

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



June 8, 2006

Advice Letter 2705-G/2788-E

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

Subject: Recovery of 2005 – 2006 Self Generation Program costs

Dear Ms de la Torre:

This letter corrects the effective date indicated in our letter dated May 31, 2006. Advice Letter 2705-G/2788-E is effective January 1, 2006. A copy of the advice letter is returned herewith for your records.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division

REGULATORY RELATIONS	
M Brown	Tariffs Section
R Dela Torre	D Poster
B Lam	S Ramaiya
JUN - 7 2006	
Return to	Records
cc to	File



Brian K. Cherry
Director
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

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Mail Code B10C
Pacific Gas and Electric Company
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February 17, 2006

Advice 2705-G/2788-E

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject: Recovery of 2005 – 2006 Self Generation Incentive Program (SGIP) Costs, Approval of SGIP Revenue Requirement and Future SGIP Cost Recovery Methodology (Revises Gas Preliminary Statement Parts AW, F, and J and Electric Preliminary Statements Parts BY and CZ)

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its gas and electric tariffs. These changes are filed to comply with existing Commission decisions and approved advice letters.

The affected tariff sheets are included in Attachment I to this filing.

Purpose

This purpose of this advice filing is to revise preliminary statements to implement the accounting of SGIP revenue requirements, as well as transfer approved recorded SGIP expenses, to the appropriate revenue accounts.

These tariff revisions are necessary to record the approved SGIP-related revenue requirements and SGIP expense transfers to the appropriate revenue accounts in accordance with the SGIP revenue requirements and recovery approved in the SGIP Decision (D. 04-12-045) and the California Solar Initiative (CSI) Decisions (D.05-12-044 and D.06-01-024). Decision 04-12-045 approved a \$60 million SGIP budget through 2007. Decision 05-12-044 augmented the SGIP revenue requirement in 2006 with \$132 million for solar projects. The 2006 revenue requirement augmentation in D.05-12-044 was maintained in D.06-01-024, in addition to approval of recovery for the recorded SGIP costs as of December 31, 2005.

On January 1, 2006, PG&E began recovering the CSI portion of the SGIP revenue requirement in gas and electric rates.¹ On April 1, 2006, PG&E intends to revise its gas and electric rates to begin recovery of the total authorized SGIP revenue requirement, and recorded 2005 SGIP program costs not already included in rates.

In accordance with D.06-01-024, PG&E will recover its future SGIP and CSI annual authorized revenue requirements through its Annual Electric True-up (AET) and Annual Gas True-up (AGT) advice filings, beginning in 2007.²

¹ PG&E's Annual Electric True-up Advice 2706-E, approved in Resolution E-3956 on December 15, 2005, and Annual Gas True-up Advice 2678-G/G-A, approved on January 24, 2006, included the recovery of the \$132 million revenue requirement, approved in D.05-12-044, in gas and electric rates effective January 1, 2006.

² For example, in the 2007 AET and 2007 AGT, PG&E will include necessary rate changes for the \$154 million authorized 2007 CSI revenue requirement, and the \$60 million 2007 SGIP authorized revenue requirement. PG&E shall file an advice filing to establish the accounting treatment to track non-solar (SGIP) and solar (CSI) project costs separately from 2007 forward.

Background

Table 1 below describes the various revenue requirements and authorized SGPMA spending that has been approved by the Commission.

Table 1
Authorized SGIP Revenue Requirement and Expenses (in Millions)
 Included in January 1 and April 1, 2006 rate changes

Total 2006 Authorized Revenue (approval)	Gas & Electric Total	Electric	Gas	
		DRAM	CFCA	NCA
In rates January 1, 2006 (not including FF&U)				
2006 RRQ for Solar Projects (D.05-12-044, Res. E-3956, and Advice 2678-G/G-A)	\$132.00	\$110.88	\$8.85	\$12.27
SGPMA balance as of June 30, 2005 (Res.E-3956)	\$65.81	\$66.10 ³	-	-
Total	\$197.81	\$176.98	\$8.85	\$12.27
To be in rates April 1, 2006 (not including FF&U)				
2006 RRQ for SGIP (D.04-12-045)	\$60.00	\$50.40	\$4.02	\$5.58
SGPMA for June 30 to Dec 31, 2005 ⁴ (D.06-01-024)	\$43.89	\$38.69	\$2.18	\$3.02
Total	\$103.89	\$89.09	\$6.20	\$8.60
Grand Total	\$301.70	\$266.07	\$15.05	\$20.87

