

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 31, 2007

Advice Letter 2842-G/3065-E

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

Subject: Front Counter Closures

Dear Mr. Cherry:

Advice Letter 2842-G/3065-E is effective August 1, 2007.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division



Brian K. Cherry
Vice President
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

Fax: 415.973.7226

June 14, 2007

Advice 2842-G/3065-E

(Pacific Gas and Electric Company ID U 39 M)

Subject: Front Counter Closures

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its gas and electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I. Pursuant to Ordering Paragraph 2 of Decision (D.) 07-05-058, this Advice is being filed in accordance with the procedures described in D.07-01-024 and General Order 96-B as a Tier 1 Advice (even though GO 96-B does not formally take effect until July 1, 2007).

Purpose

The purpose of this Advice is to reduce the gas and electric distribution base revenue amounts recorded in the gas Core Fixed Cost Account (CFCA) and the electric Distribution Revenue Adjustment Mechanism (DRAM) to reflect the cost savings attributable to the closure of the front counters at nine local offices, effective August 1, 2007.

Background

In D.07-05-058, dated May 24, 2007, the California Public Utilities Commission (Commission) approved a Settlement among PG&E, the Division of Ratepayer Advocates (DRA), The Utility Reform Network (TURN), the Greenlining Institute (Greenlining), the California Farm Bureau Federation (CFBF), and the Coalition of California Utility Employees (CCUE) that allows PG&E to close the front counters at nine local offices. The Settlement also calls for net savings associated with the closure to be passed on to customers. The average reduction in PG&E's annual revenue requirement from July, 2007 through the end of 2010 due to the closure of the nine front counters would be \$788,000 (\$2,757,000/3.5). In order to pass the cost savings associated with the front counter closures on to customers, the Settlement provides that PG&E's annual gas and electric distribution revenue

requirements will be reduced by \$355,000 and \$433,000, respectively, effective on the date of the office closures. (See D.07-05-058, Appendix B, page B-15.) These amounts were determined assuming that PG&E would close the front counters on July 1, 2007, and represent the savings over 42 months (July 2007 through December 2010). Although the actual savings from the closures will be less than calculated in the Settlement due to the later closure date (August 1 compared to July 1), beginning the revenue requirement reduction on August 1 will automatically adjust the total revenue requirement reduction consistent with the lower savings amount as anticipated in Ordering Paragraph 3 of D.07-05-058.

Tariff Revisions

For the gas department, the revenue requirement reduction authorized in D.07-05-058 is reflected in Preliminary Statement Part C. There is no equivalent table in PG&E's electric department Preliminary Statement.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **July 4, 2007**, 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: mas@cpuc.ca.gov and inj@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Honesto Gatchalian, Energy Division, 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.

Pacific Gas and Electric Company
Attention: Brian Cherry
Vice President, 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

PG&E is submitting this as a Tier 1 Advice Letter in accordance with Ordering Paragraph 2 of D.07-05-058. PG&E requests that this advice filing become effective on August 1, 2007.

Notice

In accordance with General Order 96-B, Section IV, 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 A.05-12-002. 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>



Vice President - Regulatory Relations

Attachments

cc: Service List A.05-12-002

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 M)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: David Poster

Phone #: (415) 973-1082

E-mail: DXPU@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) #: **2842-G/3065-E**

Tier: 1

Subject of AL: Front Counter Closures

Keywords (choose from CPUC listing): GRC Tariff Changes

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.07-05-058

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 AL¹: N/A

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: N/A

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes No

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: N/A

Resolution Required? Yes No

Requested effective date: **August 1, 2007**

No. of tariff sheets: 4

Estimated system annual revenue effect (%): See AL

Estimated system average rate effect (%):

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: Gas Preliminary Statement C

Service affected and changes proposed: N/A

Pending advice letters that revise the same tariff sheets: 2840-G

Protests, dispositions, 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

jnj@cpuc.ca.gov and 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

**ATTACHMENT 1
Advice 2842-G**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
24996-G	Preliminary Statement Part C--Gas Accounting Terms and Definitions	24985-G
24997-G	Preliminary Statement Part C (Cont.)	24986-G
24998-G	Table of Contents -- Preliminary Statements	24743-G
24999-G	Table of Contents -- Title Page	24899-G

**ATTACHMENT 1
Advice 3065-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
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PRELIMINARY STATEMENT
(Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)

