November 28, 2006

Advice Letter 2920-E

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

Subject: Revision to Preliminary Statement CZ – Distribution Revenue Adjustment Account for Recovery of Franchise Fee Remittances Associated with Revenues for Repayment of the Rate Reduction Bonds in Compliance with D. 06-10-044

Dear Ms. De La Torre:

Advice Letter 2920-E is effective October 19, 2006. A copy of the advice letter is returned herewith for your records.

Sincerely,

Sean H. Gallagher, Director  
Energy Division
Advice 2920-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Revision to Preliminary Statement CZ – Distribution Revenue Adjustment Account for Recovery of Franchise Fee Remittances Associated with Revenues for Repayment of the Rate Reduction Bonds in Compliance with Decision 06-10-044

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.

Purpose

In compliance with Ordering Paragraph 2 (OP2) of Decision (D.) 06-10-044, PG&E is filing this compliance advice letter to recover in rates the cost of franchise fees (FF) in conjunction with the Rate Reduction Bond (RRB) revenue through an entry in its tariff Preliminary Statement Part CZ -- Distribution Revenue Adjustment Mechanism (DRAM).

Background

On September 8, 2005, PG&E filed Application (A.) 05-09-009 to request authorization to recover, on a prospective basis, the cost of franchise fees it pays to cities and counties in conjunction with the revenues it collects under electric Preliminary Statement Part AS – Fixed Transition Amount Charge, to repay the RRBs authorized by D.97-09-055. On October 19, 2006, the Commission issued D.06-10-044 authorizing PG&E to modify DRAM to allow recovery of these costs on a prospective basis.

Tariff Revisions

In accordance with D.06-10-044, the DRAM is modified to add language to the Part 5, Accounting Procedures, for recovery of franchise fees as follows:
A debit entry equal to the franchise fees paid by PG&E associated with the revenue collected by PG&E under electric Preliminary Statement Part AS – *Fixed Transition Amount Charge*, calculated in proportion to total franchise-applicable revenue, plus an allowance for Franchise Fees and Uncollectible Accounts expense.

**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 **November 20, 2006**, which is 21 days after the date of this filing. 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

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 OP2 in D.06-10-044, PG&E requests that this advice filing become effective on **October 19, 2006**.
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 for A.05-09-009. Address changes to the General Order 96-A 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

Vice President, Regulatory Relations

Attachments

cc: A.05-09-009
Company name/CPUC Utility No. Pacific Gas and Electric Company (ID U39)

Utility type: Contact Person: Bernard Lam
☐ ELC ☐ GAS Phone #: (415) 973-4878
☐ PLC ☐ HEAT ☐ WATER E-mail: bxlc@pge.com

EXPLANATION OF UTILITY TYPE
ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

Advice Letter (AL) #: 2920-E
Subject of AL: Revision to Preliminary Statement CZ – Distribution Revenue Adjustment Account for Recovery of Franchise Fee Remittances Associated with Revenues for Repayment of the Rate Reduction Bonds in Compliance with Decision 06-10-044
Keywords (choose from CPUC listing): Compliance, Franchise Fees
AL filing type: ☒ Monthly ☐ Quarterly ☐ Annual ☐ One-Time ☐ Other _____________________________
If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.06-10-044
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: ____________________

Resolution Required? ☐ Yes ☒ No
Requested effective date: October 19, 2006 No. of tariff sheets: 3
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: Preliminary Statement CZ
Service affected and changes proposed: N/A
Pending advice letters that revise the same tariff sheets: 2866-E/2866-E-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
Tariff Files, Room 4005
DMS Branch
505 Van Ness Ave.,
San Francisco, CA 94102
jnj@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

1 Discuss in AL if more space is needed.
<table>
<thead>
<tr>
<th>Cal P.U.C. Sheet No.</th>
<th>Title ofSheet</th>
<th>ATTACHMENT 1 Advice 2920-E</th>
<th>Cancelling Cal P.U.C. Sheet No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>25400-E</td>
<td>Preliminary Statement Part CZ--Distribution Revenue Adjustment Mechanism</td>
<td></td>
<td>24630, 25224-E</td>
</tr>
<tr>
<td>25401-E</td>
<td>Table of Contents -- Preliminary Statements</td>
<td></td>
<td>25373-E</td>
</tr>
<tr>
<td>25402-E</td>
<td>Table of Contents -- Rate Schedules</td>
<td></td>
<td>25398-E</td>
</tr>
</tbody>
</table>
PRELIMINARY STATEMENT
(Continued)

