

July 17, 2001

**ADVICE 2329-G/2140-E**

(Pacific Gas and Electric Company ID U 39 M)

**Subject: Establishes Electric Preliminary Statement BY – Demand Responsiveness and Self-Generation Program Incremental Cost Balancing Account (DRSGPICBA) and Gas Preliminary Statement AW - Self-Generation Program Memorandum Account (SGPMA)**

Public Utilities Commission of the State of California

**Purpose**

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its gas and electric tariffs. This filing is in compliance with Interim Opinion Decision (D.) 01-07-028 issued July 12, 2001, which modifies D. 01-03-073, issued March 27, 2001. Included in this filing are proposed electric and gas balancing accounts to track all self-generation and demand responsiveness program costs authorized in these decisions. The affected tariff sheets are listed on enclosed Attachment I.<sup>1</sup>

This advice letter replaces and supersedes Advice 2310-G/2100-E filed on April 11, 2001. PG&E will withdraw Advice 2310-G/2100-E upon Commission approval of this filing.

**Background**

On April 11, 2001, in compliance with D. 01-03-073, PG&E filed Advice 2310-G/2100-E to: 1) increase its electric distribution revenue requirements, without modifying current rates, and 2) include program budgets authorized by the Commission at a cost of \$63 million per year for four years from January 2001 through December 2004 to initiate certain demand responsiveness and self-generation programs. Program costs allocated to gas customers are be included in

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<sup>1</sup> On April 6, 2001, PG&E filed for bankruptcy protection under Chapter 11. PG&E reserves all legal rights to challenge the decisions or statutes under which it has been required to make this advice filing, and nothing in this advice filing constitutes a waiver of such rights. Also, PG&E reserves any additional legal rights to challenge the requirement to make this advice filing by reason of its status as a debtor under Chapter 11 of the Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.

PG&E's next gas rate recovery proceeding (e.g., the Biennial Cost Allocation Proceeding). PG&E included the specific factors allocating self-generation program budgets between electric and gas customers. These factors reflect the current allocation of energy efficiency programs between gas and electric customers. PG&E also filed memorandum accounts to track program costs and benefits by customer class.

On April 27, 2001, PG&E filed an Emergency Petition to Modify D. 01-03-073, seeking an immediate, on-going source of funds for programs adopted in the decision, either through an additional surcharge to current rates, or an offset to revenues collected by PG&E on behalf of the California Department of Water Resources (DWR). Interim Opinion D. 01-07-028 modifies D. 01-03-073 to establish a balancing account, rather than a memorandum account for electric customers to provide recovery of costs incurred to implement D. 01-03-073, as described below. There is no change to the gas memorandum account as filed in Advice 2310-G/2100-E.

### **Accounting Mechanisms**

PG&E is filing herein new electric Preliminary Statement Part BY—Demand Responsiveness and Self-Generation Program Incremental Cost Balancing Account (DRSGPICBA), which replaces the two electric memorandum accounts filed in Advice 2310-G/2100-E.<sup>2</sup> New gas Preliminary Statement Part AW—Self-Generation Program Memorandum Account (SGPMA), is the same as the gas memorandum account filed in Advice 2310-G/2100-E. Program costs will be recorded in these accounts. As stated above, PG&E shall include the costs of the programs allocated to gas customers in its next BCAP.

Each month, PG&E will record one-twelfth of the annual authorized electric distribution revenue requirement increases, as described in the Allocation Factors section below, including an allowance for franchise fees and uncollectible accounts expense, in its Transition Revenue Account (TRA), with an offsetting credit entry in the Demand Responsiveness and Self-Generation Program Incremental Cost Balancing Account (DRSGPICBA). PG&E shall recover its authorized distribution revenue requirements for non-energy items before determining the residual available for stranded cost recover in its Transitional Cost Balancing Account (TCBA), subject to later reasonableness review. There is no need to modify the TRA preliminary statement because this increment to the distribution revenue requirement will be reflected in the Distribution Revenue Requirement entry of the TRA.