2. ANNUAL GAS REVENUE REQUIREMENT AND PPP FUNDING REQUIREMENTS: (Cont'd.)

Description	Amount (\$000)				Total
	Core	Noncore	Unbundled	Core Procurement	
GRC BASE REVENUES (incl. F&U) (1):					
Authorized GRC Distribution Base Revenue					1,073,444
Less: Other Operating Revenue					<u>(26,023)</u>
Authorized GRC Distribution Revenues in Rates	<u>1,013,130</u>	<u>34,291</u>			1,047,421
BCAP ALLOCATION ADJUSTMENTS AND CREDITS TO BASE:					
G-10 Procurement-Related Employee Discount	(3,154)				(3,154)
G-10 Procurement Discount Allocation	1,322	1,832			3,154
Less: Front Counter Closures	(355)				(355) (N)
Core Brokerage Fee Credit	<u>(8,982)</u>				<u>(8,982)</u>
GRC Distribution Base Revenue with Adj. and Credits	<u>1,001,961 (R)</u>	<u>36,123</u>			<u>1,038,084 (R)</u>
TRANSPORTATION FORECAST PERIOD COSTS & BALANCING ACCOUNT BALANCES (2):					
Transportation Balancing Accounts	71,910	26,441			98,351
Self-Generation Incentive Program Revenue Requirement	2,427	3,333			5,760
CPUC Fee	2,066 (R)	2,718 (R)			4,784 (R) (P)
ClimateSmart	1,471	50			1,521
SmartMeter™ Project	21,257				21,257
10/20 Plus Winter Gas Savings Plan (WGSP) - Commercial	420				420
Franchise Fees and Uncollectible Expense (F&U) (on items above)	1,081	421			1,502
CARE Discount included in PPP Funding Requirement	(97,421)				(97,421)
CARE Discount not in PPP Surcharge Rates	<u>(500)</u>				<u>(500)</u>
Transportation Forecast Period Costs & Balancing Account Balances	<u>2,711 (R)</u>	<u>32,963 (R)</u>			<u>35,674 (R)</u>
GAS ACCORD REVENUE REQUIREMENT (incl. F&U) (3):					
Local Transmission	96,812	41,426			138,238
Customer Access Charge – Transmission		5,174			5,174
Storage	42,093		7,499		49,592
Carrying Cost on Noncycled Storage Gas	1,757		251		2,008
Backbone Transmission / L-401	<u>77,456</u>		<u>171,220</u>		<u>248,676</u>
Gas Accord Revenue Requirement	<u>218,118</u>	<u>46,600</u>	<u>178,970</u>		<u>443,688</u>

- (1) The GRC Distribution Base Revenue includes Distribution Base Revenue adopted in the General Rate Case and allocated to core and noncore customers in Cost Allocation Proceedings, as shown in Part C.3.a. The authorized GRC amount includes the distribution base revenue approved effective January 1, 2007, in D.07-03-044.
- (2) The total 2007 SGIP RRQ was authorized to be recovered in 2007 in D.06-12-033. Per D.06-05-019, SGIP costs were removed from wholesale gas rates on July 1, 2006, and SB 1 removed CA Solar Initiative costs from gas customers effective January 1, 2007. The Climate Protection Tariff RRQ for 2006 and 2007 was approved in D. 06-12-032. The SmartMeter™ Project RRQ was approved in D.06-07-027 and AL 2752-G/G-A. 10/20 WGSP costs, approved in Resolution G-3392, are recovered in commercial customers' rates beginning January 1, 2007.
- (3) The Gas Accord III Revenue Requirement effective January 1, 2007, was adopted in D.04-12-050. Storage revenues allocated to load balancing are included in unbundled transmission rates.

(Continued)



PRELIMINARY STATEMENT
(Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)

2. ANNUAL GAS REVENUE REQUIREMENT AND PPP FUNDING REQUIREMENTS: (Cont'd.)

Amount (\$000)

