



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

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10-13-09
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Application of Pacific Gas and Electric Company
for a Two-Year Extension of the ClimateSmart™
Program and Tariff Option.

(U 39 M)

Application 09-05-016
(Filed May 18, 2009)

**PRE-WORKSHOP STATEMENT OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)**

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Dated: October 13, 2009

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

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OF THE STATE OF CALIFORNIA**

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for a Two-Year Extension of the ClimateSmart™
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I. INTRODUCTION

Pursuant to the September 29, 2009, Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge (“Scoping Memo”) in this proceeding, Pacific Gas and Electric Company (PG&E) provides its pre-workshop statement. PG&E’s pre-workshop statement includes the following information as required by the Scoping Memo: (1) A copy of PG&E’s data request responses to TURN attached to this pre-workshop statement as Attachment A; and (2) This pre-workshop statement provides a detailed explanation of how PG&E intends to modify the ClimateSmart™ program so that it may meet or exceed the contracting and enrollment goals adopted in D. 06-12-032. (Scoping Memo, p. 3.)

In addition to this pre-workshop statement, PG&E personnel who administer the ClimateSmart™ program will be available at the October 22 workshop to provide additional information and to respond to questions from the ALJ, Commission staff and interested parties.

II. BACKGROUND AND “LESSONS LEARNED” ON ENROLLMENT AND MARKETING GOALS FOR CLIMATE SMART™

Initial Assumptions Regarding the ClimateSmart™ Program Proved to be Wrong, Due to a Number of Factors. The ClimateSmart™ program, the first of its kind in the nation, was adopted by the Commission in Decision 06-12-032 as a three-year demonstration project, and is currently scheduled to conclude on December 31, 2009.

The program provides PG&E customers with an opportunity to balance out the greenhouse gas (GHG) emissions arising from their use of electricity and natural gas. PG&E adopted the ClimateSmart™ program as a “demonstration” project in recognition of the fact that it was a new and innovative program and that the climate change public policy landscape was expected to continue to evolve in the coming years, which it has. The Decision requires PG&E to guarantee that the ClimateSmart™ program enters into contracts for 1.5 million short tons (1.36 million metric tons) of GHG emission reductions by the end of 2009. This requirement is referred to as the “performance standard.”

In retrospect, it is now clear that the contracting and enrollment goals were overly optimistic. However, we have learned lessons since the program’s initial launch in June 2007. We intend to apply these lessons, as well as some new strategies and tactics, in order to improve ClimateSmart™ and its outreach, and maximize its chances for success.

Lesson #1: The initial performance metric for enrollment of 3.3% of PG&E’s customer base was unrealistic and should not be used to evaluate the success of the program or guide the marketing and outreach for the ClimateSmart™ program going forward. This metric has contributed to a misguided focus on enrollment before education. Instead, we should focus on concrete, specific strategies based on information gathered thus far that (1) Seek to maintain the high satisfaction, loyalty, and support of “early adopter” customers currently enrolled in the program; and (2) Seek new customers based on those customers’ individual and customized needs and levels of awareness about climate change and sustainability actions.

Lesson #2: We under-estimated the implications of the “pioneering” nature of the ClimateSmart™ program. In addition to being the first initiative of its kind (voluntary consumer opt-in), the ClimateSmart™ program was also the first utility attempt to sell carbon offsets directly to ratepayers. As such, it should have been

recognized that a significant consumer education gap must first be closed before enrolling customers into the program. The program has been challenged to convey a difficult concept to a relatively uninformed consumer, including Northern California consumers who are relatively better informed on environmental issues than those in other parts of the country. Because education was and remains a significant hurdle to customer enrollment, PG&E's marketing and enrollment efforts must be tailored precisely to the sophistication and awareness of individual customers, and must take into account the relative costs of educating them to the level necessary for them to consider enrolling in the ClimateSmart™ program. Just as importantly, PG&E should do all it can do with its existing resources to maintain and enhance the support and loyalty of the more than 30,000 customers already enrolled in the program, because those informed customers create a base on which to build future education and customer-specific sustainability actions and programs.

Lesson #3: The strategy of leveraging “shared media” as a means of bolstering the direct marketing efforts around education and awareness was a good strategy. However, to successfully address the customer “education gap”, PG&E's marketing strategy must be more closely integrated with its other customer communications and programs, using cross-functional channel communications and a consistent messaging platform as an anchoring centerpiece for all efforts, thus increasing the likelihood that new customers will reach the education level to make a positive decision to enroll.

Lesson #4: The ClimateSmart™ program is seeking customers in a segment of the charitable giving “market” that has multiple and significant competitors for the “green” dollar – and at a time of economic decline and uncertainty that has had devastating financial impacts on both the for-profit and not-for-profit parts of the “green” sector. The negative impact and uncertainty of the current economic recession on ClimateSmart™ enrollment cannot be underestimated and is a factor largely outside PG&E's control, no matter how sophisticated or targeted PG&E's marketing efforts.

Consistent with these “lessons learned” and the philosophy of a pilot program that is worth extending, PG&E will continue to seek out innovative, successful approaches for this program and to find a sustainable marketing, education, and outreach formula that expands the enrollment and benefits of the program and provides benefits to ratepayers as a whole as well as enrolled customers specifically.

PG&E also will continue to maintain and enhance the support of the over 30,000 customers who are currently enrolled in the program, and to “mine” the experiences of those customers for data and new ideas for future customer-driven sustainability programs.

With these as our priorities, our goals for the Program and its outreach over the next two years will be:

- ***High cost-effectiveness*** – We will seek to leverage ratepayer funds by the most cost-effective means possible.
- ***Innovation/Continuous Improvement*** – We will implement best practices from our own lessons learned as well as from leaders in the “green” marketing and charitable giving fields.
- ***Customer Focus***–We will focus on the individual needs of our customers and tailor our outreach to those needs throughout all aspects of program design and delivery.

PG&E will deploy marketing funds over the next two years to educate, attract, enroll, and retain business, residential and municipal customers. Our overall actions will include:

- Partnerships and arrangements that leverage the networks of non-residential customers and other partners which may have business and marketing reasons to expand charitable giving and other expenditures for greenhouse gas mitigation activities
- Social networking and electronic media to connect with participants, to

cultivate a virtual shared interest community, to communicate about the ClimateSmart™ program to potential enrollees, and to create a dialogue between the program and customers

- Awareness and recognition efforts to highlight existing ClimateSmart™ participants and make the ClimateSmart™ program more accessible and recognizable
- Regular, timed announcements to the public to communicate program successes and milestones, and build program momentum
- Highly targeted efforts to those segments of customers most likely to enroll
- Continuing to foster relationships with leading environmental and renewable energy organizations to explore the possibility of targeting their membership for enrollment.

Additional details on the specific actions and marketing strategies PG&E intends to implement to maintain and increase customer enrollment and contributions during the two-year extension period are described in the next section.

III. OUTREACH AND RETENTION STRATEGY

A. Integrated outreach through other PG&E programs

1. Customer Initiatives

PG&E will employ an “Integrated Energy Management” approach to help its commercial and residential customers make smart energy choices consistent with the Energy Action Plan. This strategy involves a 360° comprehensive approach to energy management, and addresses measures such as conservation, energy efficiency, demand response, renewable energy, and carbon offsets. Integrated Energy Management can be a powerful tool for communicating the benefits of the ClimateSmart™ program, and also for indicating the role that other measures play in relation to it.

As PG&E incorporates the Integrated Energy Management messaging throughout its range of customer initiatives, especially to non-residential customers, the ClimateSmart™ program will have greater exposure through a broader array of venues and channels than it has in the past. We will leverage this through the specific strategies outlined below:

a. Service and Sales

Going forward, we will continue to leverage Service and Sales teams to play a direct role in the sales of the ClimateSmart™ program to commercial customers, especially to those segments which we believe have a high propensity to be “green”. These segments include, but are not limited to hospitality, high-tech and biotech, healthcare, and wineries. By assessing a customer’s energy management awareness and engaging customers based on their individual needs, our Service and Sales team members will continue to play a critical role in communicating the critical “call to action” and enrolling these high potential green businesses into the ClimateSmart™ program.

b. Channels Specific to particular PG&E programs

The ClimateSmart™ program is a natural complement to conservation, energy efficiency, and renewable energy measures. As such, we will communicate the benefits of the ClimateSmart™ program through a variety of relevant channels.

Examples:

- (1) Energy Efficiency: Inclusion of ClimateSmart™ program messaging at the end of an online energy audit (“After implementing these measures, you will reduce your carbon footprint by x tons. Balance out the remainder of your energy carbon footprint through the ClimateSmart™ program.”)
- (2) Renewable energy: Inclusion of ClimateSmart™ program messaging in our welcome letters to solar customers, or through the numerous other solar channels and events.

c. Community Events and Civic Outreach

We will leverage PG&E’s presence at numerous community events throughout our service territory. We will continue to work to ensure that the ClimateSmart™ program message is conveyed to our city and county government partners as well.

2. Supplier Initiatives

PG&E already evaluates its suppliers for inclusion in its Green Supply Chain program partially on their participation in the ClimateSmart™ program. We will continue to seek additional ways to leverage and integrate the ClimateSmart™ program into other supplier initiatives.

3. Employee Initiatives

We will continue to seek additional forums for outreach to our employees, including for example:

- PG&E’s employee charitable giving campaign “Campaign for the Community”
- All-employee events and fairs
- Messages from senior management
- ClimateSmart™ Program updates and email solicitations

B. Outreach through partners and existing customers

1. Partnerships with Leading Environmental Organizations

Many environmental organizations share a common goal with the ClimateSmart™ program: taking action against climate change. Going forward, we seek to build on the partnerships that ClimateSmart™ has already built with several environmental groups.

Some of the forms of partnership may include:

- Working with environmental organizations and environmental thought leaders in government and business to endorse the program and communicate their support to their Northern and Central California

members and the public through online and print media and correspondence.

- Distribution of ClimateSmart™ Program information and requests by the organizations to their member constituents, inviting them to participate in the ClimateSmart™ program.
- Participation at environmental events.
- Other forms of organizational outreach.

Going forward, the ClimateSmart™ program will connect with leading environmental organizations to forge partnerships that will enable both parties to further their common goals around climate change.

2. Partnerships with Commercial, Non-profit and Municipal Customers

There are a variety of partnerships and initiatives we can develop with our over 700 commercial, non-profit, and municipal ClimateSmart™ program customers. These customers can be tremendous advocates for us, leading by the example of their own enrollment.

For example, we have recently launched partnerships with two for-profit ClimateSmart™ commercial customers: Fresh Choice restaurants and US Foodservice. These businesses will communicate with their own customers and employees about the ClimateSmart™ program, why each has chosen to enroll, and why the recipient may want to consider enrolling as well. For every enrollment generated, funds will be donated by PG&E shareholders through our charitable giving program to non-profits chosen by the partner. In this way both the commercial customer's network and the non-profit have reason to promote the ClimateSmart™ program. The results of this initiative will be evaluated and if successful, other similar partnerships will be evaluated and launched.

As another example, we are beginning to work with our municipal customers on

a similar initiative. We will ask them to convey to their residents why they have chosen to enroll in the ClimateSmart™ program, and encourage their residents to participate as well.

3. Merchandising Program

Going forward with an increasing number of commercial customers enrolled in the program, we will be more proactive in encouraging our commercial customers to communicate their participation in the ClimateSmart™ program to their customers and constituents. We believe this can be a significant “win-win” for the business and for the educational outreach of the program: many customers prefer to do business with environmental leaders and expect the business community to do more to combat climate change. By communicating its enrollment in the ClimateSmart™ program, a business conveys its environmental leadership and commitment to combating climate change. At the same time, customers will be informed of the environmental benefits of the ClimateSmart™ program.

There are ample opportunities for our customers demonstrate their level of concern for the environment and communicate their leadership. We will encourage the use of the ClimateSmart™ program logo as well as provide free merchandising, including posters, certificates, window clings, table tents, etc. to qualified new customers. These materials can be displayed through a variety of channels including:

- customer websites and social networking sites
- product collateral and brochures
- product labels
- storefront windows or other locations at the place of business
- customer communications, such as e-mail and letters
- advertising

We will work through our Service and Sales force to reach out to those

businesses which are most likely to benefit from this type of merchandising, and will provide creative suggestions for the use of these materials.

4. Competition

Competition amongst peers can be a tremendous behavioral motivator. We will seek creative opportunities to leverage this dynamic and encourage new program enrollments. For example, we will consider some form of competitive ranking – showing which commercial sectors have the highest percentage of ClimateSmart™ program enrollments. We will consider highlighting a few ClimateSmart™ participants to demonstrate how these customers have incorporated energy awareness and the entire suite of available options into their operations.

