

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



April 17, 2008

Advice Letter 2913-G/3232-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: Correction to the Gas and Electric Allocation of the
Self Generation Incentive Program (SGIP) Funding

Dear Mr. Cherry:

Advice Letter 2913-G/3232-E is effective April 17, 2008.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division

March 18, 2008

Advice 2913-G/3232-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Correction to the Gas and Electric Allocation of the Self
Generation Incentive Program (SGIP) Funding****Purpose**

Pacific Gas and Electric Company (PG&E) hereby requests approval to correct the electric and gas allocation for the SGIP funding to be consistent with the current energy efficiency program allocation factors for customers. The affected tariff sheets are listed on the enclosed Attachment I.

Background

In Ordering Paragraph (OP) 2 of Decision (D.) 01-03-073, the California Public Utilities Commission (Commission) directed PG&E to file an Advice Letter within 15 days of the decision which presented the specific factors that PG&E would use to allocate SGIP budgets between their electric and gas customers. Per the Commission order, "these factors shall reflect the current allocation of energy efficiency programs between these [electric and gas] customers."

As of January 1, 2006, the electric and gas allocation factors for Energy Efficiency customers are 86% and 14%, respectively. Since January 1, 2006, PG&E inadvertently used incorrect allocation factors for SGIP funding, 84% electric and 16% gas. Through March 31, 2008, use of these incorrect allocation factors has resulted in a misallocation of \$4.74 million, plus interest and Franchise Fees & Uncollectibles (FF&U)¹, in SGIP funding. More specifically, use of these incorrect allocation factors resulted in the recovery of \$4.74 million (2% of the total SGIP funding) from gas customers (through the Core Fixed Cost Account (CFCA) and Noncore Customer Class Charge Account (NCA)) that should have been recovered from electric customers (through the Distribution Revenue Adjustment Mechanism (DRAM)).

¹ FF&U is not recorded in the CFCA and NCA, and therefore will only be reflected in the DRAM.

To correct the aforementioned SGIP funding misallocation, PG&E respectfully requests permission to transfer \$4.74 million, plus interest and FF&U¹, from the CFCA and NCA to the DRAM.²

This transfer will have a negligible impact on gas and electric rates. Upon approval of this advice filing, PG&E will make appropriate one-time entries to correct for this error through the date approved and apply the correct electric and gas allocations of 86% and 14% respectively, going forward, to record SGIP funding in the applicable balancing accounts. PG&E will not change rates in 2008 to reflect this funding allocation change from that adopted in the Annual Electric True-Up (AET) and Annual Gas True-Up (AGT). Any over-allocations or under-allocations will be trued-up in the 2009 AET and AGT.

Further, the SGIP funding misallocation also affected the California Solar Initiative Balancing Account (CSIBA). Ordering Paragraph 12 of D.06-12-033 orders PG&E to, "apportion any unspent 2006 SGIP solar funds based on the pro rate [sic] 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."

For the period from January 1, 2006 through December 31, 2006, the SGIP funding for gas was over-allocated by \$3.84 million, plus interest, and the SGIP funding for electric was under-allocated by \$3.84 million, plus interest. As a means of correcting the funding for the California Solar Initiative (CSI), PG&E hereby requests to transfer \$3.84 million, plus interest, from the Electric Self-Generation Program Memorandum Account (SGPMA) to the CSIBA.³

The \$3.84 million, plus interest, transfer from the SGPMA to the CSIBA will not change the overall funding level for CSI since a transfer of funds from the SGPMA to the CSIBA is not incremental to the adopted cap per Senate Bill 1.

Tariff Revisions

Preliminary Statement C – Gas Accounting Terms and Definitions, Part 2 is updated to reflect the revised annual Gas SGIP Funding of \$5.04 million, along with their core and noncore allocations.

² PG&E will true-up the amount of this adjustment to reflect SGIP activity that is recorded in the CFCA, NCA and DRAM from April 1, 2008 through the approval date of the AL.

³ PG&E will also be making the corresponding allocation adjustment to the expenses.

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 **April 7, 2008**, 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: anj@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 this advice filing become effective on regular notice, **April 17, 2008**, which is 30 calendar days after the date of filing.

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 should be directed to Rose de la Torre at (415) 973-4716. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>

A handwritten signature in cursive script that reads "Brian K. Cheney / dc". The signature is written in black ink and is positioned above the typed name and title.

