December 10, 2010

Advice Letter 3761-E

Jane K. Yura
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10B
P.O. Box 770000
San Francisco, CA  94177

Subject:  Revision to Electric Preliminary Statement Part CN, Research, Development and Demonstration Balancing Account and Part CO, Renewables Balancing Account for Interest Owed to the California Energy Commission

Dear Ms. Yura:

Advice Letter 3761-E is effective December 15, 2010.

Sincerely,

Julie A. Fitch, Director
Energy Division
November 15, 2010

Advice 3761-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Revision to Electric Preliminary Statement Part CN, Research, Development and Demonstration Balancing Account and Part CO, Renewables Balancing Account for Interest Owed to the California Energy Commission

Purpose

Pacific Gas and Electric Company (PG&E) hereby submits this advice letter to revise Electric Preliminary Statement Part CN, Research, Development and Demonstration Balancing Account (RDDBA), and Electric Preliminary Statement Part CO, Renewables Balancing Account (RBA), to allow interest earned in the accounts to be the remitted to the California Energy Commission (CEC).

Background

Public Utilities (PU) Code § 399.8 required the three major California investor-owned electric utilities (Utilities) to assess a Public Goods Charge (PGC) to customers in order to fund certain public interest programs, including research, development and demonstration (RD&D) and renewable energy programs.

Resolution E-3792, issued December 17, 2002, allocated the responsibility for funding the PGC programs to the electric utilities, and provided a schedule for the quarterly transfer of certain funds to the CEC. Specifically, Ordering Paragraph (OP) 1 directed the Utilities to collect and track program funds, along with interest earned on collected funds, in separate balancing accounts. OP 2 stated that the monies for the Renewables and RDD programs shall continue to be forwarded quarterly to the CEC, starting with the first quarter of 2002, along with interest earned on collected funds, consistent with the treatment of these funds in PU Code § 381.

PG&E implemented OP 1 and OP 2 in its approved tariffs, except the provision that the accrued interest should be forwarded quarterly to the CEC. Rather than remitting the interest to the CEC each quarter, the interest has remained in the
RDDBA and RBA. The interest that has accrued in these accounts from 2002 through October 2010, is shown in the table below:

<table>
<thead>
<tr>
<th>Balancing Account</th>
<th>Interest Accrued as of 10/31/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research, Development and Renewables Demonstration Balancing Account (RDDBA)</td>
<td>$643,621.73</td>
</tr>
<tr>
<td>Renewables Balancing Account (RBA)</td>
<td>$1,297,764.23</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,941,385.96</strong></td>
</tr>
</tbody>
</table>

**Requested Tariff Revisions**

PG&E requests revisions to RDDBA and RBA preliminary statements to allow a mechanism to remit the interest collected in the balancing accounts to the CEC as part of the RD&D and Renewable program quarterly payments.

Upon approval of this advice letter, PG&E will remit to the CEC the interest that has accrued in these accounts as of the approval date, and thereafter will continue to remit accrued interest in subsequent quarterly payments.

Specifically, PG&E requests approval of the following changes to its Electric Preliminary Statement Part CN and Preliminary Statement Part CO:

- Add the following sentence to the Purpose section: “The amount remitted to CEC quarterly will include the interest earned on collected funds, as ordered in OP 2 of Res. E-3792.”
- Add the underlined text to Section 4.b.: “A debit entry equal to the amount remitted quarterly to the CEC (1/12 of the annual authorized funding times three months, including interest).”

**Effective Date**

PG&E requests that this advice filing become effective on regular notice, **December 15, 2010**, which is 30 calendar days after the date of filing.

**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 **December 6, 2010**, which is 21 days after the date of this filing. Protests should be mailed to:
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:

**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. Address changes to the General Order 96-B service list and all electronic approvals should be directed to email PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: [http://www.pge.com/tariffs](http://www.pge.com/tariffs).

Vice President – Regulation and Rates
**Company name/CPUC Utility No.** Pacific Gas and Electric Company (ID U39 M)

<table>
<thead>
<tr>
<th>Utility type:</th>
<th>Contact Person: Olivia Brown</th>
</tr>
</thead>
<tbody>
<tr>
<td>💡 ELC</td>
<td>Phone #: 415.973.9312</td>
</tr>
<tr>
<td>☐ GAS</td>
<td>E-mail: <a href="mailto:oxb4@pge.com">oxb4@pge.com</a></td>
</tr>
<tr>
<td>☐ PLC</td>
<td></td>
</tr>
<tr>
<td>☐ HEAT</td>
<td></td>
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<tr>
<td>☐ WATER</td>
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</table>