We will explore the possibility of offering some form of integrated environmental award to our commercial customers next year, and would include membership in the ClimateSmart™ program as a criterion in such an award.

5. Membership Program

As described earlier, commercial participants in the program receive access to free merchandising, logos, and certificates to communicate their enrollment in the program. We also send all participants – both residential and commercial - e-newsletters to convey program news and announcements, an annual report, and an individualized annual statement showing the recipient’s contributions to the program.

We will aim through a membership program to take these benefits one step further: to provide “exclusive program benefits” that only participants in the program may enjoy. This would apply to both residential and commercial customers, and may take the form of:

- A directory of participating businesses, promoted through the program website and other PG&E channels
- A rotating showcase of participating businesses (i.e. “the ClimateSmart™

business of the week”) provided through our website, Facebook page, e-newsletter, etc.

- A discount program, perhaps with discounts offered by participating businesses to participating residential customers.
- A membership program such as this can serve to both attract new participants into the program, and to retain existing participants in the program.

C. Outreach through social and on-line media

1. Social Media, e.g. Facebook

We are particularly excited about the potential of sharing the ClimateSmart™ program through social networking sites such as Facebook. The ClimateSmart™ program will utilize Facebook, and potentially other social networking sites, to strengthen and extend its network of potential customers and provide updates to existing customers. Facebook and other social media provide an accessible forum for sharing program information and news, responding to questions and comments about the program, and more generally – for cultivating a shared interest community around carbon offsets and energy.

Shortly after the launch of the ClimateSmart™ program’s Facebook page, we intend to launch a Facebook “fan page” promotion. This promotion will encourage new fans of the page by offering a charitable contribution to the California State Parks Foundation for every new fan. As with our other charitable donations, the funding will come from PG&E shareholders through our charitable donations program. Increasing the number of page fans will help us broaden our reach, increasing the number of people who become aware of our program and its benefits.

2. E-Newsletter

The *Carbon Neutral News*, the ClimateSmart™ program's quarterly e-newsletter, is sent to all participating customers for whom we have valid e-mail addresses. This newsletter is an excellent forum for sharing program news and announcements, highlighting case studies of particular businesses, and providing additional transparency into the program. We will continue to leverage this important medium to connect with current customers and support high customer retention on the program.

3. Website

We look forward to continuing to leverage our program's website in new ways in the coming years as the needs for the program and its communications continue to evolve.

D. **Other targeted outreach**

1. Targeted Direct Mail

Learning from the lessons of past direct mail campaigns, and leveraging our new segment marketing database, we will perform highly targeted outreach to those segments of customers most likely to enroll, for example, green businesses. These campaigns will be highly targeted in order to maximize their cost-effectiveness and their likelihood of success.

E. **Retaining and satisfying current customers**

Equal in importance to attracting and enrolling new customers is keeping our existing customers – both residential and commercial - satisfied and enrolled in the program. Many of the same strategies that will be used to attract new customers can also serve as retention strategies. For example, we will:

- Use our **Service and Sales** team as points of contact to ensure that our commercial customers are satisfied.
- Highlight existing residential or business customers through our **website**,

e-newsletter, and social networking sites.

- Help our commercial customers convey their environmental leadership to their customers through **merchandising** programs.
- Utilize **membership programs** to open new channels for our business customers to promote themselves.
- Recognize our leading participants through published lists or **competitions**.

Finally, we will remind all our participants of why they enrolled, by communicating the benefits of the ClimateSmart™ program through all forms of outreach.

F. Sharing lessons learned and educating the community and public on the ClimateSmart™ model and evaluating options for successor programs

PG&E is only requesting a two-year extension for the ClimateSmart™ program in this application. However, we recognize that, like other pioneering and pilot programs undertaken by California utilities, the CPUC and other policymakers over the last several decades, there are opportunities to continue and expand upon the successes—and lessons learned—from the first three years of ClimateSmart™. In addition, there are opportunities to communicate the ClimateSmart™ model and numerous benefits to other utilities and to other members of the public and policymakers in California and across the country. Although PG&E is not requesting any additional funding during the two-year extension period for these purposes, we fully intend to continue to evaluate and communicate the benefits and opportunities for further expansion of ClimateSmart™ as we implement the program over the two-year extension period. We firmly believe that ClimateSmart™ is a *good* program and can be made even *better* as a model for customer-driven climate change and sustainability programs in the future.

IV. CONCLUSION

Marketing is not an exact science. It is largely interpretive and the “wisdom” of a smart strategy can be highly subjective. However, commonly held belief and marketing intuition suggest that the barriers encountered by the ClimateSmart™ program would have been best addressed by overcoming the education barrier before “asking for the sale,” PG&E’s strategy for the two-year extension period takes this fully into account. We believe that the ClimateSmart™ program leadership is now in place to use a broad variety of tools and actions to maintain and expand enrollment in the ClimateSmart™ program during the next two years.

Specifically, we intend to:

(1) Tailor our marketing and enrollment efforts precisely to individual customers’ level of awareness and educational needs about climate change and sustainability actions.

(2) Integrate our marketing strategy with other customer communications and programs, using cross-functional channel communications and a consistent messaging platform as an anchoring centerpiece for all efforts.

(3) Maintain the high satisfaction, loyalty and support of the over 30,000 customers and partners already enrolled in the program, because those informed customers create a base on which to build future education and customer-specific sustainability actions and programs.

The ClimateSmart™ program is still gaining traction with customers, as should be expected from an innovative program. Ultimately, the success of the program will be a function of factors within our control as well as factors outside our control, such as alternative “green” charity programs and the level of charitable giving in general; the unprecedented economic recession; and the level of public concern and education regarding climate change and practical opportunities to mitigate climate change on a personal level.

Extending the program for an additional two-year period will allow PG&E to build upon the successes achieved to date as well as apply the lessons learned in an area that is still relatively uncharted. Most importantly it will support continued education of customers on climate change during a critical period of renewed focus on climate change at the federal and state level. Through deployment of new marketing strategies in this complex area, we can enable existing and new customers the opportunity to voluntarily make their use of electricity and natural gas “carbon neutral.”

Finally, the ClimateSmart™ program will continue to deliver benefits, both in terms of education as well as direct action, in support of California’s ongoing leadership in addressing climate change.

Respectfully Submitted,
CHRISTOPHER J. WARNER

By: _____ /s/

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Attorneys for

PACIFIC GAS AND ELECTRIC COMPANY

Dated: October 13, 2009

ATTACHMENT A

TURN data request #1

A.09-05-016

July 21, 2009

1. Please provide the following for the time period dating from the commencement of ClimateSmart to the most current recorded data:

- Monthly new customer enrollments by customer class*
- Monthly customer attrition
- Cumulative active enrollments by month
- Revenue collected from subscribers by customer class* by month
- Cumulative revenue collections by month
- Cumulative GHG reductions associated with all customer commitments

by month

*For purposes of this request, please provide information on the following “customer classes” – residential (non-CARE), residential (CARE), small business, large business, agriculture, and PG&E facilities.

2. Does PG&E have any projections for new enrollments, attrition and active enrollments during the two-year extension of ClimateSmart? If so, please provide any forecasts or estimates including anticipated revenues to be collected and total GHG reductions to be supported by customers through the end of the two-year extension.

3. If PG&E does not have any forecasts of new enrollments, attrition, and active enrollments, please provide the following based on the assumption that active customer enrollments remain static through the end of the two-year extension:

- Cumulative revenue collections by customer class*
- Cumulative GHG reductions supported by customer enrollments by customer class*

* For purposes of this question, please provide information on the following “customer classes” – residential (non-CARE), residential (CARE), small business, large business, agriculture, and PG&E facilities.

4. How does PG&E intend to satisfy the 1.5 million ton reduction obligation established in D.06-12-032? Specifically, how does PG&E intend to pay for any

shortfall between the costs of achieving these reductions and the revenues provided by customer enrollments?

5. Please outline total spending of ClimateSmart administrative costs by year for each category of activities (Program Administration, Contributions to the Climate Action Registry, Marketing) and provide an estimate of unspent funds remaining for each category at the end of 2009.

6. If the program is terminated at the end of 2009 and the two-year extension is not granted, how would the remaining unspent marketing and administrative budgets be disbursed? Would these remaining funds be returned to all PG&E customers?

7. Please provide a listing of all executed greenhouse gas reduction contracts including the following information – name of counterparty, duration of contract, tons of GHG reductions, type of project (e.g. forestry, landfill), and cost per ton of GHG reduction.

**PACIFIC GAS AND ELECTRIC COMPANY
ClimateSmart 2010
Application 09-05-016
Data Response**

PG&E Data Request No.:	TURN_001-01		
PG&E File Name:	GenProcureOIR_DR_TURN_001-Q01		
Request Date:	July 21, 2009	Requester DR No.:	001
Date Sent:		Requesting Party:	TURN
PG&E Witness:	Molly Hoyt	Requester:	Matthew Freedman

QUESTION 1

Please provide the following for the time period dating from the commencement of ClimateSmart to the most current recorded data:

- Monthly new customer enrollments by customer class*
- Monthly customer attrition
- Cumulative active enrollments by month
- Revenue collected from subscribers by customer class* by month
- Cumulative revenue collections by month
- Cumulative GHG reductions associated with all customer commitments by month

*For purposes of this request, please provide information on the following “customer classes” – residential (non-CARE), residential (CARE), small business, large business, agriculture, and PG&E facilities.

ANSWER 1

Responses to these questions are contained in the attached worksheet ‘TURN data response Q1.xls ‘.

ClimateSmart Program

Month (YYYYMM)	Customer Enrollments										Customer Attrition	Active Enrollment
	Non-CARE RES	CARE RES	AGR	CIA Large	CIA Small/Medium	PG&E	Total					
June-07	944	12	1	1	9	1	968	3				
July-07	620	47	1		11		679	13				
August-07	460	51			8		519	25				
September-07	2,812	1,608	1		55		4,476	37				
October-07	3,869	2,462	3	2	49		6,385	125				
November-07	909	267		1	26		1,203	129				
December-07	466	134		3	9		612	172				
January-08	1,046	675	1	1	24		1,747	160				
February-08	1,324	1,743	4		22		3,093	372				
March-08	1,591	728	1	2	35		2,357	342				
April-08	4,679	2,797	2	3	103		7,584	346				
May-08	1,234	256	2	2	93		1,587	422				
June-08	3,337	234	6	2	140		3,719	483				
July-08	393	89		1	11		494	537				
August-08	280	60		1	17		358	523				
September-08	278	47			5		330	469				
October-08	290	59		4	11		364	409				
November-08	179	39		2	20		240	709				
December-08	252	77			14		343	1,068				
January-09	263	74	1		16		354	412				
February-09	192	48	1	4	12		257	446				
March-09	84	25	1	2	20		132	358				
April-09	266	75		2	32		375	387				
May-09	115	40	2	4	31		192	263				
June-09	83	31		1	19		134	325				
July-09*	206	72		1	12		291	327				

* Partial month

Note: As noted in the 2008 ClimateSmart Annual Report, in December 2008, 740 CARE customers de-enrolled from the program after receiving the November 2008 clarification letters. Additional CARE customers de-enrolled in early 2009; the final number of CARE de-enrollees has not been determined, but is expected to be about 10 percent of all CARE customers who were ClimateSmart participants at the beginning of November 2008.

