

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



December 19, 2006

Advice Letter 2782-G

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

Subject: Request to Revise PG&E's Core Procurement Incentive Shareholder Award for  
November 2000 - October 2001 (Year 8)

Dear Ms. de la Torre:

Advice Letter 2782-G is effective December 20, 2006. A copy of the advice letter is returned  
herewith for your records.

Sincerely,

Sean H. Gallagher, Director  
Energy Division

<b>REGULATORY RELATIONS</b>	
M Brown	Tariffs Section
R Dela Torre	D Poster
B Lam	S Ramaiya
DEC 28 2006	
Return to	Records
	File
cc to	



**Brian K. Cherry**  
Vice President  
Regulatory Relations

77 Beale Street, Room 1087  
San Francisco, CA 94105

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Mail Code B10C  
Pacific Gas and Electric Company  
P.O. Box 770000  
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415.973.4977  
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Internet: BKC7@pge.com

November 20, 2006

**Advice 2782-G**

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

**Subject: Request to Revise PG&E's Core Procurement Incentive  
Shareholder Award for November 2000 – October 2001 (Year 8)**

**Purpose**

Pacific Gas and Electric Company (PG&E) submits this Advice Letter (Advice) to request revision of its Core Procurement Incentive (CPIM) shareholder award for Year 8, in compliance with Ordering Paragraph 3 of Resolution G-3348.

The revised CPIM Year 8 shareholder award is now \$5,036,088, a reduction of \$2,654,209 from the previously authorized shareholder award of \$7,690,297. PG&E will return the \$2,654,209, with interest, to core gas customers through the Purchased Gas Account (PGA). PG&E would appreciate a reasonably quick approval so that PG&E can return the funds during this coming winter high bill period.

**Background**

On December 23, 2002, PG&E submitted Advice 2431-G requesting a shareholder award of \$7,690,297 for its accomplishments for keeping core gas costs below benchmark prices during CPIM Year 8, the 12-month period from November 1, 2000 through October 31, 2001. In the advice letter, PG&E indicated that the requested shareholder award may be changed upon the finalization of certain financial and physical settlement estimates.

Resolution G-3348, adopted April 17, 2003, conditionally approved PG&E's request and adopted PG&E's proposal to issue a supplement to its Year 8 Annual CPIM Performance Report when the financial and physical settlement costs were finalized. Ordering Paragraph 3 states:

PG&E shall issue a supplemental Year 8 Annual CPIM Performance Report to ORA and the Energy Division upon finalization of the Year 8 financial and physical settlement costs estimates referred to in AL 2431-G. Within 20 days after ORA's review of the supplemental report, the utility shall file an advice letter requesting revision of the shareholder reward adopted in OP 1, if necessary.

On October 20, 2006, PG&E submitted its CPIM Year 8 Supplemental Report to the Energy Division and the Division of Ratepayer Advocates (DRA). The supplemental report recalculated the CPIM Year 8 shareholder award to account for the final financial and physical settlement costs for Year 8. The result is a downward adjustment to the shareholder incentive by \$2,654,209 (the difference between the previously collected shareholder award of \$7,690,297 as authorized by Resolution G-3348, and the final recalculated award of \$5,036,088). In a letter dated November 8, DRA stated its staff had reviewed PG&E's CPIM Year 8 Supplemental Report and concurs with the adjustments reflected in PG&E's report. DRA also concurs with PG&E's approach of returning the \$2,654,209 plus interest to customers by crediting the Core Subaccount of the PGA.

As explained in PG&E's CPIM Year 8 Supplemental Report, the adjusted shareholder award of \$5,036,088 will continue to be held subject to refund until the Commission's market manipulation investigation, OII. 02-11-040, is closed. At that time, all conditions specified in Resolution G-3348 for PG&E to collect its CPIM Year 8 award will have been met, and PG&E will consider the remaining shareholder award of \$5,036,088 to be no longer subject to refund.

Because core gas customers' bills tend to peak in the winter, PG&E would appreciate a speedy review and approval of this advice letter, so that the refund can be returned to customers this winter.

### **Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received by **December 11, 2006**, which is 21 days after the date of this filing.<sup>1</sup> Protests should be mailed to:

CPUC Energy Division  
Tariff Files, Room 4005  
DMS Branch  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

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<sup>1</sup> The 20 day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

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

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

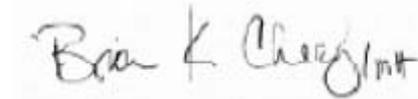
**Effective Date**

PG&E requests that this advice filing become effective on regular notice, **December 20, 2006**, which is 30 calendar 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. Address changes to the General Order 96-A service list 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>**



Vice President, Regulatory Relations

cc: Sean Gallagher, Director of Energy Division  
Richard Myers, Energy Division  
Eugene Cadenasso, Energy Division  
Dana Appling – DRA  
Mark Pocta, DRA  
Jacqueline Grieg, DRA  
Ramesh Ramchandani, DRA  
William Scott, DRA  
Service List – Gas Accord III A. 04-03-021

# 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: Megan Hughes

Phone #: (415) 973-1877

E-mail: mehr@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) #: **2782-G**

Subject of AL: Request to Revise PG&E's Core Procurement Incentive Shareholder Award for November 2000 – October 2001 (Year 8)

Keywords (choose from CPUC listing): Core, Procurement

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

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

G-3348

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<sup>1</sup>: \_\_\_\_\_

Resolution Required?  Yes  No

Requested effective date: **December 20, 2006**

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 proposed<sup>1</sup>: N/A

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

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave.,

San Francisco, CA 94102

[ijnj@cpuc.ca.gov](mailto:ijnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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](mailto:PGETariffs@pge.com)

<sup>1</sup> Discuss in AL if more space is needed.

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