STATE OF CALIFORNIA ARNOLD SCHWARZENEGGER, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

December 8, 2008 Advice Letter 2943-G/3303-E

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

Re: Rejection of Pacific Gas and Electric Company Advice Letter (AL) 2943-G/3303-E Without Prejudice

Dear Mr. Cherry,

In response to Decision (D.) 08-04-039 as modified by D.08-04-054 ("Corrected D.08-04-039" or "Decision"), PG&E submitted AL 2943-G/3303-E to "Establish Pacific Gas and Electric Company's gas and Electric ratemaking Mechanism to Recover the California Institute for Climate Solutions Authorized Funding and Proposal to Establish the Role of the Collecting Agent in Compliance with Decision 08-04-039." Subsequently, the Commission issued D.08-11-060, the "Order Vacating Decision (D.) 08-04-039, As Modified By D.08-04-054, And Dismissing The Applications For Rehearing Of Decision." Ordering Paragraph (OP) 2 of D.08-11-060 states, "The Energy Division shall cease any efforts to review and approve utility advice letters filed in connection with Corrected D.08-04-039." Therefore, with this letter, Energy Division rejects AL 2943-G/3303-E without prejudice.

The Energy Division's rejection of AL 2943-G/3303-E is a "ministerial" act, as that term is used regarding advice letter review and disposition (See D. 02-02-049), made upon the determination that the Decision requiring this AL filing has been vacated and all associated ALs are thus moot.

Sincerely,

Ken Lewis

Ken Lewis, Acting Director
Energy Division

Cc: ALJ Carol Brown
Pamela Nataloni, Legal Division
Sachu Constantine, Energy Division

Darren Chan, PG&E (D1CT@pge.com)

Pacific Gas and Electric Company™

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

July 28, 2008

Advice 2943-G/3303-E
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: **Establish Pacific Gas and Electric Company's Gas and Electric Ratemaking Mechanism to Recover the California Institute for Climate Solutions Authorized Funding and Proposal to Establish the Role of the Collecting Agent in Compliance with Decision 08-04-039**

In compliance with Decision (D.) 08-04-039, as modified by D.08-04-054, Pacific Gas and Electric Company (PG&E) hereby submits this advice letter to make revisions to its gas and electric tariffs to establish PG&E's California Institute for Climate Solutions (CICS) ratemaking mechanism, to provide an evaluation of rate impacts and to provide a proposal for implementation of the Collecting Agent role. The affected tariff sheets are listed on the enclosed Attachment I. Rate impacts and the Collecting Agent proposal are listed in Attachment II and III, respectively.

Purpose

PG&E submits this advice filing in compliance with D.08-04-039, *Opinion Establishing California Institute for Climate Solutions, as modified by D.08-04-054, Order Correcting Errors and Inadvertent Inconsistencies in Decision 08-04-039*. The purpose of this filing is to establish and specify the ratemaking mechanisms that PG&E will use to recover its allocated portion of the CICS annual authorized funding through its gas and electric rates. PG&E has revised electric Preliminary Statement Part M -- *California Alternate Rates for Energy Account (CAREA)*, and created a new gas Preliminary Statement Part BV – *California Institute for Climate Solutions Balancing Account (CICSBA)*, to specify the accounting procedures that will be used to recover the CICS authorized funding. In addition, per Ordering Paragraph (OP) 4 of D.08-04-039, PG&E provides a proposal for implementing the Collecting Agent role for the CICS.

Background

In D.08-04-039, as modified by D.08-04-054, the Commission established the CICS. Ordering Paragraph (OP) 4 of the decision states that California investor-owned electric and gas utilities (collectively the IOUs) shall collect $60 million per year from all electric and gas ratepayers to fund the CICS for ten years. OP 6 requires each utility to describe by advice letter the exact mechanism that will be used to collect and record the annual authorized funding and to modify their gas and electric tariffs to reflect these changes. Therefore, this advice letter describes the electric and gas mechanisms and accounting that PG&E will use to collect PG&E's portion of the CICS authorized funding. The allocation of CICS costs for each utility calculated in compliance with D.08-04-039 and D.08-04-054 (pp. 26, 27) and agreed upon by the utilities is shown below. Each utility's allocation of cost will remain at the level shown below for the 10 year program period, unless subsequently modified by the Commission.

