

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 19, 2009

Advice Letter 3421-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: Modify Energy Resource Recovery Account to Record
and Recover the Costs Associated with PG&E's Wave
Energy Project ("WaveConnect")**

Dear Mr. Cherry:

Advice Letter 3421-E is effective February 13, 2009.

Sincerely,

A handwritten signature in blue ink that reads "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

February 13, 2009

Advice 3421-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Modify Energy Resource Recovery Account to record and
recover the costs associated with PG&E’s wave energy project
(“WaveConnect”)**

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 1.

PURPOSE

The purpose of this advice filing is to revise Electric Preliminary Statement Part CP– *Energy Resource Recovery Account* (“ERRA”) to record and recover the costs associated with PG&E’s WaveConnect project in accordance with Decision (“D.”) 09-01-036 (“Decision”), Ordering Paragraph (“OP”) 5 and Section 4.4.

BACKGROUND

PG&E and San Diego Gas & Electric Company (“SDG&E”) filed joint Application (“A.”) 07-07-015 for approval of their separate Emerging Renewable Resource Programs (“ERRP”) on July 17, 2007. In D. 09-01-036, the California Public Utilities Commission (“Commission” or “CPUC”) denied without prejudice the ERRP, but authorized PG&E to undertake its WaveConnect project, and spend up to \$4.8 million to complete activities for Stage 1.¹

The Decision states that all WaveConnect expenditures should be recorded in the ERRA, and a new line item be added to the Electric Preliminary Statement Part CP-

¹ D.09-01-036, OP 5, at 18.

Energy Resource Recovery Account, authorizing a debit or credit entry equal to actual WaveConnect expenses.²

TARIFF CHANGES

PG&E requests approval to modify the ERRA preliminary statement to record and recover the costs associated with WaveConnect.

PROTESTS

Anyone wishing to protest this filing may do so by sending a letter by **March 5, 2009**, which is 20 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously.

Protests should be mailed to:

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

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Honesto Gatchalian, Energy Division, at the address shown above. It is also requested that a copy of the protest be sent via postal mail and facsimile to Pacific Gas and Electric Company on the same date it is mailed or delivered to the Commission at the address shown below.

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

² D.09-01-036, Section 4.4, at 14.

Facsimile: (415) 973-722

E-mail: PGETariffs@pge.com

EFFECTIVE DATE

PG&E requests that this advice filing become effective February 13, 2009, which is the date of this filing. PG&E submits this as a Tier 1 Advice Letter 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 service list for A.07-07-015. Address changes should be directed to Rose De La Torre (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 "Brian K. Cherry". The signature is written in a cursive, somewhat stylized font.

Brian K. Cherry
Vice President - Regulatory Relations

cc: Service List for A.07-07-015
Paul Douglas - Energy Division

Attachments

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) #: 3421-E

Tier: [1]

Subject of AL: Modify Energy Resource Recovery Account to Record and Recover the Costs Associated with PG&E's Wave Energy Project ("WaveConnect")

Keywords (choose from CPUC listing): compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D. 09-01-036

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 13, 2009

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: Preliminary Statement CP

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

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 3421-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
28044-E	ELECTRIC PRELIMINARY STATEMENT PART CP ENERGY RESOURCE RECOVERY ACCOUNT Sheet 1	27309-E
28045-E	ELECTRIC PRELIMINARY STATEMENT PART CP ENERGY RESOURCE RECOVERY ACCOUNT Sheet 4	27310-E
28046-E	ELECTRIC TABLE OF CONTENTS Sheet 1	28034-E
28047-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 7	27817-E



ELECTRIC PRELIMINARY STATEMENT PART CP
ENERGY RESOURCE RECOVERY ACCOUNT

Sheet 1

CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA)

