

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 6, 2007

Advice Letter 3118-E

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

Subject: Request for Recovery of Costs Associated with the
2005 Demand Response Programs in the Advanced
Metering and Demand Response Account

Dear Mr. Cherry:

Advice Letter 3118-E is effective October 7, 2007.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

415.973.4977
Fax: 415.973.7226

September 7, 2007

**Advice 3118-E
(Pacific Gas and Electric Company ID U 39 M)**

Public Utilities Commission of the State of California

Subject: Request for Recovery of Costs Associated with the 2005 Demand Response Programs in the Advanced Metering and Demand Response Account

Purpose

Pursuant to Decision (D.) 05-01-056, PG&E is requesting review of costs associated with the 2005 Demand Response Programs in the Advanced Metering and Demand Response Account (AMDRA) and a determination that the costs recorded are consistent with the cost categories adopted in D.05-09-044.

Upon verification, PG&E requests the disposition of the balance, including any accrued interest, through the Distribution Revenue Adjustment Mechanism (DRAM), consistent with the AMDRA preliminary statement.

The detailed cost worksheet for the AMDRA is in Attachment A.

Background

On June 8, 2007, PG&E filed Advice Letter (AL) 3063-E to revise the Demand Response Expenditures Balancing Account (DREBA) and the Advanced Metering Demand Response Account (AMDRA) to correct an error made in AL 2804-E, which created the DREBA.

The DREBA contained an accounting procedure which permitted a transfer of Demand Response (DR) costs recorded in the AMDRA after December 31, 2005. This accounting procedure was included in the DREBA because pursuant to D.05-11-009, PG&E's DR Programs were operating under bridge funding in the first quarter of 2006, until a settlement for 2006 – 2008 DR Programs and budgets was completed among the parties and approved by the Commission. Until the DREBA was created, PG&E recorded the costs associated with this bridge funding in the AMDRA. Once AL 2804-E was approved, PG&E transferred the DR expenses recorded in the AMDRA after December 31, 2005 to the DREBA. However, some DR costs recorded in the AMDRA (and

transferred to the DREBA) after this date were in fact related to 2005 DR Programs.

Therefore, PG&E filed AL 3063-E to revise the DREBA to clarify that only expenses associated with 2006 – 2008 DR programs approved in D.06-03-024 and D.06-11-049, as well as the development of 2009-2011 DR portfolio, are to be recorded in the DREBA. PG&E also revised the AMDRA to again allow authorized 2005 DR expenses to be recorded in that account consistent with authority previously granted in D.05-01-056. The Commission approved AL 3063-E on July 16, 2007. Subsequently, PG&E transferred the costs associated with 2005 DR Programs, plus accrued interest, back into the AMDRA.

Explanation of Contents in Account and Attachment

AMDRA (Attachment A)

The AMDRA account balance shown in Attachment A includes the following for the period January 1, 2006 through August 31, 2007:

(1) The costs associated with 2005 Demand Response Programs.

PG&E seeks final disposition of \$1,190,279.54, plus any accrued interest, through DRAM.

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 **September 27, 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: jj@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 the Commission approve this advice letter upon regular notice, **October 7, 2007**, which is 30 days from the date of this filing. PG&E's request is for a specific finding that PG&E is authorized to recover the account balance described herein through distribution rates, as described in PG&E's preliminary statement.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and on the service list for PG&E's 2003 General Rate Case Application, A.02-11-017, R.02-06-001, A.05-03-016 and A.05-06-004. Address changes to the General Order 96-B 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>

A handwritten signature in cursive script that reads "Brian K. Cherry / drc".

Vice President - Regulatory Relations

Attachments

Attachment A

cc: Service List R.02-06-001, A.05-03-016, and A.05-06-004

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 M)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Daren Chan

Phone #: (415) 973-5361

E-mail: d1ct@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) #: 3118-E

Tier: 2

Subject of AL: Request for Recovery of Costs Associated with the 2005 Demand Response Programs in the Advanced Metering and Demand Response Account

Keywords (choose from CPUC listing): Energy Efficiency, Cost Recovery

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.05-01-056

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: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:
Confidential information will be made available to those who have executed a nondisclosure agreement: Yes No

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information:

Resolution Required? Yes No

Requested effective date: **October 7, 2007**

No. of tariff sheets: N/A

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: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests, dispositions, 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

Attachment A

2005 AMDRA Costs Booked in 2006

Advanced Metering and Demand Response Account (AMDRA) 2005 Program Costs Booked During 2006