Annual Allocation of CICS Authorized Funding

	Gas	Electric	Total	
	$	$	$	%
PG&E	$6,625,287.19	$18,816,039.49	$25,441,326.68	42.4%
SCE	N/A	$19,359,289.31	$19,359,289.31	32.27%
SoCalGas	$9,446,980.84	N/A	$9,446,980.84	15.74%
SDG&E	$794,054.01	$4,420,084.37	$5,214,138.38	8.69%
PacificCorp	N/A	$192,897.97	$192,897.97	0.32%
SWG	$189,933.02	N/A	$189,933.02	0.32%
Sierra	N/A	$118,792.66	$118,792.66	0.20%
BVES	N/A	$30,271.78	$30,271.78	0.00005%
WCG	$3,246.93	N/A	$3,246.93	0.00005%
Mountain	N/A	$1,507.04	$1,507.04	0.000002%
Alpine	$703.31	N/A	$703.31	0.0%
Catalina	$912.08	N/A	$912.08	0.0%
Total	**$17,061,117.38**	**$42,938,882.62**	**$60,000,000.00**	**100%**

Utilities are authorized to make monthly payments for the CICS on a uniform monthly basis, so that the annual allocation for each utility is paid in full by March 31st of each year for the program commencing in 2009. Therefore, for 2008 through March 2009, monthly payments and accruals will be set by dividing the authorized annual amounts by the number of months remaining in the fiscal period through March 2009. Subsequently, the authorized monthly amounts will equal the authorized annual amounts divided by 12 for the year ending with the following March.

Discussion

OP 7 authorizes utilities to record actual payments for the CICS in a new CICS Memorandum Account, or other existing account, as deemed appropriate by the utilities. PG&E has elected to use the existing CARE account for electric cost recovery, and to establish a new CICS balancing account for gas cost recovery, as discussed below.

Electric Cost Recovery

PG&E proposes to recover the electric portion of CICS charges in a manner similar to CARE administrative charges and to record the authorized CICS authorized funding in the CARE account each month. This will allow PG&E to allocate the CICS funding on an equal cents per kWh basis, and exempt electric CARE customers, using an existing recovery mechanism.

PG&E will begin recording the electric CICS authorized funding in the CAREA upon approval of this Advice Letter and remit funds as required by the Commission. PG&E intends to begin recovery of the CICS authorized funding in electric Public Purpose Program (PPP) rates plus an allowance for franchise fees and uncollectibles (FF&U) as part of the Annual Electric True-up (AET), that will be filed on or before September 1, 2008, for rates effective January 1, 2009. Any under or over collection resulting from differences between the recorded authorized funding and billed revenue will accrue in the CAREA and be recovered in the AET.

PG&E will record the electric amount to be remitted to the collecting agent into a liability account that will accrue interest, as needed, until the collecting agent is established, as described below.

Gas Cost Recovery

PG&E proposes to recover the gas portion of CICS charges through a new CICS rate component and create a new gas CICS balancing account (CICSBA). This will allow PG&E to allocate the CICS funding on an equal cents per therm basis, and exempt gas CARE customers and customers taking service on Schedules G-EG -- *Gas Transportation Service to Electric Generation* and G-WSL – *Gas Transportation Service to Wholesale/Resale Customers*.

PG&E will begin recording the authorized gas CICS authorized funding in the CICSBA each month upon approval of this Advice Letter and remit funds as required by the Commission. PG&E intends to begin recovery of the CICS authorized funding, plus an allowance for franchise fees and uncollectible accounts expense (FF&U), as part of the new CICS rate component as part of the

Annual Gas True-up (AGT), that will be filed by November 15, 2008, for rates effective January 1, 2009. Any under or over collection resulting from differences between the recorded authorized funding and billed revenue will accrue in the CICSBA and be recovered in the AGT.

PG&E will record the gas amount to be remitted to the collecting agent into a liability account that will accrue interest, as needed, until the collecting agent is established, as described below.

Tariff Revisions

To implement D.08-04-039 as modified by D.08-04-054, PG&E is proposing the following tariff revisions:

Electric Preliminary Statement Part M – *California Alternate Rates For Energy Account (CAREA)* is revised to record the authorized CICS funding.

New gas Preliminary Statement Part BV - *California Institute for Climate Solutions Balancing Account (CICSBA)* is added to recover the authorized CICS funding through a CICS rate component.

Gas Preliminary Statement Part B, *Default Tariff Rate Components*, will be revised to reflect a new CICS line item and subsequent rate component in the 2009 Annual Gas True-up upon approval of this advice letter.

Rate Impacts

D.08-04-039 and D.08-04-054, page 27, require submittal of rate impacts illustrating the effects of imposition of CICS costs in rates. Attachment 2 includes the effects of this program on gas and electric rates. The format for the information is typical of what PG&E provides to notify customers of rate filings in bill inserts.

