November 14, 2006

Advice 2933-E  
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Schedule AG-ICE 1.5 Percent Annual Escalation in Compliance with D.05-06-016

Pacific Gas and Electric Company (PG&E) hereby submits for filing proposed revisions to Schedule AG-ICE – Agricultural Internal Combustion Engine Conversion Incentive Rate. PG&E proposes to revise Schedule AG-ICE unbundled rate components to comply with the 1.5 percent annual increase to Schedule AG-ICE total average rates adopted in Decision (D.) 05-06-016. The affected tariff sheets in draft form are listed on the enclosed Attachment I.

Purpose

Conclusion of Law No. 2 of D.05-06-016 states the following:

“2. The provision in the Joint Settlement that the initial rate of $0.07539 per kWh shall escalate at a rate of 1.5% per year during the 10 years these incentive rates are in effect, is reasonable and should be approved.” (D.05-06-016, page 38.)

Accordingly, the purpose of this filing is to request Commission approval to revise the unbundled generation components of Schedule AG-ICE total rates to comply with D.05-06-016. PG&E proposes no revision to the unbundled distribution components of Schedule AG-ICE.

Schedule AG-ICE first took effect August 1, 2005. To date, PG&E has exclusively used generation energy charge revisions to maintain constant total rates throughout the calendar year, and to achieve the 1.5 percent annual escalation on
January 1. \(^1\) PG&E proposes to similarly use generation energy charge revisions on January 1, 2007, to achieve the Schedule AG-ICE 1.5 percent annual escalation. This provides a more direct offset to other revisions to rate components, including Transmission, Reliability Services (RS), Public Purpose Program (PPP), Nuclear Decommissioning (ND), Competition Transition Charges (CTC), Energy Cost Recovery Amount (ECRA), and Department of Water Resources (DWR) Bond Charge.

However, PG&E does not intend that this proposed approach for January 1, 2007 serve as a precedent. In future years, PG&E wishes to preserve the flexibility to achieve the 1.5 percent annual increase through either distribution or generation demand charge or energy charge component revisions, or through some combination thereof, as appropriate after non-generation and non-distribution revisions are considered.

Current Schedule AG-ICE program statistics for the end of October 2006 indicate that 1,480 customer applications have been received since the program’s inception. Of the $27.5 million in total program capital funding allowed, approximately $13.4 million has been granted in regular and additional line extension allowances on approved job estimates, and $22.8 million in total when preliminary estimates for pending applications are considered.

**Tariff Revisions**

Attachment I reflects the proposed revisions to Schedule AG-ICE rate components. Schedule AG-ICE non-generation and non-distribution rate components reflect those filed for Schedule AG-5B in Table 4, Illustrative Case 1, on September 1, 2006 in PG&E’s Annual Electric True-Up (AET) Advice 2895-E for rates effective January 1, 2007. Schedule AG-ICE distribution rate components remain at current levels, and generation energy charges are revised on a residual basis as needed to achieve the mandated 1.5 percent escalation in the total annual average rate for Schedule AG-ICE.

The attached Schedule AG-ICE rate changes are not necessarily the final result, and therefore are provided in draft form, as PG&E plans to supplement and update AET Advice 2895-E in late December to reflect recorded November 30 balancing account amounts and the AET Commission Resolution expected no later than December 14, 2006. At that time, this Schedule AG-ICE advice letter will also be supplemented and updated accordingly to reflect final AET Schedule AG-5B non-generation energy charge revisions, and to finalize the offsetting increase to the generation portion of energy charges necessary to yield the mandated 1.5 percent Schedule AG-ICE total average rate increase.

---

\(^1\) Advice 2738-E and 2738-E-A were approved by the Commission to establish the 1.5 percent annual increase to total Schedule AG-ICE rates on January 1, 2006.
Protests
Anyone wishing to protest this filing may do so by sending a letter by Monday December 4, 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
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: jnj@cpuc.ca.gov and mas@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 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.

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
PG&E requests this advice letter be approved effective January 1, 2007, but that the Energy Division provides approval no later than December 14, 2006, which is the regular notice period – 30 days from 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 for A.04-11-007. 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: Service List A.04-11-007
Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39)**

<table>
<thead>
<tr>
<th>Utility type:</th>
<th>Contact Person: <strong>Bernard Lam</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ ELC ☑ GAS</td>
<td>Phone #: <strong>(415) 973-4878</strong></td>
</tr>
<tr>
<td>☐ PLC ☐ HEAT ☐ WATER</td>
<td>E-mail: <strong><a href="mailto:bxlc@pge.com">bxlc@pge.com</a></strong></td>
</tr>
</tbody>
</table>

**EXPLANATION OF UTILITY TYPE**

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

Advice Letter (AL) #: **2933-E**

Subject of AL: **Schedule AG-ICE 1.5 Percent Annual Escalation in Compliance with D.05-06-016**

Keywords (choose from CPUC listing): Compliance Filing; Agricultural.