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.

l. A debit or credit entry, as appropriate, to record any shareholder rewards or penalties under the Reliability Incentive Mechanism adopted in D. 04-10-034.

m. A debit entry equal to the amounts paid to the Commission for reimbursement of rate case expenses billed to the Utility pursuant to Public Utilities Code Section 631, plus an allowance for Franchise Fees and Uncollectible Accounts expense.

n. A debit entry equal to the intervenor compensation payments authorized by the Commission, recorded during the month, plus an allowance for Franchise Fees and Uncollectible Accounts expense.

o. A debit entry equal to the franchise fees paid by PG&E associated with the revenue collected by PG&E under electric Preliminary Statement Part AS – Fixed Transition Amount Charge, calculated in proportion to total franchise-applicable revenue, plus an allowance for Franchise Fees and Uncollectible Accounts expense.

p. 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.

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.
TABLE OF CONTENTS (Continued)

PRELIMINARY STATEMENTS

<table>
<thead>
<tr>
<th>SCHEDULE</th>
<th>TITLE OF SHEET</th>
<th>CAL P.U.C. SHEET NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part CA</td>
<td>Food Service Technology Center Memorandum Account</td>
<td>18781-E</td>
</tr>
<tr>
<td>Part CB</td>
<td>DWR/ISO Cost Balancing Account</td>
<td>20500-E</td>
</tr>
<tr>
<td>Part CC</td>
<td>Real Time Energy Metering Memorandum Account</td>
<td>18307,18308-E</td>
</tr>
<tr>
<td>Part CD</td>
<td>Kern Restoration and Operation Memorandum Account</td>
<td>18509-E</td>
</tr>
<tr>
<td>Part CE</td>
<td>Baseline Balancing Account</td>
<td>23410,23411-E</td>
</tr>
<tr>
<td>Part CF</td>
<td>Net Energy Metering Memorandum Account</td>
<td>18831-E</td>
</tr>
<tr>
<td>Part CG</td>
<td>Utility Generation Balancing Account</td>
<td>25367,24736-E</td>
</tr>
<tr>
<td>Part CH</td>
<td>Utility Retained Generation income Tax Memorandum Account</td>
<td>20502-E</td>
</tr>
<tr>
<td>Part CI</td>
<td>Wholesale DWR/ISO Cost Memorandum Account</td>
<td>20503-E</td>
</tr>
<tr>
<td>Part CJ</td>
<td>Not Being Used</td>
<td></td>
</tr>
<tr>
<td>Part CK</td>
<td>Distribution Bypass Deferral Rate Memorandum Account</td>
<td>20619-E</td>
</tr>
<tr>
<td>Part CL</td>
<td>Distributed Energy Resources Memorandum Account</td>
<td>19042-E</td>
</tr>
<tr>
<td>Part CM</td>
<td>Bond Charge Balancing Account</td>
<td>20245,19556-E</td>
</tr>
<tr>
<td>Part CN</td>
<td>Research, Development, and Demonstration Balancing Account</td>
<td>19371-E</td>
</tr>
<tr>
<td>Part CO</td>
<td>Renewables Balancing Account</td>
<td>19372-E</td>
</tr>
<tr>
<td>Part CP</td>
<td>Energy Resource Recovery Account</td>
<td>23762,23998,23999-E</td>
</tr>
<tr>
<td>Part CQ</td>
<td>Modified Transition Cost Balancing Account</td>
<td>24756,25344,25345,25346,25347-E</td>
</tr>
<tr>
<td>Part CR</td>
<td>Common Area Balancing Account</td>
<td>19768,19769-E</td>
</tr>
<tr>
<td>Part CS</td>
<td>Advanced Metering and Demand Response Account</td>
<td>24737,24738,24739-E</td>
</tr>
<tr>
<td>Part CT</td>
<td>Direct Access Shortfall Account</td>
<td>22416-E</td>
</tr>
<tr>
<td>Part CU</td>
<td>Customer Credit Holding Account</td>
<td>21533-E</td>
</tr>
<tr>
<td>Part CV</td>
<td>Financial Hedging Memorandum Account</td>
<td>20631-E</td>
</tr>
<tr>
<td>Part CW</td>
<td>Not Being Used</td>
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<tr>
<td>Part CX</td>
<td>Not Being Used</td>
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</tr>
<tr>
<td>Part CY</td>
<td>El Paso Settlement Electric Memorandum Account</td>
<td>20985-E</td>
</tr>
<tr>
<td>Part CZ</td>
<td>Distribution Revenue Adjustment Mechanism</td>
<td>25368,25400-E (T)</td>
</tr>
<tr>
<td>Part DA</td>
<td>Public Purpose Program Revenue Adjustment Mechanism</td>
<td>25369-E</td>
</tr>
<tr>
<td>Part DB</td>
<td>Nuclear Decommissioning Adjustment Mechanism</td>
<td>25370-E</td>
</tr>
<tr>
<td>Part DC</td>
<td>Not Being Used</td>
<td></td>
</tr>
<tr>
<td>Part DD</td>
<td>Regulatory Asset Tax Balancing Account</td>
<td>21498-E</td>
</tr>
<tr>
<td>Part DE</td>
<td>Headroom Account</td>
<td>21122-E</td>
</tr>
<tr>
<td>Part DF</td>
<td>Electric Reimbursable Fees Balancing Account</td>
<td>22722-E</td>
</tr>
<tr>
<td>Part DG</td>
<td>DWR Power Charge Balancing Account</td>
<td>23266-E</td>
</tr>
<tr>
<td>Part DH</td>
<td>Electric Credit Facilities Fees Tracking Account</td>
<td>21125-E</td>
</tr>
<tr>
<td>Part DI</td>
<td>Procurement Energy Efficiency Balancing Account</td>
<td>25023-E</td>
</tr>
</tbody>
</table>