Collecting Agent

In accordance with D.08-04-039, as modified by D.08-04-054, PG&E provides a proposal to assume the role of Collecting Agent for the CICS for the full 10-year term of its charter. PG&E is willing to undertake this role with the understanding that PG&E will be granted the IOU seat on the Governing Board for the first three-year term of that position. In compliance with Ordering Paragraph 4, Attachment 3 provides the details and mechanism of PG&E's proposal to act as the Collecting Agent.

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 **August 18, 2008**, 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

Pursuant to the CPUC Executive Directors letter sent on May 22, 2008 granting a 2 month extension to the advice letter filing date and the effective date of tariffs established by Ordering Paragraph 6 of D.08-04-039 as modified by D.08-05-054, PG&E requests that this advice filing become effective on **September 9, 2008**, as directed by the Executive Director.

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[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 on the service list for A.02-11-017 and R.07-09-008. Address changes to the General Order 96-B 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**

Brian K Cherry / DLC

Vice President, Regulatory Relations

Attachments

Attachment I:	Tariff Revisions
Attachment II:	Gas and Electric Rate Impacts
Attachment III:	CICS: PG&E's Proposal for Implementing the Collecting Agent Role

cc: Service List, A.02-11-017, R.07-09-008.

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:	Contact Person: Daren Chan
☑ ELC ☑ GAS	Phone #: (415) 973-5361
☐ PLC ☐ HEAT ☐ WATER	E-mail: D1CT@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) #: **2943-G/3303-E** **Tier:** 2

Subject of AL: Establish Pacific Gas and Electric Company's Gas and Electric Ratemaking Mechanism to Recover the California Institute for Climate Solutions Authorized Funding and Proposal to Establish the Role of the Collecting Agent in Compliance with Decision 08-04-039

Keywords (choose from CPUC listing): Compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.08-04-039, D.08-04-054

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:

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

Resolution Required? ☐ Yes ☑No

Requested effective date: **September 9, 2008** No. of tariff sheets: 7

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: Electric Prelim M, New Gas Prelim BV

Service affected and changes proposed:

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

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
27145-G	GAS PRELIMINARY STATEMENT PART BV CALIFORNIA INSTITUTE FOR CLIMATE SOLUTIONS BALANCING ACCOUNT (CICSBA) Sheet 1	
27146-G	GAS TABLE OF CONTENTS Sheet 1	27141-G
27147-G	GAS TABLE OF CONTENTS Sheet 5	24225-G

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
27646-E	ELECTRIC PRELIMINARY STATEMENT PART M CALIFORNIA ALTERNATE RATES FOR ENERGY ACCOUNT Sheet 1	27199-E
27647-E	ELECTRIC PRELIMINARY STATEMENT PART M CALIFORNIA ALTERNATE RATES FOR ENERGY ACCOUNT Sheet 2	27199-E
27648-E	ELECTRIC TABLE OF CONTENTS Sheet 1	27644-E
27649-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 6	27544-E

GAS PRELIMINARY STATEMENT PART BV

Sheet 1

CALIFORNIA INSTITUTE FOR CLIMATE SOLUTIONS BALANCING ACCOUNT (CICSBA)

BV. CALIFORNIA INSTITUTE FOR CLIMATE SOLUTIONS BALANCING ACCOUNT (CICSBA) (N)

1. PURPOSE: The purpose of the California Institute for Climate Solutions Balancing Account (CICSBA) is to record the recovery of the gas portion of funding for the California Institute for Climate Solutions (CICS) authorized by the Commission in Decision (D.) 08-04-039 as modified by D. 08-04-054. Pursuant to D. 08-04-039, as modified by D. 08-04-054, 1/12 of the annual CICS funding is remitted monthly to an investor-owned utility (IOU) collecting agent selected by the Commission to distribute funds to CICS to cover its administrative expenses and/or to grantees. Customers eligible for California Alternate Rates for Energy (CARE) are exempt from charges associated with CICS, as are customers receiving service under gas Schedules G-EG and G-WSL.

2. APPLICABILITY: The CICSBA shall apply to all rate schedules and contracts for gas service subject to the jurisdiction of the Commission, except for those schedules and contracts specifically excluded by the Commission.

3. RATES: The CICS rate component is included in the effective rates set forth in each gas rate schedule (see Preliminary Statement Part B), as applicable.

4. REVISION DATE: Disposition of the balance in this account shall be determined in the Annual Gas True-up of Balancing Accounts advice filing, or as otherwise authorized by the Commission.

