

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



July 23, 2008

Advice Letters 3281-E/E-A

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: PG&E's Request for Modification of the Market  
Redesign and Technology Upgrade Memorandum Account for  
Clarification and Supplemental Filing

Dear Mr. Cherry:

Advice Letters 3281-E and 3281-E-A are effective July 30, 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

77 Beale Street, Room 1087  
San Francisco, CA 94105

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June 30, 2008

**Advice 3281-E-A**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Supplement to PG&E's Request for Modification of the Market Redesign and Technology Upgrade Memorandum Account for Clarification**

**Background and Purpose**

On June 16, 2008, PG&E submitted Advice 3281-E, to revise the Market Redesign and Technology Upgrade Memorandum Account (MRTUMA) to clarify that in addition to the costs to implement the initial phase of MRTU, all costs arising from PG&E's efforts to comply with MRTU Release 1 A (now known as the Markets and Performance or MAP), will also be recorded in the MRTUMA under the conditions set forth in Resolution E-4093. In accordance with an Energy Division directive received after the filing was submitted, PG&E is filing this supplement Advice 3281-E-A to establish an MRTU Demand Response sub-account to separately track the MRTU costs related to demand response. This advice is intended to supplement the information provided in Advice 3281-E and revise the proposed preliminary statement submitted with Advice 3281-E.

**Discussion**

Consistent with Advice 3281-E, this filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule, as it merely requests a clarification to the already authorized MRTUMA, which records incremental capital related revenue requirements and incremental operations and maintenance expenses for possible future recovery in rates.

The revised MRTUMA preliminary statement is being submitted as Attachment 1 to this advice letter and supersedes the version of the MRTUMA submitted in Advice 3281-E in its entirety.

**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 21 days after the date of this filing, which is **July 21, 2008**. Protests should be mailed to:

CPUC Energy Division  
Attention: Tariff Unit, 4<sup>th</sup> Floor  
505 Van Ness Avenue  
San Francisco, California 94102  
Facsimile: (415) 703-2200  
E-mail: mas@cpuc.ca.gov and jnj@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:

Pacific Gas and Electric Company  
Attention: Brian Cherry  
Vice President, Regulatory Relations  
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, July 30, 2008, which is 30 calendar days after the date of filing.

**Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes 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 black ink, appearing to read "Brent K. Anglin". The signature is written in a cursive, somewhat stylized font.

Vice President, Regulatory Relations

Attachment 1 – Memorandum Account

cc: Jason Salmi Klotz– Energy Division

# 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: David Poster

Phone #: (415) 973-1082

E-mail: DXPU@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) #: **3281-E-A**

**Tier: 2**

Subject of AL: Supplement - PG&E's Request for Modification of the Market Redesign and Technology Upgrade Memorandum Account for Clarification

Keywords (choose from CPUC listing): MRTU

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<sup>1</sup>: \_\_\_\_\_

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: **July 30, 2008**

No. of tariff sheets: 4

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: MRTUMA

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets:

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 3281-E-A**

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

**Title of Sheet**

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

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27623-E	ELECTRIC PRELIMINARY STATEMENT PART EP MARKET REDESIGN AND TECHNOLOGY UPGRADE MEMORANDUM ACCOUNT Sheet 1	26406-E
27624-E	ELECTRIC PRELIMINARY STATEMENT PART EP MARKET REDESIGN AND TECHNOLOGY UPGRADE MEMORANDUM ACCOUNT Sheet 2	New
27625-E	ELECTRIC TABLE OF CONTENTS Sheet 1	27582-E
27626-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 9	27314-E



**ELECTRIC PRELIMINARY STATEMENT PART EP**  
**MARKET REDESIGN AND TECHNOLOGY UPGRADE MEMORANDUM**  
**ACCOUNT**

Sheet 1

EP. MARKET REDESIGN AND TECHNOLOGY UPGRADE MEMORANDUM ACCOUNT (MRTUMA)

1. PURPOSE:

The purpose of the MRTUMA authority is to record incremental expenses and incremental capital-related costs associated with the California Independent System Operator's (ISO) Market Redesign and Technology Upgrade (MRTU) initiative. PG&E must comply with the MRTU Tariff to conform to FERC regulations, and with existing legal agreements with the CAISO. In late September 2006, the FERC conditionally approved the MRTU tariff.

2. APPLICABILITY:

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

3. MRTUMA RATES:

The MRTUMA does not currently have a rate component.

