

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



January 7, 2009

**Advice Letter 2938-G/3298-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: Request Authorization to Shift Prior Years' Unspent,  
Uncommitted Gas and Electric Energy Efficiency Funds to  
Ensure Adequate Funding of Current 2006-2008 Programs**

Dear Mr. Cherry:

Advice Letter 2938-G/3298-E is effective November 6, 2008 by Resolution G-3421.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, 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

July 16, 2008

**Advice 2938-G/3298-E**

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Request Authorization to Shift Prior Years' Unspent,  
Uncommitted Gas and Electric Energy Efficiency Funds to  
Ensure Adequate Funding of Current 2006-2008 Programs**

Pacific Gas and Electric Company (PG&E) hereby requests authorization to utilize unspent, uncommitted electric and gas Energy Efficiency (EE) program funds from prior years' to augment the program funding for the current 2006-2008 EE program cycle to ensure adequate funding for PG&E's 2006-2008 mass market, targeted market, third-party and local government partnership (LGP) programs.

**Purpose**

During the 2006-2008 program cycle PG&E has pursued an aggressive agenda to achieve record energy savings to meet the California Public Utilities Commission's (Commission's) ambitious energy efficiency goals and plans for greenhouse gas reduction. The Commission's shift from one- or two-year program and funding approval to a three year program cycle with funding shifting flexibility has allowed PG&E to effectively manage the portfolio to maximize savings. Third-party and LGP programs were able to use 2006 and 2007 to ramp up their projects while high savings delivery was achieved using core programs. PG&E used its new market based approach to accelerate customer participation in the mass market and targeted market core programs to ensure meeting the Commission's ambitious annual savings goals. The three year market push has resulted in sustained historically high monthly and annual energy savings and accelerated market penetration of key measures (see attached monthly and measure accomplishments discussed below). The 9th Quarter Report to the CPUC shows the Portfolio performing at a 2.24 TRC compared with the 1.61 TRC projected in the April 17, 2006 compliance filing for the 2006-2008 Energy Efficiency Portfolio.<sup>1</sup>

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<sup>1</sup> See Advice 2704-G-A/2786-E-A

These accomplishments represent unprecedented customer participation leading to expenditure rates higher than expected. Sustaining these high levels of savings will exhaust authorized portfolio funding for 2006-2008 prior to the end of 2008. PG&E is asking the Commission to allow continuing the current program savings delivery level. This can be achieved by reallocating \$63.2 million in prior years' unspent, uncommitted energy efficiency funds to the 2006-2008 Portfolio. PG&E urges the Commission to allow continuation of the current level of success achieving both the energy savings and GHG reductions by continuation of the programs at current levels.

### **Background**

On September 22, 2005, the Commission issued Decision (D.) 05-09-043 approving PG&E's 2006-2008 EE portfolio and budget. This Decision adopted PG&E's proposed program structure and fund-shifting rules governing the investor-owned utilities' (IOUs') ability to shift funds and modify or add programs within the timeframe of the 2006-2008 program cycle. The fund-shifting rules provide that within the 2006-2008 EE program cycle certain significant shifts among EE programs, and/or certain significant shifts among EE categories trigger an advice letter approval process. The fund-shifting rules adopted in D.05-09-043 did not provide direction on the process for shifting prior years' (pre-2006) unspent, uncommitted funds into the 2006-2008 EE program cycle.

By Decision (D.) 06-12-013, the Commission modified D.05-09-043 to allow the IOU "program administrators to use the advice letter process to seek Commission authorization to shift existing unspent, uncommitted energy efficiency funds from previous program cycles to the 2006-2008 portfolio budgets to fund new energy efficiency programs, or incremental energy efficiency activities as part of existing, authorized energy efficiency programs." See OP 2. Decision 06-12-013 also requires that utilities consult with their program advisory and peer review groups (PAG and PRG) before filing such advice letters. *Id.*

