November 15, 2004

Advice 2590-G/2586-E
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Request to Shift Low-Income Energy Efficiency Funds from the Gas Balancing Account to the Electric Balancing Account

Purpose

Pursuant to Ordering Paragraph 12 of Decision (D.) 01-05-033, PG&E requests approval to transfer $7.0 million from the Gas Public Purpose Program Low-Income Balancing Account (PPPLIBA) to the Electric PPPLIBA.

Background

Historically, the Low-Income Energy Efficiency (LIEE) program has spent the bulk of its funds on the installation of gas measures and a smaller percentage on the installation of electric measures. Accordingly, PG&E has allocated and collected a greater percentage of the LIEE revenues to the gas balancing account than to the electric balancing account (51.6 percent gas and 48.4 percent electric).

In D.01-05-033, the Commission adopted a rapid deployment strategy and funding levels for low-income assistance programs during the energy crisis. The decision also ordered PG&E to install all feasible LIEE measures in all homes that qualify for the LIEE program and to continue performing under this directive until further Commission order. Program expenditures during 2003 and early 2004 have been over 60 percent for electric measures and are currently running at 65 percent. This means we are spending electric funds at a rate of 17 percent higher than the electric funds collection rate.

As a result of the greater emphasis on the installation of electric measures in the past years, 2004 expenditures on electric LIEE program measures will soon outpace the LIEE 2004 electric measures revenue collections. Program contractors expect to weatherize approximately 11,000 to 13,000 homes and deliver 8,000 to 10,000 refrigerators for the remainder of 2004. After a review of the current balances in the LIEE balancing accounts and a comparison of these to the forecasted year-end LIEE expenditures, PG&E's program staff has estimated
a corresponding undercollection of electric funds of $5 to $7 million. PG&E is requesting a transfer of the necessary funds from the gas overcollected funds.

**Authority Requested**

PG&E's current estimate of electric commitments for the last quarter of 2004 is $13.8 million while electric revenue collection is estimated at $6.8 million. This indicates a possible gap of $7 million. Because of this, PG&E is specifically asking for authority to transfer $7 million from the gas revenue fund collections in the gas balancing account to the electric balancing account.¹

The tables below illustrate the current balancing account balances for program year (PY) 2003 and PY 2004 as of September 30, 2004 along with projected commitments and the effect of shifting gas funds to electric balancing account:

<table>
<thead>
<tr>
<th>CURRENT PROJECTION</th>
<th>ELECTRIC</th>
<th>GAS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenditures to date</td>
<td>$47,603,295</td>
<td>$28,730,236</td>
<td>$76,333,531</td>
</tr>
<tr>
<td>Total revenues to date</td>
<td>$(47,840,957)</td>
<td>$(51,086,543)</td>
<td>$(98,927,500)</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$(237,663)</td>
<td>$(22,356,307)</td>
<td>$(22,593,969)</td>
</tr>
<tr>
<td>Total committed but not yet invoiced</td>
<td>$6,281,191</td>
<td>$4,574,785</td>
<td>$10,855,976</td>
</tr>
<tr>
<td>Additional Commitments</td>
<td>$7,540,494</td>
<td>$2,158,309</td>
<td>$9,698,803</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$13,821,685</td>
<td>$6,733,094</td>
<td>$20,554,779</td>
</tr>
<tr>
<td>Balancing account balance 9/30/2004</td>
<td>$(237,663)</td>
<td>$(22,356,307)</td>
<td>$(22,593,969)</td>
</tr>
<tr>
<td>Total Commitments remaining</td>
<td>$13,821,685</td>
<td>$6,733,094</td>
<td>$20,554,779</td>
</tr>
<tr>
<td>Estimated revenue 10-12/2004</td>
<td>$(6,834,423)</td>
<td>$(7,298,078)</td>
<td>$(14,132,500)</td>
</tr>
<tr>
<td>Estimated electric shortfall and gas overcollection</td>
<td>$6,749,600</td>
<td>$(22,921,290)</td>
<td>$(16,171,690)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IMPACT OF SHIFTING GAS FUNDS</th>
<th>ELECTRIC</th>
<th>GAS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenditures to date</td>
<td>$47,673,421</td>
<td>$28,991,630</td>
<td>$76,665,051</td>
</tr>
<tr>
<td>Total revenues to date</td>
<td>$(47,911,083)</td>
<td>$(51,347,937)</td>
<td>$(99,259,020)</td>
</tr>
<tr>
<td>Transfer of $7 Million</td>
<td>$(7,000,000)</td>
<td>$7,000,000</td>
<td>—</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$(7,237,663)</td>
<td>$(15,356,307)</td>
<td>$(22,593,969)</td>
</tr>
<tr>
<td>Total committed but not yet invoiced</td>
<td>$6,281,191</td>
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<tr>
<td>Subtotal</td>
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<td>$6,733,094</td>
<td>$20,554,779</td>
</tr>
<tr>
<td>Balancing account balance 9/2004</td>
<td>$(7,237,663)</td>
<td>$(15,356,307)</td>
<td>$(22,593,969)</td>
</tr>
<tr>
<td>Total Commitments remaining</td>
<td>$13,821,685</td>
<td>$6,733,094</td>
<td>$20,554,779</td>
</tr>
<tr>
<td>Estimated revenue 10-12/2004</td>
<td>$(6,834,423)</td>
<td>$(7,298,078)</td>
<td>$(14,132,500)</td>
</tr>
<tr>
<td>Estimated overcollections</td>
<td>$(250,400)</td>
<td>$(15,921,290)</td>
<td>$(16,171,690)</td>
</tr>
</tbody>
</table>

