

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 3, 2007

Advice Letter 3014-E

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas & Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Subject: Implementation of Electric Rate Changes Resulting from D. 07-03-044 in
Phase 1 of PG&E's 2007 General Rate Case

Dear Mr. Cherry:

Advice Letter 3014-E is effective June 1, 2007. Schedule E-FFS is effective June 1, 2007. The other tariff sheets filed in Advice Letter 3014-E are effective May 1, 2007.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division

Brian K. Cherry
Vice President
Regulatory Relations

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March 23, 2007

Advice 3014-E
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Implementation of Electric Rate Changes Resulting from Decision
07-03-044 in Phase 1 of PG&E's 2007 General Rate Case

Background:

Ordering Paragraph 3 of Decision (D.) 07-03-044 requires that Pacific Gas and Electric Company (PG&E) file an advice letter within 10 days to provide "revised tariff sheets to implement (i) the revenue requirement authorized by this Order, and (ii) all accounting procedures, fees, and charges authorized by this order that are not addressed in the other advice letters required by this Order." This advice letter complies with this aspect of Ordering Paragraph 3 as it relates to electric rates and ratemaking.

Revenue Requirement:

Ordering Paragraph 2 of D.07-03-044 authorizes the electric revenue requirements for 2007. Since the values of the authorized electric revenue requirements are not listed in PG&E's electric preliminary statements, no revisions to tariffs have been provided in this advice letter. However, amounts authorized by this decision for 2007 are listed below. Note that these authorized base revenue amounts as presented in Appendix B to the settlement agreement and detailed in Appendix G, include an authorized generation revenue increase of \$39.456 million and a corresponding authorized distribution revenue decrease of the same amount to reflect the transfer for recovery in rates of the electric procurement administration function from electric distribution to electric generation. Before D.07-03-044, the cost of this function was recovered in electric distribution rates.

2007 electric distribution authorized base revenue amount: \$2,869,974,000

2007 electric generation authorized base revenue amount: \$1,009,635,000

Electric Rates:

No changes to electric rates are required as a result of D.07-03-044. Beginning January 1, 2007 (Advice 2895-E-A, Resolution E-4032), and continuing through PG&E's rate change effective March 1, 2007 (Advice 2975-E-A), the Commission has allowed PG&E to hold revenues constant in anticipation of the rate change resulting from Phase 1 of the 2007 General Rate Case (GRC). By holding revenues constant, the Commission prevented rates from going down only to go back up a short number of months later. In addition, this approach has avoided a large revenue under collection, which would have been made up by a steeper increase in rates later, since the revenue requirement for 2007 as adopted in D.07-03-044 is effective on January 1, 2007.

As captured in Advice 2975-E-A, effective March 1, 2007, PG&E reduced electric rates by approximately \$27 million implementing authorized changes in the following revenue requirements: 1) Transmission Owner 9 (an increase of \$114 million); 2) the Transmission Access Charge Balancing Account Adjustment (a decrease of \$27 million); 3) the 2007 nuclear decommissioning revenue requirement (a decrease of \$3 million); and 4) an increase in distribution and generation revenue to continue to hold revenues constant related to the settlement in GRC Phase 1 of \$192 million.¹ The increase of \$192 million is required to collect the authorized revenue requirements described above.

Change in Revenue As Authorized by the 2007 GRC
Millions of Dollars (Adjusted for Transfer)

| | Pre-existing Revenue Requirement | Adopted Revenue Requirement | Change |
|--------------|--|--------------------------------|---------|
| Distribution | \$2,687.4 | \$2,870.0 | \$182.6 |
| Generation | \$1000.0 | \$1,009.6 | \$ 9.6 |
| Total | \$3,687.4 | \$3,879.6 | \$192.2 |

Accordingly, no further change to electric rates is required to collect the authorized revenue from Phase 1 of the 2007 GRC.

¹ As approved by Resolution E-4032, in its December 28, 2006, Advice 2895-E-A, PG&E proposed to hold total electric revenues constant by increasing distribution revenues by \$303 million to avoid a rate "roller coaster" that could have occurred had PG&E temporarily lowered rates on January 1, 2007 only to raise them on March 1, 2007 when PG&E's pending 2007 GRC and TO9 cases were expected to be approved. Added together (114 – 27 – 3 + 192 – 303 = -27), these result in the net \$27 million March 1 decrease mentioned above.