Based on this procedural direction, PG&E notified its PAG and PRG on July 9, 2008 and solicited feedback in advance of filing this advice letter. The communication to the PAG is attached (Attachment 1). In addition to the letter itself, the PAG was provided several graphs showing the increase in monthly savings achieved since implementation of this portfolio began in January, 2006 and a chart showing the relative increase in the number of units installed of several key measures since 2004 (see Attachment 2). These illustrate the exceptional increase in customer uptake of energy efficiency measures. To date, PG&E has received one PRG response from the Natural Resources Defense Council (NRDC), and three PAG responses (National Association of Energy Services Company (NAESCO), Resource Solutions Group, and The Alliance To

Save Energy), all supporting the proposal made in this advice letter. PG&E hereby seeks permission to shift pre-2006 unspent, uncommitted EE funds up to \$63.2 million, plus accrued interest at the time of the transfer, to fund currently authorized 2006-2008 EE resource programs through the end of the year.

**Request to Carryover Unspent pre-2006 Electric and Gas EE Funds to Ensure Adequate Funding for all 2006-2008 Resource Programs**

PG&E seeks to shift prior years' unspent, uncommitted funds into the current program cycle to ensure that program funds will be available to continue delivering energy savings. Third-parties and LGPs have forecast significantly increased participation levels for the remainder of 2008. At the same time, activity in PG&E's other delivery channels remains at record levels. The combination of the record high core program energy savings with the accelerating third-party and LGP programs is very likely to exhaust all currently authorized funds by the end of the third quarter.

Although PG&E can not be certain that all of the forecasted activity and savings will materialize, PG&E seeks to shift \$63.2 million in prior years' unspent, uncommitted funds into its resource program budget to ensure adequate funding to meet the forecasted level of its mass market, targeted market, third-party and LGP activity. This will enable continued delivery on the Commission's directive to accomplish all cost effective energy efficiency and will carry the market momentum into 2009. In addition, requested shifting of funds should prevent any ramping down or curtailment of program activity caused by budgetary concerns.

As reported to the CPUC on June 23, 2008, as of May 31, 2008, PG&E has \$63,155,589, including interest, in electric and gas unspent program year (PY) 2005 and prior EE funds. This consists of a balance of \$61,275,257 in the electric EE balancing accounts and a balance of \$1,880,332 in the gas EE balancing accounts.

<b>Program Year</b>	<b>Electric</b>	<b>Gas</b>	<b>Total</b>	<b>Balancing Account</b>
Pre-98	4,631,135	532,892	5,164,027	Gas and Electric EEBA
PY 1998-2005	47,375,194	1,347,441	48,722,635	Gas and Electric – PPPEEBA
Procurement (PY04-05) Approved Pre-98 Transfer in June 2008 for CFL Recycling Program	9,868,927    (600,000)		9,868,927    (600,000)	Electric PEEBA    Electric EEBA
<b>Total</b>	<b>61,275,257</b>	<b>1,880,332</b>	<b>63,155,589</b>	

An additional detailed summary of the prior years' available, unspent, uncommitted funds is attached as Attachment 3.

Once this advice letter is approved, PG&E will transfer the May 31, 2008, balances, plus accrued interest from the gas and electric Pre-98 Energy Efficiency Balancing Account (EEBA) to the gas and electric Public Purpose Program Energy Efficiency Balancing Account (PPPEEBA) to augment the funding available for the 2006-2008 EE resource programs. The amounts from prior years that have already been recorded in the gas and electric PPPEEBA and electric Procurement Energy Efficiency Balancing Account (PEEBA), plus accrued interest, will be transferred to the 2006-2008 subledgers to similarly augment the 2006-2008 EE resource program funding.

PG&E proposes to initially add 80% of these funds to its mass market program budget, and 20% of these funds to its targeted market program budget. As authorized for PG&E's programs for 2006-2008, those two program areas include all of PG&E's core programs, third-party programs, and LGP's. Thus the funds will be available to essentially all of PG&E's activities delivering savings on an as-needed basis consistent with the current fund-shifting rules. The disposition of any remaining unspent, uncommitted funds in these accounts at the end of PY 2006-2008, will be addressed in a future filing.