5. ACCOUNTING PROCEDURE: The following entries will be made to this account each month or as applicable:

   a. A debit entry equal to 1/12 of the gas portion of annual authorized CICS funding, or as otherwise prescribed by the Commission. (The corresponding credit entry is to a liability account).

   b. A credit entry equal to the revenue from the CICS rate component, less an allowance for franchise fees and uncollectible accounts expense (FF&U).

   c. A debit or credit entry equal to any amounts authorized by the CPUC to be recorded in this account.

   d. An entry equal to interest on the average balance in the account at the beginning of the month and the balance in the account after the above entries are made, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(N)

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Sheet 1

TITLE OF SHEET	CAL P.U.C. SHEET NO.	
Title Page	27146-G	(T)
Rate Schedules	27142,27143-G	
Preliminary Statements	27144,27147-G	(T)
Rules	24488-G	
Maps, Contracts and Deviations	21637-G	
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PART	TITLE OF SHEET	CAL P.U.C. SHEET NO.	
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Part AC	Catastrophic Event Memorandum Account	14178,14179-G	
Part AE	Core Pipeline Demand Charge Account	23301-G	
Part AG	Core Firm Storage Account	23280-G	
Part AN	Hazardous Substance Mechanism	23281-23283,16693-16694-G	
Part AW	Self-Generation Program Memorandum Account	24767-G	
Part BA	Public Purpose Program-Energy Efficiency	23360-23361-G	
Part BB	Public Purpose Program Memorandum Account	23362-23363-G	
Part BH	Public Purpose Program Surcharge-Low Income Energy Efficiency Balancing Account	23364-G	
Part BI	Public Purpose Program Surcharge-Research, Development and Demonstration Balancing Account	23365,23366-G	
Part BK	Advanced Metering Infrastructure Memorandum Account-Gas	23152-23153-G	
Part BL	Noncore Distribution Fixed Cost Account	24740-G	
Part BM	Gas Advanced Metering Account	23406-23407-G	
Part BP	SmartMeter Project Balancing Account-Gas	24123-24124-G	
Part BQ	Pension Contribution Balancing Account	24853,24224-G	
Part BS	Climate Balancing Account	24741-G	
Part BV	California Institute for Climate Solutions Balancing Account (CICSBA)	27145-G	(N)

(Continued)

ELECTRIC PRELIMINARY STATEMENT PART M
Sheet 1

CALIFORNIA ALTERNATE RATES FOR ENERGY ACCOUNT

M. CALIFORNIA ALTERNATE RATES FOR ENERGY ACCOUNT (CAREA)

1. PURPOSE: The purpose of the CARE balancing account is to record the California Alternate Rates for Energy (CARE) Program revenue shortfall associated with the Low-Income Ratepayer Assistance program established by Decisions 89-07-062 and 89-09-044 as well as the expansion of the LIRA Program authorized by Decision 92-04-024. This account also records the CARE Program administrative costs, pursuant to Public Utilities Code Section 739.1 (b). The program was revised in Decision 94-12-049 and the name changed to CARE. The electric portion of authorized funding for the California Institute for Climate Solutions (CICS) adopted in D.08-04-039 is also recovered in this account (N) | (N)

   Descriptions of the terms and definitions used in this section are found in Rule 1.

2. APPLICABILITY: The CARE shortfall applies to all non-CARE rate schedules and contracts subject to the jurisdiction of the California Public Utilities Commission (CPUC), except for those schedules and contracts specifically excluded by the CPUC.

3. REVISION DATE: Disposition of the balance in this account shall be determined through the Annual Electric True-Up (AET) advice letter process.

4. CAREA RATES: CAREA Rates are included in the effective rates set forth in each rate schedule, (see Preliminary Statement Part I) as applicable.

5. CARE ACCOUNTING PROCEDURE: PG&E shall maintain the CARE account by making entries to this account at the end of each month as follows: (T)

   a. A debit entry equal to the CARE revenue shortfall resulting from deliveries made on Schedules EL-1, EML, ESL, ESRL, ETL, EL-7, EL-A7, EL-8, and E-CARE during the current month less the allowance for franchise fees and uncollectibles accounts expense (FF&U). The revenue shortfall can be computed by subtracting CARE customer's monthly distribution revenues from the distribution revenues that would have been recovered from CARE customers had they been paying standard residential rates.

   b. A debit entry equal to all monthly administrative costs allocated to the electric CARE Program that include, but are not limited to, outreach, marketing, regulatory compliance, certification and verification, billing, measurement and evaluation, and capital improvements and upgrades to communications and processing equipment.

   c. A debit entry equal to costs associated with PG&E's Cooling Center program.