¹ In the event that all of the commitments are met in 2004, and even more than $7 million will be needed, PG&E will submit another advice letter for additional authorization from the Commission.
Decision 01-05-033 confirmed that fund shifting between the gas and electric departments may become necessary, and allows PG&E and SDG&E to request such approval by advice letter.

In Application 04-07-013, submitted July 1, 2004, PG&E proposes to adjust the electric/gas revenue split to 70 percent / 30 percent beginning in 2005. This proposed adjustment will allow for an alignment of revenue collection of electric and gas funds with an eventual reduction in the overcollected gas balancing account.

**Protests**

Anyone wishing to protest this filing may do so by sending a letter by **December 5, 2004**, 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:

IMC Branch Chief – Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, 4th Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: jjr@cpuc.ca.gov

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address.

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: RxDd@pge.com

**Effective Date**

PG&E requests that this advice filing become effective on regular notice, **December 25, 2004**, which is 40 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 and the parties on the service list for R.04-01-006. 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

Brian K. Cherry

Director, Regulatory Relations

Attachments

cc:   Service List – R.04-01-006
PG&E Gas and Electric Advice
Filing List
General Order 96-A, Section III(G)

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Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
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Chevron Texaco
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Creative Technology
Cross Border Inc
Crossborder Inc
CSC Energy Services
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Davis, Wright, Tremaine, LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
Dept of the Air Force
DGS Natural Gas Services
DMM Customer Services
Douglass & Liddell
Downey, Brand, Seymor & Rohwer
Duke Energy
Duke Energy North America
Duncan, Virgil E.
Dutcher, John
Dynegy Inc.
Ellison Schneider
Energy Law Group LLP
Energy Management Services, LLC
Enron Energy Services
Exelon Energy Ohio, Inc
Exeter Associates
Foster Farms
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
G. A. Krause & Assoc
Gas Transmission Northwest Corporation
GLJ Energy Publications
Goodin, MacBride, Squeri, Schlotz & Hanna & Morton
Heeg, Peggy A.
Hogan Manufacturing, Inc
House, Lon
Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
Interstate Gas Services, Inc.
J. R. Wood, Inc
JTM, Inc
Kaiser Cement Corp
Korea Elec Power Corp
Luce, Forward, Hamilton & Scripps
Marcus, David
Masonite Corporation
Matthew V. Brady & Associates
Maynor, Donald H.
McKenzie & Assoc
McKenzie & Associates
Meek, Daniel W.
Mirant California, LLC
Modesto Irrigation Dist
Morrison & Foerster
Morse Richard Weisenmiller & Assoc.
Navigat Consulting
New United Motor Mfg, Inc
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Agency
Office of Energy Assessments
Palo Alto Muni Utilities
PG&E National Energy Group
Pinnacle CNG Company
PITCO
Plurimi, Inc.
PPL EnergyPlus, LLC
Price, Roy
Product Development Dept
R. M. Hairston & Company
R. W. Beck & Associates
Recon Research
Regional Cogeneration Service
RMC Lonestar
Sacramento Municipal Utility District
SCD Energy Solutions
Seattle City Light
Sempa
Sempa Energy
Sequoia Union HS Dist
SESCO
Sierra Pacific Power Company
Silicon Valley Power
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Smurfit Stone Container Corp
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Wellhead Electric Company
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White & Case
WMA