ClimateSmart Program

Customer Billings									
Month (YYYYMM)	Non-CARE RES	CARE RES	AGR	CIA Large	CIA Small/Medium	PG&E	Total	Program to Date	
June-07	\$2,126	\$1			\$64	\$14,005	\$16,195	\$16,195	
July-07	\$2,831	\$75	\$23	\$7,307	\$762	\$42,314	\$53,311	\$69,506	
August-07	\$3,645	\$160	\$19	\$8,704	\$1,937	\$34,895	\$49,360	\$118,866	
September-07	\$5,464	\$684	\$12	\$8,796	\$2,277	\$39,481	\$56,714	\$175,579	
October-07	\$16,885	\$6,283	\$17	\$8,872	\$2,864	\$39,978	\$74,900	\$250,479	
November-07	\$24,631	\$8,450	\$17	\$9,518	\$5,049	\$36,916	\$84,581	\$335,060	
December-07	\$44,304	\$13,620	\$19	\$9,472	\$7,388	\$294,775	\$369,578	\$704,638	
January-08	\$66,434	\$20,159	\$18	\$9,156	\$10,526	\$52,330	\$158,623	\$863,260	
February-08	\$58,259	\$18,501	\$43	\$11,126	\$9,510	\$52,747	\$150,187	\$1,013,447	
March-08	\$49,770	\$19,557	\$65	\$9,620	\$17,762	\$44,214	\$140,988	\$1,154,435	
April-08	\$50,124	\$18,583	\$81	\$10,534	\$22,004	\$34,182	\$135,508	\$1,289,943	
May-08	\$49,193	\$20,085	\$118	\$10,965	\$25,793	\$40,112	\$146,266	\$1,436,209	
June-08	\$47,165	\$19,156	\$446	\$12,882	\$26,551	\$36,713	\$142,913	\$1,579,123	
July-08	\$48,700	\$20,183	\$510	\$14,125	\$28,024	\$38,961	\$150,504	\$1,729,626	
August-08	\$44,041	\$18,759	\$470	\$14,187	\$25,683	\$35,383	\$138,523	\$1,868,149	
September-08	\$45,110	\$18,515	\$450	\$14,264	\$27,062	\$34,836	\$140,237	\$2,008,386	
October-08	\$49,418	\$18,135	\$440	\$17,549	\$31,132	\$36,095	\$152,770	\$2,161,156	
November-08	\$49,596	\$16,896	\$393	\$13,127	\$50,643	\$29,220	\$159,875	\$2,321,031	
December-08	\$111,062	\$30,255	\$392	\$17,101	\$37,740	\$40,499	\$237,050	\$2,558,081	
January-09	\$125,254	\$32,844	\$395	\$14,998	\$36,786	\$42,701	\$252,977	\$2,811,057	
February-09	\$100,750	\$26,370	\$383	\$17,189	\$38,527	\$39,229	\$222,449	\$3,033,507	
March-09	\$101,865	\$25,734	\$474	\$15,708	\$41,052	\$40,480	\$225,313	\$3,258,820	
April-09	\$78,445	\$20,974	\$529	\$18,078	\$36,917	\$39,521	\$194,464	\$3,453,284	
May-09	\$57,000	\$16,186	\$427	\$17,956	\$30,722	\$34,963	\$157,253	\$3,610,537	
June-09	\$50,989	\$15,977	\$583	\$21,533	\$44,222	\$35,206	\$168,510	\$3,779,048	
July-09*	\$26,848	\$8,521	\$330	\$16,453	\$26,871	\$15,501	\$94,524	\$3,873,571	

* Partial month

ClimateSmart Program

GHG Reductions From Customer Commitments										
Short Tons of GHG Emission Reductions										
Month (YYYYMM)	Non-CARE RES	CARE RES	AGR	CIA Large	CIA Small/Medium	PG&E	GHG Reductions Monthly Contributions	Cummulative GHG Reductions		
June-07	219	0	-	-	7	1,442	1,668	1,668		
July-07	292	8	2	752	78	4,358	5,490	7,158		
August-07	375	16	2	896	199	3,594	5,083	12,242		
September-07	563	70	1	906	235	4,066	5,841	18,082		
October-07	1,739	647	2	914	295	4,117	7,714	25,796		
November-07	2,537	870	2	980	520	3,802	8,711	34,507		
December-07	4,563	1,403	2	976	761	30,358	38,062	72,568		
January-08	6,842	2,076	2	943	1,084	5,389	16,336	88,904		
February-08	6,000	1,905	4	1,146	979	5,432	15,467	104,371		
March-08	5,126	2,014	7	991	1,829	4,553	14,520	118,891		
April-08	5,162	1,914	8	1,085	2,266	3,520	13,956	132,847		
May-08	5,066	2,068	12	1,129	2,656	4,131	15,063	147,910		
June-08	4,857	1,973	46	1,327	2,734	3,781	14,718	162,628		
July-08	5,015	2,079	53	1,455	2,886	4,012	15,500	178,128		
August-08	4,536	1,932	48	1,461	2,645	3,644	14,266	192,394		
September-08	4,646	1,907	46	1,469	2,787	3,588	14,443	206,837		
October-08	5,089	1,868	45	1,807	3,206	3,717	15,733	222,570		
November-08	5,108	1,740	40	1,352	5,216	3,009	16,465	239,035		
December-08	11,438	3,116	40	1,761	3,887	4,171	24,413	263,448		
January-09	12,899	3,382	41	1,545	3,789	4,398	26,053	289,501		
February-09	10,376	2,716	39	1,770	3,968	4,040	22,909	312,411		
March-09	10,491	2,650	49	1,618	4,228	4,169	23,204	335,615		
April-09	8,079	2,160	54	1,862	3,802	4,070	20,027	355,642		
May-09	5,870	1,667	44	1,849	3,164	3,601	16,195	371,837		
June-09	5,251	1,645	60	2,218	4,554	3,626	17,354	389,191		
July-09*	2,765	878	34	1,694	2,767	1,596	9,735	398,926		

* Partial month

** Short Tons calculation: Revenues ÷ \$9.71

**PACIFIC GAS AND ELECTRIC COMPANY
ClimateSmart 2010
Application 09-05-016
Data Response**

PG&E Data Request No.:	TURN_001-02		
PG&E File Name:	GenProcureOIR_DR_TURN_001-Q02		
Request Date:	July 21, 2009	Requester DR No.:	001
Date Sent:		Requesting Party:	TURN
PG&E Witness:	Molly Hoyt	Requester:	Matthew Freedman

QUESTION 2

Does PG&E have any projections for new enrollments, attrition and active enrollments during the two-year extension of ClimateSmart? If so, please provide any forecasts or estimates including anticipated revenues to be collected and total GHG reductions to be supported by customers through the end of the two-year extension.

ANSWER 2

PG&E does not have any formally adopted enrollment forecasts. Current market conditions in the economy, particularly in the non-profit sector, remain volatile and difficult to predict. Thus, forecasting ClimateSmart enrollments is difficult and actual enrollments are likely to differ from any such forecasts. However, PG&E has performed some scenario analyses that include scenarios of potential forecast enrollment under potential market conditions. These annualized scenario enrollment forecasts, including anticipated revenues to be collected through the end of the two-year extension based on those forecasts, are contained in the attached worksheet 'TURN data response Q2.xls'.

Based on PG&E's extension application and scenario analyses, the total GHG reductions to be supported by customers through 2011 are estimated to be approximately 850,000 short tons. The actual amount of reductions is likely to vary from this range, due to market conditions and revenues.

	2010
	TOTALS
Enrollments per Period	2,556
Residential	2,400
Business	144
Large Business	12
Attrition per Period	-4,126
Residential	-4,011
Business	-109
Large Business	-6
Cumul Participants, net of Attrition	27,827
Residential	27,004
Business	775
Large Business	48
Cumulative \$	\$6,548,323
Residential	\$3,156,041
Business	\$1,211,804
Large Business	\$750,623
PG&E	\$1,429,855

**PACIFIC GAS AND ELECTRIC COMPANY
ClimateSmart 2010
Application 09-05-016
Data Response**

PG&E Data Request No.:	TURN_001-03		
PG&E File Name:	GenProcureOIR_DR_TURN_001-Q03		
Request Date:	July 21, 2009	Requester DR No.:	001
Date Sent:		Requesting Party:	TURN
PG&E Witness:	Molly Hoyt	Requester:	Matthew Freedman

QUESTION 3

If PG&E does not have any forecasts of new enrollments, attrition, and active enrollments, please provide the following based on the assumption that active customer enrollments remain static through the end of the two-year extension:

- Cumulative revenue collections by customer class*
- Cumulative GHG reductions supported by customer enrollments by customer class*

*For purposes of this question, please provide information on the following “customer classes” – residential (non-CARE), residential (CARE), small business, large business, agriculture, and PG&E facilities.

ANSWER 3

See response to Question 2.

**PACIFIC GAS AND ELECTRIC COMPANY
ClimateSmart 2010
Application 09-05-016
Data Response**

PG&E Data Request No.:	TURN_001-04		
PG&E File Name:	GenProcureOIR_DR_TURN_001-Q04		
Request Date:	July 21, 2009	Requester DR No.:	001
Date Sent:		Requesting Party:	TURN
PG&E Witness:	Robert Parkhurst	Requester:	Matthew Freedman

QUESTION 4

How does PG&E intend to satisfy the 1.5 million ton reduction obligation established in D.06-12-032? Specifically, how does PG&E intend to pay for any shortfall between the costs of achieving these reductions and the revenues provided by customer enrollments?

ANSWER 4

If PG&E's extension application is approved, the ClimateSmart program intends to contract for the full 1.5 million ton GHG reduction obligation set forth in the California Public Utilities Commission's ClimateSmart Decision by the end of 2011. At the end of 2011 under PG&E's extension application, any revenue shortfall between what PG&E contracts for and what is collected would be provided by PG&E, not customers, to meet the GHG reduction obligation.

PACIFIC GAS AND ELECTRIC COMPANY
ClimateSmart 2010
Application 09-05-016
Data Response

PG&E Data Request No.:	TURN_001-05		
PG&E File Name:	GenProcureOIR_DR_TURN_001-Q05		
Request Date:	July 21, 2009	Requester DR No.:	001
Date Sent:		Requesting Party:	TURN
PG&E Witness:	Molly Hoyt	Requester:	Matthew Freedman

QUESTION 5

Please outline total spending of ClimateSmart administrative costs by year for each category of activities (Program Administration, Contributions to the Climate Action Registry, Marketing) and provide an estimate of unspent funds remaining for each category at the end of 2009.

ANSWER 5

Responses to these questions are contained in the attached worksheet 'TURN data response Q5.xls.'

ClimateSmart Program

Administrative Costs by Year ('000)

	Actual 2007*	Actual 2008**	Forecast 2009	Available Unspent Funds (2009 Year-End)
Program Administration	751	1,205	970	1,591
Contributions to the CAR	192	383	325	
Marketing	2,442	4,733	1,817	2,487
Total	\$3,385	\$6,321	\$3,112	\$4,078

*2007 ClimateSmart Annual Report

**2008 ClimateSmart Annual Reports

Forecast 2010	Forecast 2011
918	673
1,515	972
<hr/> \$2,433	<hr/> \$1,645

**PACIFIC GAS AND ELECTRIC COMPANY
ClimateSmart 2010
Application 09-05-016
Data Response**

PG&E Data Request No.:	TURN_001-06		
PG&E File Name:	GenProcureOIR_DR_TURN_001-Q06		
Request Date:	July 21, 2009	Requester DR No.:	001
Date Sent:		Requesting Party:	TURN
PG&E Witness:	Molly Hoyt	Requester:	Matthew Freedman

QUESTION 6

If the program is terminated at the end of 2009 and the two-year extension is not granted, how would the remaining unspent marketing and administrative budgets be disbursed? Would these remaining funds be returned to all PG&E customers?

ANSWER 6

In accordance with D.06-12-032, PG&E would use any remaining unspent A&M funds from 2008 and 2009 to purchase GHG emission reductions.

**PACIFIC GAS AND ELECTRIC COMPANY
ClimateSmart 2010
Application 09-05-016
Data Response**

PG&E Data Request No.:	TURN_001-07		
PG&E File Name:	GenProcureOIR_DR_TURN_001-Q07		
Request Date:	July 21, 2009	Requester DR No.:	001
Date Sent:		Requesting Party:	TURN
PG&E Witness:	Robert Parkhurst	Requester:	Matthew Freedman

QUESTION 7

Please provide a listing of all executed greenhouse gas reduction contracts including the following information – name of counterparty, duration of contract, tons of GHG reductions, type of project (e.g. forestry, landfill), and cost per ton of GHG reduction.

ANSWER 7

Counterparty	Name of Project	Type	Duration	Tons
Sempervirens Fund	Lompico Headwaters Forest	Forestry	2007 to 2021	15,600
The Conservation Fund	Garcia River	Forestry	2008 to 2012	220,400
The Conservation Fund	Big River and Salmon Creek	Forestry	2009 to 2015	661,400
California Bioenergy		Manure Digester	2010 to 2012	82,700
Total				980,100

Average Price per ton = \$9.46/ton

TURN data request #2

A.09-05-016

July 27, 2009

1. If the CPUC grants the 2-year extension of the ClimateSmart program, how does PG&E intend to deploy the remaining marketing funds authorized by D.06-12-032? Does PG&E expect to spend additional funds contributed by shareholders for the purpose of marketing the ClimateSmart program?
2. Has PG&E conducted an inventory of total annual greenhouse gas emissions associated with its own facilities? If so, please provide any summary data resulting from such an inventory.
3. Has PG&E conducted an inventory, or attempted to estimate, the total annual greenhouse gas emissions associated with the generation of electricity at its utility-owned power plants? Does such an estimate exist for electricity PG&E procures through power purchase agreements? Please provide any summary data.
4. Does PG&E have any plans to procure Climate Action Registry certified greenhouse gas reductions for compliance with any anticipated regulatory compliance obligations? Does PG&E have plans to procure Climate Action Registry certified greenhouse gas reductions for any purpose other than ClimateSmart?
5. For each of the following campaigns or promotional efforts, please identify total expenditures to date and whether the source of the funds is ratepayers or shareholders. If the source is ratepayers, identify the CPUC-approved program from which funding was obtained.
 - a. "Let's Green this City" (for a list of advertisements, see http://www.adforum.com/affiliates/creative_archive/2007/ACT/simglist.asp?ca_id=6628204&cd_id=&ok=70)
 - b. "We can do this" (see <http://www.wecandothis.com/>)
 - c. "NEXT100: A dialogue on the next century of energy" (see <http://www.next100.com>)

- d. PG&E Safety Education (<http://www.pgesafetyeducation.com/>)
- e. Advertisements placed through the Sustain Lane Green Ad Network (<http://www.sustainlanegreenadnetwork.com/advertisers.jsp>)

PACIFIC GAS AND ELECTRIC COMPANY
ClimateSmart 2010
Application 09-05-016
Data Response

PG&E Data Request No.:	TURN_002-01		
PG&E File Name:	ClimateSmart2010_DR_TURN_002-Q01		
Request Date:	July 27, 2009	Requester DR No.:	02
Date Sent:	August 6, 2009	Requesting Party:	TURN
PG&E Witness:	Molly Hoyt	Requester:	Matthew Freedman

QUESTION 1

If the CPUC grants the 2-year extension of the ClimateSmart program, how does PG&E intend to deploy the remaining marketing funds authorized by D.06-12-032? Does PG&E expect to spend additional funds contributed by shareholders for the purpose of marketing the ClimateSmart program?

