

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



January 8, 2009

Advice Letter 3335-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: Dynamic Pricing – D.08-07-045 Dynamic Pricing
Memorandum Account to Track Incremental
Dynamic Pricing Rates Implementation Expenditures**

Dear Mr. Cherry:

Advice Letter 3335-E is effective September 3, 2008 per Resolution E-4210.

Sincerely,

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

Julie A. Fitch, Director
Energy Division



September 3, 2008

Advice 3335-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Dynamic Pricing – Decision 08-07-045 Dynamic Pricing
Memorandum Account to Track Incremental Dynamic Pricing
Rates Implementation Expenditures**

In compliance with Ordering Paragraphs 4 and 15 of Decision (D.) 08-07-045, Pacific Gas and Electric Company (PG&E) hereby submits an advice letter to establish electric Preliminary Statement EX - Dynamic Pricing Memorandum Account (DPMA-E) to allow PG&E to record the incremental expenditures required to implement specific dynamic pricing rates and the incremental costs required to modify the AMI deployment plan. The affected tariff sheets are listed on the enclosed Attachment 1.

Background

On July 31, 2008, the Commission issued D.08-07-045 adopting a dynamic pricing timetable and rate design guidance specifying when PG&E is required to propose dynamic pricing rates that will include Critical Peak Pricing (CPP) and Real-Time Pricing (RTP).

In Ordering Paragraph 4, the Commission states that prior to Commission decision in A. 07-12-009, PG&E may record the incremental costs required to modify the AMI deployment plan in a memorandum account and seek recovery in A. 07-12-009.

In Ordering Paragraphs 15 of D.08-07-045, the Commission states that “PG&E is authorized to record incremental expenditures required to implement specific dynamic pricing rates in a memorandum account and shall seek recovery of any such expenditures in the related rate design proceeding.”

In compliance with this decision, PG&E hereby requests authority to establish a new Dynamic Pricing Memorandum Account (DPMA-E) on its Electric Preliminary

Statements to allow PG&E to record the incremental expenditures required to implement specific dynamic pricing rates and incremental costs required to modify the AMI deployment plan, as specified in D.08-07-045, including all of the activities PG&E is required to undertake in order to comply with Ordering Paragraphs 1, 5 - 8, 11, 12, 16 - 18 of D. 08-07-045, until such time as the revenue recovery provisions provided for in Ordering Paragraphs 4, 13, and 14 of that Decision become effective.

Proposed Preliminary Statement

Pursuant to D.08-07-045, PG&E is requesting Commission authority to establish the Dynamic Pricing Memorandum Accounts for electric (DPMA-E) and record the incremental expenditures required to implement specific dynamic pricing rates and incremental costs required to modify the AMI deployment plan, as specified in D.08-07-045.

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 **September 23, 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 September 3, 2008, which is the effective 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 lists for A.04-06-024 and A.07-12-009. 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 cursive script that reads "Brian K. Cheng / drc".

Vice President, Regulatory Relations

Attachments

cc: Service List for A.04-06-024 and A.07-12-009

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

(Date Filed/ Received Stamp by CPUC)

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

Advice Letter (AL) #: **3335-E**

Tier: 2

Subject of AL: Dynamic Pricing – Decision 08-07-045 Dynamic Pricing Memorandum Account to Track Incremental Dynamic Pricing Rates Implementation Expenditures

Keywords (choose from CPUC listing): Compliance, Dynamic Pricing

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.08-07-045

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: **September 3, 2008**

No. of tariff sheets: 5

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: New Electric Preliminary Statement Part EX

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

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

Title of Sheet

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

27667-E	ELECTRIC PRELIMINARY STATEMENT PART EX DYNAMIC PRICING MEMORANDUM ACCOUNT (DPMA) Sheet 1	
27668-E	ELECTRIC PRELIMINARY STATEMENT PART EX DYNAMIC PRICING MEMORANDUM ACCOUNT (DPMA) Sheet 2	
27669-E	ELECTRIC PRELIMINARY STATEMENT PART EX DYNAMIC PRICING MEMORANDUM ACCOUNT (DPMA) Sheet 3	
27670-E	ELECTRIC TABLE OF CONTENTS Sheet 1	27644-E
27671-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 9	27645-E



ELECTRIC PRELIMINARY STATEMENT PART EX
DYNAMIC PRICING MEMORANDUM ACCOUNT (DPMA)

Sheet 1

EX. DYNAMIC PRICING MEMORANDUM ACCOUNT (DPMA)

(N)

1. PURPOSE:

The purpose of the DPMA is to record the incremental expenditures required to implement specific dynamic pricing rates and the incremental costs required to modify the AMI deployment plan, as specified in the Dynamic Pricing decision, until such time as the revenue recovery provisions provided for in Ordering Paragraphs 4, 13, and 14 of that decision become effective. (Decision 08-07-045).

2. APPLICABILITY:

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

3. RATES:

The DPMA does not currently have a rate component.