**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 **August 5, 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: jnj@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 regular notice, **August 15, 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 and to parties on the service list for R.06-04-010. 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 List for R.06-04-010

# 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) #: **2938-G/3298-E**

Tier: 2

Subject of AL: Request Authorization to Shift Prior Years' Unspent, Uncommitted Gas and Electric Energy Efficiency Funds to Ensure Adequate Funding of Current 2006-2008 Programs

Keywords (choose from CPUC listing): Energy Efficiency

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: **August 15, 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 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**  
**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**

**Program Advisory Group (PAG) and Peer Review Group (PRG)  
Communication Letter**

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**From:** Charlier-Smith, Daniel M  
**Sent:** Wednesday, July 09, 2008 2:40 PM  
**To:** Barnes, Jennifer; 'abesa@semprautilities.com'; 'achang@nrdc.org'; Porter, Andrea; 'alyssa.cherry@sce.com'; 'amcguire@icfi.com'; 'awp@cpuc.ca.gov'; 'barry.hooper@sanjoseca.gov'; 'ckmitchell1@sbcglobal.net'; 'CMann@ambag.org'; 'cxc@cpuc.ca.gov'; 'd.d.gilligan@att.net'; 'DanielC@energy-solution.com'; 'davidprice@synergycompanies.org'; Larson, Duane; 'dmahone@h-m-g.com'; 'don.arambula@sce.com'; 'ejerome@cogentenergy.com'; 'eric@strategyi.com'; 'ERussell@ambag.org'; 'ewanless@nrdc.org'; 'ewisniewski@cee1.org'; Hicks, Greydon; 'GKatsufrakis@semprautilities.com'; 'hissa@lincusenergy.com'; 'hryan@smallbusinesscalifornia.org'; Homsher, Ila; 'jakotowski@gepllc.com'; 'jeff.hirsch@doe2.com'; 'jill@rahinc.com'; Marver, Jill; 'JL2@cpuc.ca.gov'; 'joe@rhinc.com'; 'jtiffany@ase.org'; 'jyamagata@semprautilities.com'; 'Kathleen.gaffney@kema.com'; 'kenc@boma.com'; 'kgrenfell@nrdc.org'; 'klewis@energy.state.ca.us'; Reed, Keith; 'kurt@proctoreng.com'; MacDonald, LeAndra; 'lcasentini@rsgroup.com'; 'lettenson@nrdc.org'; 'mapiette@lbl.gov'; 'mbthomas@earthlink.net'; 'mharrigan@ase.org'; 'Mike.rufo@itron.com'; 'mkh@cpuc.ca.gov'; Eansor, Maria P; 'mshames@ucan.org'; 'mthayer@mail.sdsu.edu'; Jung, Mary; 'nancykrod@consol.ws'; 'nyg@cpuc.ca.gov'; Kesting, Oliver; 'peter.lai@cpuc.ca.gov'; 'pstoner@lgc.org'; 'pw1@cpuc.ca.gov'; Sanders, Roger; 'robyn.zander@sce.com'; 'sam@energy-solution.com'; 'sbender@energy.state.ca.us'; 'snadel@aceee.org'; Ramaiya, Shilpa R; 'Susan.Moseley@honeywell.com'; 'tcr@cpuc.ca.gov'; Miller, William (CEE); 'william.grimm@sce.com'; 'ztc@cpuc.ca.gov'  
**Cc:** Nwamu, Chonda (Law); Larson, Duane; MacDonald, LeAndra  
**Subject:** PAG Communication Regarding PG&E Advice Letter

Dear PAG and PRG Members,

I am writing to provide you with important information regarding PG&E's energy efficiency Portfolio performance and invite your advice. The first thing to share with you is the success we are having with the Portfolio and then share with you the decision we need to make regarding the remainder of 2008.