4. MRTU DEMAND RESPONSE SUB ACCOUNT (MRTUDR):

The MRTUDR is established in the MRTUMA to record Demand Response costs associated with implementing all releases of the CAISO's MRTU Initiative, including "Markets and Performance" (formerly known as Release 1a) costs.

(N)  
 |  
 |  
 |  
 (N)

5. ACCOUNTING PROCEDURE:

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

(T)

a. MRTUMA

(N)

1. A debit entry equal to PG&E's incremental expenses and capital-related revenue requirements (i.e., book depreciation, applicable taxes and an authorized return on rate base) associated with implementing all releases of the CAISO's MRTU initiative, excluding Demand Response associated costs;

(T)  
 (T)

2. A credit entry to transfer amounts recorded in the MRTUMA to UGBA after Commission authorization by order in the ERRA or other formal proceeding where the Commission has completed a review of the reasonableness of those amounts; and

3. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after entry 5.a.1, 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.

(T)

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Sheet 1

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**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	PITCO
Anderson & Poole	Douglass & Liddell	PPL EnergyPlus, LLC
Arizona Public Service Company	Downey & Brand	Pinnacle CNG Company
BART	Duke Energy	Praxair
BP Energy Company	Duncan, Virgil E.	R. W. Beck & Associates
Barkovich & Yap, Inc.	Dutcher, John	RCS, Inc.
Bartle Wells Associates	Ellison Schneider & Harris LLP	RMC Lonestar
Blue Ridge Gas	Energy Management Services, LLC	Recon Research
Braun & Associates	FPL Energy Project Management, Inc.	SCD Energy Solutions
C & H Sugar Co.	Foster Farms	SCE
CA Bldg Industry Association	Foster, Wheeler, Martinez	SESCO
CAISO	Franciscan Mobilehome	SMUD
CLECA Law Office	G. A. Krause & Assoc.	SPURR
CSC Energy Services	GLJ Publications	Santa Fe Jets
California Cotton Ginners & Growers Assn	Goodin, MacBride, Squeri, Schlotz & Ritchie	Seattle City Light
California Energy Commission	Green Power Institute	Sempra Utilities
California League of Food Processors	Hanna & Morton	Sequoia Union HS Dist
California Public Utilities Commission	Heeg, Peggy A.	Sierra Pacific Power Company
California Water Company	Hitachi	Silicon Valley Power
Calpine	Hogan Manufacturing, Inc.	Smurfit Stone Container Corp
Cameron McKenna	Imperial Irrigation District	Southern California Edison Company
Cardinal Cogen	Innercite	St. Paul Assoc.
Casner, Steve	International Power Technology	Sunshine Design
Cerox	Intestate Gas Services, Inc.	Sutherland, Asbill & Brennan
Chamberlain, Eric	J. R. Wood, Inc.	TFS Energy
Chevron Company	JTM, Inc.	Tabors Caramanis & Associates
Chris, King	Los Angeles Dept of Water & Power	Tecogen, Inc.
City of Glendale	Luce, Forward, Hamilton & Scripps LLP	TransCanada
City of Palo Alto	MBMC, Inc.	Turlock Irrigation District
City of San Jose	MRW & Associates	U S Borax, Inc.
Clean Energy Fuels	Manatt Phelps Phillips	United Cogen

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

<b>Coast Economic Consulting</b>	<b>Matthew V. Brady &amp; Associates</b>	<b>Utility Cost Management</b>
<b>Commerce Energy</b>	<b>McKenzie &amp; Associates</b>	<b>Utility Resource Network</b>
<b>Commercial Energy</b>	<b>Meek, Daniel W.</b>	<b>Utility Specialists</b>
<b>Constellation</b>	<b>Merced Irrigation District</b>	<b>Vandenberg Air Force</b>
<b>Constellation New Energy</b>	<b>Mirant</b>	<b>Verizon</b>
<b>Consumer Federation of California</b>	<b>Modesto Irrigation District</b>	<b>Wellhead Electric Company</b>
<b>Crossborder Energy</b>	<b>Morgan Stanley</b>	<b>Western Manufactured Housing Communities Association (WMA)</b>
<b>Davis Wright Tremaine LLP</b>	<b>Morrison &amp; Foerster</b>	<b>White &amp; Case</b>
<b>Day Carter Murphy</b>	<b>New United Motor Mfg., Inc.</b>	<b>eMeter Corporation</b>
<b>Defense Energy Support Center</b>	<b>Norris &amp; Wong Associates</b>	
<b>Department of Water Resources</b>	<b>North Coast SolarResources</b>	