

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 22, 2007

Advice Letter 2816-G/3010-E

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

Subject: Creation of California Solar Initiative Balancing Account and Modification
of Corresponding Tariffs for Cost Recovery and Self-Generation Incentive
Program Transfers, in Compliance with Decision 06-12-033

Dear Ms. de la Torre:

Advice Letter 2816-G/3010-E is effective January 1, 2007.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division

March 22, 2007

Advice 2816-G/3010-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Creation of California Solar Initiative Balancing Account and
Modification of Corresponding Tariffs for Cost Recovery and
Self-Generation Incentive Program Transfers, in Compliance
with Decision 06-12-033**

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its gas and electric tariffs. The affected tariff sheets are included in Attachment I to this filing.

Purpose

This advice filing establishes the California Solar Initiative Balancing Account (CSIBA) to record the program expenses associated with the California Solar Initiative (CSI) adopted by the California Public Utilities Commission (Commission) in Decision (D.) 06-12-033. Accordingly, PG&E also revises electric Preliminary Statement Part CZ – Distribution Revenue Adjustment Mechanism (DRAM) to record cost recovery of the CSI revenue requirement. In compliance with D.06-12-033, PG&E also revises electric Preliminary Statement Part BY – Self-Generation Program Memorandum Account (SGPMA) and gas Preliminary Statement Part AW – Self-Generation Program Memorandum Account (SGPMA) to allow for transfers for unspent 2006 solar funds as directed by the Commission.

Background

On January 12, 2006, the Commission adopted the CSI in D.06-01-024, authorizing a funding level of \$2.5 billion for statewide Commission-managed programs from 2007 - 2016. On August 29, 2006, Senate Bill 1 was signed into law revising the Commission's CSI program to exempt gas charges from CSI and reduce the program budget for the investor-owned utility (IOU) service territories

from \$2.5 billion to \$2.17 billion, among other things.¹ On December 14, 2006, the CPUC issued D.06-12-033 to incorporate Senate Bill 1 into the CSI program and to revise CSI funding levels and program implementation details previously set forth in D.06-01-024 and D.06-08-028. Decision 06-12-033 sets a budget for the ten-year CSI program, 2007-2016, for PG&E of \$946 million (see D.06-12-033, Appendix A – Table 1). PG&E's 2007 CSI program expense budget is \$140 million.

The decision also sets a budget for PG&E's 2007 Self-Generation Incentive Program (SGIP) of \$36 million. Using the allocation methodology approved in D.01-03-073, 84 percent (or \$30.24 million) of the SGIP budget, plus an allowance for Franchise Fees and Uncollectibles (FF&U), will be collected from electric customers while the remaining 16 percent (or \$5.76 million), plus an allowance for FF&U, will be collected from gas customers. Decision 06-12-033 also orders PG&E to "apportion any unspent 2006 SGIP solar funds based on the pro rate collection of these funds from their gas and electric ratepayers, and carryover gas funds to their 2007 SGIP renewable budget and electric funds to their 2007 CSI budget" (Ordering Paragraph (OP) 12).

Accordingly, in this advice letter, PG&E proposes a balancing account and cost recovery mechanism for the CSI program as authorized by the Commission and modifies the SGIP memorandum accounts to allow for the budget transfer as ordered by the Commission.

Creation of the CSI Balancing Account (CSIBA – Preliminary Statement Part EO)

In D.06-01-024, the Commission ordered that incremental CSI expenses and revenue requirements be tracked in an account separate from SGIP expenses beginning in 2007 and authorized the utilities to collect revenues for the CSI during the concurrent program year through distribution rates (D.06-01-024, p.8 and OP 4). Pursuant to that decision, this advice letter establishes the CSIBA to record and track CSI program expenses against the annual CSI budget, as revised in D.06-12-033, beginning January 1, 2007. Due to the typical time lag of over one year from when a CSI conditional reservation is issued by PG&E and the actual payment of the rebate, PG&E anticipates the possibility that CSI rebates may at times outpace the annual CSI revenue requirement. PG&E will collect an amount equal to the annual revenue requirement, as listed in D.06-12-033 Appendix A

¹ Senate Bill 1 stated that FERA and CARE customers are exempt from paying CSI costs, but all other customers including "residential customers subject to the rate cap required by Section 80110 of the Water Code for existing baseline quantities or usage up to 130 percent of existing baseline quantities of electricity" (Senate Bill 1, Section 7) must pay these costs. Resolution E-4032, which approved PG&E's 2007 Annual Electric True-up Advice Letter 2895-E, deferred CSI rate design issues, including exemptions for FERA and CARE customers and additional charges for customers under 130 percent of baseline, to Phase 2 of PG&E's General Rate Case (A.06-03-005).

