September 8, 2006

Advice Letter 2893-E

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

Subject: Revision to Schedule E-DBP, Demand Bidding Program in accordance with Resolution E-4012

Dear Ms de la Torre:

Advice Letters 2893-E is effective August 28, 2006. A copy of the advice letter is returned herewith for your records.

Sincerely,

[Signature]

Sean H. Gallagher, Director
Energy Division
August 28, 2006

Advice 2893-E
(Pacific Gas and Electric Company ID U 39 E)

Subject: Revision to Schedule E-DBP – Demand Bidding Program in Accordance with Resolution E-4012

Public Utilities Commission of the State of California

Purpose

Pacific Gas and Electric Company (PG&E) files this advice letter to modify the bidding window of its Demand Bidding Program (DBP) in compliance with Resolution E-4012, as issued by the California Public Utilities Commission (Commission) on August 24, 2006.

Background

On August 24, 2006, the Commission rejected PG&E’s proposal to modify the incentive structure in the Demand Bidding Program, as filed in Advice 2870-E, and instead, ordered the utilities to add at least one hour to the bidding window to encourage demand response for Summer 2006. The Demand Bidding Program compensates customers if they are able to reduce electricity usage during the peak hours when requested by PG&E.

Tariff Revisions

PG&E hereby submits modifications to Rate Schedule E-DBP, Demand Bidding Program, to add an extra hour to the bidding window, in compliance with Resolution E-4012 (Attachment 1). The bidding window is now two hours, 2:00 pm to 4:00 pm, instead of the previous one hour, 3:00 pm to 4:00 pm.

Protest Period

Anyone wishing to protest this filing may do so by sending a letter by September 18, 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:

Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: jir@cpuc.ca.gov and jnj@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:

Pacific Gas and Electric Company
Attention: Brian Cherry
Vice President, 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

In accordance with Ordering Paragraph 3, PG&E respectfully requests this filing become effective **August 28, 2006**, subject to Energy Division review.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this Advice Letter is being sent electronically or via U.S. mail to parties shown on the attached list and to the service lists as shown below. 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

Vice President - Regulatory Relations

cc: Service Lists – A.05-06-006, Resolution E-4012
Company name/CPUC Utility No. Pacific Gas and Electric Company U39M

<table>
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<tr>
<th>Utility type:</th>
<th>Contact Person: Megan Hughes</th>
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<tr>
<td>☒ ELC ☒ GAS</td>
<td>Phone #: (415) 973-1877</td>
</tr>
<tr>
<td>☐ PLC ☐ HEAT ☐ WATER</td>
<td>E-mail: <a href="mailto:MEHr@pge.com">MEHr@pge.com</a></td>
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EXPLANATION OF UTILITY TYPE

| ELC = Electric | GAS = Gas |
| PLC = Pipeline | HEAT = Heat |
| WATER = Water |

Advice Letter (AL) #: 2893-E
Subject of AL: Revision to Schedule E-DBP – Demand Bidding Program in Accordance with Resolution E-4012

Keywords (choose from CPUC listing): Demand Response, Compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: E-4012

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL Advice 2870-E

Summarize differences between the AL and the prior withdrawn or rejected AL1: Per Res E-4012

Resolution Required? ☐ Yes ☒ No

Requested effective date: 8-28-2006

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: Schedule E-DBP – Demand Bidding Program

Service affected and changes proposed1: See Advice Letter

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
jlr@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.
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SCHEDULE E-DBP—DEMAND BIDDING PROGRAM

E-DBP EVENT NOTICE: When the forecasted system reserve margins for the next day result in the California Independent System Operator (CAISO) issuing an Alert Notice by 2:00 p.m. or when by 2:00 p.m. the CAISO day-ahead forecasted peak demand is 43,000 MW or greater, PG&E will implement an E-DBP event for the following day. E-DBP events will be issued for the hours between 12:00 noon and 8:00 p.m. weekdays only, excluding holidays. PG&E will notify customers of such event, and will post the hourly incentive price on the notice through the programs’ website by 2:00 p.m. the day preceding the E-DBP event.

Customers shall submit bids to the program’s website between 2:00 p.m. and 4:00 p.m. on the day preceding the E-DBP event. After 5:00 p.m., customers will receive confirmation of bid acceptance or rejection on the website. Unless a specific megawatt (MW) limit is requested, PG&E will deem all bids acceptable from customers. In the event bids are restricted PG&E will accept bids on a first-come, first-served basis. If the customer’s bid is accepted, the customer must reduce their kW load for each participating account to or above their accepted bid amount for each hour of their bid. Once a customer’s bid has been accepted, that bid shall not subsequently be rejected by the utility, but payment shall continue to be based on the customer’s actual performance.

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DGS Natural Gas Services

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Agnew Developmental Center
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Alcantar & Elsesser
Duke Energy North America

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BART
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RMC Lonestar

California ISO
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SCD Energy Solutions

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California Gas Acquisition Svcs
Utility Cost Management LLC

California Gas Acquisition Svcs
Utility Resource Network

California Gas Acquisition Svcs
Wellhead Electric Company

California Gas Acquisition Svcs
Western Hub Properties, LLC

California Gas Acquisition Svcs
White & Case

California Gas Acquisition Svcs
WMA

08-Aug-06