



*Pacific Gas and
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November 15, 2004

Advice 2590-G/2586-E
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Request to Shift Low-Income Energy Efficiency Funds from the Gas Balancing Account to the Electric Balancing Account

Purpose

Pursuant to Ordering Paragraph 12 of Decision (D.) 01-05-033, PG&E requests approval to transfer \$7.0 million from the Gas Public Purpose Program Low-Income Balancing Account (PPPLIBA) to the Electric PPPLIBA.

Background

Historically, the Low-Income Energy Efficiency (LIEE) program has spent the bulk of its funds on the installation of gas measures and a smaller percentage on the installation of electric measures. Accordingly, PG&E has allocated and collected a greater percentage of the LIEE revenues to the gas balancing account than to the electric balancing account (51.6 percent gas and 48.4 percent electric).

In D.01-05-033, the Commission adopted a rapid deployment strategy and funding levels for low-income assistance programs during the energy crisis. The decision also ordered PG&E to install all feasible LIEE measures in all homes that qualify for the LIEE program and to continue performing under this directive until further Commission order. Program expenditures during 2003 and early 2004 have been over 60 percent for electric measures and are currently running at 65 percent. This means we are spending electric funds at a rate of 17 percent higher than the electric funds collection rate.

As a result of the greater emphasis on the installation of electric measures in the past years, 2004 expenditures on electric LIEE program measures will soon outpace the LIEE 2004 electric measures revenue collections. Program contractors expect to weatherize approximately 11,000 to 13,000 homes and deliver 8,000 to 10,000 refrigerators for the remainder of 2004. After a review of the current balances in the LIEE balancing accounts and a comparison of these to the forecasted year-end LIEE expenditures, PG&E's program staff has estimated

a corresponding undercollection of electric funds of \$5 to \$7 million. PG&E is requesting a transfer of the necessary funds from the gas overcollected funds.

Authority Requested

PG&E's current estimate of electric commitments for the last quarter of 2004 is \$13.8 million while electric revenue collection is estimated at \$6.8 million. This indicates a possible gap of \$7 million. Because of this, PG&E is specifically asking for authority to transfer \$7 million from the gas revenue fund collections in the gas balancing account to the electric balancing account.¹

The tables below illustrate the current balancing account balances for program year (PY) 2003 and PY 2004 as of September 30, 2004 along with projected commitments and the effect of shifting gas funds to electric balancing account:

<u>CURRENT PROJECTION</u>	<u>ELECTRIC</u>	<u>GAS</u>	<u>TOTAL</u>
Total expenditures to date	\$47,603,295	\$28,730,236	\$76,333,531
Total revenues to date	\$(47,840,957)	\$(51,086,543)	\$(98,927,500)
Subtotal	\$(237,663)	\$(22,356,307)	\$(22,593,969)
Total committed but not yet invoiced	\$6,281,191	\$4,574,785	\$10,855,976
Additional Commitments	\$7,540,494	\$2,158,309	\$9,698,803
Subtotal	\$13,821,685	\$6,733,094	\$20,554,779
Balancing account balance 9/30/2004	\$(237,663)	\$(22,356,307)	\$(22,593,969)
Total Commitments remaining	\$13,821,685	\$6,733,094	\$20,554,779
Estimated revenue 10-12/2004	\$(6,834,423)	\$(7,298,078)	\$(14,132,500)
Estimated electric shortfall and gas overcollection	\$6,749,600	\$(22,921,290)	\$(16,171,690)

<u>IMPACT OF SHIFTING GAS FUNDS</u>	<u>ELECTRIC</u>	<u>GAS</u>	<u>TOTAL</u>
Total expenditures to date	\$47,673,421	\$28,991,630	\$76,665,051
Total revenues to date	\$(47,911,083)	\$(51,347,937)	\$(99,259,020)
Transfer of \$7 Million	\$(7,000,000)	\$7,000,000	---
Subtotal	\$(7,237,663)	\$(15,356,307)	\$(22,593,969)
Total committed but not yet invoiced	\$6,281,191	\$4,574,785	\$10,855,976
Additional Commitments	\$7,540,494	\$2,158,309	\$9,698,803
Subtotal	\$13,821,685	\$6,733,094	\$20,554,779
Balancing account balance 9/2004	\$(7,237,663)	\$(15,356,307)	\$(22,593,969)
Total Commitments remaining	\$13,821,685	\$6,733,094	\$20,554,779
Estimated revenue 10-12/2004	\$(6,834,423)	\$(7,298,078)	\$(14,132,500)
Estimated overcollections	\$(250,400)	\$(15,921,290)	\$(16,171,690)

¹ In the event that all of the commitments are met in 2004, and even more than \$7 million will be needed, PG&E will submit another advice letter for additional authorization from the Commission.

Decision 01-05-033 confirmed that fund shifting between the gas and electric departments may become necessary, and allows PG&E and SDG&E to request such approval by advice letter.

