

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 16, 2008

Advice Letter 3273-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 to Public Purpose Program Revenue Adjustment
Mechanism (PPPRAM)

Dear Mr. Cherry:

Advice Letter 3273-E is effective May 21, 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

May 21, 2008

Advice 3273-E

(Pacific Gas and Electric Company ID U 39E)

Public Utilities Commission of the State of California

Subject: Revision to Public Purpose Program Revenue Adjustment Mechanism (PPPRAM)

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

Purpose

The purpose of this filing is to comply with the directives of Commission Resolution (Res.) E-4160 in describing how and when PG&E intends to amortize over collections and credits for renewable program funds as a result of Senate Bill (SB) 1036.

Background

Effective January 1, 2008, SB 1036 eliminates the provisions from existing law that authorize the California Energy Commission (CEC) to award production incentives and Supplemental Energy Payments (SEPs) to renewable energy producers if their price of renewable energy exceeds a market price referent (MPR) for electricity, resulting in a reduction in annual statewide funding for renewable programs by 51.5 percent. In addition, SB 1036 requires the CEC to transfer unencumbered funds in its New Renewable Resource Account (NRRA) back to the electrical corporations that collected the funds. The SEP payments are currently collected as part of the utilities' existing Public Goods Charge (PGC) on electric bills.

On April 10, 2008, the Commission issued Resolution E-4160 to implement the provisions of SB 1036. Resolution E-4160 directs the electric investor-owned utilities (IOUs) to: 1) adjust their Renewable Public Purpose Program (PPP) rate component collecting PGC as directed by Public Utilities Code 399.8 and amended by SB 1036, and 2) address how the recorded over collections resulting from 2008 rates recovering more renewable funds than authorized by SB 1036

and the renewable funds transferred from the CEC for SEP payments made prior to 2008 will be amortized in PPP rates in the Utility's next consolidated rate change, which PG&E files to become effective January 1 of each year.

PG&E received a payment from the CEC on March 12, 2008, of \$229 million for unencumbered renewable credits from 2002 through 2007. PG&E has recorded the credit in a regulatory liability account pending approval of the tariff revision requested in this advice letter.

Discussion

PG&E filed Advice Letter 3245-E, on April 1, 2008, reflecting the reduced 2008 Renewable funding of \$35.6 million (reduced from \$71.9 million in 2007) as part of its annual electric public goods charge funding level advice letter. PG&E will revise the Public Purpose Program (PPP) rate component to reflect the lower annual revenue requirement concurrent with the rate changes associated with its Annual Electric True-up (AET).

The PPPRAM is estimated to be over collected by approximately \$270 million, including interest, at year end 2008, as a result of the 2008 renewable funding included in rates being higher than the funding established by SB 1036, and the return of \$229 million in unencumbered renewable credits from the CEC through 2007, plus estimated interest through December 31, 2008. The PPPRAM will be amortized over 12 months as part of PG&E's AET to be filed on or before September 1, 2008, for rates effective January 1, 2009.

Tariff Revisions

PG&E is adding an entry to the PPPRAM to allow the recording of the payment received from the CEC, plus interest, into the balancing 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 **June 10, 2008**, which is 20 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

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

Facsimile: (415) 703-2200
E-mail: ijnj@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 believes this Advice Letter should be classified as Tier 1 (effective pending disposition) pursuant to GO 96-B. In accordance with OP 2 of Resolution E-4160, PG&E requests that this advice filing become effective on **May 21, 2008**, which is the date of this 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 A.05-06-004. 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>



Vice President, Regulatory Relations

Attachments

cc: Service List A.05-06-004

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) #: 3273-E

Tier: [1]

Subject of AL: Revision to Public Purpose Program Revenue Adjustment Mechanism (PPPRAM)

Keywords: public purpose program

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 AL:

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: N/A

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 21, 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: Electric Preliminary Statement Part DA

Service affected and changes proposed:

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

jn@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 3273-E**

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

Title of Sheet

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

27551-E	ELECTRIC PRELIMINARY STATEMENT PART DA PUBLIC PURPOSE PROGRAMS REVENUE ADJUSTMENT MECHANISM Sheet 1	25369-E
27552-E	ELECTRIC TABLE OF CONTENTS Sheet 1	27541-E
27553-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 8	26739-E



ELECTRIC PRELIMINARY STATEMENT PART DA Sheet 1
PUBLIC PURPOSE PROGRAMS REVENUE ADJUSTMENT MECHANISM

DA. PUBLIC PURPOSE PROGRAMS REVENUE ADJUSTMENT MECHANISM (PPPRAM)

1. **PURPOSE:** The purpose of the PPPRAM is to record the authorized Public Purpose Programs (PPP) revenue requirements and to provide full recovery of those costs. The PPP revenue requirements are composed of funding for electric Energy Efficiency (EE) programs, Low-Income Energy Efficiency (LIEE) programs, Research, Development and Demonstration (RD&D) programs, and Renewables programs.
2. **APPLICABILITY:** The PPPRAM shall apply to all customer bills for service under all rate schedules and contracts for electric service subject to the jurisdiction of the Commission, except for those rate schedules or contracts specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balance in this account shall be determined through the advice letter process.
4. **RATES:** The PPP rates equal the PPP rates included in the effective rates set forth in each rate schedule as a separate non-bypassable charge less the California Alternate Rates for Energy Account (CAREEA) surcharge rate and Procurement Energy Efficiency and Balancing Account rate shown in Preliminary Statement Part I.
5. **ACCOUNTING PROCEDURES:** The following entries will be made to this account each month or as applicable:

a. A debit entry equal to the annual Commission-authorized PPP revenue requirements divided by twelve.	(T)
b. A credit entry equal to the revenue from the PPP rates less the recorded revenue from the CAREEA rate and Procurement Energy Efficiency and Balancing Account rate shown in Preliminary Statement Part I.	(T)
c. a debit or credit entry equal to any amounts authorized by the CPUC to be recorded in this account.	(N) (N)
d. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entries are made, 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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Sheet 1

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Sheet 8

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(Continued)

**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	