ANSWER 1

Consistent with the idea of a pilot program and its possible extension, PG&E will continue to seek out innovative approaches for this program to find a marketing, education, and outreach formula that expands the enrollment and benefits of the program. Ultimately, success will be a function of factors within our control as well as factors outside our control, such as alternative “green” charity programs and the level of charitable giving in general; the economic recession; and the level of public concern and education regarding climate change and practical opportunities to mitigate climate change on a personal level. PG&E will build off of past findings which include:

- a) The importance of utilizing an integrated marketing approach that builds awareness while driving tactical calls-to-action.
- b) The importance of continuing to address the “education gap” among residential customers. The “gap” refers to the need to address the deep educational challenges associated with describing the impact of customer energy use on climate change, the understanding of what a greenhouse gas emission reduction represents, and how the ClimateSmart Program would make customers’ energy usage “carbon neutral,” before the question of enrollment can be addressed.

In light of these factors and marketing opportunities, PG&E will deploy remaining marketing funds to educate, enroll, and retain both residential and commercial customers. Overall themes include:

- Partnerships and arrangements that leverage the networks of non-residential customers and other partners which may have business and marketing reasons to expand charitable giving and other expenditures for greenhouse gas mitigation activities
- Social networking and electronic media to connect with participants, to cultivate a virtual shared interest community, to communicate about the program to potential enrollees, and to create a dialogue between the program and customers
- Awareness and recognition efforts to highlight existing ClimateSmart customers and make the ClimateSmart program more accessible, recognizable and respected
- Regular, timed, announcements to communicate program successes and build program momentum
- Integrated marketing strategy that builds awareness while driving tactical call-to-action with easy enrollment
- Highly targeted efforts to those segments of customers most likely to enroll
- Continuing to foster relationships with Northern California environmental and renewable energy organizations and their members who can be targeted for enrollment or endorsement

PG&E does not have specific plans to spend shareholder funds on marketing the ClimateSmart program.

PACIFIC GAS AND ELECTRIC COMPANY
ClimateSmart 2010
Application 09-05-016
Data Response

PG&E Data Request No.:	TURN_002-02		
PG&E File Name:	ClimateSmart2010_DR_TURN_002-Q02		
Request Date:	July 27, 2009	Requester DR No.:	02
Date Sent:	August 6, 2009	Requesting Party:	TURN
PG&E Witness:	Robert Parkhurst	Requester:	Matthew Freedman

QUESTION 2

Has PG&E conducted an inventory of total annual greenhouse gas emissions associated with its own facilities? If so, please provide any summary data resulting from such an inventory.

ANSWER 2

Yes, we have voluntarily completed an annual greenhouse gas emissions inventory with the California Climate Action Registry (now Climate Action Reserve) since 2002. The third-party-verified reports are publicly available on the California Climate Action Registry's website at <https://www.climateregistry.org/CARROT/public/reports.aspx>.

For 2007, the last year for which PG&E's emissions have been independently verified, the emissions associated with the electricity and natural gas consumed by our buildings was 51,411 short tons of CO₂e.

PACIFIC GAS AND ELECTRIC COMPANY
ClimateSmart 2010
Application 09-05-016
Data Response

PG&E Data Request No.:	TURN_002-03		
PG&E File Name:	ClimateSmart2010_DR_TURN_002-Q03		
Request Date:	July 27, 2009	Requester DR No.:	02
Date Sent:	August 6, 2009	Requesting Party:	TURN
PG&E Witness:	Robert Parkhurst	Requester:	Matthew Freedman

QUESTION 3

Has PG&E conducted an inventory, or attempted to estimate, the total annual greenhouse gas emissions associated with the generation of electricity at its utility-owned power plants? Does such an estimate exist for electricity PG&E procures through power purchase agreements? Please provide any summary data.

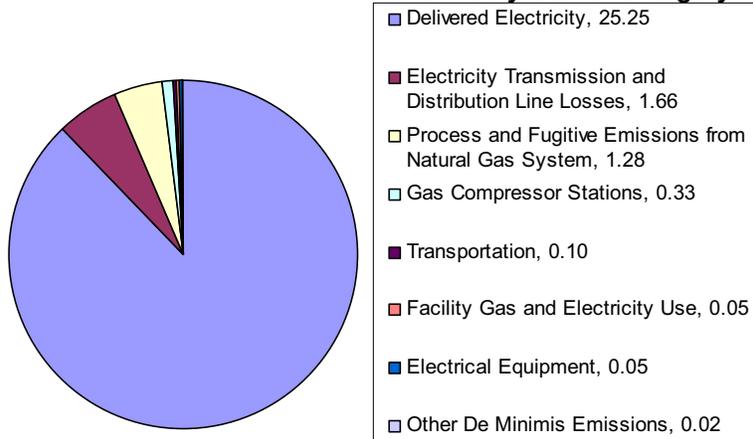
ANSWER 3

PG&E was the first investor-owned utility in California to voluntarily complete a third-party-verified inventory of our CO₂ emissions. This information is publicly available on the California Climate Action Registry's website at <https://www.climateregistry.org/CARROT/public/reports.aspx>.

The independently verified GHG emissions associated with the generation of electricity at our owned power plants for 2007 is 379,196 short tons.

Please see the chart below for PG&E's 2007 greenhouse gas emissions by source category, as reported to the California Climate Action Registry. The latest year for which PG&E's emissions have been independently verified is 2007. The category Delivered Electricity includes the electricity PG&E procures through power purchase agreements. The units are million short tons CO₂e.

Total 2007 Greenhouse Gas Emissions by Source Category



PACIFIC GAS AND ELECTRIC COMPANY
ClimateSmart 2010
Application 09-05-016
Data Response

PG&E Data Request No.:	TURN_002-04		
PG&E File Name:	ClimateSmart2010_DR_TURN_002-Q04		
Request Date:	July 27, 2009	Requester DR No.:	02
Date Sent:	August 6, 2009	Requesting Party:	TURN
PG&E Witness:	Robert Parkhurst	Requester:	Matthew Freedman

QUESTION 4

Does PG&E have any plans to procure Climate Action Registry certified greenhouse gas reductions for compliance with any anticipated regulatory compliance obligations? Does PG&E have plans to procure Climate Action Registry certified greenhouse gas reductions for any purpose other than ClimateSmart?

ANSWER 4

PG&E is working to develop the regulatory structure that would allow PG&E to procure allowances and offsets for compliance with AB32. At this time PG&E does not have specific plans to procure Climate Action Registry certified greenhouse gas reductions for any purpose other than for the ClimateSmart program.

**PACIFIC GAS AND ELECTRIC COMPANY
ClimateSmart 2010
Application 09-05-016
Data Response**

PG&E Data Request No.:	TURN_002-05		
PG&E File Name:	ClimateSmart2010_DR_TURN_002-Q05		
Request Date:	July 27, 2009	Requester DR No.:	02
Date Sent:	August 6, 2009	Requesting Party:	TURN
PG&E Witness:	Erika Wasmund	Requester:	Matthew Freedman

QUESTION 5

For each of the following campaigns or promotional efforts, please identify total expenditures to date and whether the source of the funds is ratepayers or shareholders. If the source is ratepayers, identify the CPUC-approved program from which funding was obtained.

- a. "Let's Green this City" (for a list of advertisements, see http://www.adforum.com/affiliates/creative_archive/2007/ACT/simglist.asp?ca_id=6628204&cd_id=&ok=70)
- b. "We can do this" (see <http://www.wecandothis.com/>)
- c. "NEXT100: A dialogue on the next century of energy" (see <http://www.next100.com>)
- d. PG&E Safety Education (<http://www.pgesafetyeducation.com/>)
- e. Advertisements placed through the Sustain Lane Green Ad Network (<http://www.sustainlanegreenadnetwork.com/advertisers.jsp>)

ANSWER 5

Activities identified as items a, b, c, and e (above) were all shareholder-funded.

The Public Safety program (item d) is funded by ratepayer dollars through the 2007-2011 GRC. Public Safety is required by Federal Department of Transportation regulations (49CFR192.616). No ClimateSmart program dollars are used for this program.

TURN data request #3

A.09-05-016

July 29, 2009

1. In responding to TURN data request #1, Question #1, PG&E provided information covering the period from the commencement of ClimateSmart through July 2009. Please augment that response by providing forecasts for all requested categories of information from July 2009 through December 31, 2009. The categories are as follows:

- Monthly new customer enrollments by customer class*
- Monthly customer attrition
- Cumulative active enrollments by month
- Revenue collected from subscribers by customer class* by month
- Cumulative revenue collections by month
- Cumulative GHG reductions associated with customer commitments by month

*For purposes of this request, please provide information on the following "customer classes" – residential (non-CARE), residential (CARE), small business, large business, agriculture, and PG&E facilities.

2. In responding to TURN data request #1, Question #2, PG&E provided forecasts of cumulative customer enrollments and contributions for 2010-2011. PG&E estimates that the cumulative contributions associated with PG&E facilities will not increase during that period. Why is no increase assumed for cumulative revenues received from PG&E facilities? Will they still be enrolled in ClimateSmart?

3. In responding to TURN data request #1, Question #5, PG&E provided details of recorded and forecast spending on program administration, CAR contributions, and marketing.

- a. For 2008, please break down these spending categories by month. If monthly breakdowns are not available, please show what portion of the 2008 budgets were expended during two time periods – (a) January-June and (b) July-December.

- b. Did PG&E spend any program funds during 2006? If so, please provide a breakdown of these expenditures in the same format (Program Administration, CAR, Marketing).

- c. To the extent that these expenditures deviate from the annual amounts authorized in D.06-12-032 (Ordering Paragraph 2), did PG&E receive authorization from the Commission for the change? If so, please provide copies of the relevant advice letters and resolutions.

PACIFIC GAS AND ELECTRIC COMPANY
ClimateSmart 2010
Application 09-05-016
Data Response

PG&E Data Request No.:	TURN_003-01		
PG&E File Name:	ClimateSmart2010_DR_TURN_003-Q01		
Request Date:	July 29, 2009	Requester DR No.:	03
Date Sent:	August 6, 2009	Requesting Party:	TURN
PG&E Witness:	Molly Hoyt	Requester:	Matthew Freedman

QUESTION 1

In responding to TURN data request #1, Question #1, PG&E provided information covering the period from the commencement of ClimateSmart through July 2009. Please augment that response by providing forecasts for all requested categories of information from July 2009 through December 31, 2009. The categories are as follows:

- Monthly new customer enrollments by customer class*
- Monthly customer attrition
- Cumulative active enrollments by month
- Revenue collected from subscribers by customer class* by month
- Cumulative revenue collections by month
- Cumulative GHG reductions associated with customer commitments by month

*For purposes of this request, please provide information on the following “customer classes” – residential (non-CARE), residential (CARE), small business, large business, agriculture, and PG&E facilities.

ANSWER 1

Responses to these questions are contained in the attached worksheet ‘TURN_3 data response Q1.xls ‘.