   d. A debit entry equal to 1/12 of the electric portion of annual authorized CICS funding, or as otherwise prescribed by the Commission. (The corresponding credit entry is to a liability account.) (N) | (N)

   e. A credit entry equal to the CAREA revenue less the allowance for FF&E expense. (T)

   f. A debit or credit entry, as appropriate, equal to the interest on the average balance in the account at the beginning of the month and the balance in the account after entries 6.a. through 6.c. above, are made at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor. (T)

(L)

(Continued)

ELECTRIC PRELIMINARY STATEMENT PART M

Sheet 2

CALIFORNIA ALTERNATE RATES FOR ENERGY ACCOUNT

M. CALIFORNIA ALTERNATE RATES FOR ENERGY ACCOUNT (CAREA) (Cont'd)

6. REASONABLENESS REVIEW: In conjunction with the appropriate proceeding, the utility shall file with the Commission an annual report on the CARE Program, reporting on the reasonableness of recorded Program administrative costs included in the CARE balancing account during the previous year. CARE administrative costs shall include, but are not limited to, the costs specified in Section 739.1 (b) of the Public Utilities Code. (L)

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Sheet 1

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SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.	
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	Preliminary Statements	27649,27066,26739,27645-E	(T)
	Rules	25588-E	
	Sample Forms	26370,27583,25587,25452,24958,26294,26295,25059-E	

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Sheet 6

PRELIMINARY STATEMENT

PART	TITLE OF SHEET	CAL P.U.C. SHEET NO.	
	Preliminary Statements		
Part A	Description of Service Area and General Requirements	12081-12090,17048-E	
Part E	CPUC Reimbursement Fee	21604-E	
Part G	Catastrophic Event Memorandum Account	18998,11740-E	
Part H	Interest	10579-E	
Part I	Rate Schedule Summary	27079,27331-E	
Part J	Income Tax Component of Contributions Provision	27174,11503-E	
Part K	Energy Commission Tax	24297-E	
Part M	California Alternate Rates for Energy Account	27646, 27647-E	(T)
Part P	Customer Energy Efficiency Adjustment	24031,24032,25583,24034-E	
Part R	Affiliate Transfer Fees Account	24313-E	
Part S	Hazardous Substance Mechanism	22710,15720,22711,22712,13420,13421-E	
Part U	Capital Audit Consultant Cost Memorandum Account	17993-E	
Part Y	Electric and Magnetic Field Measurement Policy	13399-E	
Part AD	Transition Cost Audit Memorandum Account	15917-E	
Part AE	Generation Divestiture Transaction Costs Memorandum Account	26414-E	
Part AS	Fixed Transition Amount Charge	14794,26733-E	
Part AT	Rate Reduction Bond Memorandum Account	25365-25366-E	
Part AU	Direct Access Discretionary Cost/Revenue Memorandum Account	14837-E	
Part BB	Competition Transition Charge Responsibility for All Customers and CTC Procedure for Departing Loads	24070,19906,19907,16400,14960,14961, 16229-16231,24071,14964-14969,16401,16402-E	
Part BF	Streamlining Residual Account	22714-E	
Part BK	Transmission Revenue Requirement Reclassification Memorandum Account	16761-E	
Part BO	Real Property Gain/Loss on Sale Memorandum Account	16651-E	
Part BU	Vegetation Management Balancing Account	26221,26222-E	
Part BY	Self-Generation Program Memorandum Account	26209-E	
Part BZ	Demand-Responsiveness Program Memorandum Account	25900-E	

(Continued)

Attachment II

Gas and Electric Rate Impact Tables

Pacific Gas & Electric Company
California Institute for Climate Solutions (CICS)
Illustrative CICS Gas Revenue Allocation to Customer Classes and
Average Residential Bill Impact

Line No.		Present Revenue (000's)	Revenue Increase (000's)	Percentage Change
	Core Retail - Bundled			
1	Residential Non-CARE	$ 2,423,961	$ 2,822	0.1%
2	Residential CARE	381,971	-	0.0%
3	Commercial, Small	904,826	1,177	0.1%
4	Commercial, Large	84,268	135	0.2%
	Core Retail - Transportation Only			
5	Residential Non-CARE	2,365	9	0.4%
6	Residential CARE	126	-	0.0%
7	Commercial, Small	18,181	85	0.5%
8	Commercial, Large	363	3	0.9%
	Noncore - Transportation Only			
9	Industrial Distribution	35,595	417	1.2%
10	Industrial Transmission	57,900	1,978	3.4%
11	Industrial Backbone	430	-	0.0%
12	Electric Gen - Dist/Transm	34,661	-	0.0%
13	Electric Gen - Backbone	4,268	-	0.0%
	Wholesale - Transportation Only			
14	West Coast Gas - Castle	43	-	0.0%
15	West Coast Gas - Mather-D	45	-	0.0%
16	Transmission Level Wholesale	644	-	0.0%
	NGV, Core Procurement	11,988	-	0.0%
	Unbundled Amount from Prelim C	171,685	-	0.0%
17	Total Base RRQ Change	$ 4,133,321	$ 6,625	0.2%

Pursuant to Decision 08-04-054, bills for CARE customers will not increase. The average bill for a residential non-care customers using 40 therms per month would increase $0.06 from $54.74 to $54.80 per month.