Table 1, from its customers until such time that the Commission adjusts the collection of the revenue requirement.² In addition, consistent with SGIP guidelines, any forfeited CSI application fees will be added to the program administrator's incentive budget. The electric rate changes associated with annual CSI revenue requirements shall be submitted in the Annual Electric True-up (AET) filing or other filing as authorized by the Commission.

Decision 06-08-028 ordered, among other things, the IOUs to establish an interest-bearing Performance-Based Incentive (PBI) balancing account and amend their tariffs to describe the PBI program description and payment criteria. As directed in that decision, "On a quarterly basis, each utility shall forecast the total five years expected PBI payment amount for all solar projects completed in that quarter, and deposit that amount into its balancing account to ensure fund security over the five-year payment period" (D.06-08-028, OP 7). The Commission later permitted the IOUs to "create the PBI balancing account as a sub-account of their CSI balancing accounts" (D.06-12-033, p.31). Therefore, PG&E creates a PBI sub-account within the CSI balancing account as directed by the Commission.

Preliminary Statement Changes

In this advice letter and as shown in Attachment I, PG&E revises the following preliminary statements to allow for CSI cost tracking and associated recovery mechanisms as well as to allow for SGIP transfers as authorized by the Commission:

New electric Preliminary Statement *Part EO – California Solar Initiative Balancing Account (CSIBA)* is created, effective January 1, 2007, to track actual CSI expenses recorded in the account against the annual authorized CSI budget. The CSIBA also contains a sub-account for the *Performance-Based Incentive (PBI)* for PG&E to track, on a quarterly basis, an amount equal to the expected five-year PBI payments against actual payments.

Electric Preliminary Statement *Part CZ – Distribution Revenue Adjustment Mechanism (DRAM)* is revised to add a monthly entry to record 1/12 of the annual authorized CSI revenue requirement, including FF&U, beginning January 1, 2007. Similar to recovery of other program costs, revenues associated with the CSI will be part of distribution revenues tracked in the DRAM. In addition, PG&E takes this opportunity to clarify that the SGIP revenue requirement recorded annually in the DRAM includes an allowance for FF&U.

² The Commission notes that "If the difference between program expenditures and the amounts the utilities collect in rates is substantial, we will consider adjusting the collection of the revenue requirement" (D.06-01-024, p. 7).

Electric and Gas Preliminary Statements *Part BY (electric) and Part AW (gas) – Self-Generation Program Memorandum Account (SGPMA)* is revised to allow PG&E to transfer funds to and from other accounts, as authorized by the Commission, including the transfer of unspent 2006 SGIP funds discussed herein. In addition, PG&E takes this opportunity to revise the SGPMA's to: (1) remove discussion of qualifying technologies as the requirements are being modified by the CPUC; (2) clarify that only the SGIP budget amount, not the revenue requirement which includes an allowance for FF&U, is being recorded in the SGPMA's; (3) remove an entry for a one-time transfer of the December 31, 2005, balance as the transfer has been completed and the entry is no longer necessary;³ and (4) remove language related to multi-year program budget cycles, as previously allowed by D.06-01-024, since the CPUC has authorized a one-year SGIP budget for 2007 in D.06-12-033.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **April 11, 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: jjn@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 should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below.

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

³ To be consistent with PG&E's other gas preliminary statements, PG&E also adds a phrase to the credit entry for the SGIP budget simply noting where corresponding debit entries can be found.

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

Effective Date

PG&E requests this advice letter be approved effective **January 1, 2007**, in order to coincide with the implementation date of the California Solar Initiative program.

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 to the service list for R.06-03-004. Address changes 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, appearing to read "Brian K. Cheng" followed by a stylized mark that could be initials or a flourish.