ClimateSmart Program

Month (YYYYMM)	Customer Enrollments										Total	Customer Attrition	Active Enrollment
	Non-CARE RES	CARE RES	AGR	CIA Large	CIA Small/Medium	PG&E	AGR	CARE RES	AGR	CIA Large			
June-07	944	12	1	1	9	1	968	3	965				
July-07	620	47	1		11		679	13	1,631				
August-07	460	51			8		519	25	2,125				
September-07	2,812	1,608	1		55		4,476	37	6,564				
October-07	3,869	2,462	3	2	49		6,385	125	12,824				
November-07	909	267		1	26		1,203	129	13,898				
December-07	466	134		3	9		612	172	14,572				
January-08	1,046	675	1	1	24		1,747	160	16,159				
February-08	1,324	1,743	4		22		3,093	372	18,880				
March-08	1,591	728	1	2	35		2,357	342	20,895				
April-08	4,679	2,797	2	3	103		7,584	346	28,133				
May-08	1,234	256	2	2	93		1,587	422	29,298				
June-08	3,337	234	6	2	140		3,719	483	32,534				
July-08	393	89		1	11		494	537	32,491				
August-08	280	60		1	17		358	523	32,326				
September-08	278	47			5		330	469	32,187				
October-08	290	59		4	11		364	409	32,142				
November-08	179	39		2	20		240	709	31,673				
December-08	252	77			14		343	1,068	30,948				
January-09	263	74	1		16		354	412	30,890				
February-09	192	48	1	4	12		257	446	30,701				
March-09	84	25	1	2	20		132	358	30,475				
April-09	266	75		2	32		375	387	30,463				
May-09	115	40	2	4	31		192	263	30,392				
June-09	83	31		1	19		134	325	30,201				
July-09*	206	72		1	12		291	327	30,165				
August-09	160	40		1	12		213	361	29,975				
September-09	160	40		1	12		213	360	29,828				
October-09	160	40		1	12		213	358	29,683				
November-09	160	40		1	12		213	356	29,540				
December-09	160	40		1	12		213	354	29,399				

* Partial month

Note: As noted in the 2008 ClimateSmart Annual Report, in December 2008, 740 CARE customers de-enrolled from the program after receiving the November 2008 clarification letters. Additional CARE customers de-enrolled in early 2009; the final number of CARE de-enrollees has not been determined, but is expected to be about 10 percent of all CARE customers who were ClimateSmart participants at the beginning of November 2008.

ClimateSmart Program

Customer Billings										
Month (YYYYMM)	Non-CARE RES	CARE RES	AGR	CIA Large	CIA Small/Medium	PG&E	Total	Program to Date		
June-07	\$2,126	\$1			\$64	\$14,005	\$16,195	\$16,195		
July-07	\$2,831	\$75	\$23	\$7,307	\$762	\$42,314	\$53,311	\$69,506		
August-07	\$3,645	\$160	\$19	\$8,704	\$1,937	\$34,895	\$49,360	\$118,866		
September-07	\$5,464	\$684	\$12	\$8,796	\$2,277	\$39,481	\$56,714	\$175,579		
October-07	\$16,885	\$6,283	\$17	\$8,872	\$2,864	\$39,978	\$74,900	\$250,479		
November-07	\$24,631	\$8,450	\$17	\$9,518	\$5,049	\$36,916	\$84,581	\$335,060		
December-07	\$44,304	\$13,620	\$19	\$9,472	\$7,388	\$294,775	\$369,578	\$704,638		
January-08	\$66,434	\$20,159	\$18	\$9,156	\$10,526	\$52,330	\$158,623	\$863,260		
February-08	\$58,259	\$18,501	\$43	\$11,126	\$9,510	\$52,747	\$150,187	\$1,013,447		
March-08	\$49,770	\$19,557	\$65	\$9,620	\$17,762	\$44,214	\$140,988	\$1,154,435		
April-08	\$50,124	\$18,583	\$81	\$10,534	\$22,004	\$34,182	\$135,508	\$1,289,943		
May-08	\$49,193	\$20,085	\$118	\$10,965	\$25,793	\$40,112	\$146,266	\$1,436,209		
June-08	\$47,165	\$19,156	\$446	\$12,882	\$26,551	\$36,713	\$142,913	\$1,579,123		
July-08	\$48,700	\$20,183	\$510	\$14,125	\$28,024	\$38,961	\$150,504	\$1,729,626		
August-08	\$44,041	\$18,759	\$470	\$14,187	\$25,683	\$35,383	\$138,523	\$1,868,149		
September-08	\$45,110	\$18,515	\$450	\$14,264	\$27,062	\$34,836	\$140,237	\$2,008,386		
October-08	\$49,418	\$18,135	\$440	\$17,549	\$31,132	\$36,095	\$152,770	\$2,161,156		
November-08	\$49,596	\$16,896	\$393	\$13,127	\$50,643	\$29,220	\$159,875	\$2,321,031		
December-08	\$111,062	\$30,255	\$392	\$17,101	\$37,740	\$40,499	\$237,050	\$2,558,081		
January-09	\$125,254	\$32,844	\$395	\$14,998	\$36,786	\$42,701	\$252,977	\$2,811,057		
February-09	\$100,750	\$26,370	\$383	\$17,189	\$38,527	\$39,229	\$222,449	\$3,033,507		
March-09	\$101,865	\$25,734	\$474	\$15,708	\$41,052	\$40,480	\$225,313	\$3,258,820		
April-09	\$78,445	\$20,974	\$529	\$18,078	\$36,917	\$39,521	\$194,464	\$3,453,284		
May-09	\$57,000	\$16,186	\$427	\$17,956	\$30,722	\$34,963	\$157,253	\$3,610,537		
June-09	\$50,989	\$15,977	\$583	\$21,533	\$44,222	\$35,206	\$168,510	\$3,779,048		
July-09*	\$26,848	\$8,521	\$330	\$16,453	\$26,871	\$15,501	\$94,524	\$3,873,571		
August-09	\$38,080	\$12,693	\$3,166	\$20,479	\$28,493	\$35,383	\$138,294	\$4,053,422		
September-09	\$38,507	\$12,836	\$2,774	\$21,754	\$24,965	\$34,836	\$135,671	\$4,189,093		
October-09	\$49,853	\$16,618	\$3,741	\$12,658	\$33,671	\$38,036	\$154,577	\$4,343,670		
November-09	\$77,294	\$25,765	\$2,667	\$10,320	\$24,001	\$33,068	\$173,114	\$4,516,784		
December-09	\$130,760	\$43,587	\$3,860	\$34,073	\$34,737	\$41,167	\$288,184	\$4,804,968		

* Partial month

ClimateSmart Program

GHG Reductions From Customer Commitments										
Short Tons of GHG Emission Reductions										
Month (YYYYMM)	Non-CARE RES	CARE RES	AGR	CIA Large	CIA Small/Medium	PG&E	GHG Reductions Monthly Contributions	Cummulative GHG Reductions		
June-07	219	0	-	-	7	1,442	1,668	1,668		
July-07	292	8	2	752	78	4,358	5,490	7,158		
August-07	375	16	2	896	199	3,594	5,083	12,242		
September-07	563	70	1	906	235	4,066	5,841	18,082		
October-07	1,739	647	2	914	295	4,117	7,714	25,796		
November-07	2,537	870	2	980	520	3,802	8,711	34,507		
December-07	4,563	1,403	2	976	761	30,358	38,062	72,568		
January-08	6,842	2,076	2	943	1,084	5,389	16,336	88,904		
February-08	6,000	1,905	4	1,146	979	5,432	15,467	104,371		
March-08	5,126	2,014	7	991	1,829	4,553	14,520	118,891		
April-08	5,162	1,914	8	1,085	2,266	3,520	13,956	132,847		
May-08	5,066	2,068	12	1,129	2,656	4,131	15,063	147,910		
June-08	4,857	1,973	46	1,327	2,734	3,781	14,718	162,628		
July-08	5,015	2,079	53	1,455	2,886	4,012	15,500	178,128		
August-08	4,536	1,932	48	1,461	2,645	3,644	14,266	192,394		
September-08	4,646	1,907	46	1,469	2,787	3,588	14,443	206,837		
October-08	5,089	1,868	45	1,807	3,206	3,717	15,733	222,570		
November-08	5,108	1,740	40	1,352	5,216	3,009	16,465	239,035		
December-08	11,438	3,116	40	1,761	3,887	4,171	24,413	263,448		
January-09	12,899	3,382	41	1,545	3,789	4,398	26,053	289,501		
February-09	10,376	2,716	39	1,770	3,968	4,040	22,909	312,411		
March-09	10,491	2,650	49	1,618	4,228	4,169	23,204	335,615		
April-09	8,079	2,160	54	1,862	3,802	4,070	20,027	355,642		
May-09	5,870	1,667	44	1,849	3,164	3,601	16,195	371,837		
June-09	5,251	1,645	60	2,218	4,554	3,626	17,354	389,191		
July-09*	2,765	878	34	1,694	2,767	1,596	9,735	398,926		
August-09	3,922	1,307	326	2,109	2,934	3,644	14,242	413,168		
September-09	3,966	1,322	286	2,240	2,571	3,588	13,972	427,141		
October-09	5,134	1,711	385	1,304	3,468	3,917	15,919	443,060		
November-09	7,960	2,653	275	1,063	2,472	3,406	17,828	460,889		

December-09	13,467	4,489	397	3,509	3,577	4,240	29,679	490,568
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* Partial month

** Short Tons calculation: Revenues ÷ \$9.71

**PACIFIC GAS AND ELECTRIC COMPANY
ClimateSmart 2010
Application 09-05-016
Data Response**

PG&E Data Request No.:	TURN_003-02		
PG&E File Name:	ClimateSmart2010_DR_TURN_003-Q02		
Request Date:	July 29, 2009	Requester DR No.:	03
Date Sent:	August 6, 2009	Requesting Party:	TURN
PG&E Witness:	Christopher Warner	Requester:	Matthew Freedman

QUESTION 2

In responding to TURN data request #1, Question #2, PG&E provided forecasts of cumulative customer enrollments and contributions for 2010-2011. PG&E estimates that the cumulative contributions associated with PG&E facilities will not increase during that period. Why is no increase assumed for cumulative revenues received from PG&E facilities? Will they still be enrolled in ClimateSmart?

ANSWER 2

PG&E will consider continuing to enroll its facilities in the ClimateSmart program based on the outcome of its request for extension of the program in this proceeding. PG&E hopes that it could continue to enroll its facilities in the program.

**PACIFIC GAS AND ELECTRIC COMPANY
ClimateSmart 2010
Application 09-05-016
Data Response**

PG&E Data Request No.:	TURN_003-03		
PG&E File Name:	ClimateSmart2010_DR_TURN_003-Q03		
Request Date:	July 29, 2009	Requester DR No.:	03
Date Sent:	August 6, 2009	Requesting Party:	TURN
PG&E Witness:	Molly Hoyt	Requester:	Matthew Freedman

QUESTION 3

In responding to TURN data request #1, Question #5, PG&E provided details of recorded and forecast spending on program administration, CAR contributions, and marketing.

- a. For 2008, please break down these spending categories by month. If monthly breakdowns are not available, please show what portion of the 2008 budgets were expended during two time periods – (a) January-June and (b) July-December.
- b. Did PG&E spend any program funds during 2006? If so, please provide a breakdown of these expenditures in the same format (Program Administration, CAR, Marketing).
- c. To the extent that these expenditures deviate from the annual amounts authorized in D.06-12-032 (Ordering Paragraph 2), did PG&E receive authorization from the Commission for the change? If so, please provide copies of the relevant advice letters and resolutions.

ANSWER 3

Response a: Responses to these questions are contained in the attached worksheet 'TURN_3 data response Q3a.xls'.

Response b: PG&E did not spend any ClimateSmart program funds in 2006.

Response c: PG&E has included the following documents:

1. June 2007 Letter from Energy Division authorizing PG&E to transfer unspent 2006 A&M funds to the 2007 budget (attached as 'Approval - 2006 transfer to 2007.pdf')
2. CPUC Resolution G-3414, authorizing PG&E to transfer unspent 2007

A&M funds to the 2008 budget (attached as 'Approval - 2007 transfer to 2008.pdf')

ClimateSmart Program

Administrative Costs by Year ('000)

	Actual 2008 Jan-Jun	Actual 2008 Jul-Dec
Program Administration	651	554
Contributions to the CAR	383	
Marketing	1,531	3,202
Total	<u>\$2,565</u>	<u>\$3,756</u>

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 4, 2007

Advice Letter 2812-G/2993-E

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

RECEIVED
REGULATORY RELATIONS

JUN - 5 2007

Subject: Creation of ClimateSmart Balancing Account, Revisions to Related Preliminary Statements, and Transfer of 2006 Funds in Compliance with D. 06-12-032

Dear Ms. de la Torre:

Advice Letter 2812-G/2993-E is effective January 1, 2007. A copy of the advice letter is returned herewith for your records.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

Mailing Address
Mail Code B10C
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

415.973.4977
Internal: 223.4977
Fax: 415.973.7226
Internet: BKC7@pge.com

February 26, 2007

Advice 2812-G/2993-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Creation of ClimateSmart Balancing Account, Revisions to Related Preliminary Statements, and Transfer of 2006 Funds in Compliance with Decision 06-12-032

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

Purpose

In compliance with Decision (D.) 06-12-032, which approved, with modifications, PG&E's Climate Protection Tariff Program (now titled 'ClimateSmart'), the purpose of this advice filing is to establish the ClimateSmart Balancing Account, revise preliminary statement language to allow for recovery of the Administrative and Marketing revenue requirement, and request a transfer of the 2006 budget.