The SGIP was implemented in 2001 to comply with AB 970. In D.01-03-073, the Commission established the SGIP, and SGIP budget for PG&E of \$60 million per year through the end of 2004.⁵ In 2004, the Commission extended SGIP through the end of 2007⁶ in D.04-12-045.

³ Resolution E-3956 authorized \$66.1 million to go into electric rates starting January 1, 2005. This \$66.1 million includes SGIP costs recorded from January 1, 2004 through October 31, 2004 (\$35.6 million with no FF&U) and SGIP costs recorded from November 1, 2004 through June 30, 2005 (\$30.5 million including FF&U).

⁴ These amounts do not include interest accrued beyond December 31, 2005.

⁵ D.01-03-073, p. 7.

⁶ D.04-12-045 implemented AB 1685, signed on October 12, 2003, which extended SGIP through the end of 2007.

PG&E has been tracking administrative (including measurement & evaluation, education, outreach and marketing) costs and incentive payments for the SGIP program in the SGPMA. The SGPMA was established in Advice 2329-G-B/2140-E-B filed on November 28, 2001, in compliance with D.01-03-073, and approved effective March 27, 2001.

Resolution E-3956, approved December 15, 2005, authorized PG&E to recover in rates the SGPMA recorded balance for SGIP costs recorded from January 1, 2004 through June 30, 2005. (Resolution E-3956, pp 1, 2). The June 30, 2005 balance was reviewed and approved for recovery by the Commission in D.05-06-029 in the Biennial Cost Allocation Proceeding.

On January 12, 2006, the Commission adopted a multi-year California Solar Initiative (CSI) in D.06-01-024. In establishing the CSI, D.06-01-024 maintained the \$132 million 2006 supplemental SGIP revenue requirement set in D.05-12-044, as well as allowed recovery of PG&E's SGIP recorded costs from July 1, 2005 through December 31, 2005. The total recorded SGIP costs, as booked in the SGPMA for the period of July 1, 2005 through December 31, 2005 is \$5,199,782.69 for gas⁷ and \$38,691,719.03 for electric. As shown in Table 1, SGPMA recorded costs for the period between July 1, 2005 and December 31, 2005 have not yet been included in rates.

In addition, D.06-01-024 authorized PG&E to collect SGIP "funds during the relevant program year" (D.06-01-024, p. 8) including SGIP funds earmarked for solar projects. This advice filing modifies the preliminary statements pursuant to D.06-01-024 and D.04-12-045 to book the 2006 SGIP revenue requirements to the appropriate gas and electric revenue accounts.⁸ The overall 2006 SGIP revenue requirement is \$192 million (\$60 million authorized in D.04-12-045 and \$132 million authorized in D.05-12-044 and D.06-01-024); \$161.28 million is allocated to electric rates (not including FF&U), and \$30.72 million is allocated to gas rates. As shown in Table 1, the \$60 million SGIP revenue requirement authorized by D.04-12-045 has not yet been included in rates.

Necessary Changes to Preliminary Statements to Record and Track SGIP

This advice letter revises the following preliminary statements:

- Electric Preliminary Statement *Part BY* and gas Preliminary Statement *Part AW – Self Generation Program Memorandum Account (SGPMA)*
- Electric Preliminary Statement *Part CZ – Distribution Revenue Adjustment Mechanism (DRAM)*, and

⁷ In January 2006, PG&E transferred the June 30, 2005 SGPMA gas balance of \$5,199,782 to the CFCA (\$2,179,530) and NCA (\$3,020,252) for recovery.

⁸ The revenue accounts that will collect the SGIP authorized revenue requirements are: Distribution Revenue Adjustment Mechanism (DRAM) for electric and Core Fixed Cost Account (CFCA) and the Noncore Cost Account (NCA) for gas.