Vice President - Regulatory Relations

Attachments

cc: Service List – R.06-03-004

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)**

Utility type:

☒ ELC

☒ GAS

☐ PLC

☐ HEAT

☐ WATER

Contact Person: Bernard Lam

Phone #: (415) 973-4878

E-mail: bxlc@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) #: **2816-G/3010-E**

Subject of AL: Creation of California Solar Initiative Balancing Account and Modification of Corresponding Tariffs for Cost Recovery and Self-Generation Incentive Program Transfers, in Compliance with Decision 06-12-033

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 #:

D.06-12-033

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: **January 1, 2007**

No. of tariff sheets: 12

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: Preliminary Statements

Service affected and changes proposed¹: See advice letter

Pending advice letters that revise the same tariff sheets: 2866-E-B, 2989-E, and 2993-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

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave.,

San Francisco, CA 94102

jn@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 2816-G**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
24767-G	Preliminary Statement Part AW--Self-Generation Program Memorandum Account	23782-G
24768-G	Table of Contents -- Preliminary Statements	24535-G
24769-G	Table of Contents -- Title Page	24622-G

**ATTACHMENT 1
Advice 3010-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
26209-E	Preliminary Statement Part BY--Self-Generation Program Memorandum Account	24471-E
26210-E	Preliminary Statement Part CZ--Distribution Revenue Adjustment Mechanism	25957-E
26211-E	Preliminary Statement Part EO--California Solar Initiative Balancing Account	New
26212-E	Preliminary Statement Part EO (Cont.)	New
26213-E	Preliminary Statement Part EO (Cont.)	New
26214-E	Table of Contents -- Preliminary Statements	25459-E
26215-E	Table of Contents -- Preliminary Statements	25901-E
26216-E	Table of Contents -- Preliminary Statements	25898-E
26217-E	Table of Contents -- Title Page	25712-E



PRELIMINARY STATEMENT

AW. SELF-GENERATION PROGRAM MEMORANDUM ACCOUNT (SGPMA)

1. PURPOSE:

The purpose of the SGPMA is to track authorized Self Generation Incentive Program (SGIP) budget compared to the costs incurred by PG&E for implementing self-generation programs authorized by Decisions 01-03-073, 01-07-028, 01-09-012, 02-02-026, 04-12-045, 05-12-044, 06-01-024, 06-12-033 and others adopted by the California Public Utilities Commission (CPUC). Qualifying technologies and incentives are determined by the CPUC. The self-generation program budget (including any forfeited SGIP application fees) shall be allocated between electric and gas customers to reflect the current allocation of energy efficiency programs.

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All forfeited application fees will be transferred to the SGIP incentive budget (via a credit to the SGPMA).

2. APPLICABILITY:

The SGPMA shall apply to all customer classes, except for those specifically excluded by the CPUC.

3. RATES:

The SGPMA does not have a rate component.

4. ACCOUNTING PROCEDURE:

PG&E shall maintain the SGPMA by making entries at the end of each month as follows:

- a. A debit entry for the gas portion of administrator costs, including incremental design, contract administration, marketing, regulatory reporting, program evaluation, and other costs as authorized by the CPUC.
- b. A debit entry for the gas portion of incentive payments to customers or contractors for services rendered.
- c. A credit entry equal to the one-twelfth of the gas portion of the current year SGIP budget as authorized by the CPUC (See corresponding debit entries in the Core Cost Subaccount of the Core Fixed Cost Account and the Noncore Subaccount of the Noncore Customer Class Charge Account).
- d. A credit equal to the gas portion of any forfeited SGIP application fees.
- e. A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts as authorized by the CPUC.
- f. A debit or credit entry, as appropriate, equal to the interest on the average of the balance at the beginning of the month and the balance after the entries 5.a. through 5.e. 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.

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(T)
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(N)

(N)
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(T)
(T)



