25085,27225, 272310-E
Part CQ	Modified Transition Cost Balancing Account.....	25896,26415-E
Part CR	Common Area Balancing Account	19768-19769-E
Part CS	Advanced Metering and Demand Response Account.....	26376-26378-E
Part CT	Direct Access Shortfall Account (DASA).....	22416-E
Part CU	Customer Credit Card Holding Account	21533-E
Part CV	Financial Hedging Memorandum Account (FHMA)	20631-E
Part CZ	Distribution Revenue Adjustment Mechanism.....	25368,26504-26505-E

(T)

(Continued)

Advice Letter No: 3247-E
 Decision No. 07-12-052

Issued by
Brian K. Cherry
 Vice President
 Regulatory Relations

Date Filed April 14, 2008
 Effective May 14, 2008
 Resolution No. _____



ELECTRIC TABLE OF CONTENTS
PRELIMINARY STATEMENT

Sheet 9

PART	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Preliminary Statements		
Part EA	Internal Combustion Conversion Incentives Balancing Account.....	23642-E
Part EC	Demand Response Expenditures Balancing Account (DREBA).....	26379-26380-E
Part ED	Demand Response Revenue Balancing Account (DRRBA).....	27296-E
Part EF	Procurement Energy Efficiency Revenue Adjustment Mechanism (PEERAM)	25392-E
Part EG	Credit Card Pilot Program Memorandum Account (CCPPMA).....	25351-25352-E
Part EH	Negative Indifference Amount Memorandum Account (NIAMA).....	25088-E
Part EI	SmartMeter Project Balancing Account - Electric	25141-25142-E
Part EJ	Pension Contribution Balancing Account.....	26297,25228-E
Part EK	Land Conservation Plan Implementation Account (LCPIA)	26324-E
Part EL	Renewables Portfolio Standard Cost Memorandum Account.....	25453-E
Part EM	ClimateSmart Balancing Account	26098-E
Part EN	British Columbia Renewable Study Balancing Account.....	26197-E
Part EO	California Solar Initiative Balancing Account	26211-26213-E
Part EP	Market Redesign and Technology Upgrade Memorandum Account	26406-E
Part EQ	Humboldt Bay Power Plant Memorandum Account.....	26721,26327-E
Part ER	Air Conditioning Tracking Memorandum Account	26721,26327-E
Part ES	Demand Response Aggregator incentives Memorandum Account	26384-E
Part EV	Air Conditioning Expenditures Balancing Account.....	27297-E
Part EW	Long-Term Procurement Plan Technical Assistance Memorandum Account.....	27311-E (N)

(Continued)

Advice Letter No: 3247-E
 Decision No. 07-12-052

Issued by
Brian K. Cherry
 Vice President
 Regulatory Relations

Date Filed April 14, 2008
 Effective May 14, 2008
 Resolution No. _____

**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	