

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



April 25, 2006

Advice Letter 2807-E

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

Subject: 2006 Energy Resource Recovery Account (ERRA) Trigger Amount – Compliance
Filing with Decision 04-12-048

Dear Ms de la Torre:

Advice Letter 2807-E is effective April 28, 2006. A copy of the advice letter is sent herewith
for your records.

Sincerely,

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

Sean H. Gallagher
Director
Energy Division

REGULATORY RELATIONS	
Tariffs Section	
M Brown	D Poster
R Dela Torre	S Ramalya
B Lam	
MAY 4 2006	
Records	
Return to:	File
CC 10	



Brian K. Cherry
Director
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

415.973.4977
Internal: 223.4877
Fax: 415.973.9572
Internet: BKC7@pge.com

March 29, 2006

**Advice 2807-E
(Pacific Gas and Electric Company ID U39E)**

Public Utilities Commission of the State of California

**Subject: 2006 Energy Resource Recovery Account (ERRA) Trigger
Amount – Compliance Filing with Decision 04-12-048**

Pacific Gas and Electric Company (PG&E) hereby submits its annual ERRA trigger calculation for the year 2006. Decision (D.) 04-12-048 (pages 213-214) directed the Investor-Owned Utilities (IOUs) to keep the trigger mechanism in effect for the duration of long-term contracts, or ten years, whichever is longer. This April 1 submittal of the 2006 trigger amount is consistent with the timeline established in D.04-01-050 for the 2005 trigger.

Purpose

The purpose of this advice letter is to establish the 2006 trigger amount for PG&E's ERRA. The trigger amount is the maximum allowable forecast over- or under-collection before an IOU files an expedited application for a rate change. PG&E asks that the California Public Utilities Commission (Commission) adopt PG&E's 2006 ERRA trigger amount of \$164.8 million.

ERRA Trigger Calculation

PG&E's 2006 trigger calculation is consistent with the calculation methodology presented for the 2005 trigger, which was approved on July 12, 2005. This calculation includes revenue streams from three balancing accounts that represent PG&E's generation revenues, excluding DWR revenues: the Utility Generation Balancing Account (UGBA), the Energy Resource Recovery Account (ERRA), and the Modified Transitional Cost Balancing Account (MTCBA). These three balancing accounts include, respectively, capital and non-fuel operating costs in PG&E's existing generation asset base, fuel and electric procurement costs, and ongoing competition transition costs. The 2005 revenues from the

three accounts and the corresponding trigger amount are shown in the table below.

2005 UGBA Revenues	\$613.8M
2005 ERRA Revenues	\$2,341.4M
2005 MTCBA Revenues	\$340.4M
Total 2005 Generation Revenues, excluding DWR	\$3,295.6M
<hr/>	
2006 ERRA Trigger (5% of total 3,296M)	\$164.8M

Conclusion

PG&E requests that the Commission adopt \$164.8 million as the maximum level of overcollection or undercollection that can accrue in the ERRA in 2006 before triggering a rate change. PG&E requests that this 2006 trigger amount remain in effect until the Commission adopts the 2007 trigger amount, to be submitted by advice letter no later than April 1, 2007.

Protest

Anyone wishing to protest this filing may do so by sending a letter by **April 18, 2006**, which is 20 days from the date of 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 should also 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 K. 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

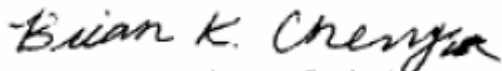
Effective Date

PG&E requests that this filing be approved on regular notice, **April 28, 2006**, which is thirty (30) days after the date of this 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 service list parties for Application (A.) 05-06-007. 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, appearing to read "Brian K. Chenyso".

Director - Regulatory Relations

CC: Service List – A.05-06-007

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) #: **2807-E**

Subject of AL: 2006 Energy Resource Recovery Account (ERRA) Trigger Amount – Compliance Filing with Decision 04-12-048

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.04-12-048 and D.04-01-050

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: **4/28/06**

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: ERRA Trigger Amount Changes in compliance with D.04-12-048

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

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

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

Utility Info (including e-mail)

Attn: Brian K. Cherry

Director, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

¹ Discuss in AL if more space is needed.

