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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Institution Rulemaking to Examine the
Commission's Post-2005 Energy Efficiency
Policies, Programs, Evaluation, Measurement
and Verification, and Related Issues

Rulemaking 06-04-010
(Issued April 13, 2006)

**REPLY COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY
(U 39 M) ON RESPONSE OF THE DIVISION OF RATEPAYER
ADVOCATES TO PACIFIC GAS AND ELECTRIC COMPANY'S
PETITION FOR MODIFICATION OF DECISION 05-04-051 TO
INCLUDE STAND-ALONE, NON-GENERATING RENEWABLE
POWERED EQUIPMENT WITHIN THE POLICY RULES'
DEFINITION OF AN ENERGY EFFICIENT MEASURE**

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PACIFIC GAS AND ELECTRIC COMPANY

Dated: September 10, 2009

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OF THE STATE OF CALIFORNIA**

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I. INTRODUCTION

Pursuant to California Public Utilities Commission Rules of Practice and Procedure, Rule 16.4(g), Pacific Gas and Electric Company files this Reply to *Response of the Division of Ratepayer Advocates to Pacific Gas and Electric Company's Petition for Modification of Decision 05-04-051 to Include Stand-Alone, Non-Generating Renewable Powered Equipment Within the Policy Rules' Definition of an Energy Efficient Measure* (DRA Response). On September 3, 2009, Administrative Law Judge Gamson, via telephone conversation, authorized PG&E to file this Reply. In its Response, DRA supports the inclusion of solar crop drying equipment and solar assisted heat pumps within the definition energy efficient measures. DRA also makes recommendations with which PG&E agrees, regarding streamlining the process for future inclusion of additional solar-assisted devices within the definition of "energy efficiency measure" and revisiting cost-effectiveness requirements applicable to fuel-substitution measures.

II. DISCUSSION

A. PG&E Agrees with DRA's Recommendation to Streamline the Process to Add New Measures to the Energy Efficiency Portfolios.

PG&E agrees with DRA that "...the Commission should allow utilities to submit requests to expand the definition of energy efficiency measures to include other solar-assisted technologies

via the advice letter process.” (DRA Response at p. 6) PG&E agrees that the advice letter process would be a more efficient manner of informing parties of new energy efficiency technologies while continuing to provide for Commission oversight.

B. PG&E Also Agrees with DRA that the Commission Should Revise the Cost-Effectiveness Test for Fuel-Substitution Measures.

PG&E agrees with DRA that to ensure fuel-substitution measures are fully utilized as energy efficient measures, the Commission should reconsider the present cost-effectiveness requirements. Currently, the Policy Manual requires that energy efficiency fuel-substitution programs pass the cost-effectiveness “Dual-Test” (i.e., the Total Resource Cost (TRC) test and Program Administrator Cost (PAC) test) *on a stand-alone basis* (as opposed to at the portfolio level) to be included in the energy efficiency portfolio. PG&E agrees with DRA’s recommendation that fuel-substitution measures should be required “to meet the same portfolio-level cost effectiveness standard as other energy efficiency measures.” (DRA Response at p.8)

III. CONCLUSION

Pacific Gas and Electric Company appreciates the opportunity to file this Reply and to respond to DRA’s additional recommendations. No party has opposed the inclusion of the solar-powered crop drying, and solar-assisted heat pump technologies within the definition of “energy efficiency measure.” PG&E agrees with DRA’s recommendations regarding moving to the advice letter process for future addition of fuel-substitution technologies, as well as revisiting the applicable cost-effectiveness requirements. Accordingly, PG&E requests timely Commission approval of its Petition for Modification.

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Respectfully Submitted,

CHONDA J. NWAMU
MICHAEL R. KLOTZ

By: _____ /s/
MICHAEL R. KLOTZ

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Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: September 10, 2009

CERTIFICATE OF SERVICE

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is Pacific Gas and Electric Company, Law Department, PO Box 7442, San Francisco, CA 94120.

On the 10th day of September, 2009, I caused to be served a true copy of:

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Via electronic mail to all parties in R.06-04-010.

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 10th day of September, 2009, at San Francisco, California.

_____/s/_____
PATRICIA A. KOKASON