**EXPLANATION OF UTILITY TYPE**

<table>
<thead>
<tr>
<th>EL = Electric</th>
<th>G = Gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>PL = Pipeline</td>
<td>H = Heat</td>
</tr>
<tr>
<td>W = Water</td>
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</tr>
</tbody>
</table>

Advice Letter (AL) #: 3761-E

Subject of AL: Revision to Electric Preliminary Statement Part CN, Research, Development and Demonstration Balancing Account and Part CO, Renewables Balancing Account for Interest Owed to the California Energy Commission

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 #: Resolution E-3792

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: N/A

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

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

Resolution Required? ☐ Yes ☒ No

Requested effective date: December 15, 2010

No. of tariff sheets: 4

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). N/A

Tariff schedules affected: Electric Preliminary Statements CO and CN

Service affected and changes proposed: 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: Jane K. Yura, Vice President, Regulation and Rates
77 Beale Street, Mail Code B10B
P.O. Box 770000
San Francisco, CA 94177

E-mail: PGETariffs@pge.com
<table>
<thead>
<tr>
<th>Cal P.U.C. Sheet No.</th>
<th>Title of Sheet</th>
<th>P.U.C. Sheet No.</th>
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<tbody>
<tr>
<td>29676-E</td>
<td>ELECTRIC PRELIMINARY STATEMENT PART CN PN CODE SECTION 399.8 RESEARCH DEVELOPMENT AND DEMONSTRATION BALANCING ACCOUNT Sheet 1</td>
<td>27574-E</td>
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<tr>
<td>29677-E</td>
<td>ELECTRIC PRELIMINARY STATEMENT PART CO PN CODE SECTION 399.8 RENEWABLES BALANCING ACCOUNT Sheet 1</td>
<td>27575-E</td>
</tr>
<tr>
<td>29678-E</td>
<td>ELECTRIC TABLE OF CONTENTS Sheet 1</td>
<td>29636-E</td>
</tr>
<tr>
<td>29679-E</td>
<td>ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 7</td>
<td>28907-E</td>
</tr>
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</table>
1. PURPOSE: The purpose of the Research, Development, and Demonstration (RDD) Balancing Account (RDDBA) is to track the authorized RDD program funding and the amount remitted to the California Energy Commission (CEC) pursuant to P.U. Code Section 399.8 beginning with customer billings on January 1, 2002 forward, as ordered in Ordering Paragraph 1 of Resolution E-3792 dated December 17, 2002. The amount remitted to CEC quarterly will include the interest earned on collected funds, as ordered in OP 2 of Res. E-3792.

2. APPLICABILITY: The RDDBA shall apply to all customer classes, except for any classes that may be specifically excluded by the CPUC.

3. RATES: This account does not have a separate rate component.

4. ACCOUNTING PROCEDURE: The following entries will be made to this account each month or as applicable:
   a. A credit entry equal to one twelfth of the annual authorized RDD funding. (See corresponding debit entry in electric Preliminary Statement Part DA - Public Purpose Program Revenue Adjustment Mechanism).
   b. A debit entry equal to the amount remitted quarterly to the CEC (1/12 of the annual authorized funding times three months, including interest).
   c. An entry equal to the interest on the average balance at the beginning of the month and the balance after the above entries are made, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H. 15 or its successor.
PURPOSE: The purpose of the Renewables Balancing Account (RBA) is to track the authorized Renewables Program funding and the amount remitted to the California Energy Commission (CEC) pursuant to P.U. Code Section 399.8 beginning with customer billings on January 1, 2002 forward, as ordered in Ordering Paragraph 1 of Resolution E-3792 dated December 17, 2002. The amount remitted to CEC quarterly will include the interest earned on collected funds, as ordered in OP 2 of Res. E-3792.

APPLICABILITY: The RBA shall apply to all customer classes, except for any classes that may be specifically excluded by the CPUC.

RATES: This account does not have a separate rate component.