- Gas Preliminary Statement *Part F – Core Fixed Cost Account (CFCA), Part J – Noncore Customer Class Charge Account (NCA)*.

The following revisions will allow PG&E to track SGIP expenses and revenues against the authorized revenue requirement and recover approved SGPMA balances.

One-time Transfer of December 31, 2005 Electric SGPMA Balance to DRAM

PG&E requests modification of the electric SGPMA for a one time transfer of the electric-related SGPMA balance through December 31, 2005 to the DRAM.⁹ The electric-related SGPMA 2005 year-end balance was authorized for collection in D.06-01-024 and D.05-06-029.

The total amount recorded in the electric SGPMA as of December 31, 2005 is \$104,504,628.56. This amount includes expenses authorized by the Commission in D.06-01-024 and Resolution E-3956.

Decision 06-01-024 approved SGIP costs, \$5,199,782.69 for gas¹⁰ and \$38,691,719.03 for electric, booked in the SGPMA for the period of July 1, 2005 through December 31, 2005. This advice modifies the electric SGPMA to transfer the approved SGIP expenditures to DRAM.

Resolution E-3956 authorized PG&E to recover the electric SGPMA balance from January 1, 2004 through June 30, 2005, in the amount of \$66.1 million. Although this amount is already in rates, the electric SGPMA preliminary statement must be modified to allow the approved SGIP expenditures to be transferred to DRAM.

Booking of Approved \$192 million Revenue Requirement for 2006 SGIP

Decision 05-12-045 and D.06-01-044 provided \$132 million in supplemental SGIP funding for incentives for solar installations in 2006. This funding is in addition to the existing SGIP \$60 million 2006 revenue requirement established in D.04-12-045. PG&E proposes changes to its preliminary statements to track the authorized SGIP revenue requirement beginning January 1, 2006, against SGIP expenditures in the SGPMA. Preliminary statement changes are also made to recover the electric portion of the authorized SGIP revenue requirement in the

⁹ The December 31, 2005, balance in the electric SGPMA is \$104,504,628.56. Upon approval of this filing, PG&E will transfer the December 31, 2005 balance, plus FF&U and interest through March 31, 2006, to the DRAM for recovery in electric rates.

¹⁰ The December 31, 2005 SGPMA gas balance was transferred to the NCA and CFCA in January pursuant to D.06-01-024.

DRAM and the gas portion in the CFCA and NCA, based upon the allocation approved by the Commission.¹¹

Using the allocation methodology approved in D.01-03-073, 84% of the 2006 SGIP revenue requirement (or \$161.28 million¹²) shall be allocated to electric customers, and 16% (or \$30.72 million) shall be allocated to gas customers. As noted in D.06-01-024, 2006 is a transition year for the SGIP program.¹³ Pursuant to D.06-01-024, the SGPMA (gas and electric) accounts will record the difference between the authorized revenue requirement with the actual SGIP expenses starting in 2006.¹⁴

Forfeited SGIP Application Fees

PG&E proposes changes to SGPMA gas and electric accounts so that forfeited SGIP application fees now will be added to the SGIP incentive budget. This advice letter revises the gas and electric SGPMA preliminary statements to allow forfeited SGIP application fees to be transferred to the SGPMA as a credit.

As background, in D.01-03-073 the Commission ordered the formation of the SGIP Working Group (D.01-03-073, page 38 and OP 16). In D.04-12-045, the Commission directed the SGIP Working Group to develop appropriate procedural or financial mechanisms to deter inappropriate reservation requests, or “phantom projects” (D.04-12-045, p. 24). ALJ Malcolm provided additional clarification that the SGIP Working Group had the authority to impose an application fee.¹⁵ This application fee is applicable to new projects and was implemented retroactively for program year 2005, SGIP Level 1 Wait List Applications. As agreed to by the SGIP Working Group and posted publicly, all forfeited application fees will be added to the program administrator’s incentive budget.

Preliminary Statement Changes

Electric Preliminary Statement Part BY-*Self Generation Program Memorandum Account* is revised to track the difference between the electric portion of actual SGIP expenditures currently recorded in the account and the electric portion of the authorized annual SGIP revenue requirement. A one-time entry is added to transfer the end of December 2005 balance from this account to Distribution Revenue Adjustment Mechanism (DRAM) for recovery in rates.