AL filing type: ☑ Monthly ☐ Quarterly ☑ Annual ☐ One-Time ☐ Other ______________________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **D.05-06-016**

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: **January 1, 2007**  
No. of tariff sheets: **2 Draft**

Estimated system annual revenue effect (%): **To Be Determined**

Estimated system average rate effect (%): **1.5% increase for participants**

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: **Rate Schedule AG-ICE**

Service affected and changes proposed: **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**
Tariff Files, Room 4005
DMS Branch
505 Van Ness Ave.,
San Francisco, CA 94102
jnj@cpuc.ca.gov and mas@cpuc.ca.gov

**Pacific Gas and Electric Company**
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 of Sheet</th>
<th>Cancelling Cal P.U.C. Sheet No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draft</td>
<td>Schedule AG-ICE--Agricultural Internal Combustion Engine Conversion Incentive Rate</td>
<td>24287-E</td>
</tr>
<tr>
<td>Draft</td>
<td>Schedule AG-ICE (Cont.)</td>
<td>25332-E</td>
</tr>
</tbody>
</table>
SCHEDULE AG-ICE—AGRICULTURAL INTERNAL COMBUSTION ENGINE CONVERSION INCENTIVE RATE

(Continued)

RATES: Total bundled service charges are calculated using the total rates shown below.

### TOTAL RATES

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Customer/Meter Charge Rates</strong></td>
<td></td>
<td>$1.31417</td>
</tr>
<tr>
<td>Customer Charge ($ per meter per day)</td>
<td></td>
<td>$1.31417</td>
</tr>
<tr>
<td>TOU Meter Charge ($ per meter per day)</td>
<td></td>
<td>$0.19713</td>
</tr>
<tr>
<td><strong>Total Demand Rates ($ per kW)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary</td>
<td>Maximum Peak Demand Summer</td>
<td>$0.41</td>
</tr>
<tr>
<td></td>
<td>Maximum Demand Summer</td>
<td>$1.43</td>
</tr>
<tr>
<td></td>
<td>Maximum Demand Winter</td>
<td>$0.00</td>
</tr>
<tr>
<td>Primary</td>
<td>Maximum Peak Demand Summer</td>
<td>$0.41</td>
</tr>
<tr>
<td></td>
<td>Maximum Demand Summer</td>
<td>$1.40</td>
</tr>
<tr>
<td></td>
<td>Maximum Demand Winter</td>
<td>$0.00</td>
</tr>
<tr>
<td>Transmission</td>
<td>Maximum Peak Demand Summer</td>
<td>$0.41</td>
</tr>
<tr>
<td></td>
<td>Maximum Demand Summer</td>
<td>$0.45</td>
</tr>
<tr>
<td></td>
<td>Maximum Demand Winter</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Total Energy Rates ($ per kWh)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peak Summer</td>
<td></td>
<td>$0.12574 (I)</td>
</tr>
<tr>
<td>Part-Peak Summer</td>
<td></td>
<td>$0.09781</td>
</tr>
<tr>
<td>Off-Peak Summer</td>
<td></td>
<td>$0.04956</td>
</tr>
<tr>
<td>Part-Peak Winter</td>
<td></td>
<td>$0.10035</td>
</tr>
<tr>
<td>Off-Peak Winter</td>
<td></td>
<td>$0.04956 (I)</td>
</tr>
</tbody>
</table>
### SCHEDULE AG-ICE—AGRICULTURAL INTERNAL COMBUSTION ENGINE CONVERSION INCENTIVE RATE

(Continued)

#### UNBUNDLING OF TOTAL RATES

(Cont’d.)

Energy Rates by Component ($ per kWh)

<table>
<thead>
<tr>
<th>Component</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Generation:</strong></td>
<td></td>
</tr>
<tr>
<td>Peak Summer</td>
<td>$0.10113</td>
</tr>
<tr>
<td>Part-Peak Summer</td>
<td>$0.07320</td>
</tr>
<tr>
<td>Off-Peak Summer</td>
<td>$0.02495</td>
</tr>
<tr>
<td>Part-Peak Winter</td>
<td>$0.07574</td>
</tr>
<tr>
<td>Off-Peak Winter</td>
<td>$0.02495</td>
</tr>
<tr>
<td><strong>Transmission</strong></td>
<td>$0.00537</td>
</tr>
<tr>
<td><strong>Transmission Rate Adjustments</strong></td>
<td>($0.00025)</td>
</tr>
<tr>
<td><strong>Reliability Services</strong></td>
<td>$0.00197</td>
</tr>
<tr>
<td><strong>Public Purpose Programs</strong></td>
<td>$0.00598</td>
</tr>
<tr>
<td><strong>Nuclear Decommissioning</strong></td>
<td>$0.00027</td>
</tr>
<tr>
<td><strong>Competition Transition Charges</strong></td>
<td>$0.00378</td>
</tr>
<tr>
<td><strong>Energy Cost Recovery Amount</strong></td>
<td>$0.00277</td>
</tr>
<tr>
<td><strong>DWR Bond Charge</strong></td>
<td>$0.00472</td>
</tr>
</tbody>
</table>

* Transmission, Transmission Rate Adjustments, and Reliability Service charges are combined for presentation on customer bills.

---

Advice Letter No. 2933-E

Issued by Brian Cherry

Date Filed November 14, 2006

Decision No. 105114

Effective November 14, 2006

Resolution No.
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, 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
Luce, Forward, Hamilton & Scripps
Manatt, Phelps & Phillips
Marcus, David
Mathew 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
North Coast Solar Resources
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