I believe PG&E's 2006-2008 monthly energy savings results confirm that the CPUC change to a three year program authorization results in greater energy savings than the one year program authorizations. The market-focused portfolio you helped us design has resulted in historic levels of customer participation. The momentum to reach these levels of energy savings would not have happened with one year programs that start and stop. If we take megawatts as an example, we achieved about 2 MWs in demand reduction in month one of the portfolio (January 2006) and are now averaging more than 20 MWs a month (record high January 2008). The attached presentation illustrates the monthly savings over time.

Customers' response to the programs has resulted in record implementation of key end use measures. As you can see in the attached presentation, since 2004, their adoption of key measures has increased significantly. For example, we have raised their participation in HVAC Refrigerant Charge and Airflow by a factor of 29 times over 2004, increased CFLs by a factor of 15, boilers by a factor of 8 and motors by a factor of 5. Customer satisfaction ratings are above 90% Excellent, Very Good and Good.

The Portfolio compliance filing, in April of 2006, had a design TRC of 1.61. The 9th Quarter Report to the CPUC shows the actual Portfolio performance at a 2.24 TRC.

The issue raised by the Portfolio's performance is that customer response to the programs has accelerated the expenditure of authorized funds. PG&E has come to a decision point - to request additional funds or start putting PG&E Core programs on hiatus until next year. The hiatus would mean we would need to rebuild the market momentum in the next Portfolio while having a significant lost opportunity for energy savings.

It would be PG&E's preference to file an Advice Letter requesting to move unspent energy efficiency funds from before 2006 into the 2006-2008 Portfolio. This would allow us to continue meeting customer demand for the Core programs, while reserving the unspent Third Party and Local Government program funds for their end of year ramp up.

Since time is critical on this decision, we would encourage a quick response on any advice you have on this matter by Monday, July 14, 2008. I'd appreciate an e-mail from each of you by that date.

Thank you for your continuing support of energy efficiency,

Duane Larson  
Director of CEE Portfolio Implementation  
Pacific, Gas and Electric Company



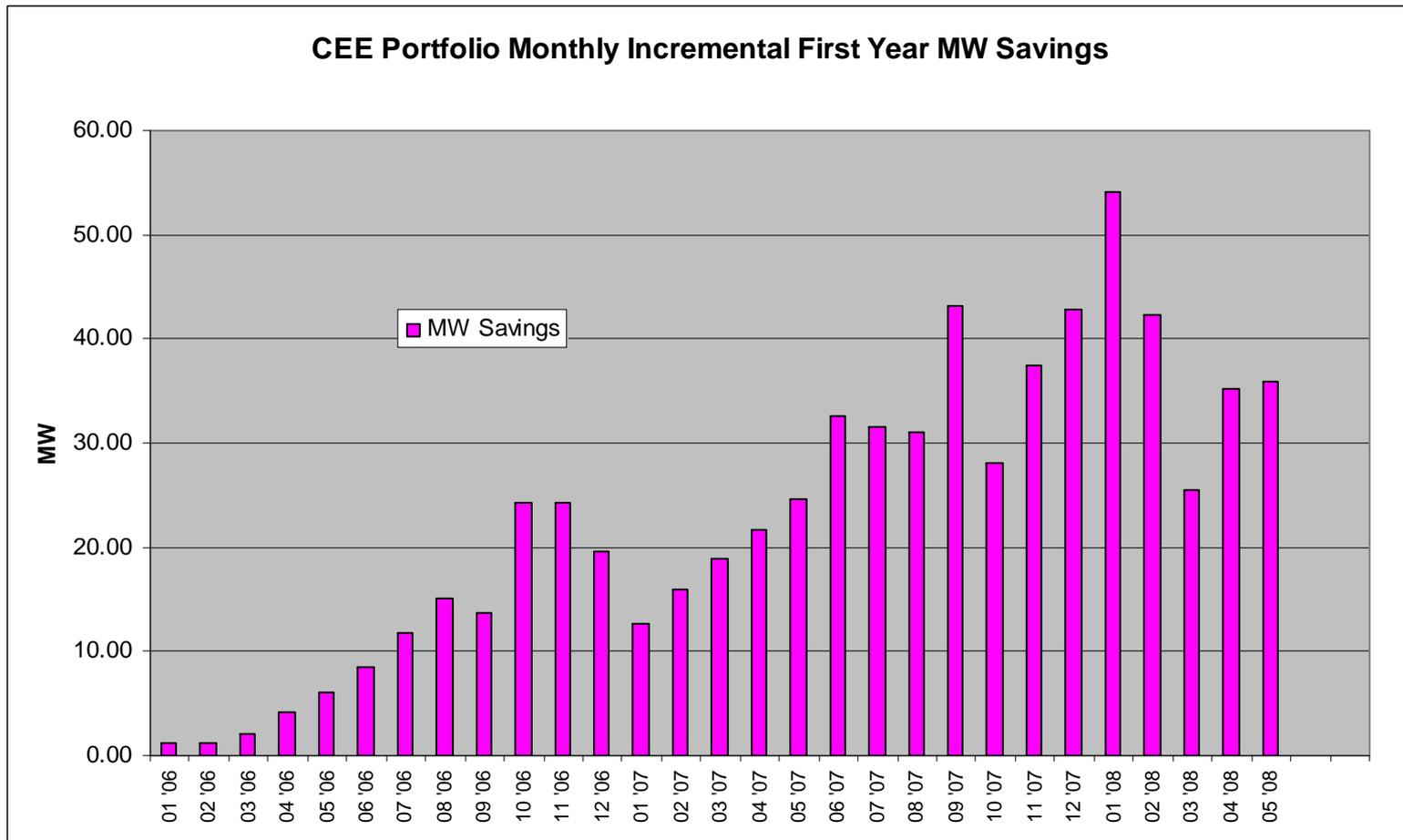
PAG attachments  
2008.ppt (803 ...