Accordingly, in this advice filing, PG&E creates gas Preliminary Statement Part BS – ClimateSmart Balancing Account – Gas, and electric Preliminary Statement Part EM – ClimateSmart Balancing Account – Electric, to track premiums from participating customers and program expenses. In addition, PG&E revises gas Preliminary Statements Part F – Core Fixed Cost Account (CFCA) and Part BL – Noncore Distribution Fixed Cost Account (NDFCA) and electric Preliminary Statement Part CZ – Distribution Revenue Adjustment Mechanism (DRAM) to record recovery of the administrative and marketing (A&M) revenue requirement from distribution customers.

Background

In January 2006, PG&E filed Application (A.) 06-01-012 proposing a Climate Protection Tariff Program that would allow customers to neutralize greenhouse gas (GHG) emissions associated with their energy use by paying a premium on

their PG&E bill. In that application, PG&E stated that the dollars collected from participating customers would be credited to a program-specific balancing account and then used to contract for GHG-reduction projects. In addition, PG&E proposed a total A&M revenue requirement of \$16.427 million, which is comprised of a program budget of \$16.260 million and corresponding expense for Franchise Fees and Uncollectibles (FF&U), through the end of 2009. PG&E also stated that the A&M revenue requirement would be recovered from all customers through distribution rates, similar to other expenses recovered in the General Rate Case (GRC) on a 30/70 gas/electric split, and recorded in the CFCA, NDFCA, and DRAM balancing accounts.

On December 14, 2006, the CPUC issued D.06-12-032 (“Decision”) approving, with modifications, PG&E’s application. Among other things, the Decision authorizes PG&E’s total A&M program budget and associated cost recovery proposal. The CPUC also states that PG&E may not transfer A&M funds to different years nor between budgeted categories of ‘Administration’ or ‘Marketing’ without submitting an advice letter seeking such a change. In addition, it orders PG&E to pay interest at its authorized cost-of-capital rate for premiums collected from participating customers for GHG-reduction projects, but not yet spent. The CPUC also rejects PG&E’s proposed backstop funding proposal, which would have allowed PG&E to recover any funds insufficient to meet the commitment of “climate-neutral or better” made to participating customers. In the Decision, the CPUC also orders PG&E to guarantee that the program produce 1.5 million tons of carbon dioxide-equivalent reductions, “for which funding to meet this guarantee may come from any source except ratepayers as a whole, unless such ratepayer funding comes from the unused A&M funds” (Ordering Paragraph 6). Therefore, through this advice letter as authorized by the Decision, PG&E submits gas and electric preliminary statement changes for the program-specific balancing account and recovery mechanism for the A&M revenue requirement, and seeks a transfer of A&M-budgeted funds between program years, as discussed below and presented in Attachment 1.

Preliminary Statement Changes (See Attachment 1)

ClimateSmart Balancing Accounts (CSBA) – Gas Preliminary Statement Part BS and Electric Preliminary Statement Part EM

PG&E creates gas and electric preliminary statements for CSBA to track premiums from participating customers and program expenses. Each of the CSBAs (CSBA – Gas and CSBA – Electric) contains two subaccounts: (1) ‘Premium Subaccount’ to compare premiums collected from participating ClimateSmart customers with expenses for GHG-reduction projects; and (2) a one-way ‘Administrative and Marketing Subaccount’ to compare A&M expenses with the authorized budget amount.

Core Fixed Cost Account (CFCA) – Gas Preliminary Statement Part F

PG&E revises the Distribution Cost Subaccount of the CFCA to add a debit entry to record gas core customers' share of the ClimateSmart A&M revenue requirement. The gas share is allocated between core and noncore customers in accordance with Preliminary Statement C Part 3 – Cost Allocation Factors, filed in compliance with the Biennial Cost Allocation Proceeding decision (D.05-06-029).

Noncore Distribution Fixed Cost Account (NDFCA) – Gas Preliminary Statement Part BL

PG&E revises the NDFCA to add a debit entry to record gas noncore customers' share of the ClimateSmart A&M revenue requirement, which is allocated between gas core and noncore customers as described in the previous section.

Distribution Revenue Adjustment Mechanism (DRAM) – Electric Preliminary Statement Part CZ

PG&E revises the DRAM to add a debit entry to record electric customers' share of the ClimateSmart A&M revenue requirement from distribution customers.

Transfer of 2006 Funds

In compliance with the Decision, PG&E seeks to transfer 2006 A&M-budgeted funds of \$1.314 million, which includes \$1.3 million for A&M-related expenses and corresponding FF&U, to the 2007 budget. PG&E requests this transfer as the Decision was issued so late in 2006, and PG&E did not pursue activities scheduled for 2006 until CPUC approval on December 14, 2006. Costs for the activities that continue to exist in 2007 include those for market research, program pre-launch and roll-out, and the California Climate Action Registry. PG&E believes this transfer of unspent 2006 A&M funds is necessary to ensure successful program launch and implementation, and allow PG&E to pursue the activities authorized by the CPUC.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **March 19, 2007**, which is 21 days from the date of this filing.¹ 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:

¹ The 20 day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.

CPUC Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: ijnj@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

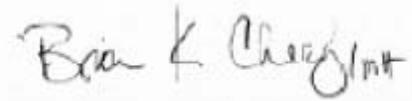
Effective Date

PG&E requests this advice letter be approved effective **January 1, 2007**, in order to coincide with the date recovery of the A&M revenue requirement began.

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 A. 06-01-012. 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 that reads "Brian K. Chappell". The signature is written in a cursive style and is centered on the page.

Vice President - Regulatory Relations

Attachments

cc: Service List – A. 06-01-012

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 U39M

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Megan Hughes

Phone #: (415) 973-1877

E-mail: MEHr@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) #: **2812-G/2993-E**

Subject of AL: Creation of ClimateSmart Balancing Account, Revisions to Related Preliminary Statements, and Transfer of 2006 Funds in Compliance with Decision 06-12-032

Keywords (choose from CPUC listing): Balancing Account, compliance

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

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: (%)

Estimated system average rate effect (%):

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: Electric Preliminary Statements CZ and EM, Gas Preliminary Statements F, BL, and BS.

Service affected and changes proposed¹: New ClimateSmart Program

Pending advice letters that revise the same tariff sheets: N/A

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

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

inj@cpuc.ca.gov and mas@cpuc.ca.gov

Utility Info (including e-mail)

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 2812-G**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
24739-G	Preliminary Statement Part F--Core Fixed Cost Account	24439-G
24740-G	Preliminary Statement Part BL--Noncore Distribution Fixed Cost Account	23791-G
24741-G	Preliminary Statement Part BS--ClimateSmart Balancing Account	New
24742-G	Table of Contents -- Rate Schedules	24568-G
24743-G	Table of Contents -- Preliminary Statements	24604-G
24744-G	Table of Contents -- Preliminary Statements	24535-G
24745-G	Table of Contents -- Title Page	24618-G

**ATTACHMENT 1
Advice 2993-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
26097-E	Preliminary Statement Part CZ--Distribution Revenue Adjustment Mechanism	25957-E
26098-E	Preliminary Statement Part EM--ClimateSmart Balancing Account	New
26099-E	Table of Contents -- Rate Schedules	25660-E
26100-E	Table of Contents -- Preliminary Statements	25898-E
26101-E	Table of Contents -- Title Page	25899-E



PRELIMINARY STATEMENT
(Continued)

F. CORE FIXED COST ACCOUNT (CFCA) (Cont'd.)

6. ACCOUNTING PROCEDURE: (Cont'd.)

a. Distribution Cost Subaccount

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

- 1) a credit entry equal to California Alternate Rates for Energy (CARE) shortfall resulting from core commercial deliveries under Schedule G-CARE, and customer charges under Schedule GL1-NGV, excluding the allowance for Franchise Fees and Uncollectible Accounts Expense (F&U);
- 2) a debit entry equal to one-twelfth of the core portion of the authorized GRC distribution base revenue amount (with credits and adjustments), excluding the allowance for (F&U);
- 3) a credit entry equal to the revenue from the CFCA – Distribution Cost rate component, excluding the allowance for F&U;
- 4) a credit entry, as appropriate, to record the rebates paid to customers associated with the 2006 Winter Gas Savings Program, which has corresponding entries in the Winter Gas Savings Program Transportation Subaccount of the CFCA and Winter Gas Savings Program Procurement Subaccount of the Purchased Gas Account;
- 5) a debit entry equal to one-twelfth of the gas core portion of the ClimateSmart Administrative and Marketing revenue requirement, excluding the allowance for F&U, (see corresponding credit entry in the Administrative and Marketing Subaccount of the ClimateSmart Balancing Account); (N)
I
I
(N)
- 6) a debit or credit entry, as appropriate, to record the transfer of amounts from other accounts to this subaccount for recovery in rates, upon approval by the CPUC;
- 7) a debit or credit entry equal to any expense adopted by the CPUC as a cost to be recovered in this subaccount; and
- 8) an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after above entries, at a rate equal to one-twelfth the interest rate of the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

b. Core Cost Subaccount

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

- 1) a credit entry equal to the revenue from the CFCA – Core Cost rate component, excluding the allowance for F&U;
- 2) a credit entry equal to the revenue from the local transmission rate component from core deliveries during the month, excluding the allowance for F&U;
- 3) a debit entry equal to the core portion of intervenor compensation payments authorized by the CPUC, recorded during the month;

(Continued)



PRELIMINARY STATEMENT

BL. NONCORE DISTRIBUTION FIXED COST ACCOUNT (NDFCA)

1. **PURPOSE:** The purpose of the NDFCA is to recover 75 percent of the noncore distribution base revenue requirement with PG&E's risk for noncore gas distribution throughput set at 25 percent of revenues as authorized in D.05-06-029. This account recovers 75 percent of the distribution base revenue adopted in PG&E's General Rate Case (GRC), including Annual Attrition Adjustments, and the Cost of Capital Proceedings, that are allocated to noncore transportation customers based on the distribution base revenue allocation adopted in the Cost Allocation Proceeding. The balance in this account will be transferred to another regulatory account to be recovered 100 percent in noncore distribution rates in the Annual Gas True-up of Balancing Accounts.

Descriptions of the terms and definitions used in this section are found in Preliminary Statement, Part C or in Rule 1. Refer to Section C.3 for the cost allocation factors used to determine the noncore portion of distribution costs recovered in this account.

2. **APPLICABILITY:** The NDFCA applies to all noncore transportation rate schedules and contracts subject to the jurisdiction of the CPUC, except for those schedules and contracts specifically excluded by the CPUC.
3. **REVISION DATE:** Disposition of the balance in this account shall be determined in the Annual Gas True-up of Balancing Accounts advice filing, or as otherwise authorized by the Commission.
4. **FORECAST PERIOD:** The forecast test period will be as specified in the current Cost Allocation Proceeding.
5. **NDFCA RATES:** NDFCA rates are included in the effective rates set forth in each rate schedule (see Preliminary Statement, Part B), as applicable.
6. **ACCOUNTING PROCEDURE:** PG&E shall make the following entries to this NDFCA at the end of each month, or as applicable:
 - a. a debit entry equal to 75 percent of one-twelfth of the noncore portion of the authorized GRC base revenue amount, excluding the allowance for Franchise Fees and Uncollectible Accounts Expense (F&U);
 - b. a credit entry equal to 75 percent of the NDFCA revenue, excluding the allowance for F&U;
 - c. a debit or credit entry, as appropriate, to transfer the balance to the Interim Relief and Distribution Subaccount of the Noncore Customer Class Charge Account, or other regulatory account for 100 percent rate recovery, upon approval by the Commission;
 - d. a debit entry equal to 75 percent of one-twelfth of the gas noncore portion of the ClimateSmart Administrative and Marketing revenue requirement, excluding the allowance for F&U (see corresponding credit entry in the Administrative and Marketing Subaccount of the ClimateSmart Balancing Account); (N)
I
(N)
 - e. a debit or credit entry equal to any expense adopted by the CPUC as a cost to be recovered in this account; and
 - f. an entry equal to interest on the average of the balance in the account at the beginning of the month and the balance in the account after entries BL.6.a through BL.6.e, above, at a rate equal to one-twelfth the interest rate of the 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

BS. CLIMATESMART BALANCING ACCOUNT – GAS (CSBA-G)

(N)