TABLE OF CONTENTS

Preliminary Statements

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Part AC	Catastrophic Event Memorandum Account.....	14178-14179-G
Part AE	Core Pipeline Demand Charge Account	23301-G
Part AG	Core Firm Storage Account.....	23280-G
Part AH	Air Quality Adjustment Clause	14928-14930-G
Part AI	Applicant Installation Trench Inspection Deferred Account.....	19533-G
Part AJ	Applicant Installation Trench Inspection Memorandum Account.....	19534-G
Part AK	Low Income Energy Efficiency Memorandum Account	21244-G
Part AN	Hazardous Substance Mechanism.....	23281-23283, 16693-16694-G
Part AV	Capital Audit Consultant Cost Memorandum Account	20432-G
Part AW	Self-Generation Program Memorandum Account	24767-G
Part AX	Food Service Technology Center Memorandum Account.....	20987-G
Part BA	Public Purpose Program - Energy Efficiency	23360-23361-G
Part BB	Public Purpose Program Memorandum Account	23362-23363-G
Part BC	Financial Hedging Memorandum Account (FHMA)	21818-G
Part BE	Part BE.....	21965-G
Part BF	Gas Reimbursable Fees Balancing Account.....	23763-G
Part BG	Gas Credit Facilities Fees Tracking Account	22096-G
Part BH	Public Purpose Program Surcharge - Low Income Energy Efficiency Balancing Account	23364-G
Part BI	Public Purpose Program Surcharge - Research, Development and Demonstration Balancing Account	23365-23366-G
Part BK	Advanced Metering Infrastructure Memorandum Account-Gas	23152-23153-G
Part BL	Noncore Distribution Fixed Cost Account.....	23791-G
Part BM	Gas Advanced Metering Account.....	23406-23407-G
Part BN	Pension Interest Memorandum Account (PIMA-G)	23777-G
Part BP	SmartMeter Project Balancing Account - Gas.....	24123-24124-G
Part BQ	Pension Contribution Balancing Account	24223-24224-G

(T)



Pacific Gas and Electric Company
San Francisco, California

Cancelling

Revised
Revised

Cal. P.U.C. Sheet No. 24769-G
24622-G

TABLE OF CONTENTS

Table of Contents

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.	
Title Page		24622-G	
Rate Schedules		24656, 24602, 24617, 24657-G	
Preliminary Statements		24621, 24768 -G	(T)
Rules		24610-G	
Maps, Contracts and Deviations		24536-G	
Sample Forms		24612, 24369, 24613-24614-G	

Advice Letter No.
Decision No.

2816-G
D.06-12-033

Issued by
Brian K. Cherry
Vice President
Regulatory Relations

Date Filed: 3/22/2007
Effective: 1/1/2007
Resolution No.

106313



PRELIMINARY STATEMENT

BY. SELF-GENERATION PROGRAM MEMORANDUM ACCOUNT (SGPMA)

1. PURPOSE:

The purpose of the SGPMA is to track authorized Self Generation Incentive Program (SGIP) budgets compared to costs incurred by PG&E for implementing the self-generation program authorized by Decisions 01-03-073, 01-07-028, 01-09-012, 02-02-026, 04-12-045, 05-12-044, and 06-01-024, 06-12-033 and others adopted by the California Public Utilities Commission (CPUC). Qualifying technologies and incentives are determined by the CPUC. The self-generation program budget (including any forfeited SGIP application fees) shall be allocated between electric and gas customers to reflect the current allocation of energy efficiency programs.

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(T)
(D)

All forfeited application fees will be transferred to the SGIP incentive budget (via a credit to the SGPMA)

2. APPLICABILITY:

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

3. RATES:

The SGPMA does not have a rate component.

4. ACCOUNTING PROCEDURE:

PG&E shall maintain the SGPMA by making entries at the end of each month as follows:

- a. A debit entry for the electric portion of administrator costs including incremental design, contract administration, marketing, regulatory reporting, program evaluation, and other costs as authorized by the CPUC. (T)
(T)
- b. A debit entry for the electric portion of incentive payments to customers or contractors for services rendered.
- c. A credit entry equal to the one-twelfth of the electric portion of the current year SGIP budget as authorized by the CPUC. (T)
(D)
- d. A credit equal to the electric portion of any forfeited SGIP application fees. (T)
- e. A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts as authorized by the CPUC. (N)
(N)
- f. A debit or credit entry, as appropriate, equal to the interest on the average of the balance at the beginning of the month and the balance after the entries 4.a. to 4.e. above, 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. (T)



PRELIMINARY STATEMENT
(Continued)

