

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



August 30, 2006

Advice Letter 2674G/2733-E

Rose de la Torre
Pacific Gas & Electric
77 Beale Street, Room 1088
Mail Code B10C
San Francisco, CA 94105

Subject: Request for transfer of the advanced metering infrastructure memorandum accounts and disposition and recovery of the balance in the advanced metering and demand response account and the gas advanced metering account

Dear Ms de la Torre:

Advice Letter 2674G/2733-E is effective July 24, 2006 by Resolution E-3391. A copy of the advice letter and resolution are returned herewith for your records.

Sincerely,

Sean H. Gallagher, Director
Energy Division

REGULATORY RELATIONS	
Tariffs Section	
M Brown	D Postar
R Dela Torre	S Ramaiya
B Lam	
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Records	
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**Pacific Gas and
Electric Company®**

Brian K. Cherry
Director
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

415.973.4977
Internal: 223.4977
Fax: 415.973.7226
Internet: BKC7@pge.com

November 2, 2005

**Advice 2674-G/2733-E
(Pacific Gas and Electric Company ID U 39 E)**

Public Utilities Commission of the State of California

Subject: Request for Transfer of the Advanced Metering Infrastructure Memorandum Accounts and Disposition and Recovery of the Balances in the Advanced Metering and Demand Response Account and the Gas Advanced Metering Account

Purpose

Pursuant to Decision (D.) 05-09-044, Ordering Paragraph 7, Pacific Gas and Electric Company (PG&E) submits this Advice Letter to request the transfer of costs in the Advanced Metering Infrastructure Memorandum Account – Electric (AMIMA-E) to costs in the Advanced Metering and Demand Response Account (AMDRA) and the transfer of Advanced Metering Infrastructure Memorandum Account – Gas (AMIMA-G) to the Gas Advanced Metering Account (GAMA). In addition, pursuant to D. 05-09-044, Ordering Paragraph 6, PG&E is requesting review of the costs in AMDRA and GAMA, as filed in Advice 2658-G/2717-E pending approval, to determine that the costs recorded are consistent with the cost categories adopted in D. 05-09-044. Upon verification, PG&E requests the disposition of the balances through the Distribution Revenue Adjustment Mechanism (DRAM) and the Core Fixed Cost Account (CFCA) consistent with the AMDRA and GAMA preliminary statements.

The detailed cost worksheet for AMDRA and AMIMA-E is in Attachment A and B. The detailed cost worksheet for GAMA and AMIMA-G is in Attachment C and D.

Background

On September 22, 2005, the Commission approved PG&E's Application for Recovery of Pre-deployment Costs of the Advanced Metering Infrastructure (AMI) Project in D.05-09-044. As part of that decision, the Commission authorized PG&E to file an Advice Letter to transfer any recorded costs that are consistent with the activities and funding level authorized in the decision from the AMIMAs to AMDRA and GAMA. In addition, D.05-09-044 authorized PG&E to book future costs which were authorized in that decision directly into AMDRA and GAMA. Also, the Commission authorized PG&E to file quarterly Advice

Letters to request cost recovery subject to review of the cost categories. On September 30, 2005, the Energy Division verbally provided PG&E permission to request the transfers from the AMIMAs to AMDRA and GAMA and to request disposition of the balances in AMDRA and GAMA in one advice letter filing.

The AMDRA account balance on Attachment B includes the following for the period August 1 through September 30, 2005:

- (1) The AMDRA account balance includes the incremental costs associated with AMI Project development and management activities, consistent with the PG&E preliminary statement, Part CS -- Advanced Metering and Demand Response Account authorized as part of D. 05-09-044¹. Those activities include costs such as project management, Request for Proposal development and analysis, Business Case development, contract negotiation, development of PG&E's rate case applications, and the September 2005 costs for electric AMI pre-deployment activities.
- (2) As directed by D. 05-01-056, PG&E implemented its approved 2005 Demand Response programs. In accordance with that decision, and prior decisions in Rulemaking (R.) 02-06-001, the costs to develop, implement, and measure these demand response programs are currently placed in the AMDRA account.
- (3) Pursuant to D. 04-01-012, PG&E included in AMDRA the costs of the Statewide Pricing Pilot (SPP) activities.