¹¹ Decision 05-06-029 approved an allocation of costs between the CFCA and NCA of 0.419158 and 0.580842, respectively.

¹² This amount does not include \$1,548,611 in FF&U.

¹³ Decision 06-01-024. See p. 3 of Appendix A to the Decision.

¹⁴ As expressly noted in D.06-01-024, expenditures may be higher or lower than the authorized revenue requirements in a given year (D.06-01-024, p. 6).

¹⁵ ALJ Malcolm e-mail dated June 20, 2005 to service list for R.04-03-017.

Gas Preliminary Statement Part AW – *Self Generation Program Memorandum Account* is revised to track the difference between gas portion of actual SGIP expenditures currently recorded in the account and the gas portion of the authorized annual SGIP revenue requirement beginning January 1, 2006. The entry to transfer the balance in this account to other accounts for recovery in rates is removed as this account will remain a budget tracking account.

Electric Preliminary Statement Part CZ – *Distribution Revenue Adjustment Mechanism (DRAM)* is revised to add a monthly entry to record one-twelfth of the electric portion of the annual authorized SGIP revenue requirement beginning January 1, 2006.

Gas Preliminary Statement Part F – *Core Fixed Cost Account (CFCA) - Core Cost Subaccount* is revised to add a monthly entry to record one-twelfth of the core gas portion of the annual authorized SGIP revenue requirement beginning January 1, 2006.

Gas Preliminary Statement Part J – *Noncore customer Class Charge Account (NCA) - Noncore Subaccount* is revised to add a monthly entry to record one-twelfth of the noncore gas portion of the annual authorized SGIP revenue requirement beginning January 1, 2006.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **March 9, 2006**, 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: jjr@cpuc.ca.gov and jnj@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: PGETariffs@pge.com

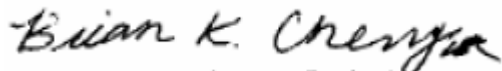
Effective Date

PG&E requests this advice letter be approved effective **January 1, 2006**, but that the Energy Division provide approval no later than **March 20, 2006**, so that PG&E has adequate time to incorporate the approved amounts in rates for April 2006. PG&E will file the core gas transportation rate changes along with core procurement rate changes on March 27, 2006. The noncore gas and electric rate change proposed herein will be incorporated with other rates changes to be filed separately on March 27, 2006, for gas and March 1, 2006, for electric.

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 to the service list for R. 04-03-017. 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>



Director - Regulatory Relations

Attachments

cc: Service List – R. 04-03-017

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 U39M

Utility type:

☒ ELC

☒ GAS

☐ PLC

☐ HEAT

☐ WATER

Contact Person: Shilpa Ramaiya

Phone #: (415) 973-3186

E-mail: srrd@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) #: **2705-G/2788-E**

Subject of AL: Recovery of 2005-2006 Self Generation Incentive Program (SGIP) Costs, Approval of SGIP Revenue Requirement and Future SGIP Cost Recovery Methodology

Keywords (choose from CPUC listing): Self-Generation, Solar

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

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL _____

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? ☐ Yes ☒ No

Requested effective date: **1-1-2006**

No. of tariff sheets: 11

Estimated system annual revenue effect: (%): See advice letter

Estimated system average rate effect (%): See advice letter

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 Part F – Core Fixed Cost Account and Part J – Noncore Customer Class Charge Account and Electric Preliminary Statement Part BY – Self Generation Program Memorandum Account and Part CZ – Distribution Revenue Adjustment Mechanism

Service affected and changes proposed¹: 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

Utility Info (including e-mail)

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

¹ Discuss in AL if more space is needed.