CZ. DISTRIBUTION REVENUE ADJUSTMENT MECHANISM (DRAM) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

- f. A credit entry equal to the debit entry in the California Alternative Rates for Energy Account (CARE) that corresponds to the actual CARE revenue shortfall. The corresponding debit entry is defined in PG&E's electric Preliminary Statement Part M.
- g. A credit entry equal to the recorded amount of revenue cycle services credits given to customers for revenue cycle services provided by entities other than PG&E.
- h. A credit entry equal to the amount of Shareholder Participation, as defined in Section 6 below.
- i. A debit entry equal to the payment to fund PG&E Environmental Enhancement Corporation plus an allowance for FF&U, pursuant to the Chapter 11 Settlement Agreement Paragraph 17c adopted in Decision 03-12-035.
- j. A debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to the DRAM for recovery in rates, upon approval by the CPUC.
- k. A debit entry equal to one-twelfth of the electric portion of the current year Self Generation Incentive Program (SGIP) revenue requirement authorized by the CPUC, including an allowance for FF&U expense. (T)
(T)
- l. A debit entry equal to one-twelfth of the current-year California Solar Initiative (CSI) revenue requirement authorized by the CPUC, including an allowance for FF&U expense. (N)
(N)
- m. A debit or credit entry, as appropriate, to record any shareholder rewards or penalties under the Reliability Incentive Mechanism adopted in D.04-10-034. (T)
- n. A debit entry equal to the amounts paid to the Commission for reimbursement of rate case expenses billed to the Utility pursuant to Public Utilities Code Section 631, plus an allowance for Franchise Fees and Uncollectible Accounts expense. (T)
- o. A debit entry equal to the intervenor compensation payments authorized by the Commission, recorded during the month, plus an allowance for Franchise Fees and Uncollectible Accounts expense. (T)
- p. A debit entry equal to the franchise fees paid by PG&E associated with the revenue collected by PG&E under electric Preliminary Statement Part AS – Fixed Transition Amount Charge, calculated in proportion to total franchise-applicable revenue, plus an allowance for Franchise Fees and Uncollectible Accounts expense. (T)
- q. A debit entry equal to the electric portion of incremental administrative costs and amounts written off as uncollectible associated with the payment deferral plan for qualifying citrus and other agricultural growers pursuant to Resolution E-4065, plus an allowance for franchise fees and uncollectibles (FF&U) accounts expense at the rates authorized in PG&E's most recent GRC for the incremental administrative costs. (T)
- r. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entries, at a rate equal to one-twelfth of 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. (T)

(Continued)



PRELIMINARY STATEMENT

EO. CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA)

1. PURPOSE: The purpose of the Electric California Solar Initiative Balancing Account is to track the annual authorized California Solar Initiative (CSI) budget against costs incurred by PG&E to implement and administer the CSI, as authorized by Decision (D.) 06-01-024, D.06-08-028, D.06-12-033 and others adopted by the California Public Utilities Commission (CPUC).

Pursuant to D.06-01-024, annual expenditures may be greater or less than the annual authorized revenue requirement. In these instances, PG&E will carry forward the balance into the following year through the end of the program cycle. Qualifying technologies and incentives are determined by the CPUC.

2. APPLICABILITY: Pursuant to Senate Bill 1, the CSIBA shall apply to all electric customer classes, except for customers specifically excluded by the CPUC.
3. REVISION DATE: Disposition of the balance in this account once all authorized budget cycle program costs have been recorded will be determined in the Annual Electric True-up (AET) advice filing, or as otherwise authorized by the Commission.
4. RATES: The CSIBA does not have a separate rate component.

(N)

(N)

(Continued)



PRELIMINARY STATEMENT
(Continued)

EO. CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA) (Cont'd.)

5. ACCOUNTING PROCEDURE: The CSIBA contains the following sub-accounts:

(N)

The "California Solar Initiative Subaccount" tracks the annual authorized CSI budget against costs incurred by PG&E to implement and administer the CSI.

The "Performance-Based Incentive Subaccount" tracks, on a quarterly basis, an amount equal to the expected five-year Performance-Based Incentives (PBI) payment for completed projects, as authorized by the Commission, against PBI payments paid to customers. Per D.06-12-033, PBI is required for systems 100 kW and larger beginning January 1, 2007; for systems 50 kW and larger beginning January 1, 2008; and for systems 30 kW and larger beginning January 1, 2010, or as otherwise modified by the CPUC.

a. California Solar Initiative Subaccount

The following entries will be made to this subaccount at the end of each month:

- 1) A debit entry equal to administration costs including incremental program design, contract administration, marketing, regulatory reporting, Measurement and Evaluation (M&E), and other expenses authorized for administration by the CPUC.
- 2) A debit entry equal to incentive payments to customers for Expected Performance-Based Buydown (EPBB) incentives.
- 3) A debit entry equal to PG&E's share of Research, Development, and Demonstration (RD&D) and associated administration costs, as authorized by the CPUC.
- 4) A debit entry equal to PG&E's share of San Diego Regional Energy Office's (SDREO's) Solar Hot Water Heating Pilot Program and associated administration costs, as authorized by the CPUC.
- 5) A debit entry equal to incentive payments through the CSI Low-Income Program and associated administration costs, as authorized by the CPUC.
- 6) A credit entry equal to the one-twelfth of the current-year CSI budget, excluding FF&U, as authorized by the CPUC.
- 7) A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the CPUC.
- 8) A credit equal to any forfeited CSI application fees.
- 9) A debit or credit entry, as appropriate, equal to the interest on the average of the balance at the beginning of the month and the balance after the entries 5.a.1 to 5.a.8, 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.

(N)

(Continued)



PRELIMINARY STATEMENT
(Continued)

EO. CALIFORNIA SOLAR INITIATIVE BALANCING ACCOUNT (CSIBA) (Cont'd.)

5. ACCOUNTING PROCEDURE (Cont'd.):

(N)

a. California Solar Initiative Subaccount (Cont'd.)

The following entries will be made to this subaccount at the end of each quarter:

- 10) A debit entry equal to the forecasted amount for five-year PBI payments for projects completed in the quarter, which corresponds to entry 5.b.4 below.
- 11) A debit or credit entry, as appropriate, equal to the interest on the average of the balance at the beginning of the quarter and the balance after entry 5.a.10 only, 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.

b. Performance-Based Incentive Subaccount

The following entries will be made to this subaccount at the end of each month:

- 1) A debit entry equal to incentive payments to customers for PBI.
- 2) A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the CPUC.
- 3) A debit or credit entry, as appropriate, equal to the interest on the average of the balance at the beginning of the month and the balance after the entries 5.b.1 to 5.b.2, 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.

The following entries will be made to this subaccount at the end of each quarter:

- 4) A credit entry equal to the forecasted five-year PBI payments for projects completed in that quarter, corresponding to the entry in Part 5.a.10 above.
- 5) A debit or credit entry, as appropriate, equal to the interest on the average of the balance at the beginning of the quarter and the balance after entry 5.b.4, 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.

(N)

(Continued)



Pacific Gas and Electric Company
San Francisco, California

Cancelling

Revised
Revised

Cal. P.U.C. Sheet No. 26214-E
26198-E

TABLE OF CONTENTS

Preliminary Statements

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Part EA	Internal Combustion Conversion Incentives Balancing Account	23642-E
Part EC	Demand Response Expenditures Balancing Account (DREBA)	24741-24742-E
Part ED	Demand Response Revenue Balancing Account (DRRBA).....	24743-E
Part EF	Procurement Energy Efficiency Revenue Adjustment Mechanism (PEERAM).....	25392-E
Part EG	Credit Card Pilot Program Memorandum Account (CCPPMA)	25351-25352-E
Part EH	Negative Indifference Amount Memorandum Account (NIAMA)	25088-E
Part EI	SmartMeter Project Balancing Account - Electric.....	25141-25142-E
Part EJ	Pension Contribution Balancing Account	25227-25228-E
Part EL	Renewables Portfolio Standard Cost Memorandum Account	25453, 25453-E
Part EO	California Solar Initiative Balancing Account	26211-26213-E (N)

Advice Letter No.
Decision No.

3010-E
D.06-12-033

Issued by
Brian K. Cherry
Vice President
Regulatory Relations

Date Filed: 3/22/2007
Effective: 1/1/2007
Resolution No.