PACIFIC GAS & ELECTRIC COMPANY
CALIFORNIA INSTITUTE FOR CLIMATE SOLUTIONS (CICS)
ILLUSTRATIVE ELECTRIC BUNDLED AND DIRECT ACCESS CICS REVENUE INCREASES

Line No.	Customer Class/Schedule	Present Revenue (000's)	Revenue Increase (000's)	Percentage Change
	Bundled Service *			
1	Residential	$4,711,879	$5,909	0.1%
2	Small Commercial	$1,413,067	$2,080	0.1%
3	Medium Commercial	$1,844,398	$3,165	0.2%
4	Large Commercial	$1,015,713	$2,010	0.2%
5	Streetlights	$64,840	$98	0.2%
6	Standby	$28,947	$56	0.2%
7	Agriculture	$561,328	$1,009	0.2%
8	Industrial	$1,146,354	$2,750	0.2%
9	Bundled Total	$10,786,526	$17,076	0.2%
	Direct Access Service **			
10	Residential	$3,585	$10	0.3%
11	Small Commercial	$5,741	$18	0.3%
12	Medium Commercial	$71,176	$353	0.5%
13	Large Commercial	$63,049	$341	0.5%
14	Agriculture	$1,198	$5	0.4%
15	Industrial	$112,391	$961	0.9%
16	Direct Access Total	$257,141	$1,688	0.7%
17	TOTAL ***	$11,043,667	$18,764	0.2%

Pursuant to Decisions 08-04-039 and 08-04-054, bills for CARE customers will not increase. The bill for a typical bundled residential non-CARE customer using 550 kWh per month would increase $0.02 from $72.13 to $72.15 per month. The bill for a typical bundled residential non-CARE customer using approximately twice the average baseline allowance, or 850 kWh per month, would increase $0.22 from $148.44 to $148.66 per month. These results can vary by residential baseline territory and end-use. All figures in the above table are class average rate and bill amounts. Actual figures may vary depending on customer usage level, load factor, TOU share, seasonal usage, or other factors.

* Bundled customers receive electric generation as well as transmission and distribution service from PG&E.

** Direct Access customers purchase energy from non-PG&E suppliers.

*** Total figures do not include Departing Load (DL) current revenues, or proposed DL CICS charges of $235,919, for a 1.4% average increase to DL customers. Total CICS costs including DL are $19,008,998 after applying Franchise Fee and Uncollectible (FF&U) expenses to the original $18,816,039 PG&E CICS electric revenue requirement.

Attachment III

California Institute for Climate Solutions: PG&E's Proposal for Implementing the Collecting Agent Role

Summary

The following discussion outlines PG&E's proposal to implement the Collecting Agent function of the California Public Utilities Commission's (CPUC) Decision (D.) 08-04-039 (as modified by D.08-04-054) for the California Institute for Climate Solutions (CICS) for the full 10-year term of its charter. PG&E is willing to undertake this role with the understanding that PG&E will be granted the Investor Owned Utility (IOU) seat on the Governing Board for the first three-year term of that position.

The Collecting Agent will receive, hold in escrow, and disburse all IOU-remitted ratepayer funds for funding the CICS, and will provide monthly reporting on those financial activities. The Collecting Agent will establish an escrow account with a 3rd-party financial institution, which would serve to receive and be the mechanism for disbursement of all institute funds, including interest earned. The account would be governed by an Escrow Agreement executed between the CICS, the financial institution and the Collecting Agent.

The Collecting Agent will not engage in any collection- or enforcement-type activities, including but not limited to noticing delinquent parties, and collection of IOU funds that are in arrears.

Further definition of the collecting agent function and other relevant considerations are provided below.