Description	Core	Noncore	Unbundled	Core Procurement	Total
ILLUSTRATIVE CORE PROCUREMENT REVENUE REQUIREMENT (4):					
Illustrative Gas Supply Portfolio				2,376,056	2,376,056
Interstate and Canadian Capacity				173,236	173,236
10/20 Plus WGSP – Procurement – Residential				3,566	3,566
10/20 Plus WGSP – Transportation – Residential				1,014	1,014
F&U (on items above)				30,819	30,819
Backbone Capacity (incl. F&U)	(55,239)			55,239	0
Backbone Volumetric (incl. F&U)	(22,217)			22,217	0
Storage (incl. F&U)	(42,093)			42,093	0
Carrying Cost on Noncycled Storage Gas (incl. F&U)	(1,757)			1,757	0
Core Brokerage Fee (incl. F&U)				8,982	8,982
Procurement Account Balances				(11,276)	(11,276)
Illus. Core Procurement Revenue Requirement	(121,306)			2,703,703	2,582,397
TOTAL GAS REVENUE REQUIREMENT (without PPP) IN RATES	1,101,484 (R)	115,686 (R)	178,970	2,703,703	4,099,843 (R)
PUBLIC PURPOSE PROGRAM (PPP) FUNDING REQUIREMENT (F&U exempt) (5):					
Energy Efficiency (EE)	38,231	4,255			42,486
Low Income Energy Efficiency (LIEE)	20,984	2,336			23,320
LIEE in rates above authorized	35	4			39
Research, Demonstration and Development (RD&D)	5,216	2,509			7,725
CARE Administrative Expense	1,710	935			2,645
CARE Admin. Exp. Authorized but not in rates	(22)	(13)			(35)
BOE and CPUC Administrative Cost	118	56			174
PPP Balancing Accounts	(24,340)	(16,630)			(40,970)
CARE Discount Recovered from non-CARE customers	<u>62,992</u>	<u>34,429</u>			<u>97,421</u>
Total PPP Funding Requirement in Rates	104,924	27,881			132,805
TOTAL GAS REVENUE AND PPP FUNDING REQUIREMENT IN RATES	1,206,408 (R)	143,567 (R)	178,970	2,703,703	4,232,648 (R)
TOTAL AUTHORIZED GAS REVENUE AND PPP FUNDING REQUIREMENT	1,206,895 (R)	143,576 (R)	178,970	2,703,703	4,233,144 (R)

(4) The credits shown in the Core column represent the core portion of the Gas Accord Revenue Requirements that is included in the illustrative Core Procurement RRQ, and are shown here to avoid double counting these costs in the total. The Gas Supply Portfolio cost includes a forecast of carrying cost on cycled gas in storage, and an illustrative commodity and shrinkage cost based on the Weighted Average Cost of Gas (WACOG) of \$0.76897 per therm, approved in Advice 2780-G/G-A. Actual gas commodity costs change monthly. 10/20 WGSP costs, approved in Resolution G-3392, will be recovered in residential rates effective April 1, 2007.

(5) The PPP funding requirement is recovered in gas PPP surcharge rates pursuant to D.04-08-010 and 2007 PPP surcharge AL 2769-G/G-A; and includes LIEE program funding adopted in D.05-04-052, EE program funding adopted in D.05-09-043 and D.05-11-011, CARE annual administrative expense adopted in D.05-04-052, and excludes F&U per D.04-08-010. Decision 06-12-038 adopted 2007 funding requirements for CARE and LIEE that differ from those filed in Advice 2769-G/G-A; therefore, the LIEE and CARE Administrative amounts not included in 2007 PPP surcharge rates are shown on separate lines.

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**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

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	Dynergy 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	Sutherland, Asbill & Brennan
California ISO	International Power Technology	Tabors Caramanis & Associates
Calpine	Interstate Gas Services, Inc.	Tecogen, Inc
Calpine Corp	IUCG/Sunshine Design LLC	TFS Energy
Calpine Gilroy Cogen	J. R. Wood, Inc	Transcanada
Cambridge Energy Research Assoc	JTM, Inc	Turlock Irrigation District
Cameron McKenna	Luce, Forward, Hamilton & Scripps	U S Borax, Inc
Cardinal Cogen	Manatt, Phelps & Phillips	United Cogen Inc.
Cellnet Data Systems	Marcus, David	URM Groups
Chevron Texaco	Matthew V. Brady & Associates	Utility Resource Network
Chevron USA Production Co.	Maynor, Donald H.	Wellhead Electric Company
City of Glendale	MBMC, Inc.	White & Case
City of Healdsburg	McKenzie & Assoc	WMA
City of Palo Alto	McKenzie & Associates	
City of Redding	Meek, Daniel W.	
CLECA Law Office	Mirant California, LLC	
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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	