1. **PURPOSE:** The purpose of the Energy Resource Recovery Account (ERRA) is to record and recover power costs, excluding California Department of Water Resources (DWR) contract costs, associated with PG&E's authorized procurement plan, pursuant to Decision 02-10-062, Decision 02-12-074 and California Public Utilities Code § 454.5(d)(3). Power costs recorded in ERRA include, but are not limited to, utility retained generation fuels, Qualifying Facility (QF) contracts, inter-utility contracts, California Independent System Operator (ISO) charges, irrigation district contracts and other Power Purchase Agreements (PPA), revenues or costs related to congestion revenue rights (CRRs), Independent Evaluator (IE) costs related to Requests for Offers (RFOs), the technical assistance costs incurred by the Commission and paid by PG&E in connection with the Commission's implementation and administration of the Long-Term Procurement Plan (LTPP) program, fees associated with participating in the Western Renewable Energy Generation Information System (WREGIS), all expenditures related to PG&E's wave energy project (WaveConnect), bilateral contracts, forward hedges, bilateral demand response agreements, pre-payments and collateral requirements associated with procurement (including disposition of surplus power), and ancillary services. These costs are offset by reliability-must-run (RMR) revenues, PG&E's allocation of surplus sales revenues and the ERRA revenue. Revenues received from Schedule TBCC will also be recorded to the ERRA. (T)

California Public Utilities Code § 454.5(d)(3) mandates a trigger mechanism to ensure that an undercollection or overcollection in the ERRA does not exceed 5 percent of a utility's recorded generation revenues for the prior year excluding revenues collected for the DWR.

Pursuant to Decision 02-12-074, Conclusion of Law 23 and Ordering Paragraph (OP) 15, PG&E is authorized to file an expedited trigger application at any time that its forecast indicates the undercollection in the ERRA will be in excess of the 5 percent threshold or 5 percent of the prior calendar year generation revenues less revenues collected for DWR during that year.

Pursuant to Decision 04-01-050, the ERRA trigger mechanism for 2004 and subsequent years would be established annually through an Advice Letter on or before April of each year.

Decision 04-12-048 extended the ERRA Trigger to be in effect during the term of the long-term procurement contracts, or 10 years, whichever is longer.

2. **APPLICABILITY:** The ERRA shall apply to all customer classes, except for those specifically excluded by the Commission.
3. **REVISION DATES:** Pursuant to Decision 04-01-050, the revision dates applicable to the ERRA shall be (i) June 1 of each year for the forecast filing; (ii) February of each year for the compliance review filing; (iii) as determined in Section 1 above in the case of an ERRA Trigger Application; and (iv) through the advice letter process.

Decision 04-01-050 modified ERRA revision dates for 2004 and beyond specifically that (i) forecast filing date is June 1 of each year; (ii) the reasonableness review in February 2005; and (iii) the ERRA trigger for 2004 and subsequent years would be established annually through an Advice Letter on or before April 1 of each year.

(Continued)



ELECTRIC PRELIMINARY STATEMENT PART CP
ENERGY RESOURCE RECOVERY ACCOUNT

Sheet 4

CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

- x) A debit entry equal to incentive payments related to authorized bilateral demand response agreements;
- y) A monthly entry equal to the interest on the monthly nuclear fuel inventory at the beginning of the month and one-half the balance of the current month's activity, multiplied at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor;
- z) A credit or debit entry equal to the revenues or costs related to CRRs;
- aa) A debit entry equal to the incremental IE costs through 2010 related to RFOs seeking terms of less than five years. After 2010, a debit entry equal to all IE costs related to all RFOs;
- ab) A debit entry equal to actual wave energy project (WaveConnect) expenditures. (N)
- ac) A monthly entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entries, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor; and
- ad) A debit entry equal to the year-end balance transferred from the Long-Term Procurement Plan Technical Assistance Memorandum Account (LTAMA); and



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Sheet 1

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	Sample Forms	27821,27583,27822,27823,24958, 28036,26295,25059-E	

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PRELIMINARY STATEMENT

Sheet 7

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Part CL	Distributed Energy Resources Memorandum Account.....	19042-E
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Part CR	Common Area Balancing Account	19768,19769-E
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Part CU	Customer Credit Card Holding Account	21533-E
Part CZ	Distribution Revenue Adjustment Mechanism.....	27780,27063,27584-E

(T)

(Continued)

**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	