Attachment A illustrates the amount and cost categories to move from AMIMA-E to AMDRA. The AMIMA-E account balance includes the costs for electric AMI pre-deployment activities for July and August 2005 and the September interest on the July and August balances.

Attachment B illustrates the August 1 through September 30 costs charged to AMDRA, plus the amount transferred from AMIMA-E (shown on Attachment A). PG&E seeks final disposition of \$10,242,688.86 through DRAM.

Attachment C illustrates the amount and cost categories for AMIMA-G to move from AMIMA-G to GAMA. The AMIMA-G account balance includes the costs for gas AMI pre-deployment activities for July and August 2005 and the September interest on the July and August balances.

¹ On September 27, 2005, PG&E filed and Advice Letter (AL) 2658-G/2717-E which consolidated the versions of the AMDRA preliminary statements from the May 24, 2005 Commission approval of AL 2623-E effective March 19, 2005, and the July 6, 2005 Commission approval of AL 2633-E/2633-E-A effective February 24, 2005. The changes to the AMDRA preliminary statement in compliance with D. 05-09-044 proposed in AL 2658-G/2717-E were made on top of the consolidated tariffs from both AL 2623-E and 2633-E-A. AL 2658-G/2717-E is pending approval.

Attachment D illustrates the September 30 balance for GAMA which includes the cost for gas AMI pre-deployment activities, plus the amount transferred from AMIMA-G (shown on Attachment C). PG&E seeks final disposition of \$106,604.58 through CFCA.

AMDRA and GAMA Recovery

The AMDRA Preliminary Statement states: "Quarterly, PG&E will file an advice letter, which shall include a summary of the entries to this account requesting recovery of the balance." PG&E requests recovery of the current balance² in the account, plus the costs recorded in AMIMA-E pending approval for transfer to AMDRA, and includes a summary of the entries to these accounts for this period in Attachment A and B.

The proposed GAMA Preliminary Statement states: "Quarterly, PG&E will file an advice letter, which shall include a summary of the entries to this account requesting recovery of the balance." PG&E requests the recovery of the current balance in the account, plus the costs recorded in AMIMA-G pending approval for transfer to GAMA, and includes a summary of the entries to these accounts for this period in Attachment C and D.

Approval of Advice 2658-G/2717-E as well as this Advice filing before December 2005 will allow PG&E to place these costs in rates by consolidating these balances with the request for recovery of DRAM through PG&E's Annual Electric True-up and CFCA through PG&E's Annual Gas True-up filing for rates effective January 1, 2006.

Request for Commission Approval

PG&E requests the Commission approve by resolution on or before the Commission's scheduled meeting of **December 15, 2005**, PG&E's request for a specific finding that PG&E is authorized to recover the account balances through distribution rates, as described in PG&E's preliminary statement.

Protests

If the Energy Division deems it necessary to issue a draft resolution 30 days prior to the December 15, 2005 Commission meeting, then PG&E requests Energy Division to shorten the protest period to 10 days from the date of filing, with protests due on **November 12, 2005**. 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:

² PG&E is seeking approval of August through September 2005 costs. The balance prior to January 1, 2004, was included in the headroom calculation filed in Advice 2555-G/2521-E, dated June 14, 2004. The activity from January 2004 through September 2004 was approved in Resolution E-3911. The activity from October 2004 through July 2005 was requested in Advice E-2701 dated August 18, 2005 and is pending approval.

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov and jnj@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 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: PGETariffs@pge.com

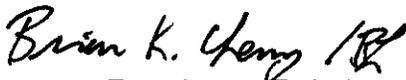
Effective Date

In accordance with General Order 96-A, Section V.B., PG&E requests that this advice filing be effective the date of approval.