1. **PURPOSE:** The purpose of the gas ClimateSmart Balancing Account (CSBA) is track premiums and expenses related to the ClimateSmart program, as authorized in California Public Utilities Commission (CPUC) Decision (D.) 06-12-032. The 'Premium Subaccount' will compare premiums collected from participating ClimateSmart customers against expenses for greenhouse gas (GHG)-reduction projects. The 'Administration and Marketing Subaccount' will compare administration and marketing (A&M) expenses associated with PG&E's ClimateSmart program to the program budget authorized by the California Public Utilities Commission (CPUC). Pursuant to D.06-12-032, the A&M revenue requirement, including an allowance for Franchise Fees and Uncollectibles (FF&U), will be collected via distribution rates and recovered in the Core Fixed Cost Account (CFCA) and the Noncore Distribution Fixed Cost Account (NDFCA).
2. **APPLICABILITY:** The Premium Subaccount of the CSBA shall apply to all customers who sign-up for the voluntary ClimateSmart program. The Administration and Marketing Subaccount shall apply to all customer classes, except those specifically excluded by the Commission.
3. **RATES:** The gas Premium Subaccount of the CSBA has the following rate component of \$0.06528 per therm for customers participating in ClimateSmart program. The Administrative and Marketing Subaccount does not have a specific rate component.
4. **ACCOUNTING PROCEDURE:** The following entries shall be made at the end of each month:
 - a. Premium Subaccount
 - i. A credit entry equal to the gas premiums billed for the ClimateSmart program from participating customers, less an allowance for FF&U.
 - ii. A debit entry equal to the allocated gas expense for GHG-reduction projects as part of the ClimateSmart program.
 - iii. A debit or credit entry, as appropriate, to record the transfer to or from this subaccount as authorized by the CPUC.
 - iv. A debit or credit entry, as necessary, equal to the interest on the average of the balance at the beginning of the month and the balance for entries 5.a.i to 5.a.iii above at a rate equal to one-twelfth the cost-of-capital rate adopted in PG&E's latest cost-of-capital proceeding.
 - b. Administration and Marketing Subaccount
 - i. A credit entry equal to one-twelfth of the annual Administrative and Marketing amount authorized by the CPUC, excluding FF&U (see corresponding debit entries in the NDFCA and the Distribution Cost Subaccount of the CFCA).
 - ii. A debit entry equal to the allocated gas portion of administration expenses, including CPUC-authorized expenses for the California Climate Action Registry (CCAR).
 - iii. A debit entry equal to the allocated gas portion of marketing expenses.
 - iv. A debit or credit entry, as appropriate, to record the transfer to or from this subaccount as authorized by the CPUC.
 - v. A debit or credit entry, as necessary, equal to the interest on the average of the balance at the beginning of the month and the balance for entries 5.b.i to 5.b.iii 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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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.
- l. A debit entry equal to one-twelfth of the electric portion of the ClimateSmart Administrative and Marketing revenue requirement, including an allowance for FF&U, as authorized by the CPUC.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.

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PRELIMINARY STATEMENT

EM. CLIMATESMART BALANCING ACCOUNT – ELECTRIC (CSBA-E)

(N)

1. **PURPOSE:** The purpose of the gas ClimateSmart Balancing Account (CSBA) is track premiums and expenses related to the ClimateSmart program, as authorized in California Public Utilities Commission (CPUC) Decision (D.) 06-12-032. The 'Premium Subaccount' will compare premiums collected from participating ClimateSmart customers against expenses for greenhouse gas (GHG)-reduction projects. The 'Administration and Marketing Subaccount' will compare administration and marketing (A&M) expenses associated with PG&E's ClimateSmart program to the program budget authorized by the California Public Utilities Commission (CPUC). Pursuant to D.06-12-032, the A&M revenue requirement, including an allowance for Franchise Fees and Uncollectibles (FF&U), will be collected via distribution rates and recovered in the Distribution Revenue Adjustment Mechanism (DRAM).
2. **APPLICABILITY:** The Premium Subaccount of the CSBA shall apply to all customers who sign-up for the voluntary ClimateSmart program. The Administration and Marketing Subaccount shall apply to all customer classes, except those specifically excluded by the Commission.
3. **RATES:** The electric Premium Subaccount of the CSBA has the following rate component of \$0.00254 per kWh for customers participating in ClimateSmart program. The Administrative and Marketing Subaccount does not have a specific rate component.
4. **ACCOUNTING PROCEDURE:** The following entries shall be made at the end of each month:
 - a. Premium Subaccount
 - i. A credit entry equal to the electric premiums billed for the ClimateSmart program from participating customers, less an allowance for FF&U.
 - ii. A debit entry equal to the allocated electric expense for GHG-reduction projects as part of the ClimateSmart program.
 - iii. A debit or credit entry, as appropriate, to record the transfer to or from this subaccount as authorized by the CPUC.
 - iv. A debit or credit entry, as necessary, equal to the interest on the average of the balance at the beginning of the month and the balance for entries 5.a.i to 5.a.iii above at a rate equal to one-twelfth the cost-of-capital rate adopted in PG&E's latest cost-of-capital proceeding.
 - b. Administration and Marketing Subaccount
 - i. A credit entry equal to one-twelfth of the annual Administrative and Marketing amount authorized by the CPUC, excluding FF&U.
 - ii. A debit entry equal to the allocated electric portion of administration expenses, including CPUC-authorized expenses for the California Climate Action Registry (CCAR).
 - iii. A debit entry equal to the allocated electric portion of marketing expenses.
 - iv. A debit or credit entry, as appropriate, to record the transfer to or from this subaccount as authorized by the CPUC.
 - v. A debit or credit entry, as necessary, equal to the interest on the average of the balance at the beginning of the month and the balance for entries 5.b.i to 5.b.iii 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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**PG&E Gas and Electric Advice
Filing List
General Order 96-A, Section III(G)**

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	Stanford University
California ISO	International Power Technology	Sutherland, Asbill & Brennan
Calpine	Interstate Gas Services, Inc.	Tabors Caramanis & Associates
Calpine Corp	IUCG/Sunshine Design LLC	Tecogen, Inc
Calpine Gilroy Cogen	J. R. Wood, Inc	TFS Energy
Cambridge Energy Research Assoc	JTM, Inc	Transcanada
Cameron McKenna	Luce, Forward, Hamilton & Scripps	Turlock Irrigation District
Cardinal Cogen	Manatt, Phelps & Phillips	U S Borax, Inc
Cellnet Data Systems	Marcus, David	United Cogen Inc.
Chevron Texaco	Matthew V. Brady & Associates	URM Groups
Chevron USA Production Co.	Maynor, Donald H.	Utility Cost Management LLC
City of Glendale	MBMC, Inc.	Utility Resource Network
City of Healdsburg	McKenzie & Assoc	Wellhead Electric Company
City of Palo Alto	McKenzie & Associates	Western Hub Properties, LLC
City of Redding	Meek, Daniel W.	White & Case
CLECA Law Office	Mirant California, LLC	WMA
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	

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION G-3414
September 18, 2008**

R E S O L U T I O N

Resolution G-3414. Pacific Gas and Electric Company (PG&E) seeks authorization to transfer unspent 2007 PG&E ClimateSmart program administrative and marketing funds to the 2008 budget. PG&E's request is granted.

By Advice Letter 2903-G/3208-E, filed on February 11, 2008.

SUMMARY

PG&E's request to transfer \$1.74 million in unspent 2007 ClimateSmart administrative and marketing (A&M) funds to 2008 is approved. The Utility Reform Network's (TURN) protest is denied.

- 1) PG&E will use the transferred funds to intensify its ClimateSmart marketing and global warming educational campaign for 2008. The utility will incorporate into its marketing key lessons learned from its first year implementation of the program and the fact that ClimateSmart premiums are now tax deductible.
- 2) PG&E has shown that the proposed transfer is in support of the ClimateSmart program and it is approved.
- 3) PG&E shall confer with the External Advisory Group (EAG) for a review of its future ClimateSmart marketing plans. PG&E shall also explore with the EAG ways that its low income customers can participate in efforts to reduce GHG emissions.
- 4) TURN's protest is denied.
- 5) The Commission's Energy Division (ED) will issue a Draft Resolution recommending whether the 1.5 million ton greenhouse gas (GHG) emissions reduction guarantee is to be in "short" or "metric" tons.

BACKGROUND

PG&E's ClimateSmart program provides customers with an opportunity to offset the GHG emissions associated with their electricity and natural gas use.

In Decision (D.) 06-12-032, the Commission approved a new PG&E program called ClimateSmart.¹ The program provides PG&E customers with an opportunity to offset the GHG emissions occurring from their use of electricity and natural gas. Participation in ClimateSmart is voluntary with subscribers agreeing to pay PG&E an additional amount monthly. The utility uses these premiums to fund types of projects approved by the Commission that will mitigate each subscriber's GHG emissions. PG&E is required to procure a minimum of 1.5 million tons of GHG emission reductions under the program.² ClimateSmart is scheduled to expire at the end of 2009, although PG&E can request an extension.

PG&E predicted that program revenues would be between \$20.3 million and \$29.8 million over the 3-year term of the program and that 200,000 of its customers would likely sign-up.

D. 06-12-032 adopted annual budgets for PG&E's A&M spending. The utility may request a change to these budgets.

D.06-12-032 specifies the amount that PG&E can spend on A&M activities for each year the program is in effect. PG&E may request a change to the annual allocations by filing an advice letter.³ The utility did so previously and shifted its entire 2006 A&M budget to 2007.⁴ However, the total amount that the utility may spend on A&M for the full term of the program is set at \$16,260,000.

¹ ClimateSmart is also referred to as the Climate Protection Tariff (CPT).

² In the event that the amount of ClimateSmart premiums is insufficient to fund the purchase of the minimum level of GHG emission reductions, PG&E is to use other, non-ratepayer funding or unspent funds allocated for program administrative and marketing activities. (see D.06-12-032, *mimeo*, pp. 26-7)

³ "PG&E may not transfer funds among budget categories nor spend budgeted funds in different years than those indicated without making an advice letter filing seeking such a change." (D.06-12-032, Ordering Paragraph 3)

⁴ PG&E Advice Letter 2812-G/2993-E, approved on June 4, 2007.

Included in this amount is \$900,000 that PG&E will provide CCAR for its development of GHG protocols.⁵

PG&E was allowed to recover the A&M costs from all of its ratepayers because of the societal benefits that will flow from the ClimateSmart program. Everyone benefits from the mitigation of climate change resulting from those utility customers choosing to participate in the program. Another common benefit will be derived from PG&E's marketing of the program. ClimateSmart marketing is to include educational content informing its customers about the dangers of global warming and describing actions one can take to reduce this threat.⁶ Additionally, the utility is encouraged to consider creative alternatives to enable its low income customers to participate in reducing GHG emissions.⁷

Pursuant to Ordering Paragraph 4 of D.06-12-032, PG&E filed the details of its proposed ClimateSmart marketing and budget plan with the Commission.⁸ The plan was based upon PG&E's understanding of the program's potential customer profile. It specifies that PG&E would further refine its strategy as the utility gathered more data from the results of the program.

The EAG was formed by the Commission to provide PG&E with input regarding its implementation of the program.

The Commission created the EAG as a way to provide PG&E with guidance as it implements the program. The EAG consists of representatives from groups with diverse interests ranging from environmental matters to low income customer issues. The EAG does not have decision making authority, but PG&E should thoughtfully consider and address any recommendations it puts forth. PG&E meets with the EAG on a regular basis.⁹

⁵ CCAR is a non-profit organization that develops protocols that standardize the measurement and reporting of GHG emission reductions from climate change mitigation projects.

⁶ D.06-12-032, *mimeo*, p.32 and Finding of Fact 12.

⁷ D.0-12-032, Ordering Paragraph 26.

⁸ PG&E AL 2832-G/3050-E and 2832-G-A/3050-E-A

⁹ D.06-12-032, *mimeo*, pp. 36-7.

PG&E submitted its 2007 ClimateSmart annual report. TURN provided comments on the annual report noting concerns about program enrollment and revenues. PG&E replied saying that the concerns are unwarranted.

On March 17, 2008, PG&E submitted its first ClimateSmart annual report describing program results and the activities that were conducted from the program's start to the beginning of 2008. It reported that over 16,000 utility customers signed up and that they remitted more than \$860,000 in premiums. PG&E's participation in the program, which is at shareholder expense, was also described in the annual report. The utility stated that it spent about \$3.4 million on A&M during 2007, which was less than the \$5.1 million budgeted for 2007 (this includes the amount that was transferred from 2006).¹⁰ The Commission's Energy Division requested comments on the annual report from parties to the proceeding and from the EAG.