106319



TABLE OF CONTENTS

Preliminary Statements

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Part A	Description of Service Area and General Requirements	12081-12090, 17048-E
Part E	CPUC Reimbursement Fee	21604-E
Part G	Catastrophic Event Memorandum Account	18998, 11740-E
Part H	Interest	10579-E
Part I	Rate Schedule Summary	DRAFT, 25665-E
Part J	Income Tax Component of Contributions Provision	20380, 11503-E
Part K	Energy Commission Tax	24297-E
Part M	California Alternate Rates for Energy Account	24312-E
Part P	Customer Energy Efficiency Adjustment	24031-24032, 25583, 24034-E
Part Q	Competition Transition Charge Responsibility	14028-E
Part R	Affiliate Transfer Fees Account	24313-E
Part S	Hazardous Substance Mechanism	22710, 15720, 22711-22712, 13420-13421-E
Part T	Qualifying Facility Contribution in Aid of Construction Memorandum Account	13426-E
Part U	Capital Audit Consultant Cost Memorandum Account	17993-E
Part Y	Electric and Magnetic Field Measurement Policy	13399-E
Part Z	Electric Vehicle Balancing Account	21664-E
Part AD	Transition Cost Audit Memorandum Account	15917-E
Part AE	Generation Divestiture Transaction Costs Memorandum Account	19902-E
Part AK	Low Income Energy Efficiency Memorandum Account	19227-E
Part AN	Diablo Canyon Property Tax Balancing Account	24058-E
Part AS	Fixed Transition Amount Charge	14794, 25662-E
Part AT	Rate Reduction Bond Memorandum Account	25365-25366-E
Part AU	Direct Access Discretionary Cost/Revenue Memorandum Account	14837-E
Part BB	Competition Transition Charge Responsibility for All Customers and CTC Procedure for Departing Loads	24070, 19906-19907, 16400, 14960-14961, 16229-16231, 24071, 14964-14969, 16401- 16402-E
Part BF	Streamlining Residual Account	22714-E
Part BK	Transmission Revenue Requirement Reclassification Memorandum Account	16761-E
Part BO	Real Property Gain/Loss on Sale Memorandum Account	16651-E
Part BQ	Interim PX-Based Price Tracking Account	16695-E
Part BU	Vegetation Management Balancing Account	24965-E
Part BX	Interruptible Load Programs Memorandum Account	24733-24734-E
Part BY	Self-Generation Program Memorandum Account	26209-E
Part BZ	Demand-Responsiveness Program Memorandum Account	25900-E

(T)



Pacific Gas and Electric Company
San Francisco, California

Cancelling

Revised
Revised

Cal. P.U.C. Sheet No. 26216-E
25898-E

TABLE OF CONTENTS

Preliminary Statements

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Part CB	DWR/ISO Cost Balancing Account	20500-E
Part CC	Real Time Energy Metering Memorandum Account.....	18307-18308-E
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
Part CG	Utility Generation Balancing Account.....	25367, 24736-E
Part CH	Utility Retained Generation Income Tax Memorandum Account.....	20502-E
Part CI	Wholesale DWR/ISO Cost Memorandum Account	20503-E
Part CJ	Negative Ongoing Transition Charge Memorandum Account	24322-E
Part CK	Distribution Bypass Deferral Rate Memorandum Account	20619-E
Part CL	Distributed Energy Resources Memorandum Account.....	19042-E
Part CM	Bond Charge Balancing Account (BCBA)	20245, 19556-E
Part CN	Research, Development, and Demonstration Balancing Account.....	19371-E
Part CO	Renewables Balancing Account.....	19372-E
Part CP	Energy Resource Recovery Account	25456, 25085, 25457-25458-E
Part CQ	Modified Transition Cost Balancing Account.....	25896-25897, 24328-24329, 24758-E
Part CR	Common Area Balancing Account	19768-19769-E
Part CS	Advanced Metering and Demand Response Account.....	24738-24739, 23926*-E
Part CT	Direct Access Shortfall Account (DASA)	22416-E
Part CU	Customer Credit Card Holding Account	21533-E
Part CV	Financial Hedging Memorandum Account (FHMA)	20631-E
Part CY	El Paso Settlement Electric Memorandum Account (EPSEMA).....	20985-E
Part CZ	Distribution Revenue Adjustment Mechanism.....	25368, 26210 , 25958 -E

(T)

Advice Letter No.
Decision No.

3010-E
D.06-12-033

Issued by
Brian K. Cherry
Vice President
Regulatory Relations

Date Filed: 3/22/2007
Effective: 1/1/2007
Resolution No.

106321



Pacific Gas and Electric Company
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Cancelling

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Cal. P.U.C. Sheet No. 26217-E
25712-E

TABLE OF CONTENTS

Table of Contents

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Title Page		25712-E
Rate Schedules	25459, 25591, 25946, 25945, 25709-E	
Preliminary Statements	 26215-26216 , 25661, 26214 -E	(T)
Rules		25588-E
Sample Forms	25587, 25586, 25875-25876, 25947, 25711, 25878-E	

Advice Letter No.
Decision No.

3010-E
D.06-12-033

Issued by
Brian K. Cherry
Vice President
Regulatory Relations

Date Filed: 3/22/2007
Effective: 1/1/2007
Resolution No.

106322

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