**ATTACHMENT 1
Advice 2705-G**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
23780-G	Preliminary Statement Part F--Core Fixed Cost Account	23596-G
23781-G	Preliminary Statement Part J--Noncore Customer Class Charge Account	23710-G
23782-G	Preliminary Statement Part AW--Self-Generation Program Memorandum Account	23284-G
23783-G	Table of Contents -- Preliminary Statements	23775-G
23784-G	Table of Contents -- Preliminary Statements	23778-G
23785-G	Table of Contents -- Rate Schedules	23779-G

**ATTACHMENT 1
Advice 2788-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
24471-E	Preliminary Statement Part BY--Self-Generation Program Memorandum Account	18777-E
24472-E	Preliminary Statement Part CZ--Distribution Revenue Adjustment Mechanism	24043-E
24473-E	Table of Contents -- Preliminary Statements	24319-E
24474-E	Table of Contents -- Preliminary Statements	24331-E
24475-E	Table of Contents -- Rate Schedules	24338-E



PRELIMINARY STATEMENT
(Continued)

F. CORE FIXED COST ACCOUNT (CFCA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

b. Core Cost Subaccount (Cont'd.)

- 4) a debit entry equal to one-twelfth of the core portion of the authorized local transmission revenue requirement, excluding the allowance for F&U;
- 5) A debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates, upon approval by the CPUC;
- 6) an entry equal to 70.03 percent of the local transmission revenue shortfall or over-recovery resulting from a change in customers qualifying for backbone-level end-use service, and associated throughput reduction or increase, as applicable;
- 7) a debit or credit entry equal to any expense adopted by the CPUC as a cost to be recovered in this subaccount; (T)
- 8) A debit entry equal to one-twelfth of the core portion of the current year Self Generation Incentive Program (SGIP) revenue requirement authorized by the CPUC; and (N)
(N)
- 9) an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after entries F.6.b.1 through F.6.b.8, above, 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. (T)

c. Winter Gas Savings Program Transportation Subaccount

The following entries will be made to this subaccount at the end of each month:

- 1) a debit or credit entry, as appropriate, to record the transfer of rebates and adjustments from other accounts to this subaccount for recovery in rates;
- 2) a credit entry equal to the revenue from the WGSP – Transportation rate component, excluding the allowance for F&U; and
- 3) an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after entries F.6.c.1 through F.6.c.2, above, 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.



PRELIMINARY STATEMENT
(Continued)

J. NONCORE CUSTOMER CLASS CHARGE ACCOUNT (NCA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

a. Noncore Subaccount

The following entries will be made to this subaccount each month, or as applicable:

- 1) a debit entry equal to the noncore portion of intervenor compensation and any other expense adopted by the CPUC as a cost to be included in this subaccount;
- 2) a credit entry equal to the NCA-Noncore revenue, excluding the allowance for Franchise Fees and Uncollectible Accounts Expense (F&U);
- 3) an debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates, upon approval by the CPUC;
- 4) an entry equal to 29.97 percent of the local transmission revenue shortfall or over-recovery resulting from a change in customers qualifying for backbone-level end-use service, and associated throughput reduction or increase, as applicable; (T)
- 5) A debit entry equal to one-twelfth of the noncore portion of the current year Self Generation Incentive Program (SGIP) revenue requirement authorized by the CPUC; and (N)
(N)
(N)
- 6) an entry equal to interest on the average of the balance in the subaccount at the beginning of the month and the balance after entries from J.6.a.1 through J.6.a.5, above, at a rate equal to one-twelfth of 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)

b. Interim Relief and Distribution Subaccount

The following entries will be made to this subaccount each month, or as applicable:

- 1) a one-time entry equal to the noncore distribution portion of the gas revenue requirement adopted in GRC Decision 04-05-055, from January 1, 2003 to the implementation date, including interest, and excluding the allowance for F&U;
- 2) an entry equal to any other amounts adopted by the CPUC to be included in this subaccount;
- 3) a credit equal to the NCA-Interim Relief and Distribution revenue, excluding the allowance for F&U;
- 4) a debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates, upon approval by the CPUC; and
- 5) an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after entries J.6.b.1 through J.6.b.4, above, 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.

Revised
Original

Cal. P.U.C. Sheet No.
Cal. P.U.C. Sheet No.