1. Roles, rights and obligations of parties.
   A. *The Collecting Agent (as an agent with custody of funds).*
      The Collecting Agent will, at the authorization of the CPUC, undertake the following duties:
      - Select a 3rd-party financial institution to serve as the agent of the escrow account (the "Escrow Agent")
      - Establish and maintain an Escrow Agreement with the Escrow Agent
      - Specify, for the sake of full cost recovery, all Collecting Agent operating costs including but not limited to escrow fees.
      - At the direction of the CPUC, make disbursements to CICS who will handle disbursements to CICS grantees.
      - On a monthly basis and at the direction of the CPUC, make disbursements to the CICS to cover administrative activities of the Institute
      - Report on a monthly basis per Section 2, below
      - In the event that, due to under-remittance by one or more IOUs, the Escrow Account does not contain sufficient funds to honor a disbursement request, advise the CPUC.

   Duties not specified herein are beyond the scope of the Collecting Agent.

   B. *The CPUC*

As relates to the Collecting Agent, the CPUC will undertake the following duties:

- Direct the Collecting Agent to make disbursements to CICS for disbursement to grantees, as appropriate
- Direct the Collecting Agent to make disbursements to the CICS to fund administrative activities
- Authorize either retention of or disbursement to the Collecting Agent of funds sufficient to fund all costs incurred in performing its Collecting Agent duties
- In the event that the Collecting Agent is, for any reason, unable to perform its duties, arrange for such duties to be performed by a successor agent

C. *California IOUs*

California IOUs under the jurisdiction of the CPUC bound by D.08-04-039, will, at the authorization of the CPUC, undertake the following duties:

- Calculate amounts due and remit to the Escrow Agent on a schedule agreed to/approved by the CPUC
- Ensure that remittance are properly directed to the Escrow Agent
- Remit any interest accrued on CICS funding held at the utility until the payment is made to the escrow agent at the short-term interest rate for that utility.

2. <u>Reporting</u>

The Collecting Agent will distribute a monthly schedule of activity containing the account balance, receipts deposited by each IOU, interest earned on receipts deposited by each IOU, expected payment and due date from each party, and all disbursements made from the Escrowed Funds to the Governing Board, CPUC, Energy Division and CICS.

3. <u>Treatment of interest</u>

During the term of this Agreement, and while any of the Escrowed Fund remains undisbursed, the interest accruing on such undisbursed portion shall be held by the Escrow Agent, reinvested into the Escrow Fund, and paid as directed by the CPUC.

4. <u>Tax considerations</u>

A. *Tax treatment of collected funds.*

Amounts received on behalf of CICS by the Collecting Agent are collected in the capacity of an agent or conduit for CICS. Therefore, these funds are not taxable income and will not be treated as such. The collection terms and subsequent remittance, as required by the CPUC, are described in Section 5 below.

B. *Tax treatment of interest earned*

Interest may be earned on funds deposited in the Collecting Agent Escrow Account. Such interest earned on the receipts deposited by each IOU in the Escrowed Account benefits the CICS and not each IOU nor the Collecting Agent. Interest earned in the Escrow Account will be distributed for CICS purposes as directed by the CPUC and subject to the Disbursement Terms described in Section 5 below.

5. Disbursement Terms

   A. *General*

   As described in Section 1, the Collecting Agent will be responsible for disbursing escrow funds to the CICS for disbursement to CICS grantees and to fund CICS administrative activities. The Escrow Agent shall disburse portions of the escrow fund within three (3) business days after Escrow Agent's receipt of a certificate, executed by the Collecting Agent and the CPUC, specifying the party, amount or amounts to be disbursed. The Collecting Agent and the CPUC may alter the parties authorized to disburse the Escrow Fund at any time by written notice to the Escrow Agent. The Collecting Agent and CPUC will identify the representatives who are authorized to designate and direct funds from the Escrow Account.

   B. *Limitation or provisions for negative balances*

   Escrowed Funds shall be distributed under the direction of the CPUC, but only to the extent such funds are available at the time of request.

6. Provisions for CICS Termination

   In the event the CICS is terminated, the Escrowed Funds, including interest, will be returned to each IOU for the benefit of that IOU's customers as directed by the CPUC. No amount of the Escrowed Funds, including interest, will revert to the benefit of the contributing IOU.

7. Cost recovery treatment of Collecting Agent expenses and Escrow Administration Fees

   Costs related to the performance of the collecting agent function will be recoverable by the Collecting Agent from the CICS administrative budget. Recovery will be capped at $60,000 annually and charged directly against the Escrow Account for recorded amounts. In the event that expenses exceed the cap PG&E would seek additional recovery through advice letter. All such revenue will be treated as outside of operating revenue in order to offset incremental expenses; as a result, there will be no balancing account for administration.

