

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 22, 2008

Advice Letter 3186-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: 2008 Department of Water Resources (DWR) Revenue
Requirement Determination

Dear Mr. Cherry:

Advice Letter 3186-E is effective January 1, 2008.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division

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Dear Mr. Cherry:

Advice Letter 3186-E is effective January 1, 2008.

Sincerely,

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Sean H. Gallagher, Director
Energy Division

December 28, 2007

**Advice 3186-E
(Pacific Gas and Electric Company ID U 39 E)**

Public Utilities Commission of the State of California

**Subject: 2008 Department of Water Resources (DWR) Revenue
Requirement Determination**

Pacific Gas and Electric Company (PG&E) hereby submits this advice letter in compliance with Decision (D.) 07-12-030, *Opinion Allocating the Revised 2008 Revenue Requirement Determination of the California Department of Water Resources*. Revised electric tariffs were filed on December 27 as part of PG&E's Annual Electric True-up (AET) supplemental advice filing¹.

Purpose

The purpose of this filing is to comply with the requirements of D.07-12-030. Ordering Paragraph (OP) 4 of D.07-12-030 provides:

“Within eight days of today's date, PG&E, SDG&E, and SCE shall file Tier 1 advice letters, as provided for in General Order 96-B, with revised tariffs that reflect the adopted Bond Charge and Power Charge. These new tariffs shall be effective beginning January 1, 2008.

Electric Rate Consolidation

In this advice letter, PG&E implements the DWR revenue requirement changes described below. These changes were also incorporated in PG&E's supplemental AET filing, filed on December 27, 2007, with rate changes to be effective on January 1, 2008.

¹ This will be a supplement to Advice Letter 3115-E, which was filed on August 31, 2007.

2008 DWR Bond Charge

The 2008 DWR revenue requirement proceeding establishes both the 2008 DWR bond charge rate and the 2008 DWR power charge revenue requirement. In this advice letter, PG&E proposes to implement both changes through the consolidated rate changes made in the AET. Pursuant to D.07-12-030 (OP 2), the DWR bond charge for 2008 is \$0.00477 per kilowatt-hour (kWh). The DWR bond charge is paid by eligible bundled and non-bundled customers.

2008 DWR Power Charge and Remittance Rate

The 2008 DWR power charge revenue requirement determined by the 2008 DWR revenue requirement decision (D.07-12-030) is \$1,420 million². As detailed in PG&E's AET supplement, the December 31, 2007 Power Charge Collection Balancing Account (PCCBA) balance is forecast to be an undercollection of \$154 million. As provided for in the CPUC's AET Resolution E-4121, PG&E, in its AET supplement, will combine the 2008 power charge revenue requirement with the amortization of the forecast PCCBA balance to develop the total power charge related revenue requirement to be implemented in retail rates (\$1,574 million). The PCCBA revenue component is collected in generation rates paid by bundled customers.

The corresponding DWR remittance rate for PG&E is provided in Appendix A of D.07-12-030 and is \$0.06932 per kWh.

Non-bundled Charges

PG&E expects that the power charge component of PG&E's non-bundled cost responsibility surcharge revenues for 2008 will be zero. PG&E's entire 2008 DWR power charge revenue requirement will be collected from bundled customers.

Tariff Changes

PG&E filed a supplement to its AET Advice Filing on December 27, 2007, with tariffs that include the final DWR related rate values based on D.07-12-030. The AET supplement also contains revised rates for the PCCBA in electric Preliminary Statement I – Rate Schedule Summary.

² See attached Appendix A which contains applicable excerpts from Appendix A of D.07-12-030.

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 17, 2008**, which is 20 days from 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 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

Pursuant to OP 4 of D.07-12-030, PG&E requests that this advice filing become effective **January 1, 2008**.

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 and parties on the list for Rulemaking (R.) 06-07-010. 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 black ink that reads "Brian K. Cherry / dc". The signature is written in a cursive, flowing style.

Vice President, Regulatory Relations

Attachments

cc: Service Lists R.06-07-010

Appendix A

Pacific Gas and Electric Company Allocation of 2008 Revenue Requirement to PG&E and Remittance Rate Calculation (D.07-12-030) (Dollars in millions)

Line	Description	PG&E
1	Allocation Percentages	42.20%
2		
3	2004-2006 Expenses	\$ 6,150
4	2004-2006 Revenues	5,844
5	Amount to be collected from /(returned to) the IOU USBA	306
6		
7	2007 Expenses	1,942
8	2007 Revenues	2,072
9	Amount to be collected from /(returned to) the IOU USBA	(131)
10		
11	Balancing Calculation	
12	December 31, 2008 Projected PCA Balance: Desired Allocation	633
13	January 1, 2004 Starting PCA Balance: Desired Allocation	701
14	Amount to be collected from /(returned to) the IOU USBA	(68)
15		
16	Prior True-ups (2001/02 and 2003)	(252)
17	2004-2007 True-up	175
18	Starting and Ending balance True-up	(68)
19	Cumulative True-up to be collected from/(returned to) IOU USBA	(144)
20		
21	2008 Revenue Requirement Determination	
22	Avoidable Costs	43
23	Net Non-Avoidable Costs	1,535
24	Gas Collateral Cost	14
25	Administrative and General	12
26	Other Non-Allocated Costs	-
27	Surplus Revenue	(3)
28	Interest Earnings on Fund Balance	(36)
29	Balancing Transfer between IOUs	(144)
		\$ 1,420

Rate Calculation Table

1	Revenue Requirement Allocated to IOU's Customers	\$ 1,420
2	Less: Estimated Direct Access CRS Revenues	-
3	Less: Estimated PCIA Revenues	-
4	Bundled Revenue Requirement	\$ 1,420
5	DWR Delivered Energy (GWh)	20,484
6	Calendar Year Remittance Rates	\$ 69.31

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) X973-5361

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) #: **3186-E**

Tier: 1

Subject of AL: 2008 Department of Water Resources (DWR) Revenue Requirement Determination

Keywords (choose from CPUC listing): Compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.07-12-030

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: **January 1, 2008**

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): See AL 3115-E-A: AET Supplemental Filing

Estimated system average rate effect (%): See AL 3115-E-A: AET Supplemental Filing

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: See AL 3115-E-A: AET Supplemental Filing

Service affected and changes proposed¹: See AL 3115-E-A: AET Supplemental Filing

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

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

ABAG Power Pool
Accent Energy
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Kahl
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
Dynergy 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
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
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
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tecogen, Inc
TFS Energy
Transcanada
Turlock Irrigation District
U S Borax, Inc
United Cogen Inc.
URM Groups
Utility Resource Network
Wellhead Electric Company
White & Case
WMA