Vice President, Regulatory Relations

Attachments

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) #: **2913-G/3232-E**

Tier: 2

Subject of AL: Correction to the Gas and Electric Allocation of the Self Generation Incentive Program (SGIP) Funding

Keywords (choose from CPUC listing): Revenue Allocation, Self Generation

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

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

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: No

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: **April 17, 2008**

No. of tariff sheets: 4

Estimated system annual revenue effect (%): see advice letter

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 Statement C

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 1
Advice 2913-G**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
26874-G	Preliminary Statement Part C--Gas Accounting Terms and Definitions	26728-G
26875-G	Preliminary Statement Part C (Cont.)	26729-G
26876-G	Table of Contents -- Preliminary Statements	26653-G
26877-G	Table of Contents -- Title Page	26831-G

**ATTACHMENT 1
Advice 3232-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
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PRELIMINARY STATEMENT
 (Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)
 2. ANNUAL GAS REVENUE REQUIREMENT AND PPP FUNDING REQUIREMENTS: (Cont'd.)

Description	Amount (\$000)				Total
	Core	Noncore	Unbundled	Core Procurement	
GRC BASE REVENUES (incl. F&U) (1):					
Authorized GRC Distribution Base Revenue					1,095,444
Less: Other Operating Revenue					<u>(26,023)</u>
Authorized GRC Distribution Revenues in Rates	1,034,393	35,028			1,069,421
BCAP ALLOCATION ADJUSTMENTS AND CREDITS TO BASE:					
G-10 Procurement-Related Employee Discount	(3,042)				(3,042)
G-10 Procurement Discount Allocation	1,275	1,767			3,042
Less: Front Counter Closures	(355)				(355)
Core Brokerage Fee Credit	<u>(9,581)</u>				<u>(9,581)</u>
GRC Distribution Base Revenue with Adj. and Credits	<u>1,022,690</u>	<u>36,795</u>			<u>1,059,485</u>
TRANSPORTATION FORECAST PERIOD COSTS & BALANCING ACCOUNT BALANCES (2):					
Transportation Balancing Accounts	24,371	2,708			27,079
Self-Generation Incentive Program Revenue Requirement	2,124 (R)	2,916 (R)			5,040 (R)
CPUC Fee	2,066	2,718			4,784
ClimateSmart	1,486	50			1,536
SmartMeter™ Project	27,785				27,785
10/20 Plus Winter Gas Savings Plan (WGSP) – Transportation	1,574				1,574
Franchise Fees and Uncollectible Expense (F&U) (on items above)	580 (R)	127 (R)			707
CARE Discount included in PPP Funding Requirement	(91,700)				(91,700)
CARE Discount not included in PPP Surcharge Rates	<u>149 (I)</u>				<u>149 (I)</u> (T)
Transportation Forecast Period Costs & Balancing Account Balances	<u>(31,565) (R)</u>	<u>8,519 (R)</u>			<u>(23,046) (R)</u>
GAS ACCORD REVENUE REQUIREMENT (incl. F&U) (3):					
Local Transmission	100,685	43,083			143,768
Customer Access Charge – Transmission Storage	42,093	5,174			47,267
Carrying Cost on Noncycled Storage Gas	1,757		7,499		9,256
Backbone Transmission/L-401	<u>82,016</u>		251		<u>82,267</u>
Gas Accord Revenue Requirement	<u>226,551</u>	<u>48,257</u>	<u>163,935</u>		<u>446,493</u>

- (1) The authorized GRC amount includes the distribution base revenue and F&U approved effective January 1, 2007, in General Rate Case D.07-03-044, and \$22M for Attrition approved in AL 2877-G. The GRC distribution base revenue is allocated to core and noncore customers in Cost Allocation Proceedings, as shown in Part C.3.a.
- (2) The total 2007 SGIP RRQ was authorized to be recovered in 2007 in D.06-12-033. Per D.06-05-019, SGIP costs were removed from wholesale gas rates on July 1, 2006. The Climate Protection Tariff RRQ for 2008 was approved in D.06-12-032. The SmartMeter™ Project RRQ was approved in D.06-07-027 and AL 2752-G/G-A. 10/20 WGSP costs, approved in Resolution G-3405, are recovered in commercial customers' rates beginning January 1, 2008.
- (3) The Gas Accord IV Revenue Requirement effective January 1, 2008, was adopted in D.07-09-045. Storage revenues allocated to load balancing are included in unbundled transmission rates.

