

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



February 6, 2007

Advice Letter 2967-E

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

Subject: Consolidation of Subaccounts in the Modified Transition Cost Balancing Account (MTCBA) for Bundled and Direct Access, Municipal Departing Load, and Customer Generation Departing Load in Compliance with D. 06-12-018

Dear Ms. de la Torre:

Advice Letter 2967-E is effective January 1, 2007. A copy of the advice letter is returned herewith for your records.

Sincerely,

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

Sean H. Gallagher, Director  
Energy Division

RECEIVED  
REGULATORY RELATIONS DEPARTMENT

FEB 21 2007



**Brian K. Cherry**  
Vice President  
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  
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January 9, 2007

**Advice 2967-E**

(Pacific Gas and Electric Company ID U 39E)

Public Utilities Commission of the State of California

**Subject:** **Consolidation of Subaccounts in the Modified Transition Cost Balancing Account (MTCBA) for Bundled and Direct Access, Municipal Departing Load, and Customer Generation Departing Load in Compliance with Decision 06-12-018**

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**

Pacific Gas and Electric Company (PG&E) hereby submits this advice letter in compliance with Decision (D.) 06-12-018, *Opinion Approving Pacific Gas and Electric Company's 2007 Energy Resource Recovery Account (ERRA) Forecast*. PG&E requests that the Commission approve the consolidation of subaccounts in the Modified Transition Cost Balancing Account (MTCBA) for bundled and direct access customers (DA), municipal departing load (MDL), and customer generation departing load (CGDL) as directed in Ordering Paragraph (OP) 7 of D.06-12-018. PG&E also requests that the Commission approve the elimination of entries equal to PG&E's recorded employee transition costs for utility personnel affected by electric industry restructuring and the elimination of the reference to the one time debit entry equal to the balance in the Electric Restructuring Cost Account (ERCA).

**Background**

PG&E requested in the 2005 ERRA forecast proceeding, Application (A.) 04-06-003 to establish MTCBA subaccounts, which was approved in D.05-02-040. The MTCBA subaccounts stemmed from the application of different ongoing Competition Transition Charge (CTC) revenue requirement calculation methodologies to different customer groups, bundled and DA customers versus

departing load (DL) customers. With the adoption in D.05-12-045 in PG&E's 2006 ERRA Forecast proceeding of a single ongoing CTC revenue requirement "statutory" calculation methodology applying to all customers, PG&E proposed in the 2007 ERRA Forecast proceeding that there is no longer a need to retain separate balancing account balances.

In D.06-12-018 in PG&E's 2007 ERRA Forecast proceeding, the Commission adopted PG&E's proposal and ordered PG&E to consolidate the Bundled/DA, MDL and CGDL subaccounts in the MTCBA. Consolidation of these three aforementioned subaccounts establishes a single revenue requirement calculation methodology for ongoing CTC based on one MTCBA balance. Amortization of the MTCBA balance will be evenly spread to all customers obligated to pay ongoing CTC, contributing to rate design simplification and increasing the uniformity of the CTC charge.

In D.97-06-060, PG&E was authorized to recover employee transition costs for utility personnel affected by electric industry restructuring through December 2006. As this time period has expired, PG&E may no longer recover these employee transition costs via the MTCBA.

On December 30, 2004, PG&E filed a supplement to its 2005 Annual Electric True-Up (AET), Advice 2570-E, which consolidated the \$80 million ERCA settlement amount with other authorized revenue requirement changes to be implemented in rates beginning January 1, 2005. By the end of 2005, PG&E forecasted the ERCA subaccount to be substantively amortized. As a result, PG&E filed Advice 2811-E, which was approved on April 27, 2006, to eliminate the ERCA subaccount and transfer the remaining balance to the bundled and DA subaccount of the MTCBA to recover in bundled and DA CTC rates.

### **Tariff Revisions**

In D.06-12-018, the Commission adopted PG&E's proposal to consolidate the MTCBA subaccounts. PG&E modifies the MTCBA to eliminate the bundled and DA, customer generation departing load, and municipal departing load ongoing CTC subaccounts. This advice letter addresses only the language changes to the MTCBA necessary to comply with D.06-12-018. Changes to ongoing CTC rates in compliance with D.06-12-018 were filed in PG&E's Supplemental Annual Electric True-Up (AET) Advice 2895-E-A filed on December 28, 2006.

PG&E also requests that the Commission approve modifications to the MTCBA to eliminate the ability to make debit entries equal to PG&E's recorded employee transition costs for utility personnel affected by electric industry restructuring. The ability to recover these employee transition costs, pursuant to D.97-06-060, Finding of Fact 4 and 24 and Conclusion of Law 4 and 17, expired in December 2006, and all such costs have previously been recovered.

In addition, PG&E proposes to delete the reference to the one time debit entry equal to the balance in the Electric Restructuring Cost Account (ERCA) currently in paragraph 5.a.(6) of Electric Preliminary Statement CQ. This one-time debit entry has been made and is no longer applicable.

Lastly, certain current tariff language regarding a credit entry equal to negative above-market costs applied to positive above-market costs in the Negative Ongoing Competition Transition Charge Memorandum Account (NOCTCMA) was inadvertently included in Electric Preliminary Statement CQ, for a provision which is not current and effective. PG&E is removing this reference until the Commission approves this provision in pending Advice Letter 2779-E.

### **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 **January 29, 2007**, which is 20 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](mailto:jnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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 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

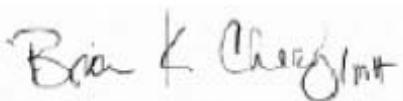
Facsimile: (415) 973-7226  
E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

**Effective Date**

In compliance with D.06-12-018, PG&E requests that Advice 2967-E be approved effective **January 1, 2007**.