## **Attachment 2**

**Energy Efficiency Presentation to PAG and PRG**

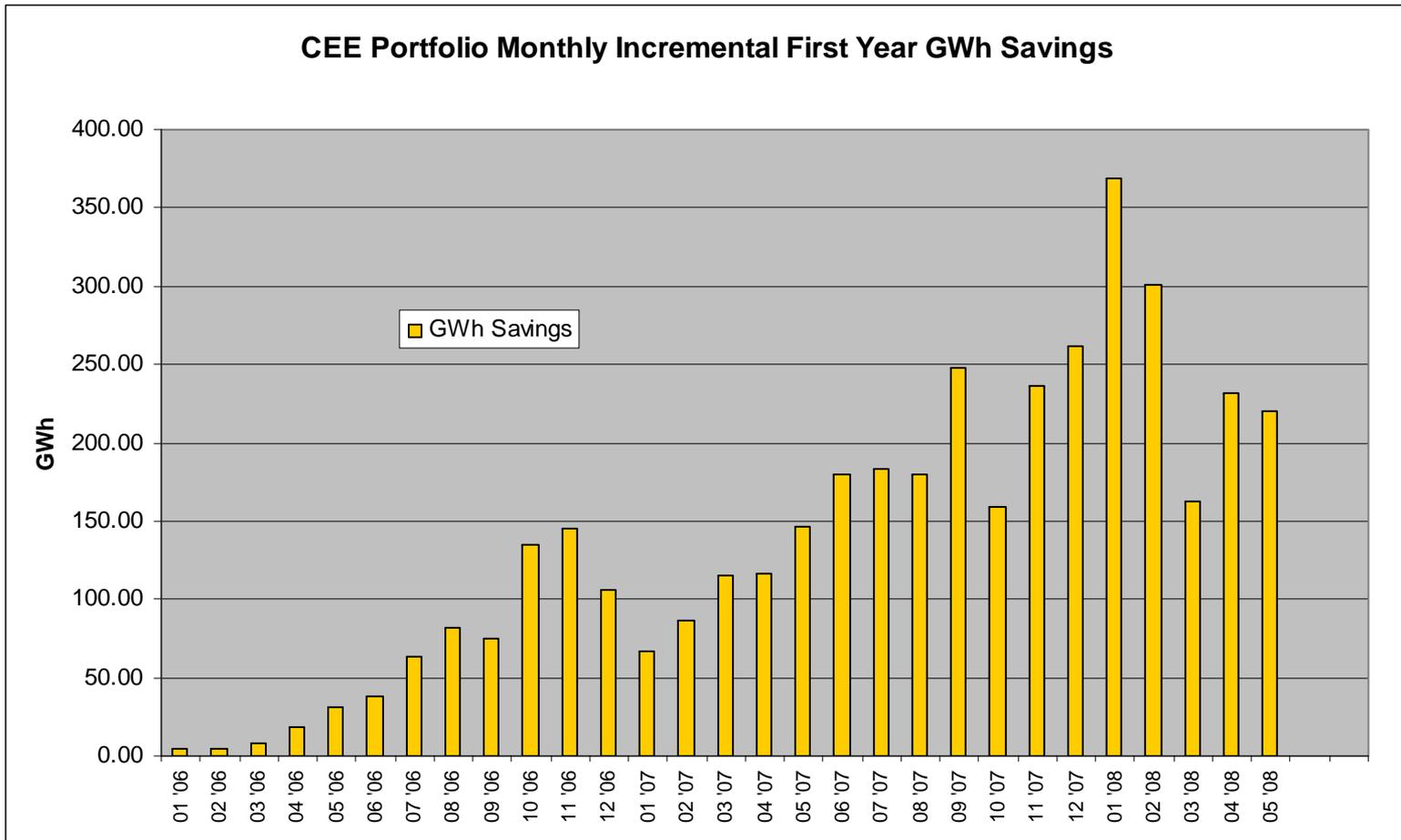
# PG&E Results – Monthly Gross MW Savings Over Time