Rate Schedule Changes:

PG&E includes changes to one electric rate schedule, necessary as part of implementing D.07-03-044. Specifically, PG&E must revise Schedule E-FFS – *Franchise Fee Surcharge* to implement a revised allowance for franchise fees applicable to direct access and community choice aggregation customers. The franchise fee factor is calculated using the adopted franchise fees and the adopted revenues in Appendix G to the settlement. The franchise fee factor increases from its current level of **0.7586** percent to **0.7647** percent. In addition, PG&E corrected a reference in Schedule E-FFS to include a community choice aggregation which was inadvertently omitted from a previous tariff change. The revised tariff page is shown as Attachment I. No other changes to electric rate schedules are required. PG&E will implement this change on a prospective basis only effective **May 1, 2007**, with the electric rate seasonal crossover.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **April 12, 2007**, 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 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:

PG&E requests that the tariff change to rate schedule E-FFS become effective on **May 1, 2007**, as proposed above.

Notice:

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter excluding the confidential appendices and the confidentiality declaration are being sent electronically and via U.S. mail to parties shown on the attached list and the service list for A.05-12-002. 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.05-12-002

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 (ID U39)**

Utility type: Contact Person: Bernard Lam
 ELC GAS Phone #: (415) 973-4878
 PLC HEAT WATER E-mail: bclc@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) #: **3014-E**

Subject of AL: Implementation of Electric Rate Changes Resulting from Decision 07-03-044 in Phase 1 of PG&E's 2007 General Rate Case

Keywords (choose from CPUC listing): Balancing Account, Franchise Fee/User Tax, GRC/General Rate Case

AL filing type: Monthly Quarterly Annual One-Time Other _____

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

D.07-03-044

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 AL¹: _____

Resolution Required? Yes No

Requested effective date: May 1, 2007 for tariff changes to E-FFS 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: Electric Rate Schedule E-FFS

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
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
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.

ATTACHMENT 1
Advice 3014-E

| Cal P.U.C. Sheet No. | Title of Sheet | Cancelling Cal P.U.C. Sheet No. |
|---------------------------------|---|---|
| 26228-E | Schedule E-FFS--Franchise Fee Surcharge | 23004-E |
| 26229-E | Table of Contents -- Rate Schedules | 25709-E |
| 26230-E | Table of Contents -- Title Page | 25712-E |



SCHEDULE E-FFS—FRANCHISE FEE SURCHARGE

APPLICABILITY: Pursuant to California Public Utilities Code Sections 6350-6354, this schedule applies to all electric volumes procured by Customers from third-party entities and transported by PG&E with the following exceptions:

- a. The State of California or a political subdivision thereof;
- b. A utility transporting electricity for end use in its Commission-designated service area through another utility's service area;
- c. A utility consuming electricity transmitted through its own electric transmission and distribution system for purposes of generating electricity or for use in its own operations; and
- d. A cogeneration or nonutility generation facility when the facility transports electricity through its own electric transmission or distribution system or otherwise delivers electricity in the manner described in Section 218 of the Public Utilities Code.

TERRITORY: Schedule E-FFS applies everywhere PG&E provides electric service as shown in Preliminary Statement, Part A.

RATES: Pursuant to Public Utilities Code Sections 6350-6354, an Electric Franchise Fee Surcharge shall be charged to all direct access and Community Choice Aggregation electric service customers, unless otherwise exempted.

The franchise fee surcharge shall equal the product of the Franchise Fee Factor adopted in PG&E's most recent General Rate Case and the portion of the otherwise applicable utility rate or charge which is removed from the bill of a retail electric customer who has elected direct access or Community Choice Aggregation. The adopted Franchise Fee Factor is 0.007647.

(T)
(T)



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| E-ESP | Services to Energy Service Providers..... | 16109, 15828-15830, 16221-E |
| E-ESPNDSF | Energy Service Provider Non-Discretionary Service Fees..... | 16535-16536-E |
| E-EUS | End User Services | 19750, 14853, 19751-E |
| DA-CRS | Direct Access Cost Responsibility Surcharge | 25133, 25509, 25616-E |

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| E-CCA | Services to Community Choice Aggregators..... | 25510-25517-E |
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PG&E Gas and Electric Advice

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General Order 96-A, Section III(G)

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