(Continued)



PRELIMINARY STATEMENT
 (Continued)

C. GAS ACCOUNTING TERMS AND DEFINITIONS (Cont'd.)

2. ANNUAL GAS REVENUE REQUIREMENT AND PPP FUNDING REQUIREMENTS: (Cont'd.)

Description	Amount (\$000)				
	Core	Noncore	Unbundled	Core Procurement	Total
ILLUSTRATIVE CORE PROCUREMENT REVENUE REQUIREMENT (4):					
Illustrative Gas Supply Portfolio				2,294,326	2,294,326
Interstate and Canadian Capacity				162,437	162,437
10/20 Plus WGSP – Procurement – Residential				3,426	3,426
F&U (on items above and Procurement Account Balances Below)				29,603	29,603
Backbone Capacity (incl. F&U)	(62,946)			62,946	0
Backbone Volumetric (incl. F&U)	(19,070)			19,070	0
Storage (incl. F&U)	(42,093)			42,093	0
Carrying Cost on Noncycled Storage Gas (incl. F&U)	(1,757)			1,757	0
Core Brokerage Fee (incl. F&U)				9,581	9,581
Procurement Account Balances				(18,875)	(18,875)
Illus. Core Procurement Revenue Requirement	(125,866)			2,606,364	2,480,498
TOTAL GAS REVENUE REQUIREMENT (without PPP) IN RATES	1,091,809 (R)	93,572 (R)	171,685	2,606,364	3,963,430 (R)
PUBLIC PURPOSE PROGRAM (PPP) FUNDING REQUIREMENT (F&U exempt) (5):					
Energy Efficiency (EE)	47,309	5,266			52,575
Low Income Energy Efficiency (LIEE)	20,984	2,336			23,320
Research, Demonstration and Development (RD&D)	6,103	2,958			9,060
CARE Administrative Expense	1,681	920			2,601
BOE and CPUC Administrative Cost	120	59			179
PPP Balancing Accounts	(5,425)	(4,142)			(9,567)
CARE Discount Recovered from non-CARE customers	59,255	32,446			91,700
Total PPP Funding Requirement in Rates	130,026	39,843			169,869
TOTAL GAS REVENUE AND PPP FUNDING REQUIREMENT IN RATES	1,221,836 (R)	133,414 (R)	171,685	2,606,364	4,133,299 (R)
TOTAL AUTHORIZED GAS REVENUE AND PPP FUNDING REQUIREMENT	1,221,687 (R)	133,414 (R)	171,685	2,606,364	4,133,150 (R)

(4) The credits shown in the Core column represent the core portion of the Gas Accord Revenue Requirements that is included in the illustrative Core Procurement RRQ, and are shown here to avoid double counting these costs in the total. The Gas Supply Portfolio cost includes a forecast of carrying cost on cycled gas in storage, and an illustrative commodity and shrinkage cost based on the Weighted Average Cost of Gas (WACOG) of \$0.73961 per therm. Actual gas commodity costs change monthly. 10/20 WGSP costs, approved in Resolution G-3405, will be recovered in residential rates effective April 1, 2008.

(5) The PPP funding requirement is recovered in gas PPP surcharge rates pursuant to D.04-08-010 and 2008 PPP surcharge AL 2880-G; and includes LIEE program funding adopted in D.05-04-052, EE program funding adopted in D.05-09-043 and D.05-11-011, CARE annual administrative expense adopted in D.05-04-052, and excludes F&U per D.04-08-010.

(Continued)

TABLE OF CONTENTS

Preliminary Statements

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Part A	Description of Service Area and General Requirements.....	14615-14623, 18797-G
Part B	Default Tariff Rate Components.....	26574-26580, 25010*-25012, 23229, 24979, 24980-24981, 24752-24753, 24982-24984, 24757, 26650, 26650*, 22024-G
Part C	Gas Accounting Terms and Definitions.....	23345, 26874-26875 , 24663, 24973, 23347, 23760-23761, 24431, 23348, 23561, 23795, 23351, 25093-G
Part D	Purchased Gas Account	25094-25096, 26564-G
Part E	Credit Card Pilot Program memorandum Account (CCPPMA)	24229-24230-G
Part F	Core Fixed Cost Account	24144, 24623-24624, 26565-G
Part J	Noncore Customer Class Charge Account	23709, 24625, 25108-25109-G
Part K	Enhanced Oil Recovery Account	23762-G
Part L	Balancing Charge Account.....	23273-23274-G
Part O	CPUC Reimbursement Fee	24987-G
Part P	Income Tax Component of Contributions Provision	21646, 13501-G
Part Q	Affiliate Transfer Fees Account	23275-G
Part S	Interest	12773-G
Part T	Tax Reform Act of 1986	12775-G
Part U	Core Brokerage Fee Balancing Account	23276-G
Part V	California Alternate Rates For Energy Account.....	23358, 24292-G
Part X	Natural Gas Vehicle Balancing Account.....	24809-G
Part Y	Customer Energy Efficiency Adjustment.....	23601-23602, 24491-24492-G

(T)

TABLE OF CONTENTS

Table of Contents

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.	
Title Page	26831-G	
Rate Schedules	26716, 26611, 26614, 26652-G	
Preliminary Statements	26876 , 26713-G	(T)
Rules	26830-G	
Maps, Contracts and Deviations	24904-G	
Sample Forms	26520, 26709, 26670, 26572, 24674-G	

**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	