September 6, 2007

Program	Order	Order Description	Year Per								2006 Total		
			2006	001	003	004	005	006	007	008		010	012
20/20	8070993	20/20 - PmgMarketing (WG2)	(9,748)										(9,748)
	8071005	20/20 - Pgm Mgmt (WG2)				95							95
	8071036	20/20 - Advertising&Comm (WG2)			92,977	(5,305)						(10,478)	77,194
	8071060	20/20 - Systems/Cordaptix (WG2)	3,042										3,042
20/20 Total			(6,707)		92,977	(5,210)						(10,478)	70,582
Emerging Markets	8070984	Emerg Mkts - CustRecruitment&Edu (WG2)								248,666			248,666
Emerging Markets Total										248,666			248,666
M&E	8057623	M&E-MarketResearch(WG2)										432,350	432,350
	8059269	M&E-MarketResearch(WG2)									22		22
	8071055	IDS - M&E (WG2)									61,877		61,877
M&E Total											61,877	432,372	494,249
State Wide Pilot Program	8057596	SPP - PgmMgmt&Reporting(WG3)		3,405	5,693	7,368	6,586						23,052
	8057622	SPP - PilotPgmStudyAnalysis(WG3)	(7,255)	31,985	2,915		(3)	26,874	12,950				67,466
State Wide Pilot Program Total			(7,255)	35,390	8,608	7,368	6,583	26,874	12,950				90,518
Business Energy Coalition	8071057	BEC - Payment to Vendors (WG2)			224,941								224,941
Business Energy Coalition Total					224,941								224,941
Grand Total			(13,962)	128,367	228,339	7,368	6,583	26,874	261,616	61,877	421,894		1,128,955

**Pacific Gas & Electric Company
Corporate Accounting Department**

Advanced Metering and Demand Response Account (AMDRA) 2005 Program Costs Booked During 20

Interest Calculations

Period	Total Principle	Interest Rate	Interest Amount	Total Amount
Jan-06	(13,961.64)	4.23%	(24.61)	(13,986.25)
Feb-06	-	4.48%	(52.22)	(14,038.47)
Mar-06	128,366.94	4.55%	190.13	114,518.60
Apr-06	228,338.72	4.76%	907.13	343,764.45
May-06	7,367.58	4.87%	1,410.06	352,542.09
Jun-06	6,583.30	5.01%	1,485.61	360,611.00
Jul-06	26,873.57	5.29%	1,648.93	389,133.50
Aug-06	261,615.66	5.37%	2,326.74	653,075.90
Sep-06	-	5.21%	2,835.44	655,911.34
Oct-06	61,877.45	5.21%	2,982.07	720,770.86
Nov-06	-	5.19%	3,117.33	723,888.19
Dec-06	421,893.89	5.17%	4,027.58	1,149,809.66
Jan-07		5.19%	4,972.93	1,154,782.59
Feb-07		5.17%	4,975.19	1,159,757.78
Mar-07		5.18%	5,006.29	1,164,764.07
Apr-07		5.20%	5,047.31	1,169,811.38
May-07		5.20%	5,069.18	1,174,880.56
Jun-07		5.19%	5,081.36	1,179,961.92
Jul-07		5.25%	5,162.33	1,185,124.25
Aug-07		5.22%	5,155.29	1,190,279.54
	1,128,955.47		61,324.07	1,190,279.54

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

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	Dynergy 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	Sutherland, Asbill & Brennan
California ISO	International Power Technology	Tabors Caramanis & Associates
Calpine	Interstate Gas Services, Inc.	Tecogen, Inc
Calpine Corp	IUCG/Sunshine Design LLC	TFS Energy
Calpine Gilroy Cogen	J. R. Wood, Inc	Transcanada
Cambridge Energy Research Assoc	JTM, Inc	Turlock Irrigation District
Cameron McKenna	Luce, Forward, Hamilton & Scripps	U S Borax, Inc
Cardinal Cogen	Manatt, Phelps & Phillips	United Cogen Inc.
Cellnet Data Systems	Marcus, David	URM Groups
Chevron Texaco	Matthew V. Brady & Associates	Utility Resource Network
Chevron USA Production Co.	Maynor, Donald H.	Wellhead Electric Company
City of Glendale	MBMC, Inc.	White & Case
City of Healdsburg	McKenzie & Assoc	WMA
City of Palo Alto	McKenzie & Associates	
City of Redding	Meek, Daniel W.	
CLECA Law Office	Mirant California, LLC	
Commerce Energy	Modesto Irrigation Dist	
Constellation New Energy	Morrison & Foerster	
CPUC	Morse Richard Weisenmiller & Assoc.	
Cross Border Inc	Navigant Consulting	
Crossborder Inc	New United Motor Mfg, Inc	
CSC Energy Services	Norris & Wong Associates	
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	