4. ACCOUNTING PROCEDURE:

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

a. A debit entry equal to PG&E's incremental Operating and Maintenance (O&M) and Administrative and General (A&G) expenses and capital-related revenue requirement, excluding associated Franchise Fees and Uncollectibles (FF&U) expense incurred for activities associated with implementation of specific dynamic pricing rates and the incremental O&M and A&G expenses and capital-related revenue requirement, excluding associated FF&U, incurred to modify the AMI deployment plan, as specified in D. 08-07-045, including all of the activities PG&E is required to undertake in order to comply with Ordering Paragraphs 1, 5 - 8, 11, 12, 16 - 18 of D. 08-07-045. The capital-related revenue requirements will include depreciation expense, return on investment federal and state income taxes, and property taxes associated with the costs of installing equipment. These capital, O&M, and A&G costs include implementation costs associated with the rates described below, including but not limited to customer outreach and customer care, customer operations, billing systems, information systems, training, and project management. These capital, O&M, and A&G costs may relate to numerous activities or organizations, including but not limited to:

- Modification of advanced metering infrastructure (AMI) deployment plan so that customers with maximum demand greater than or equal to 200 kilowatts (kW) have the metering and billing systems in place to support default critical peak pricing (CPP) in 2010 and optional real time pricing (RTP) in 2011;
- Development and implementation of one or more default CPP rates for commercial and industrial (C&I) customers with maximum load greater than or equal to 200 kW; and revised optional medium C&I, small commercial and residential CPP rates that include time-of-use (TOU) rates during non-CPP periods; with all such rates to become effective on or before May 1, 2010.

(Continued)



ELECTRIC PRELIMINARY STATEMENT PART EX
DYNAMIC PRICING MEMORANDUM ACCOUNT (DPMA)

Sheet 2

EX. DYNAMIC PRICING MEMORANDUM ACCOUNT (DPMA)

4. ACCOUNTING PROCEDURE: (Cont'd.)

- Development and implementation of one or more default CPP rates for C&I customers with maximum load less than 200 kW that have had an AMI meter for 12 months or more; one or more default CPP rates for agricultural customers with maximum load greater than or equal to 200 kW that have had an AMI meter for 12 months or more; one or more default TOU rates for agricultural customers with maximum load less than 200 kW that have had an AMI meter for 12 months or more; and one or more optional CPP rates for agricultural customers with maximum load less than 200 kW; with all such rates to become effective on or before February 1, 2011.
- Development and implementation of optional RTP rates for all customer classes with such rates to become effective on or before May 1, 2011.
- Development and implementation of a default CPP rate for residential customers 30 days after any change in the law that changes the Assembly Bill 1X rate protections in a manner that could allow default or mandatory time-variant rates for residential customers, or 90 days after the adoption of such changes and resolution of any petitions for rehearing or judicial review if the Commission approves a decision that interprets the Assembly Bill 1X rate protections in a manner that could allow default or mandatory time-variant rates for residential customers; with such rate to become effective no later than one year after the filing date unless PG&E can justify a later effective date as being necessary to allow time for customer education and system upgrades.
- Annual studies of CPP, RTP, and peak time rebate (PTR) during years each of those rates is in effect by applying the load impact protocols adopted in Decision (D.) 08-04-050, and the use of these load impact studies to estimate the likely responses of customers to dynamic pricing rates.
- Ex post review of when CPP events were called, as described in D.08-07-045, and presentation of the results of such analysis in GRC Phase 2's and any other proceeding in which CPP rate design proposals are being considered.
- Preparation of explanations of how PG&E's proposed rate designs are consistent with the rate design guidance summarized in Attachment A to D. 08-07-045; development and implementation of bill analyses showing the full distribution of customer bill impacts under the proposed rate or rates; explanations of how PG&E intends to conduct customer education for the new dynamic pricing rate and the costs of conducting such education programs; descriptions of the bill analysis tools that PG&E will provide to customers once a rate or rates are adopted and the costs of developing and implementing such tools and making them widely available; and the costs of preparing any other information required in compliance with D.08-07-045.
- Work with the California Independent System Operator's Demand Response Infrastructure working group and with stakeholders in other forums to develop and implement the communications infrastructure necessary to support RTP by 2011.

(Continued)

Advice Letter No: 3335-E
 Decision No. D.08-07-045

Issued by
Brian K. Cherry
 Vice President
 Regulatory Relations

Date Filed September 3, 2008
 Effective September 3, 2008
 Resolution No. _____



ELECTRIC PRELIMINARY STATEMENT PART EX
DYNAMIC PRICING MEMORANDUM ACCOUNT (DPMA)

Sheet 3

EX. DYNAMIC PRICING MEMORANDUM ACCOUNT (DPMA)

4. ACCOUNTING PROCEDURE: (Cont'd.)

- Preparation of a timeline for PG&E's 2011 General Rate Case Phase 2 showing what steps PG&E will take to make sure that all the necessary communications systems are in place to support RTP in 2011; and the costs of developing and implementing such communications systems and making them available to customers.

- b. A debit entry equal to the interest on the average of the balance at the beginning of the month and the balance after Item 5.a, 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.

- 5. DISPOSITION: The balance in this account will be transferred to the Distribution Revenue Adjustment Mechanism (DRAM) upon approval by the Commission.

(N)



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Sheet 1

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Advice Letter No: 3335-E
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ELECTRIC TABLE OF CONTENTS
PRELIMINARY STATEMENT

Sheet 9

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Advice Letter No: 3335-E
 Decision No. D.08-07-045

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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
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Barkovich & Yap, Inc.	Dutcher, John	RCS, Inc.
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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

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Advice Filing List
General Order 96-B, Section IV**

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