ACCOUNTING PROCEDURE: The following entries will be made to this account each month or as applicable:

a. A credit entry equal to one twelfth of the annual authorized Renewables Program funding. (See corresponding debit entry in electric Preliminary Statement Part DA - Public Purpose Program Revenue Adjustment Mechanism).

b. A debit entry equal to the amount remitted quarterly to the CEC (1/12 of the annual authorized funding times three months, including interest).

c. An entry equal to the interest on the average balance at the beginning of the month and the balance after the above entries are made, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H. 15 or its successor.
# ELECTRIC TABLE OF CONTENTS

## TABLE OF CONTENTS

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<th>CAL P.U.C. SHEET NO.</th>
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<td></td>
<td>Title Page</td>
<td>29678-E (T)</td>
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<td>Rate Schedules</td>
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<td>Preliminary Statements</td>
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<td>Rules</td>
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<td>Maps, Contracts and Deviations</td>
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<td>Sample Forms</td>
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<td>Part CC</td>
<td>Real Time Energy Metering Memorandum Account</td>
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<td>Part CG</td>
<td>Utility Generation Balancing Account</td>
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<td>Part CH</td>
<td>Utility Retained Generation Income Tax Memorandum Account</td>
<td>20502-E</td>
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<td>Part CI</td>
<td>Wholesale DWR/ISO Cost Memorandum Account</td>
<td>20503-E</td>
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<td>Part CJ</td>
<td>Negative Ongoing Transition Charge Memorandum Account</td>
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<td>Part CK</td>
<td>Distribution Bypass Deferral Rate Memorandum Account</td>
<td>20619-E</td>
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<td>19042-E</td>
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<td>Part CM</td>
<td>Bond Charge Balancing Account (BCBA)</td>
<td>20245, 19556-E</td>
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<td>Part CN</td>
<td>Research, Development, and Demonstration Balancing Account</td>
<td>29676-E (T)</td>
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<td>Part CO</td>
<td>Renewables Balancing Account</td>
<td>29677-E (T)</td>
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<td>Part CP</td>
<td>Energy Resource Recovery Account</td>
<td>28044, 25085, 27225, 28045-E</td>
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<td>Part CQ</td>
<td>Modified Transition Cost Balancing Account</td>
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<td>Part CR</td>
<td>Common Area Balancing Account</td>
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<td>Part CS</td>
<td>Advanced Metering and Demand Response Account</td>
<td>26376-26379-E</td>
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<td>Part CU</td>
<td>Customer Credit Card Holding Account</td>
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<td>Distribution Revenue Adjustment Mechanism</td>
<td>27780, 28714, 28715-E</td>
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PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV

Alcantar & Kahl LLP
Ameresco
Anderson & Poole
Arizona Public Service Company
BART
Barkovich & Yap, Inc.
Bartle Wells Associates
Bloomberg
Bloomberg New Energy Finance
Boston Properties
Braun Blaising McLaughlin, P.C.

Brookfield Renewable Power
CA Bldg Industry Association
CLECA Law Office
CSC Energy Services
California Cotton Ginners & Growers Assn
California Energy Commission
California League of Food Processors
California Public Utilities Commission
Calpine
Cardinal Cogen
Casner, Steve
Chris, King
City of Palo Alto
City of Palo Alto Utilities
Clean Energy Fuels
Coast Economic Consulting
Commercial Energy
Consumer Federation of California
Crossborder Energy
Davis Wright Tremaine LLP
Day Carter Murphy
Defense Energy Support Center
Department of Water Resources

Dept of General Services
Division of Business Advisory Services
Douglass & Liddell
Downey & Brand
Duke Energy
Dutcher, John
Economic Sciences Corporation
Ellison Schneider & Harris LLP
Foster Farms
G. A. Krause & Assoc.
GLJ Publications
Goodin, MacBride, Squier, Schlotz & Ritchie
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Hanna & Morton
Hitachi
International Power Technology
Intestate Gas Services, Inc.
Lawrence Berkeley National Lab
Los Angeles Dept of Water & Power
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MBMC, Inc.
MRW & Associates
Manatt Phelps Phillips
McKenzie & Associates
Merced Irrigation District
Modesto Irrigation District
Morgan Stanley
Morrison & Foerster
NLine Energy, Inc.
NRG West
Navigant Consulting
Norris & Wong Associates
North America Power Partners

North Coast Solar Resources
Northern California Power Association
Occidental Energy Marketing, Inc.
OnGrid Solar
Praxair
R. W. Beck & Associates
RCS, Inc.
Recurrent Energy
SCD Energy Solutions
SCE
SMUD
SPURR

San Francisco Public Utilities Commission
Santa Fe Jets
Seattle City Light
Sempra Utilities
Sierra Pacific Power Company
Silicon Valley Power
Silo Energy LLC
Southern California Edison Company
Spark Energy, L.P.
Sunshine Design
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tecogen, Inc.
Tiger Natural Gas, Inc.
TransCanada
Turlock Irrigation District
United Cogen
Utility Cost Management
Utility Specialists
Verizon
Wellhead Electric Company
Western Manufactured Housing
Communities Association (WMA)
eMeter Corporation