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.02-06-001. 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>


Director - Regulatory Relations

Attachments

cc: Service List R.02-06-001

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)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Bernard Lam

Phone #: (415) 973-4878

E-mail: bxlc@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) #: **2674-G/2733-E**

Subject of AL: Request for Transfer of the Advanced Metering Infrastructure Memorandum Accounts and Disposition and Recovery of the Balances in the Advanced Metering and Demand Response Account and the Gas Advanced Metering Account

Keywords (choose from CPUC listing): Balancing Account, Metering

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Decision 05-09-044

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: Not applicable

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: 12/15/2005

No. of tariff sheets: 0

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: N/A

Service affected and changes proposed¹: _____

Pending advice letters that revise the same tariff sheets: N/A

Protests 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

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry

Director, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

¹ Discuss in AL if more space is needed.

Advanced Metering Infrastructure Memorandum Account - Electric (AMIMA-E)
 July 1, 2005 through September 30, 2005 Account Activity

Per Month

Program	2005			Total
	July	August	September	
AMIM Project Pre-deployment Activities (AMIMA-E) ¹				
Systems Software Upgrades & Integration	\$ 89,877.65	\$ 89,877.65		\$ 89,877.65
Project Management	\$ 4,054.02	\$ 4,215.99		\$ 8,270.01
Subtotal	\$ 4,054.02	\$ 94,093.64	\$ -	\$ 98,147.66
Interest Rate	3.27%	3.47%	3.64%	
Interest Total	\$ 5.52	\$ 754.60	\$ 287.77	\$ 1,047.89
Monthly Totals AMIMA-E to be Transferred to AMDRA	\$ 4,059.54	\$ 94,848.24	\$ 287.77	\$ 99,195.55

¹ August charges include \$141,626.11 of prior period adjustments from July 2005 and associated interest of \$421.88. September interest is for July and August charges which have not been transferred to AMDRA.

Advanced Metering and Demand Response Account (AMDRA)
August 1, 2005 through September 30, 2005 Account Activity
Per Month

Program	2005			Total
	July ¹	August	September	
Large Customer Demand Response Programs				
Critical Peak Pricing	\$	46,535.06	\$ 78,604.17	\$ 125,139.23
Demand Bidding	\$	35,269.38	\$ 25,022.49	\$ 60,291.87
Demand Reserves Partnership (DRP)	\$	12,339.65	\$ 88.65	\$ 12,428.30
Interval Meters ¹	\$	102,699.85	\$ 93,481.85	\$ 196,181.70
E-Save				
Power Down	\$			\$
Customer Market Research	\$	13,555.52	\$ 15,875.60	\$ 29,431.12
Flex Your Power Now	\$	17,400.92	\$ 4,539,953.88	\$ 4,557,354.80
Integrated Demand Side Management	\$	3,741.56	\$ 28,465.71	\$ 32,207.27
California 20/20 Rebate Program	\$	150,540.52	\$ 253,733.15	\$ 404,273.67
Interact Payments	\$	29,596.13	\$ 111,540.72	\$ 141,136.85
Demand Response Database	\$	1,918.75	\$ 3,120.87	\$ 5,039.62
California Power Authority DRP				
California Power Authority Statewide	\$	(310.04)		\$ (310.04)
Business Energy Coalition	\$	138,483.42	\$ 1,530.05	\$ 140,013.47
General Education	\$	108,184.06	\$ 149,850.37	\$ 258,034.43
A/C Cycling Analysis				
Community Partner				
TAFTI Total	\$	813,087.10	\$ 5,318,743.31	\$ 6,131,830.41
Subtotal	\$	12,072.15	\$ 185,387.62	\$ 197,459.77
Statewide Pricing Pilot ²	\$	12,072.15	\$ 185,387.62	\$ 197,459.77
Subtotal	\$	12,072.15	\$ 185,387.62	\$ 197,459.77
AMI Project Development and Management				
Contract Negotiation and Administration	\$	5,891.81	\$ 886,269.04	\$ 892,160.85
Business Case Development	\$	964,471.51	\$ 545,263.87	\$ 1,509,735.38
RFP Development and Analysis	\$	825,889.95	\$ 1,314.10	\$ 827,204.05
AMI Applications	\$	221,616.96	\$ 134,353.63	\$ 355,970.59
Project Management	\$	(3,870.82)	\$ 74,377.43	\$ 70,506.61
Subtotal	\$	2,013,999.41	\$ 1,641,578.07	\$ 3,655,577.48
Systems Software Upgrades & Integration				
Project Management	\$		\$ 17,125.41	\$ 17,125.41
Subtotal ⁴	\$		\$ 8,769.19	\$ 8,769.19
Interest Rate				
Interest Total	\$		\$ 25,894.60	\$ 25,894.60
		3.27%	3.47%	3.64%
Monthly Totals AMDRA	\$	57,284.10	\$ 75,446.95	\$ 132,731.05
Monthly Totals AMIMA-E (from Attachment A)	\$	2,896,442.76	\$ 7,247,050.55	\$ 10,143,493.31
Grand Total - AMDRA and AMIMA - E	\$	4,059.54	\$ 94,848.24	\$ 287.77
	\$	4,059.54	\$ 2,991,291.00	\$ 7,247,338.32