23782-G
23284-G

AW. SELF-GENERATION PROGRAM MEMORANDUM ACCOUNT (SGPMA)

1. PURPOSE:

The purpose of the SGPMA is to track authorized Self Generation Incentive Program (SGIP) revenue requirements compared to the costs incurred by PG&E for implementing self-generation programs authorized by Decisions 01-03-073, 01-07-028, 01-09-012, 02-02-026, 04-12-045, 05-12-044, and 06-01-024. Qualifying self-generation is defined as distributed generation technologies (photovoltaic systems, microturbines, small gas turbines, wind turbines, fuel cells and internal combustion engines) installed on the customer's side of the utility meter that provides electricity for all or a portion of that customer's electric load. The self-generation program budget (including any forfeited SGIP application fees) shall be allocated between electric and gas customers to reflect the current allocation of energy efficiency programs. Pursuant to D. 06-01-024, expenditures may be higher or lower than the authorized revenue requirements in a given year (D.06-01-024, p.6).

$$\begin{array}{c} \text{(T)} \\ \vdots \\ \text{(T)} \end{array}$$

All forfeited application fees will be transferred to the SGIP incentive budget (via a credit to the SGPMA).

$$\begin{pmatrix} (N) \\ (N) \end{pmatrix}$$

2. APPLICABILITY:

The SGPM shall apply to all customer classes, except for those specifically excluded by the CPUC.

3. RATES:

The SGPMA does not have a rate component.

(D)
(T)

4. ACCOUNTING PROCEDURE:

PG&E shall maintain the SGPMA by making entries at the end of each month as follows:

- a. A debit entry for the gas portion of administrator costs, including incremental design, contract administration, marketing, regulatory reporting, and program evaluation.
- b. A debit entry for the gas portion of incentive payments to customers or contractors for services rendered.
- c. A credit entry equal to the one-twelfth of the gas portion of the current year SGIP revenue requirement as authorized by the CPUC.
- d. A credit equal to the gas portion of any forfeited SGIP application fees.
- e. A debit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the entries 5.a. through 5.d., above, 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)
(D)
(N)
(N)
(N)
(T)



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(Continued)

PRELIMINARY STATEMENTS

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Part A	Description of Service Area & General Requirements	14615 to 14623,18797-G
Part B	Default Tariff Rate Components.....	23720,23721,23722,23723,23724,23725,23726, 23727,23728,23729,23229,23767,23768,23769,23770,23771,23772,23773,23774,23650, 23705,22024,23756 to 23760-G
Part C	Gas Accounting Terms and Definitions.....	23345,23674,23346, 23511,23347,23760,23761,23300,23248,23561,23350,23351,23512-G
Part D	Purchased Gas Account	23513,23514,23515-G
Part E	Not Being Used	
Part F	Core Fixed Cost Account	23353,23354,23780-G (T)
Part G	Not Being Used	
Part H	Not Being Used	
Part I	Not Being Used	
Part J	Noncore Customer Class Charge Account	23356,23781-G (T)
Part K	Enhanced Oil Recovery Account.....	23762-G
Part L	Balancing Charge Account.....	23273,23274-G
Part M	Not Being Used	
Part N	Not Being Used	
Part O	CPUC Reimbursement Fee	22891-G
Part P	Income Tax Component of Contributions Provision	21646,13501-G
Part Q	Affiliate Transfer Fees Account.....	23275-G
Part R	Not Being Used	
Part S	Interest.....	12773-G
Part T	Tax Reform Act of 1986	12775-G
Part U	Core Brokerage Fee Balancing Account	23276-G
Part V	California Alternate Rates For Energy Account.....	23358-G
Part W	Not Being Used	
Part X	Natural Gas Vehicle Balancing Account.....	23277-G
Part Y	Customer Energy Efficiency Adjustment	18551,18552,18553-G
Part Z	Not Being Used	
Part AA	Not Being Used	
Part AB	Not Being Used	
Part AC	Catastrophic Event Memorandum Account.....	14178,14179-G
Part AD	Not Being Used	
Part AE	Core Pipeline Demand Charge Account	23301-G
Part AF	Not Being Used	
Part AG	Core Firm Storage Account.....	23380-G
Part AH	Air Quality Adjustment Clause	14928 to 14930-G
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Part AJ	Not Being Used	
Part AK	Low Income Energy Efficiency Memorandum Account	21244-G
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Part AM	Not Being Used	

(Continued)



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PRELIMINARY STATEMENTS
(Continued)

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
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Part BE	Not Being Used	
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Part BG	Gas Credit Facilities Fees Tracking Account	22096-G
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GS	Multifamily Service	23736,23491,23215-G
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Revised
Original

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Cal. P.U.C. Sheet No.

