

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 4, 2009

Advice Letter 3409-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: Unspent and Uncommitted Demand Response Funds from
the 2006-2008 Program Cycle**

Dear Mr. Cherry:

Advice Letter 3409-E is effective February 25, 2009.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division



January 26, 2009

Advice 3409-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Unspent & Uncommitted Demand Response Funds from the
2006-2008 Program Cycle**

PG&E hereby submits this advice letter to comply with Ordering Paragraph 2 of Decision (D.) 08-12-038 (p. 37), which authorized 2009 bridge funding for Demand Response (DR) programs and pilots.

Purpose

The purpose of this advice letter is to confirm PG&E's Unspent & Uncommitted (U&U) funds available during the 2009 DR bridge funding period per Decision (D.) 08-12-038. These U&U funds offset the total 2009 DR bridge period revenue requirements and the eventual 2009 DR revenue requirement when the Commission issues its final decision in Application (A.) 08-06-003 (PG&E's application for approval of proposed 2009-2011 DR programs and budgets).

Background

On December 18, 2008, the CPUC issued D.08-12-038, which approved bridge funding for PG&E's DR programs and pilots during 2009. This decision approves a total 2009 bridge funding of \$40,967,984 to continue existing DR programs and pilots from the 2006-2008 program cycle and to commence two new DR pilots. D.08-12-038 requires PG&E to subtract U&U expenses from the 2006-2008 program cycle total bridge funding.

Decision.08-12-038 also requires PG&E to file an advice letter by January 25, 2009 to report the U&U funds as of December 31, 2008. Ordering Paragraph 2 of D.08-12-038 further requires PG&E to estimate the date on which U&U funds will be exhausted and to show the remaining DR revenue requirement for Bridge Period activities by month for 2009.

As of December 31, 2008, PG&E's U&U expenses from the 2006-2008 DR program cycle are \$16,472,928.¹ Attachment A to this advice letter shows the derivation of the U&U expenses. Unless otherwise directed by the CPUC, PG&E will reduce the final 2009 DR revenue requirement by the actual December 31, 2008 U&U expenses (with an adjustment to reconcile U&U expense estimate used for the purposes of implementing electric rates effective January 1, 2009) when it receives a final decision on its DR application (A.08-06-003).²

The following table provides information regarding the annual and monthly 2009 DR bridge and U&U funding:

Pacific Gas and Electric Company			
Response to Ordering Paragraph 2 of D.08-12-038			
Demand Response Program Bridge Funding			
Line No.		annual	monthly
1	2009 DR bridge funding	\$ 40,967,984	\$ 3,413,999
2	U&U from 2006-2008 (as of 12/31/08)	\$ 16,472,928	\$ 1,372,744
3	Net 2009 DR bridge funding	\$ 24,495,056	\$ 2,041,255

Per D.08-12-038 (p. 25-26), PG&E's bridge period revenue requirement is calculated by subtracting the U&U funds as of January 1, 2009 from the total authorized bridge funding. Consequently, PG&E's monthly DR expenses (\$3.4 million) are offset by the monthly U&U (\$1.3 million), and PG&E's estimated date to exhaust its U&U funds is December 31, 2009.³

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 February 16, 2009, which is 21 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

¹ For the purposes of implementing January 1, 2009 electric distribution rates via the Annual Electric True-Up (AET) Advice Letter (AL 3349-E-A), PG&E estimated the 2006-2008 DR U&U expense to be \$18,050,000.

² PG&E's 2006-2008 DR program cycle unspent and committed funds are \$9,173,129 as of December 31, 2008.

³ If PG&E was not authorized to collect additional funds in rates in 2009 until it exhausted the December 31, 2008 U&U balance, the Company would have exhausted its 2006-08 DR program cycle U&U on approximately May 27, 2009.

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

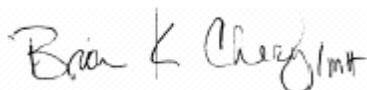
E-mail: PGETariffs@pge.com

Effective Date

PG&E requests that this advice filing become effective on regular notice, February 25, 2009, 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 the list for A.08-06-003. 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>



Vice President, Regulatory Relations

Attachments

cc: Service List A.08-06-003

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 Lawson

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) #: 3409-E

Tier: [2]

Subject of AL: Unspent & Uncommitted Demand Response Funds from the 2006-2008 Program Cycle

Keywords (choose from CPUC listing): compliance, demand side management

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.08-12-038

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: February 25, 2009

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:

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

Advice 3409-E
Attachment A

Attachment A
Pacific Gas and Electric Company
Calculation of 2006-2008 Demand Response Program Unspent & Uncommitted Funds
as of December 31, 2008