In Application 04-07-013, submitted July 1, 2004, PG&E proposes to adjust the electric/gas revenue split to 70 percent / 30 percent beginning in 2005. This proposed adjustment will allow for an alignment of revenue collection of electric and gas funds with an eventual reduction in the overcollected gas balancing account.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **December 5, 2004**, 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:

IMC Branch Chief – Energy Division
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address.

The protest should be sent via both e-mail and facsimile to PG&E 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
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: RxDd@pge.com

Effective Date

PG&E requests that this advice filing become effective on regular notice, **December 25, 2004**, which is 40 days after the date of filing.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for R.04-01-006. Address changes 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>

Brian K. Cherry, Esq.

Director, Regulatory Relations

Attachments

cc: Service List – R.04-01-006

**PG&E Gas and Electric Advice
Filing List
General Order 96-A, Section III(G)**

ABAG Power Pool	Department of Water & Power City	Northern California Power Agency
Accent Energy	Dept of the Air Force	Office of Energy Assessments
Aglet Consumer Alliance	DGS Natural Gas Services	Palo Alto Muni Utilities
Agnews Developmental Center	DMM Customer Services	PG&E National Energy Group
Ahmed, Ali	Douglass & Liddell	Pinnacle CNG Company
Alcantar & Elsesser	Downey, Brand, Seymour & Rohwer	PITCO
Anderson Donovan & Poole P.C.	Duke Energy	Plurimi, Inc.
Applied Power Technologies	Duke Energy North America	PPL EnergyPlus, LLC
APS Energy Services Co Inc	Duncan, Virgil E.	Price, Roy
Arter & Hadden LLP	Dutcher, John	Product Development Dept
Avista Corp	Dynegy Inc.	R. M. Hairston & Company
Barkovich & Yap, Inc.	Ellison Schneider	R. W. Beck & Associates
BART	Energy Law Group LLP	Recon Research
Bartle Wells Associates	Energy Management Services, LLC	Regional Cogeneration Service
Blue Ridge Gas	Enron Energy Services	RMC Lonestar
Bohannon Development Co	Exelon Energy Ohio, Inc	Sacramento Municipal Utility District
BP Energy Company	Exeter Associates	SCD Energy Solutions
Braun & Associates	Foster Farms	Seattle City Light
C & H Sugar Co.	Foster, Wheeler, Martinez	Sempra
CA Bldg Industry Association	Franciscan Mobilehome	Sempra Energy
CA Cotton Ginners & Growers Assoc.	Future Resources Associates, Inc	Sequoia Union HS Dist
CA League of Food Processors	G. A. Krause & Assoc	SESCO
CA Water Service Group	Gas Transmission Northwest Corporation	Sierra Pacific Power Company
California Energy Commission	GLJ Energy Publications	Silicon Valley Power
California Farm Bureau Federation	Goodin, MacBride, Squeri, Schlotz &	Simpson Paper Company
California Gas Acquisition Svcs	Hanna & Morton	Smurfit Stone Container Corp
California ISO	Heeg, Peggy A.	Southern California Edison
Calpine	Hogan Manufacturing, Inc	SPURR
Calpine Corp	House, Lon	St. Paul Assoc
Calpine Gilroy Cogen	Imperial Irrigation District	Stanford University
Cambridge Energy Research Assoc	Integrated Utility Consulting Group	Sutherland, Asbill & Brennan
Cameron McKenna	International Power Technology	Tabors Caramanis & Associates
Cardinal Cogen	Interstate Gas Services, Inc.	Tansev and Associates
Cellnet Data Systems	J. R. Wood, Inc	Tecogen, Inc
Chevron Texaco	JTM, Inc	TFS Energy
Chevron USA Production Co.	Kaiser Cement Corp	TJ Cross Engineers
Childress, David A.	Korea Elec Power Corp	Transwestern Pipeline Co
City of Glendale	Luce, Forward, Hamilton & Scripps	Turlock Irrigation District
City of Healdsburg	Marcus, David	U S Borax, Inc
City of Palo Alto	Masonite Corporation	United Cogen Inc.
City of Redding	Matthew V. Brady & Associates	URM Groups
CLECA Law Office	Maynor, Donald H.	Utility Cost Management LLC
Constellation New Energy	McKenzie & Assoc	Utility Resource Network
Cooperative Community Energy	McKenzie & Associates	Wellhead Electric Company
CPUC	Meek, Daniel W.	Western Hub Properties, LLC
Creative Technology	Mirant California, LLC	White & Case
Cross Border Inc	Modesto Irrigation Dist	WMA
Crossborder Inc	Morrison & Foerster	
CSC Energy Services	Morse Richard Weisenmiller & Assoc.	
Davis, Wright Tremaine LLP	Navigant Consulting	
Davis, Wright, Tremaine, LLP	New United Motor Mfg, Inc	
Defense Fuel Support Center	Norris & Wong Associates	
Department of the Army	North Coast Solar Resources	