The mechanism to track the program costs and benefits by customer class will be established when the programs are developed.

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<sup>2</sup> Electric Preliminary Statement Part BY--*Self-Generation Program Memorandum Account (SGPMA)* and Part BZ--*Demand Responsiveness Program Memorandum Account (DRPMA)*.

### **Allocation Factors**

Ordering Paragraph 2 of D. 01-03-073 required PG&E to increase its electric distribution revenue requirement and to allocate self-generation program budgets between its electric and gas customers based on the current allocation of energy efficiency programs between electric and gas customers. For 2001 Energy Efficiency programs, the authorized budget from D. 01-01-060 is \$140.51 million for electric (86.54 percent) and \$121.60 million for gas (13.46 percent). Of the self-generation program's annual funding amount of \$60 million, \$51.92 million (\$52.43 million with an allowance for franchise fees and uncollectibles (FF&U) expense) is allocated to the electric distribution revenue requirement, and \$8.08 million (\$8.23 million with an allowance for FF&U expense) is allocated to the gas distribution revenue requirement and will be included in the next gas rate recovery proceeding.

The \$3 million (\$3.03 million with an allowance for FF&U expense) for the demand responsiveness program is allocated 100 percent to the electric distribution revenue requirement, effective **July 22, 2001**.

### **Effective Date**

As ordered in D. 01-07-028, PG&E requests that this advice letter become effective **July 22, 2001**, which is five days after the date of this filing.

### **Protests**

Anyone wishing to protest this advice letter may do so by sending a letter within twenty (20) days after the date of this filing. Protests should be sent by facsimile and U.S. mail to:

IMC Branch Chief  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4002  
San Francisco, California 94102  
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of the Director, Energy Division, and to Jerry Royer of the Energy Division at the address above. It is also requested that a copy of the protest should 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: Les Guliasi  
Director, Regulatory Relations  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177  
Facsimile: (415) 973-7226

The protest shall set forth the grounds upon which it is based, and shall be submitted expeditiously. There is no restriction on who may file a protest.

**Notice**

In accordance with Section III, Paragraph G, of General Order 96-A, 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 R. 98-07-037. Address changes should be directed to Nelia Avendano at (415) 973-3529. Advice letter filings can be accessed electronically at:

[http://www.pge.com/customer\\_services/business/tariffs/](http://www.pge.com/customer_services/business/tariffs/)

Vice President - Regulatory Relations

Attachments

Service List – R. 98-07-037



PRELIMINARY STATEMENT  
(Continued)

AW. SELF-GENERATION PROGRAM MEMORANDUM ACCOUNT (SGPMA)

1. PURPOSE:

The purpose of the SGPMA is to track the costs incurred by PG&E for implementing self-generation programs authorized by Decision (D.) 01-03-073 and 01-07-028. Qualifying self-generation is defined as distributed generation technologies (microturbines, small gas turbines, wind turbines, photovoltaics, fuel cells and internal combustion engines, and combined heat and power or cogeneration) installed on the customer's side of the utility meter that provides electricity for all or a portion of that customer's electric load. The self-generation program budget shall be allocated between electric and gas customers to reflect the current allocation of energy efficiency programs.

(N)

2. APPLICABILITY:

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

3. REVISION DATE:

The revision date applicable to the SGPMA shall coincide with the revision date of the Biennial Cost Allocation Proceeding or at other times, as authorized by the CPUC.

4. RATES:

The SGPMA does not have a rate component.

5. ACCOUNTING PROCEDURE:

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

- a. A debit entry for the gas portion of administrator costs, including incremental design, contract administration, marketing, regulatory reporting, and program evaluation.
- b. A debit entry for the gas portion of incentive payments to customers or contractors for services rendered.
- c. A credit entry to transfer all or a portion of the balance in the SGPMA to other balancing accounts for future rate recovery, as may be approved by the CPUC.
- d. A debit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the entries 5.a. and 5.b., 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, G. 13 or its successor.

(N)



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