

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



February 1, 2007

Advice Letter 2729-G/2836-E

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

REGULATORY RELAT

FEB 03 2007

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

Dear Ms. de la Torre:

Advice Letter 2729-G/2836-E is effective June 25, 2006. A copy of the advice letter and
resolution are returned herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director
Energy Division



Brian K. Cherry
Senior 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

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May 26, 2006

**Advice 2729-G/2836-E
(Pacific Gas and Electric Company ID U 39 M)**

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 the Advanced Metering Infrastructure Memorandum Account – Electric (AMIMA-E) to 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 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 worksheets for AMIMA-E and AMDRA are in Attachment A and B, respectively. The detailed cost worksheets for AMIMA-G and GAMA are in Attachment C and D, respectively.

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. The Commission also authorized PG&E to file quarterly Advice Letters to request cost recovery subject to review of the cost categories.

At the request of the Energy Division, PG&E informally agreed in April 2006 to modify its quarterly filings for AMDRA cost recovery going forward. Specifically, PG&E will continue to file quarterly for recovery of AMI pre-deployment costs that were approved in D.05-09-044. However, other AMI-related costs (e.g., AMI Project development and management costs) and demand response program costs for programs prior to December 31, 2005 in AMDRA will be exempt from the quarterly filing. Instead, PG&E will file separate advice letters for recovery of these costs after a final decision has been issued in A.05-06-028 (PG&E's AMI Project application). Therefore, the AMDRA account balance listed in Attachment B for which PG&E is requesting recovery does not include AMI Project development and management costs.

On March 15, 2006, D.06-03-024 approved the January 30, 2006, Amended Settlement for demand response programs and revenue requirements for programs years 2006-2008. Among other things, that decision authorized the creation of the Demand Response Expenditure Balancing Account (DREBA), effective January 1, 2006, to track incremental demand response program costs. Advice Letter 2804-E, approved on April 21, 2006, authorized PG&E to perform a one-time transfer of the relevant 2006 demand response expenses from AMDRA to DREBA. PG&E informally notified the Energy Division that it would wait until this transfer had occurred to file this Advice Letter, and consequently no demand response costs are included in the AMDRA account balance listed in Attachment A. Thus, due to the timing of this filing, PG&E has included non-demand response-related April 2006 costs in the AMIMA-E, AMIMA-G, AMDRA, and GAMA balances requested for recovery by this Advice Letter.

Explanation of Contents in Accounts and Attachments

Electric AMIMA (Attachment A)

AMIMA-E for the January through April 2006 time period only includes interest accrued from January through April on the September balance. This limited amount arises because PG&E filed Advice 2733-E to recover the September 2005 balance and Advice 2722-E to recover interest accrued on that balance from October through December 2005 and there were no new AMI pre-deployment costs recorded in AMIMA-E. Attachment A illustrates the amount to be transferred from AMIMA-E to AMDRA, as authorized by D.05-09-044.

AMDRA (Attachment B)

The AMDRA account balance shown in Attachment B includes the following for the period January 1 through April 30, 2006:

- (1) The cost for electric AMI pre-deployment activities; plus,
- (2) The amount to be transferred from AMIMA-E (shown in Attachment A).

PG&E seeks final disposition of \$3,948,011.43 through DRAM.

Gas AMIMA (Attachment C)

AMIMA-G for the January through April 2006 time period only includes interest accrued from January through April on the September balance. This is because PG&E filed Advice 2674-G to recover the September 2005 balance and Advice 2698-G to recover interest accrued on that balance from October through December 2005 and there were no new AMI pre-deployment costs recorded in the AMIMA-G. Attachment C illustrates the amount to be transferred from AMIMA-G to GAMA, as authorized by D.05-09-044.

GAMA (Attachment D)

The GAMA account balance shown on Attachment D includes the following for the period January 1 through April 30, 2006:

- (1) The cost for gas AMI pre-deployment activities; plus,
- (2) The amount to be transferred from AMIMA-G (shown on Attachment C).

PG&E seeks final disposition of \$3,342,718.40 through CFCA.

Request for Commission Approval

PG&E requests the Commission approve this advice letter upon regular notice, **June 25, 2006**, which is 30 days from the date of this filing. PG&E's request is for a specific finding that PG&E is authorized to recover the account balances described herein through distribution rates, as described in PG&E's preliminary statements.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **June 15 2006**, 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: jir@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.

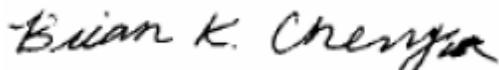
Pacific Gas and Electric Company
Attention: Brian Cherry
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

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

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 lists for R.02-06-001 and A.05-03-016. 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 and A.05-03-016

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 U39M

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Shilpa Ramaiya

Phone #: (415) 973-3186

E-mail: srrd@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) #: **2729-G/2836-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): Recovery, Balancing Account

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

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Resolution Required? Yes No

Requested effective date: **6-25-06**

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). N/A

Tariff schedules affected: N/A

Service affected and changes proposed¹: See advice letter

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**

**Utility Info (including e-mail)
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)
January 1, 2006 through April 30, 2006 Account Activity