Line No.	PG&E Demand Response Proposals by Budget Category (1000s)	ACTUAL					BUDGET(a)				Under/(Over)
		2006	2007	2008	Commitments	Total	2006	2007	2008	Total	Budget
1	Category 1: Specific Programs										
2	Demand Bidding Program	\$616	\$589	\$1,546	\$2	\$2,752	\$3,277	\$3,277	\$3,277	\$9,831	\$7,079
3	Critical Peak Pricing	\$377	\$657	\$654	\$1	\$1,689	\$393	\$393	\$393	\$1,179	(\$510)
4	CPA Demand Reserves Partnership Program (DRP)	\$0	\$0	\$0	\$0	\$0	\$636	\$0	\$0	\$636	\$636
5	CPA Managerial Agreement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Capacity Bidding Program	\$151	\$1,227	\$2,124	\$1	\$3,504	\$0	\$0	\$0	\$0	(\$3,504)
7	Business Energy Coalition	\$2,585	\$4,657	\$4,756	\$0	\$11,997	\$3,395	\$5,670	\$5,172	\$14,237	\$2,240
8	Base Interruptible Program	\$2	\$202	\$456	\$0	\$660	\$100	\$390	\$390	\$880	\$220
9	E-19/E-20 Nonfirm Program	\$0	\$36	\$11	\$0	\$47	\$50	\$50	\$50	\$150	\$103
10	Aggregator Managed Portfolio	\$0	\$165	\$597	\$0	\$762	\$0	\$0	\$0	\$0	(\$762)
11	Other Reliability Programs	\$0	\$0	\$0	\$0	\$0	\$45	\$45	\$45	\$135	\$135
12	Small Customer Pilot for CPA Program	\$228	\$466	\$452	\$0	\$1,147	\$375	\$375	\$375	\$1,125	(\$22)
13	A/C Pilot (as enabling technology for CPP)	\$137	\$3,645	\$191	\$0	\$3,973	\$334	\$333	\$333	\$1,000	(\$2,973)
14	Technical Assistance/Equipment Incentives	\$1,065	\$6,675	\$11,288	\$7,823	\$26,852	\$9,440	\$9,450	\$9,470	\$28,360	\$1,508
15	Integrated EE/DR Marketing	\$1,793	\$1,489	\$391	\$0	\$3,673	\$2,600	\$2,700	\$2,900	\$8,200	\$4,527
16	Cafeteria Style Menu (CSM)/PeakChoice	\$0	\$1,191	\$2,018	\$4	\$3,212	\$0	\$0	\$0	\$0	(\$3,212)
17	Targeted Education and Outreach	\$934	\$779	\$10	\$0	\$1,723	\$1,000	\$1,000	\$1,200	\$3,200	\$1,477
18	Community EE/DR Partnership Demonstration	\$600	\$136	\$52	\$0	\$788	\$1,100	\$2,100	\$3,100	\$6,300	\$5,512
19	General Education and Awareness	\$25	\$11	\$37	(\$0)	\$73	\$100	\$100	\$100	\$300	\$227
20	Water Outreach	\$118	\$0	\$0	\$0	\$118	\$334	\$333	\$333	\$1,000	\$882
21	Statewide Pricing Pilot	\$681	\$269	\$48	\$0	\$998	\$890	\$450	\$200	\$1,540	\$542
22	Budget Category 1 Total	\$9,312	\$22,196	\$24,631	\$7,830	\$63,969	\$24,069	\$26,666	\$27,338	\$78,073	\$14,104
23											
	Category 2: Statewide Informational, Educational and Development Programs										
24											
25	Flex Your Power Now! (FYPN!)	\$2,677	\$3,642	\$3,130	\$175	\$9,625	\$3,280	\$3,280	\$3,280	\$9,840	\$215
26	Emerging Markets & Technologies	\$29	\$378	\$264	\$0	\$671	\$475	\$575	\$675	\$1,725	\$1,054
27	PEAK	\$212	\$508	\$1,042	\$200	\$1,962	\$1,080	\$1,080	\$1,080	\$3,240	\$1,278
28	Special Projects Group	\$258	\$147	\$6	\$0	\$411	\$438	\$438	\$438	\$1,314	\$903
29	Budget Category 2 Total	\$3,177	\$4,675	\$4,443	\$375	\$12,669	\$5,273	\$5,373	\$5,473	\$16,119	\$3,450
30											
	Category 3: Other Programs										
31											
32	M&E Cost Benefit Evaluation Framework	\$0	\$906	\$2,684	\$963	\$4,553	\$200	\$200	\$200	\$600	(\$3,953)
	Contract Clearinghouse/DR Database/OnLine Enrollment	\$867	\$1,448	\$1,926	\$6	\$4,247	\$167	\$167	\$166	\$500	(\$3,747)
33	Web Enhancements	\$332	\$210	\$19	\$0	\$562	\$334	\$333	\$333	\$1,000	\$438
34	2005 20/20 Program	\$1	\$8	\$0	\$0	\$10	\$110	\$0	\$0	\$110	\$100
35	InterAct	\$2,126	\$1,593	\$2,501	\$0	\$6,220	\$4,000	\$4,100	\$4,200	\$12,300	\$6,080
36											
37	Budget Category 3 Total	\$3,326	\$4,166	\$7,130	\$968	\$15,591	\$4,811	\$4,800	\$4,899	\$14,510	(\$1,081)
38	GRAND TOTAL	\$15,815	\$31,037	\$36,204	\$9,173	\$92,229	\$34,153	\$36,839	\$37,710	\$108,702	\$16,473

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