Note: Totals above do not include pre-deployment costs which was shown with a zero balance in the prior workpaper filed with Advice 2569-E on October 15, 2004.

¹ Includes \$30,387.02 of capital-related costs for August and \$38,738.17 of capital-related costs for September.

² Incentive payments are recovered directly through the ERRR account per D.03-03-036 and therefore, have not been included in this category.

³ July costs for AMDRA are shown as zero on this workpaper and are included on the workpaper filed with Advice 2701-E filed on August 18, 2005.

⁴ September charges represent the first charges authorized under D. 05-09-044

Advanced Metering Infrastructure Memorandum Account - Gas (AMIMA-G)
 July 1, 2005 through September 30, 2005 Account Activity

Per Month

Program	2005			Total
	July	August	September	
AM1 Project Pre-deployment Activities (AMIMA-G) ¹				
Systems Software Upgrades & Integration	\$ 3,453.43	\$ 76,562.45	\$ -	\$ 76,562.45
Project Management	\$ 3,453.43	\$ 3,591.39	\$ -	\$ 7,044.82
Subtotal	\$ 3,453.43	\$ 80,153.84	\$ -	\$ 83,607.27
Interest Rate	3.27%	3.47%	3.64%	
Interest Total	\$ 4.71	\$ 656.55	\$ 244.22	\$ 905.48
Monthly Totals AMIMA-G to be transferred to GAMA	\$ 3,458.14	\$ 80,810.39	\$ 244.22	\$ 84,512.75

¹ August charges include \$120,644.47 of prior period adjustments from July 2005 and associated interest of \$359.38. September interest is for July and August charges which have not been transferred to GAMA.

Gas Advanced Metering Account (GAMA)
 September 22, 2005 through September 30, 2005 Account Activity
 Per Month

Program	2005			Total
	July	August	September	
AMI Project Pre-deployment Activities (GAMA)				
Systems Software Upgrades & Integration	\$ -	\$ 14,588.31	\$ 14,588.31	\$ 14,588.31
Project Management	\$ -	\$ 7,470.06	\$ 7,470.06	\$ 7,470.06
Subtotal ¹	\$ -	\$ -	\$ 22,058.37	\$ 22,058.37
Interest Rate			3.64%	
Interest Total	\$ -	\$ -	\$ 33.46	\$ 33.46
Monthly Totals GAMA	\$ -	\$ -	\$ 22,091.83	\$ 22,091.83
Monthly Totals AMIMA-G to be transferred to GAMA (from Attachment C)	\$ 3,458.14	\$ 80,810.39	\$ 244.22	\$ 84,512.75
Grand Total GAMA and AMIMA-G	\$ 3,458.14	\$ 80,810.39	\$ 22,336.05	\$ 106,604.58

¹ September charges represent the first charges authorized under D. 05-09-044

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

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