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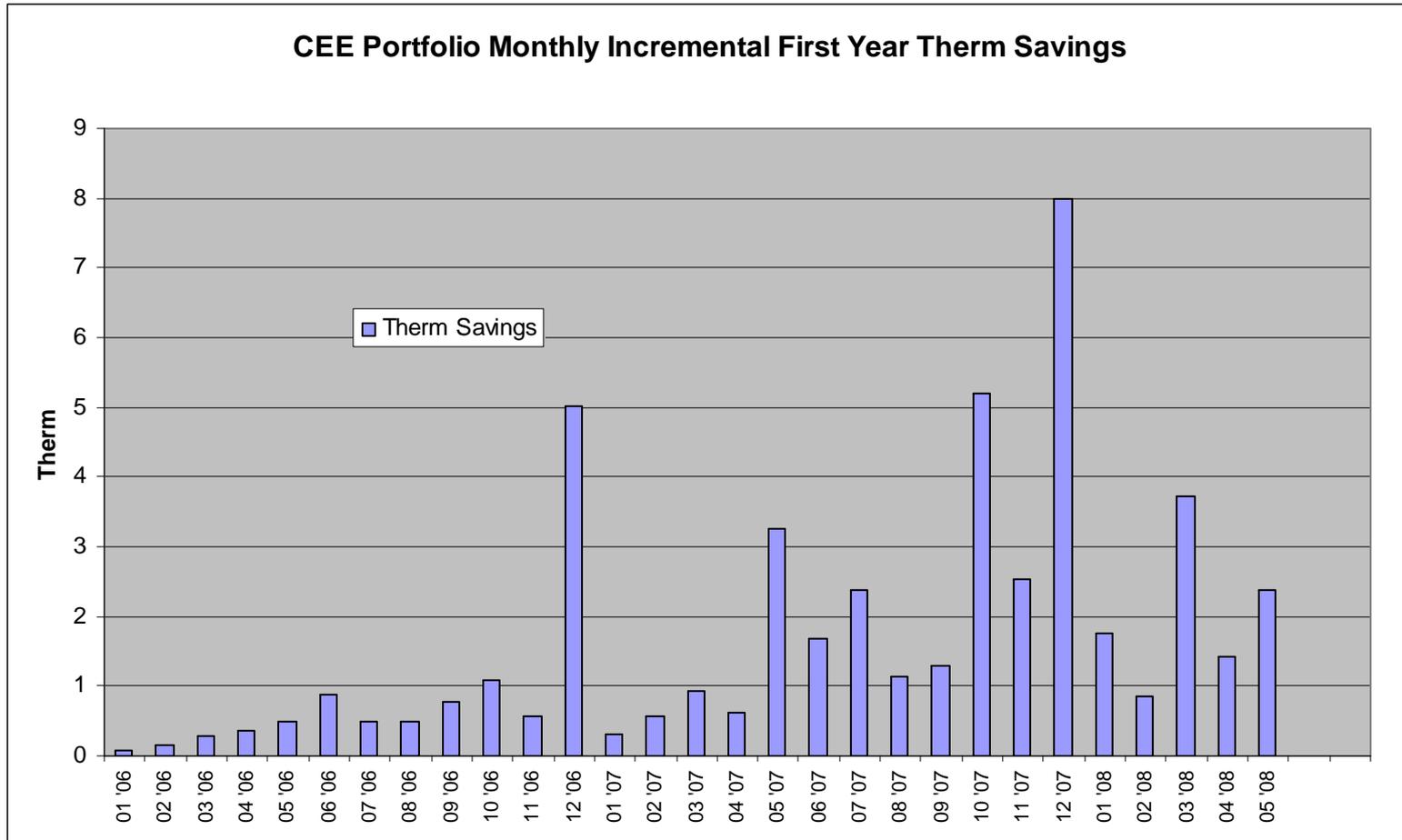
# PG&E Results – Monthly Gross GWh Savings Over Time