(Continued)
### TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>CAL P.U.C. SHEET NO.</th>
<th>Title</th>
</tr>
</thead>
</table>
| 8285-E              | Advice Letter No. 2920-E
|                     | Pacific Gas and Electric Company
|                     | San Francisco, California

<table>
<thead>
<tr>
<th>Rate Schedules</th>
<th>CAL P.U.C. SHEET NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>25402,25236,24961,25237-E</td>
<td>Revised Cal. P.U.C. Sheet No. 25402-E</td>
</tr>
<tr>
<td>25399,25025,25401,24307-E</td>
<td>Revised Cal. P.U.C. Sheet No. 25398-E</td>
</tr>
<tr>
<td>25154-E</td>
<td>Revised Cal. P.U.C. Sheet No. 25154-E</td>
</tr>
<tr>
<td>23053-E</td>
<td>Revised Cal. P.U.C. Sheet No. 23053-E</td>
</tr>
</tbody>
</table>

### RATE SCHEDULES

<table>
<thead>
<tr>
<th>SCHEDULE</th>
<th>TITLE OF SHEET</th>
<th>CAL P.U.C. SHEET NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-1</td>
<td>Residential Service ..................................</td>
<td>24768,24769,24770,19910,24771,24772-E</td>
</tr>
<tr>
<td>E-2</td>
<td>Experimental Residential Time-of-Use Service</td>
<td></td>
</tr>
<tr>
<td>E-3</td>
<td>Experimental Residential Critical Peak Pricing Service</td>
<td>24773,24774,24775,24776,24087,24777,24089,24778,23082,22501,21243,24779,22437,24780-E</td>
</tr>
<tr>
<td>EE</td>
<td>Service to Company Employees</td>
<td>24091-E</td>
</tr>
<tr>
<td>EM</td>
<td>Master-Metered Multifamily Service</td>
<td>24781,24782,24783,20648,24784,24785-E</td>
</tr>
<tr>
<td>ES</td>
<td>Multifamily Service</td>
<td>24786,24787,24788,23640,24789,24790-E</td>
</tr>
<tr>
<td>ESR</td>
<td>Residential RV Park and Residential Marina Service</td>
<td>24791,24792,24793,20657,24794,24795-E</td>
</tr>
<tr>
<td>ET</td>
<td>Mobilehome Park Service</td>
<td>24796,24797,24798,24799,24800-E</td>
</tr>
<tr>
<td>E-6</td>
<td>Residential Time-of-Use Service</td>
<td>24801,24802,24803,24804,24805,24806-E</td>
</tr>
<tr>
<td>E-7</td>
<td>Residential Time-of-Use Service</td>
<td>24808,24809,24810,24811,24344,24812-E</td>
</tr>
<tr>
<td>E-A7</td>
<td>Experimental Residential Alternate Peak Time-of-Use Service</td>
<td>21274,24813,24814,24815,24812-E</td>
</tr>
<tr>
<td>E-8</td>
<td>Residential Seasonal Service Option</td>
<td>24817,24818,24546,24819-E</td>
</tr>
<tr>
<td>E-9</td>
<td>Experimental Residential Time-of-Use for Low Emission Vehicle Customers</td>
<td>24820,24821,24822,24823,24824,24825,21289,24826,24827-E</td>
</tr>
<tr>
<td>EL-1</td>
<td>Residential CARE Program Service</td>
<td>24118,24828,24829,24348,24830-E</td>
</tr>
<tr>
<td>EML</td>