**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 parties on the service lists for Application 06-06-001**. 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 Lists for A.06-06-001

# 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:	Contact Person: <u>Megan Hughes</u>
<input checked="" type="checkbox"/> ELC <input checked="" type="checkbox"/> GAS	Phone #: <u>(415) 973-1877</u>
<input type="checkbox"/> PLC <input type="checkbox"/> HEAT <input type="checkbox"/> WATER	E-mail: <u>MEHr@pge.com</u>

### EXPLANATION OF UTILITY TYPE

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

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **2967-E**

Subject of AL: Consolidation of Subaccounts in the Modified Transition Cost Balancing Account (MTCBA) for Bundled and Direct Access, Municipal Departing Load, and Customer Generation Departing Load in Compliance with Decision 06-12-018

Keywords (choose from CPUC listing): Balancing Account

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 AL<sup>1</sup>:

Resolution Required?  Yes  No

Requested effective date: January 1, 2007

No. of tariff sheets: 4

Estimated system annual revenue effect: (%):

Estimated system average rate effect (%):

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: Electric Preliminary Statement CQ

Service affected and changes proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets: Advice 2779-E

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  
[jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

Utility Info (including e-mail)  
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](mailto:PGETariffs@pge.com)

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT 1**  
**Advice 2967-E**

<b>Cal P.U.C. Sheet No.</b>	<b>Title of Sheet</b>	<b>Cancelling Cal P.U.C. Sheet No.</b>
25896-E	Preliminary Statement Part CQ--Modified Transition Cost Balancing Account	24756-E
25897-E	Preliminary Statement Part CQ (Cont.)	24757-E
25898-E	Table of Contents -- Preliminary Statements	24751-E
25899-E	Table of Contents -- Title Page	25658-E
DELETE	Preliminary Statement Part CQ (Cont.)	24328-E
DELETE	Preliminary Statement Part CQ (Cont.)	24329-E
DELETE	Preliminary Statement Part CQ (Cont.)	24758-E



PRELIMINARY STATEMENT  
(Continued)

CQ. MODIFIED TRANSITION COST BALANCING ACCOUNT (MTCBA)

1. PURPOSE: The purpose of the MTCBA is to record ongoing transition costs associated with procurement (Decisions (D.) 02-11-022, 03-04-030 and 03-07-028), and other costs as authorized by the Commission as defined by the Public Utilities Code Section 367(a)(1)-(6), known as the statutory method. Pursuant to D.06-12-018 PG&E is authorized to consolidate the ongoing CTC subaccounts for bundled and direct access customers (DA), municipal departing load (MDL), and customer generation departing load (CGDL). (T) | | (N) | | (N) (T) (D)
2. APPLICABILITY: The MTCBA shall apply to all rate schedules and contracts for electric service subject to the jurisdiction of the Commission, except for those rate schedules and contracts specifically excluded by the Commission. (D)
3. REVISION DATE: Disposition of amounts in this account shall be determined through the advice letter process. (D)
4. RATE: The MTCBA rates are referred to as Competition Transition Charge rates and are set forth in each electric rate schedule. The CTC rates are composed of the ongoing CTC rates using the statutory method, applicable to bundled, DA, and DL customers. (D)
5. ACCOUNTING PROCEDURE: PG&E shall make entries to the MTCBA at the end of each month as follows:
  - a. A credit entry equal to the revenue from the ongoing CTC rate component from bundled, DA, MDL, and CGDL customers during the month; excluding the allowance for Franchise Fees and Uncollectible (FF&U) Accounts expense. (D)
  - b. A debit entry equal to bundled, DA, MDL, and CGDL customers' share of costs associated with any buy-out, buy-down, renegotiation, or termination of Qualifying Facility (QF) contracts and settlements or judgments related to QF power purchase agreements. (T) | (T)

(Continued)



PRELIMINARY STATEMENT  
(Continued)

CQ. MODIFIED TRANSITION COST BALANCING ACCOUNT (MTCBA)

5. ACCOUNTING PROCEDURE: (Cont'd.)

- c. A debit entry equal to bundled, DA, MDL, and CGDL customers' share of ten percent of the total net-present-value of the ratepayer benefits from a restructured QF contract, at the time the restructured contract is signed. (T)
- d. A debit or credit entry equal to bundled, DA, MDL, and CGDL customers' share upon Commission approval of a restructured contract to true-up for any difference between the initial net present value (Item 5.c above), and the final Commission-approved net present value of the restructured QF contract. (T)
- e. A credit entry equal to bundled, DA, MDL, and CGDL customers' share of the revenue received from the sale of excess sulfur dioxide emission credits, less reasonably incurred sales costs not already recovered in rates (D.97-11-074, Section 11.7.3). (T)

The following entry reflects the ongoing CTC costs associated with PG&E's procurement portfolio from the Energy Resource Recovery Account (ERRA) for recovery in this account: (D)

- f. A debit entry equal to the above-market costs for ongoing CTC associated with QF obligations and PPA obligations, above the market benchmark currently adopted by the Commission. (T)
- g. An entry equal to the interest on the average balance of the account at the beginning of the month and the balance after the entries 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. (D)

(L)

(D)

(Continued)

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Part CD	Kern Restoration and Operation Memorandum Account.....	18509-E
Part CE	Baseline Balancing Account.....	23410-23411-E
Part CF	Net Energy Metering Memorandum Account .....	18831-E
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Part CQ	Modified Transition Cost Balancing Account.....	<b>25896-25897-E</b>
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(T)

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## PG&E Gas and Electric Advice

### Filing List

#### General Order 96-A, Section III(G)

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