24471-E
18777-E



PRELIMINARY STATEMENT
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CZ. DISTRIBUTION REVENUE ADJUSTMENT MECHANISM (DRAM) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

- f. A credit entry equal to the debit entry in the California Alternative Rates for Energy Account (CARE) that corresponds to the actual CARE revenue shortfall. The corresponding debit entry is defined in PG&E's electric Preliminary Statement Part M.
- g. A credit entry equal to the recorded amount of revenue cycle services credits given to customers for revenue cycle services provided by entities other than PG&E.
- h. A credit entry equal to the amount of Shareholder Participation, as defined in Section 6 below.
- i. A debit entry equal to the payment to fund PG&E Environmental Enhancement Corporation plus an allowance for FF&U, pursuant to the Chapter 11 Settlement Agreement Paragraph 17c adopted in Decision 03-12-035.
- j. A debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to the DRAM for recovery in rates, upon approval by the CPUC.
- k. A debit entry equal to one-twelfth of the electric portion of the current year Self Generation Incentive Program (SGIP) revenue requirement authorized by the CPUC. (N)
(N)
- l. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entries, at a rate equal to one-twelfth of 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)

6. SHAREHOLDER PARTICIPATION: PG&E's shareholders bear some responsibility for economic risks and rewards associated with, but not limited to, Commission-approved economic discounts and credits to certain PG&E customers. This section ensures that ratepayers will not assume shareholders' obligations.

Shareholder Participation will be calculated monthly as follows:

The amount of the Shareholder Participation Mechanism for Schedule ED, in accordance with Resolution E-3654.



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**PG&E Gas and Electric Advice
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ABAG Power Pool
Accent Energy
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Elsesser
Anderson Donovan & Poole P.C.
Applied Power Technologies
APS Energy Services Co Inc
Arter & Hadden LLP
Avista Corp
Barkovich & Yap, Inc.
BART
Bartle Wells Associates
Blue Ridge Gas
Bohannon Development Co
BP Energy Company
Braun & Associates
C & H Sugar Co.
CA Bldg Industry Association
CA Cotton Ginners & Growers Assoc.
CA League of Food Processors
CA Water Service Group
California Energy Commission
California Farm Bureau Federation
California Gas Acquisition Svcs
California ISO
Calpine
Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Cellnet Data Systems
Chevron Texaco
Chevron USA Production Co.
Childress, David A.
City of Glendale
City of Healdsburg
City of Palo Alto
City of Redding
CLECA Law Office
Commerce Energy
Constellation New Energy
CPUC
Cross Border Inc
Crossborder Inc
CSC Energy Services
Davis, Wright, Tremaine LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
DGS Natural Gas Services

Douglass & Liddell
Downey, Brand, Seymour & Rohwer
Duke Energy
Duke Energy North America
Duncan, Virgil E.
Dutcher, John
Dynergy 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.
Hitachi Global Storage Technologies
Hogan Manufacturing, Inc
House, Lon
Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
Interstate Gas Services, Inc.
IUCG/Sunshine Design LLC
J. R. Wood, Inc
JTM, Inc
Kaiser Cement Corp
Luce, Forward, Hamilton & Scripps
Manatt, Phelps & Phillips
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.
Navigant 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
Praxair, Inc.
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
Sempra
Sempra Energy
Sequoia Union HS Dist
SESCO
Sierra Pacific Power Company
Silicon Valley Power
Smurfit Stone Container Corp
Southern California Edison
SPURR
St. Paul Assoc
Stanford University
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tansev and Associates
Tecogen, Inc
TFS Energy
Transcanada
Turlock Irrigation District
U S Borax, Inc
United Cogen Inc.
URM Groups
Utility Cost Management LLC
Utility Resource Network
Wellhead Electric Company
Western Hub Properties, LLC
White & Case
WMA