Per Month

Program	2006				Total
	January	February	March	April	
Interest	Interest Rate	4.23%	4.48%	4.55%	4.76%
	Interest Total	\$ 353.19	\$ 375.39	\$ 382.68	\$ 401.86
Monthly Totals AMIMA-E		\$ 353.19	\$ 375.39	\$ 382.68	\$ 401.86
					\$ 1,513.12

Advanced Metering and Demand Response Account (AMDRA)

January 1, 2006 through April 30, 2006 Account Activity

Per Month

Program	2006				Total
	January	February	March	April	
AMI Project Pre-deployment Activities (AMDRA)					
Systems Software Upgrades & Integration	\$ 233,450.38	\$ 218,972.89	\$ 751,699.40	\$ 555,770.83	\$ 1,759,893.50
Project Management	\$ 390,717.19	\$ 271,971.13	\$ 386,214.56	\$ 234,855.25	\$ 1,283,758.13
Server Software Expense					\$ -
Misc. Meter Equipment	\$ 689.40	\$ (689.40)			\$ -
Communication and Education	\$ 2,582.60	\$ 77,830.96	\$ 21,258.89	\$ 192,382.62	\$ 294,055.07
Training	\$ 63,912.35	\$ 62,233.92	\$ 99,912.16	\$ 51,508.20	\$ 277,566.63
Operation		\$ 48,919.93	\$ 77,405.61	\$ 66,618.26	\$ 192,943.80
Systems integration				\$ 39,249.99	\$ 39,249.99
Capital-Related Revenue Requirement	\$ 3,578.93	\$ 6,129.67	\$ 22,168.78	\$ 28,091.89	\$ 59,969.27
Subtotal	\$ 694,930.85	\$ 685,369.10	\$ 1,358,659.40	\$ 1,168,477.04	\$ 3,907,436.39
Interest					
Interest Rate	4.23%	4.48%	4.55%	4.76%	
Interest Total	\$ 4,235.19	\$ 7,077.86	\$ 11,090.43	\$ 16,658.44	\$ 39,061.92
Monthly Totals AMDRA	\$ 699,166.04	\$ 692,446.96	\$ 1,369,749.83	\$ 1,185,135.48	\$ 3,946,498.31
Monthly Totals AMIMA-E (from Attachment A)	\$ 353.19	\$ 375.39	\$ 382.68	\$ 401.86	\$ 1,513.12
Grand Total - AMDRA and AMIMA - E	\$ 699,519.23	\$ 692,822.35	\$ 1,370,132.51	\$ 1,185,537.34	\$ 3,948,011.43

Advanced Metering Infrastructure Memorandum Account - Gas (AMIMA-G)
January 1, 2006 through April 30, 2006 Account Activity

Per Month

Program	2006				Total
	January	February	March	April	
Subtotal					
Interest	Interest Rate	4.23%	4.48%	4.55%	4.76%
	Interest Total	\$ 300.88	\$ 319.78	\$ 325.99	\$ 342.33
Monthly Totals AMIMA-G to be transferred to GAMA		\$ 300.88	\$ 319.78	\$ 325.99	\$ 342.33
					\$ 1,288.98

Gas Advanced Metering Account (GAMA)
January 1, 2006 through April 30, 2006 Account Activity
Per Month

	Program	2006				Total
		January	February	March	April	
AMI Project Pre-deployment Activities (GAMA)	Systems Software Upgrades & Integration	\$ 198,865.13	\$ 186,532.46	\$ 640,336.52	\$ 473,434.41	\$ 1,499,168.52
	Project Management	\$ 332,833.17	\$ 231,679.11	\$ 328,997.58	\$ 200,061.88	\$ 1,093,571.74
	Server Software Expense					\$ -
	Misc. Meter Equipment	\$ 587.27	\$ (587.27)			\$ -
	Communication and Education	\$ 2,200.00	\$ 66,300.45	\$ 18,109.43	\$ 163,881.49	\$ 250,491.37
	Training	\$ 54,443.85	\$ 53,014.08	\$ 85,110.36	\$ 43,877.36	\$ 236,445.65
	Operation		\$ 41,672.53	\$ 65,938.11	\$ 56,748.88	\$ 164,359.52
	Systems Integration				\$ 33,435.18	\$ 33,435.18
	Capital-Related Revenue Requirement	\$ 1,853.00	\$ 2,967.00	\$ 10,286.00	\$ 15,681.00	\$ 30,787.00
	Subtotal	\$ 590,782.42	\$ 581,578.36	\$ 1,148,778.00	\$ 987,120.20	\$ 3,308,258.98
	Interest	Interest Rate	4.23%	4.48%	4.55%	4.76%
Interest Total		\$ 3,605.65	\$ 6,020.61	\$ 9,417.98	\$ 14,126.20	\$ 33,170.44
Monthly Totals GAMA		\$ 594,388.07	\$ 587,598.97	\$ 1,158,195.98	\$ 1,001,246.40	\$ 3,341,429.42
Monthly Totals AMIMA-G to be transferred to GAMA (from Attachment C)		\$ 300.88	\$ 319.78	\$ 325.99	\$ 342.33	\$ 1,288.98
Grand Total GAMA and AMIMA-G		\$ 594,688.95	\$ 587,918.75	\$ 1,158,521.97	\$ 1,001,588.73	\$ 3,342,718.40

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

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