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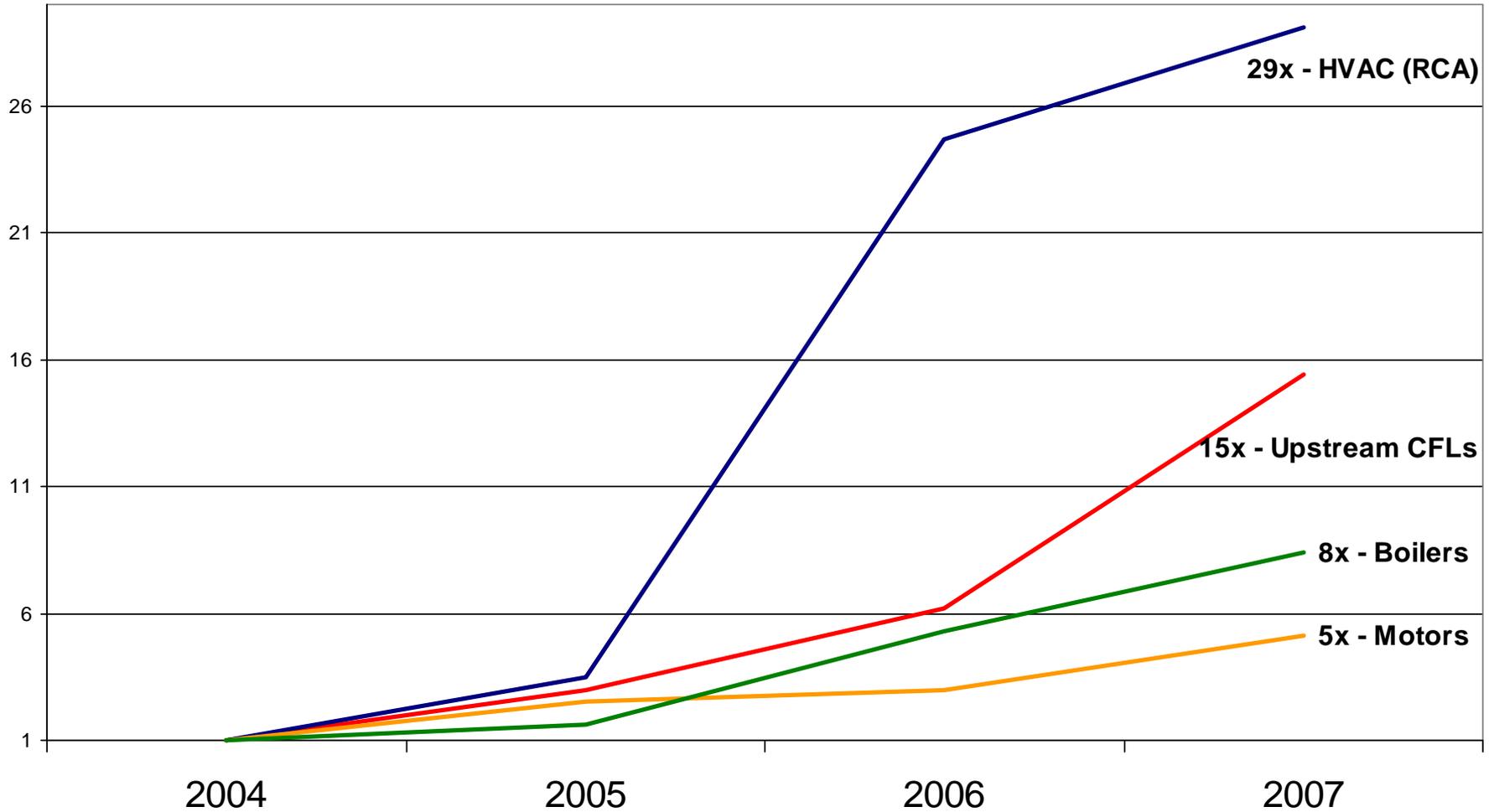