<td>Master-Metered Multifamily CARE Program Service</td>
<td>24349,24667,21299,24123,22170-E</td>
</tr>
<tr>
<td>ESL</td>
<td>Multifamily CARE Program Service</td>
<td>24668,24669,21598,24351,24352,21307-E</td>
</tr>
<tr>
<td>ESLR</td>
<td>Residential RV Park and Residential Marina CARE Program Service</td>
<td>24670,24671,21599,24353,24354,21313-E</td>
</tr>
<tr>
<td>ETL</td>
<td>Mobilehome Park CARE Program Service</td>
<td>24672,24673,21600,22180,24355,21318-E</td>
</tr>
<tr>
<td>EL-6</td>
<td>Residential CARE Program Time-of-Use Service</td>
<td>24849,24850,24851,24852,24853,24854-E</td>
</tr>
<tr>
<td>EL-7</td>
<td>Residential CARE Program Time-of-Use Service</td>
<td>21320,24133,24674,21601,24356,21325-E</td>
</tr>
<tr>
<td>EL-A7</td>
<td>Experimental Residential CARE Program Alternate Peak Time-of-Use Service</td>
<td>21326,24357,24675,19735,24358,21330-E</td>
</tr>
<tr>
<td>EL-8</td>
<td>Residential Seasonal CARE Program Service Option</td>
<td>24359,24676,24360,22190-E</td>
</tr>
<tr>
<td>E-FERA</td>
<td>Family Electric Rate Assistance</td>
<td>23963,24996,21643-E</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SCHEDULE</th>
<th>TITLE OF SHEET</th>
<th>CAL P.U.C. SHEET NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-1</td>
<td>Small General Service</td>
<td>24677,24678,24361,24362,21339-E</td>
</tr>
<tr>
<td>A-6</td>
<td>Small General Time-of-Use Service</td>
<td>22755,23445,24679,24680,21343,24363,21345-E</td>
</tr>
<tr>
<td>A-10</td>
<td>Medium General Demand-Metered Service</td>
<td>24148,24681,24682,24683,24684,22757,22874,24364,24365,21354,21355-E</td>
</tr>
<tr>
<td>A-15</td>
<td>Direct-Current General Service</td>
<td>24685,24686,24366,24157-E</td>
</tr>
</tbody>
</table>

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

ABAG Power Pool
Accent Energy
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Elsesser
Ancillary Services Coalition
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.
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
Dynegy Inc.
Ellison Schneider
Energy Law Group LLP
Energy Management Services, LLC
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, Schlott & 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
Luce, Forward, Hamilton & Scripps
Manatt, Phelps & Phillips
Marcus, David
Matthew V. Brady & Associates
Maynor, Donald H.
MBMC, Inc.
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
Northern California Power Agency
Office of Energy Assessments
OnGrid Solar
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
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

25-Oct-06