8. Indemnification, Breach of Agreement and Limit of Liability (Disputes and Claims)

   The Collecting Agent shall have no authority to enforce the payment obligations of utilities to the CICS. Accordingly, PG&E, in its role as Collecting Agent, shall not be liable to the CICS or any other party for failure to collect (timely or otherwise) into the Escrow Account those amounts owed to the CICS. To the

extent that disputes arise concerning the adequacy or timing of amounts remitted by utilities into the Escrow Account, such disputes will be resolved by the CPUC or other regulatory or legal authorities, not by PG&E in its role as Collecting Agent. Nonetheless, as Collecting Agent, PG&E would cooperate with the CPUC and other authorities, as may be required by law, in order to assist the CPUC or such authorities in examining and resolving such disputes.

Similarly, PG&E shall not be liable to the CICS or any other party if the Escrow Account does not have sufficient funds to meet the obligations or commitments of the CICS. To the extent that disputes or legal action arise concerning the sufficiency of such funds, the CICS would indemnify PG&E, as Collecting Agent, and hold it harmless from any damages in accordance with the terms of the Escrow Agreement to be executed with the Institute.

PG&E's liability to the CICS would extend only to (i) amounts owed to the CICS that PG&E has collected from its own customers for the Institute, or (ii) direct damages that result from a breach of PG&E's duties as Collecting Agent under the Escrow Agreement to be executed with the CICS.

9. <u>Communications and notices to parties</u>
   The Collecting Agent will not have a role in collection/compliance activities such as notice to parties, collection of late fees or any other form of collection action.

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

Aglet
Agnews Developmental Center
Alcantar & Kahl
Ancillary Services Coalition
Anderson & Poole
Arizona Public Service Company
BART
BP Energy Company
Barkovich & Yap, Inc.
Bartle Wells Associates
Blue Ridge Gas
Braun & Associates
C & H Sugar Co.
CA Bldg Industry Association
CAISO
CLECA Law Office
CSC Energy Services
California Cotton Ginners & Growers Assn
California Energy Commission
California League of Food Processors
California Public Utilities Commission
California Water Company
Calpine
Cameron McKenna
Cardinal Cogen
Casner, Steve
Cerox
Chamberlain, Eric
Chevron Company
Chris, King
City of Glendale
City of Palo Alto
City of San Jose
Clean Energy Fuels
Department of the Army
Dept of General Services
Division of Business Advisory Services
Douglas & Liddell
Douglass & Liddell
Downey & Brand
Duke Energy
Duncan, Virgil E.
Dutcher, John
Ellison Schneider & Harris LLP
Energy Management Services, LLC
FPL Energy Project Management, Inc.
Foster Farms
Foster, Wheeler, Martinez
Franciscan Mobilehome
G. A. Krause & Assoc.
GLJ Publications
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Power Institute
Hanna & Morton
Heeg, Peggy A.
Hitachi
Hogan Manufacturing, Inc.
Imperial Irrigation District
Innercite
International Power Technology
Intestate Gas Services, Inc.
J. R. Wood, Inc.
JTM, Inc.
Los Angeles Dept of Water & Power
Luce, Forward, Hamilton & Scripps LLP
MBMC, Inc.
MRW & Associates
Manatt Phelps Phillips
Northern California Power Association
Occidental Energy Marketing, Inc.
OnGrid Solar
PITCO
PPL EnergyPlus, LLC
Pinnacle CNG Company
Praxair
R. W. Beck & Associates
RCS, Inc.
RMC Lonestar
Recon Research
SCD Energy Solutions
SCE
SESCO
SMUD
SPURR
Santa Fe Jets
Seattle City Light
Sempra Utilities
Sequoia Union HS Dist
Sierra Pacific Power Company
Silicon Valley Power
Smurfit Stone Container Corp
Southern California Edison Company
St. Paul Assoc.
Sunshine Design
Sutherland, Asbill & Brennan
TFS Energy
Tabors Caramanis & Associates
Tecogen, Inc.
TransCanada
Turlock Irrigation District
U S Borax, Inc.
United Cogen

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

Coast Economic Consulting
Commerce Energy
Commercial Energy
Constellation
Constellation New Energy
Consumer Federation of California
Crossborder Energy
Davis Wright Tremaine LLP
Day Carter Murphy
Defense Energy Support Center
Department of Water Resources
Matthew V. Brady & Associates
McKenzie & Associates
Meek, Daniel W.
Merced Irrigation District
Mirant
Modesto Irrigation District
Morgan Stanley
Morrison & Foerster
New United Motor Mfg., Inc.
Norris & Wong Associates
North Coast SolarResources
Utility Cost Management
Utility Resource Network
Utility Specialists
Vandenberg Air Force
Verizon
Wellhead Electric Company
Western Manufactured Housing Communities Association (WMA)
White & Case
eMeter Corporation