# PG&E Results – Monthly Gross Therm Savings Over Time

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# PG&E Growth in Key EE Measures (2004-2007)



## **Attachment 3**

**Summary of Available Energy Efficiency Funds (Unspent,  
Uncommitted Funds)**

**Summary of Available Funds (unspent, uncommitted funds)**

**Reflected in March 2008 CPUC Monthly Accounting Report**

PY 1998-2005	21,680,805	
Pre-98	5,145,401	
Procurement (PY04-05)	5,763,218	
total	<u><b>32,589,424</b></u>	<b>A</b>

PY98-05 interest earned for April	142,021	
Pre-98 interest earned for April	10,076	
PY04-05 Proc interest earned for April	31,685	
total	<u><b>183,782</b></u>	<b>B</b>

PY98-05 interest earned for May	120,088	
Pre-98 interest earned for May	8,549	
PY04-05 Proc interest earned for May	26,668	
total	<u><b>155,305</b></u>	<b>C</b>

**Detail of additional reductions reflected in April 2008 report**

PY04-05 Res/NonRes	5,445,768	
PY04-05 LGP's	1,919,999	
PY04-05 3P	7,856,551	
PY04-05 Procurement	4,047,338	
PY03 Res/NonRes	4,858,187	
PY03 LGP (SFPEP)	346,703	
PY03 3P	1,427,047	
PY02 Res/NonRes	1,159,133	
PY01 Res/NonRes	2,387,095	
PY00 NonRes	1,067,864	
PY99 NonRes	311,394	
total	<u><b>30,827,079</b></u>	<b>D</b>

**Available funds reflected in May 2008 CPUC Monthly Accounting Report**

	<b>Electric</b>	<b>Gas</b>	<b>Total</b>
Pre-98	4,631,135	532,892	5,164,027
PY 1998-2005	47,375,194	1,347,441	48,722,635
Procurement (PY04-05)	9,868,927	-	9,868,927
total	<u><b>61,875,257</b></u>	<u><b>1,880,332</b></u>	<u><b>63,755,589</b></u>

<b>A+B+C+D=</b>	63,755,590	
	600,000	Transfer in June 2008 from Pre-98 to PY06-08 for the CFL Recycling Program
	<u><b>63,155,590</b></u>	<b>Total unspent/uncommitted funds from Prior-Year Programs</b>

**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>	