**PG&E Gas and Electric Advice
Filing List
General Order 96-A, Section III(G)**

ABAG Power Pool	Douglass & Liddell	Palo Alto Muni Utilities
Accent Energy	Downey, Brand, Seymour & Rohwer	PG&E National Energy Group
Aglet Consumer Alliance	Duke Energy	Pinnacle CNG Company
Agnews Developmental Center	Duke Energy North America	Plurimi, Inc.
Ahmed, Ali	Duncan, Virgil E.	PPL EnergyPlus, LLC
Alcantar & Elsesser	Dutcher, John	Praxair, Inc.
Anderson Donovan & Poole P.C.	Dynegy Inc.	Price, Roy
Applied Power Technologies	Ellison Schneider	Product Development Dept
APS Energy Services Co Inc	Energy Law Group LLP	R. M. Hairston & Company
Arter & Hadden LLP	Energy Management Services, LLC	R. W. Beck & Associates
Avista Corp	Enron Energy Services	Recon Research
Barkovich & Yap, Inc.	Exelon Energy Ohio, Inc	Regional Cogeneration Service
BART	Exeter Associates	RMC Lonestar
Bartle Wells Associates	Foster Farms	Sacramento Municipal Utility District
Blue Ridge Gas	Foster, Wheeler, Martinez	SCD Energy Solutions
Bohannon Development Co	Franciscan Mobilehome	Seattle City Light
BP Energy Company	Future Resources Associates, Inc	Sempra
Braun & Associates	G. A. Krause & Assoc	Sempra Energy
C & H Sugar Co.	Gas Transmission Northwest Corporation	Sequoia Union HS Dist
CA Bldg Industry Association	GLJ Energy Publications	SESCO
CA Cotton Ginners & Growers Assoc.	Goodin, MacBride, Squeri, Schlotz &	Sierra Pacific Power Company
CA League of Food Processors	Hanna & Morton	Silicon Valley Power
CA Water Service Group	Heeg, Peggy A.	Smurfit Stone Container Corp
California Energy Commission	Hitachi Global Storage Technologies	Southern California Edison
California Farm Bureau Federation	Hogan Manufacturing, Inc	SPURR
California Gas Acquisition Svcs	House, Lon	St. Paul Assoc
California ISO	Imperial Irrigation District	Stanford University
Calpine	Integrated Utility Consulting Group	Sutherland, Asbill & Brennan
Calpine Corp	International Power Technology	Tabors Caramanis & Associates
Calpine Gilroy Cogen	Interstate Gas Services, Inc.	Tansev and Associates
Cambridge Energy Research Assoc	IUCG/Sunshine Design LLC	Tecogen, Inc
Cameron McKenna	J. R. Wood, Inc	TFS Energy
Cardinal Cogen	JTM, Inc	Transcanada
Cellnet Data Systems	Kaiser Cement Corp	Turlock Irrigation District
Chevron Texaco	Luce, Forward, Hamilton & Scripps	U S Borax, Inc
Chevron USA Production Co.	Manatt, Phelps & Phillips	United Cogen Inc.
Childress, David A.	Marcus, David	URM Groups
City of Glendale	Masonite Corporation	Utility Cost Management LLC
City of Healdsburg	Matthew V. Brady & Associates	Utility Resource Network
City of Palo Alto	Maynor, Donald H.	Wellhead Electric Company
City of Redding	McKenzie & Assoc	Western Hub Properties, LLC
CLECA Law Office	McKenzie & Associates	White & Case
Commerce Energy	Meek, Daniel W.	WMA
Constellation New Energy	Mirant California, LLC	
CPUC	Modesto Irrigation Dist	
Cross Border Inc	Morrison & Foerster	
Crossborder Inc	Morse Richard Weisenmiller & Assoc.	
CSC Energy Services	Navigant Consulting	
Davis, Wright, Tremaine LLP	New United Motor Mfg, Inc	
Defense Fuel Support Center	Norris & Wong Associates	
Department of the Army	North Coast Solar Resources	
Department of Water & Power City	Northern California Power Agency	
DGS Natural Gas Services	Office of Energy Assessments	