

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 3, 2007

Advice Letter 2877-G/3139-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: 2008 Gas and Electric Attrition Adjustments
(2007 General Rate Case Decision 07-03-044)

Dear Mr. Cherry:

Advice Letter 2877-G/3139-E is effective January 1, 2008.

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

Pacific Gas and Electric Company
77 Beale St., Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

415.973.4977
Fax: 415.973.7226

October 22, 2007

Advice 2877-G/3139-E

(Pacific Gas and Electric Company ID U39M)

**Subject: 2008 Gas and Electric Attrition Adjustments
(2007 General Rate Case Decision 07-03-044)**

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby submits the Attrition Adjustment for electric and gas rates for the year 2008, consistent with the provisions of Decision (D.) 07-03-044 in Application (A.) 05-12-002, PG&E's 2007 test year General Rate Case (GRC). This filing is submitted in compliance with the terms of the Settlement Agreement approved by the Commission in D. 07-03-044. PG&E requests that the Commission approve the attrition adjustments presented here effective January 1, 2008.

Background

In D. 07-03-044, the Commission adopted a settlement in PG&E's 2007 GRC concerning gas and electric distribution and electric generation revenue requirements for 2007 through 2010.

Paragraph 47 of the Settlement Agreement provides for an attrition adjustment to base revenues of \$125 million for 2008. Appendix E to the Settlement Agreement shows the allocation of this amount to the operating functions covered in the GRC:

Electric Distribution	\$63 million
Gas Distribution	22 million
Electric Generation	<u>40 million</u>
Total	<u>\$125 million</u>

These increases will be included in the total revenue requirements submitted by PG&E in the Annual Electric True-up (AET) (Advice 3115-E currently pending before the Commission) and the Annual Gas True-up (AGT) (to be filed October 31, 2007). The AET and AGT will consolidate the attrition increases with other revenue requirement changes as approved by the Commission and propose rate designs to recover the total authorized revenue requirement. (The AGT will also include the allocation of the gas distribution attrition increase between core and non-core distribution service and a revised Gas Preliminary Statement Part C - *Gas Accounting Terms and Definitions*, Part C.2.)

Table 1, attached, shows the cumulative adjustments to the base revenue amounts authorized in the 2007 GRC through January 1, 2008.

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 no later than **November 12, 2007**, which is 21 days after the date of this filing.¹ 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 and mas@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 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

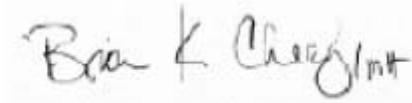
In accordance with D. 07-03-044, PG&E requests this advice filing be effective **January 1, 2008**.

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

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 parties 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>

A handwritten signature in black ink that reads "Brian K. Cheyette". The signature is written in a cursive style and is positioned above the typed name.

Vice President, Regulatory Relations

cc: Service List – A. 05-12-002

Attachment: Table 1

TABLE 1

Rolling Base Revenue Requirements
2007 GRC Cycle
(Thousands of Dollars)

	Electric Distribution	Electric Generation	Gas Distribution	Total
2007 Adopted GRC RRQ	2,965,600	1,019,755	1,073,444	5,058,800
less: Other Operating Revenue	(80,099)	(10,120)	(26,024)	(116,243)
less: FERC jurisdictional amount	(15,527)			(15,527)
2007 Base Revenue Amount (Effective 1/1/07)	2,869,974	1,009,635	1,047,421	4,927,030
Office Closures	(433)		(355)	(788)
2007 Base Revenue Amount (Effective 8/1/07)	2,869,541	1,009,635	1,047,066	4,926,242
2008 ARA	63,000	40,000	22,000	125,000
2008 Base Revenue Amount (Effective 1/1/08)	2,932,541	1,049,635	1,069,066	5,051,242

Note: 2008 Base Revenue Amounts do not include effect of proposed cost of capital pending in A. 07-05-008.

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: 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) #: 2877-G/3139-E

Tier: 2

Subject of AL: 2008 Gas and Electric Attrition Adjustments (2007 General Rate Case Decision 07-03-044)

Keywords (choose from CPUC listing): Attrition, GRC, Compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.07-03-044

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: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

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:

Resolution Required? Yes No

Requested effective date: January 1, 2008

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: N/A

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

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

**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	
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	