On May 5, 2008, TURN submitted comments and expressed concerns about the program's prospects. It says that the rate of subscribership has slowed and estimates that the utility will barely meet minimum projections. It also notes that the majority of revenues came from PG&E's participation in the program. Based on this information, TURN believes that the program has served to underwrite PG&E's purchase of GHG emission reduction offsets at ratepayer expense as ratepayers pay for the administrative costs of the program rather than utility shareholders. TURN believes the program needs closer monitoring and more regular reporting of subscribership and revenues.

Additionally, TURN indicates that the way GHG emission reductions are to be measured needs clarification. It notes that in the annual report, PG&E uses "short" tons.¹¹ However, CCAR's reporting is done using "metric" tons, which are approximately 10 percent more than short tons. As a result, TURN says that PG&E's prediction that 2 million tons of GHG emission reductions will result from the program is understated by 10 percent if parties to the proceeding understood it to be in metric and not short tons.

¹⁰ 2007 Annual Report for PG&E's ClimateSmart Program, pp. 45-6. The annual report may be found at: <http://www.pge.com/includes/docs/pdfs/shared/environment/whatyoucando/climatesmart/climatesmartannualreport.pdf>.

¹¹ PG&E 2007 ClimateSmart Annual Report, footnote 2.

On May 23, 2008, PG&E responded to TURN. The utility says that TURN has misinterpreted the data leading to false conclusions. Enrollment has increased in recent months to over 29,000 and the minimum projected level of first year participation has been exceeded.¹² PG&E explained that it accounted for a large proportion of the revenues because it signed up early in 2007. The utility's proportion has now fallen to about half of total revenues. It is willing to accept TURN's reporting recommendation; however, it does not believe this is necessary as it conducts regular reviews with the EAG. On the issue of measurements, PG&E said that the use of short tons is consistent with its testimony and the compliance obligations of D.06-12-032.

PG&E is requesting to shift \$1.74 million of unspent ClimateSmart A&M costs budgeted for 2007 to 2008.

In Advice Letter (AL) 2903-G/3208-E, PG&E seeks approval to transfer \$1.74 million of unspent A&M funds budgeted for 2007 to 2008. Of this amount, about \$360,000 was supposed to be paid to CCAR for protocol development in 2007 but was deferred.¹³ Additionally, the utility requests the re-designation of \$150,000 earmarked for 2007 administrative expenses to marketing for 2008.

In the AL, PG&E explains that the main reason for its request is the impact on its spending plans resulting from the timing of the Commission's approval of the program. PG&E anticipated an earlier start date and budgeted \$1.3 million for 2006 A&M expenses (this does not include the \$360,000 earmarked for CCAR) which the Commission approved. However, since D.06-12-032 was issued in late 2006, the utility did not spend any of its 2006 budget. Because of this, PG&E asked for and received Commission permission to shift the entire 2006 budgeted amount to 2007.¹⁴ Since PG&E did not spend the amount transferred to 2007, it

¹² PG&E opened the program to all eligible customers on June 28, 2007 and considers this the start of the program for enrollment purposes. Thus, the first year period for subscribership is June 28, 2007 to June 28, 2008.

¹³ The contribution to CCAR is considered a ClimateSmart program administrative expense. (D.06-12-032, *mimeo*, pp. 38-9). In response to an Energy Division data request, PG&E specified the amount of the CCAR deferral to be \$392,229.

¹⁴ PG&E AL 2812-G/2993-E, approved on June 4, 2007.

now seeks to carry the surplus forward to 2008. The remainder of the requested transfer consists of accrued interest on the unspent funds and an additional amount that was not spent in 2007.

PG&E says that the requested transfer and re-allocation of funds will support greater educational outreach to PG&E's customers regarding their impact on climate change and how participating in the ClimateSmart program along with other actions can help control global warming. The utility is also planning a stepped-up marketing program based on lessons learned from 2007.

NOTICE

Notice of AL 2903-G/3208-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section IV of General Order 96-B.

PROTESTS

On March 3, 2008, TURN filed a protest recommending that the AL be denied.

TURN says that PG&E's request is not adequately supported and lacks specificity. In particular, PG&E did not describe the educational outreach it intends to conduct nor explain why the CCAR payment was deferred. TURN argues that the need for a more substantial showing is implicit in the Commission's requirement that PG&E file an advice letter to seek a budget change.

Also, TURN questions the need for higher program spending in 2008 and suggests that unspent funds could be returned to ratepayers. It notes that the marketing of the program is advantageous to utility shareholders but the benefits to ratepayers are less clear.¹⁵

Further, TURN found an inconsistency between the AL and PG&E's ClimateSmart testimony and says this casts doubts on the utility's argument for

¹⁵ We note that D.06-12-032 Finding of Fact 18 states that, "PG&E shareholders will benefit from the CPT, at the very least through enhanced goodwill for the company."

the transfer. In the AL, PG&E explains that the transfer is primarily due to the impact on its spending plans due to the timing of D.06-12-032 in late 2006. As a result, the utility curtailed its planned 2006 A&M spending. This is essentially the surplus that PG&E now seeks to roll-over to 2008. However, in its testimony, PG&E said it intended to spend money on ClimateSmart prior to Commission approval of the program. Therefore, it appears that the timing of the decision was not a factor that would interfere with PG&E's spending plans.

As an alternative to taking immediate action on PG&E's request, TURN suggests that the Commission wait until the utility submits its 2007 ClimateSmart annual report for review. Thus, a more informed decision could be made following the consideration of this material.¹⁶

On March 11, 2008, PG&E replied to TURN's protest.

As a general rebuttal, PG&E asserts that the funding flexibility it seeks is appropriate for a demonstration program such as ClimateSmart. In support of this claim, the utility cites a passage in D.06-12-032 characterizing the nature of the program and describing how the A&M budget was devised.

PG&E further explained its reasons for the request in response to TURN's arguments. The utility plans to significantly step up its marketing and education outreach. This will involve an extensive, multi-faceted effort intended to reach each customer, necessitating a higher budget. In addition, some marketing activities planned for 2007 were postponed until the utility gained more experience with the program. The CCAR payment was deferred because of unexpected protocol development delays. It anticipates that the remainder of the CCAR contribution will be furnished by the end of 2009. Additionally, staffing needs will be higher in the current year and some expenses incurred in 2007 were paid in 2008.

PG&E suggests that TURN is exaggerating the significance of the inconsistency regarding its AL and proceeding testimony. The amount that PG&E planned to spend before the program was approved was relatively modest. PG&E said it

¹⁶ As noted above, the 2007 annual report has now been received, and TURN has filed comments on it.

decided to postpone its spending due to uncertainties about the final structure of the program.

Regarding TURN's suggestion to return the unspent A&M funds to ratepayers, PG&E points to D.06-12-032 stating that unused A&M funds may be a possible funding source to meet the 1.5 million ton GHG emission reduction guarantee.¹⁷ While the utility is optimistic that it will reach the guarantee through monthly premiums, it says it would be premature to forego this source of funding at this time. Also, PG&E indicated that the additional marketing the utility plans to do upon approval of the transfer should improve the chances that sufficient revenues will be generated.

PG&E says that waiting to act on the AL until the ClimateSmart annual report is reviewed would not be productive and take resources away from other more constructive endeavors. It already provides the EAG and others information about the program on a continual basis. In response to the level of shareholder involvement, PG&E states that it has made a substantial contribution by enrolling its own buildings in the program which is expected to generate \$1 million to \$2 million in ClimateSmart revenues.

DISCUSSION

The AL does not provide a sufficient showing to evaluate PG&E's request. However, other relevant information will also be considered.

Our review of the AL shows that PG&E did not fully explain why the transfer is necessary. The utility says that the funds will be used to support greater educational outreach and an expanded marketing campaign, but does not elaborate further. Also, there was no reason given for the CCAR payment deferral. We find TURN's characterization of the AL apt; "... what PG&E presented is little more than an announcement that it has determined that the

¹⁷ D.0-12-032, Ordering Paragraph 6. Additionally, the PG&E 2007 ClimateSmart Annual Report shows that 236,058 tons worth of GHG emission reductions have been contracted for at an average cost of \$9.12 per ton. (see PG&E 2007 ClimateSmart Annual Report p. 42)

budgets for each category or for a given year have changed with an advice letter heading and little more.” (TURN’s protest, p. 2) TURN recommends that we reject the AL on this basis. However, the material in the AL is not the only factor on which we will base our decision. Other relevant information before us will also be considered.

In its reply to TURN’s protest, PG&E provided more details about its planned 2008 activities. A further description of the expanded marketing and education outreach was given. As PG&E explained, it seeks to deploy a new initiative designed to reach over 5 million customers in 2008. Also, some 2007 marketing spending was delayed because the tax deductibility of ClimateSmart premiums remained unresolved. The CCAR payment was deferred because of slower than expected protocol development. These descriptions give us a clearer picture of what PG&E intends to do with the transferred funds and why. For further insight, we will next consider the ClimateSmart 2007 annual report.

The 2007 Annual Report provides additional information on the necessity for the requested funds transfer.

As TURN suggested, we will also examine the 2007 ClimateSmart annual report. The report describes the utility’s administrative and marketing efforts from the program’s inception through January 31, 2008. A total of \$3.4 million was spent on A&M, which was \$1.7 million less than authorized for the year (this includes the amount that PG&E was authorized to transfer in PG&E AL 2812-G/2993-E). Actions it took to promote the program and educate its customers included direct mail campaigns, advertising and outreach activities to businesses and stakeholder groups. As a result of these activities, the annual report stated that over 16,000 customers have subscribed to the program and over \$860,000 was raised in ClimateSmart premiums.

TURN commented on the annual report and is concerned about the program’s progress. It found the rate of subscribership disconcerting and that the minimum level of projected enrollment will barely be achieved. It was also concerned that the program has served to benefit PG&E at ratepayer expense. TURN recommends that more monitoring of this situation is needed and that monthly reporting of subscribership and revenues be instituted.

PG&E disagrees with TURN’s outlook for the program. It updated the figures provided in the annual report and notes that the enrollment rate has accelerated

and surpassed the low-end of first year projections. Also, the utility's proportion of program revenues has declined to just over half. PG&E is willing to report program results more regularly as TURN suggests, but it believes that its routine interactions with the EAG provides adequate updates.

Our review of the annual report and the related comments was instructive. We can understand TURN's concerns. Although PG&E's update shows that the program has gained momentum, enrollment and revenues will need to grow at a more rapid pace if the expectation of acquiring 200,000 participants and collecting over \$20 million in premiums is to be met.

Impacting the program's progress has no doubt been the challenges PG&E described in the annual report. The biggest obstacle PG&E said it encountered was generating customer awareness and comprehension of the program.¹⁸ Another significant difficulty was that customers are not making the connection between their energy use and GHG emissions.¹⁹

The inconsistency identified by TURN does not by itself warrant rejection of PG&E's request.

In addition to questioning the need for the transfer, TURN also raises a concern about an inconsistency between the AL and PG&E's ClimateSmart testimony. In its testimony, PG&E said that it intended to spend money on the program before it was approved. However, in the AL, PG&E says that it did not spend any amounts in 2006 because D.06-12-032 was issued late in the year. TURN suggests that this discrepancy casts doubt on how forthright PG&E was in the AL and that the Commission should exercise "... caution in considering the current request." (TURN protest, p. 4) In its reply to TURN, PG&E said that it decided not to make the planned pre-approval expenditures because the final structure of the program was unclear and that this was not a substantial amount regardless.

¹⁸ PG&E 2007 ClimateSmart Annual Report, p. 19.

¹⁹ PG&E 2007 ClimateSmart Annual Report, p. 49.

Our examination of this issue does not color our view of PG&E's request. As PG&E suggests, various elements of the program were being debated during the proceeding. In fact, one proposal under consideration was sponsored by TURN which advocated the direct purchase of offsets by PG&E in order to avoid the need for any A&M expenditures. Moreover, there was no assurance that the program would be adopted by the Commission. With such uncertainty, we find that PG&E's decision to withhold its spending until the program was approved reasonable. Thus, the inconsistency identified by TURN has no bearing on our decision regarding PG&E's request.

PG&E has shown that its request is reasonable and it is approved. TURN's protest is denied.

TURN recommends that PG&E's request be denied because the utility did not justify the funds transfer and the need for a higher 2008 A&M budget. As discussed above, we can understand TURN's position based on the AL showing. However, PG&E included additional information about its request in its protest reply and we also expanded our review to include the ClimateSmart annual report, as suggested by TURN.

From the material before us, we have gained an understanding of what PG&E intends to do with the transferred funds. To market the program, the utility will conduct a more intense effort to promote ClimateSmart and educate its customers about global warming. Implementing these steps will involve a variety of approaches (e.g., work with community groups) that will enable PG&E to reach all of its 5 million customers more effectively. PG&E would also proceed with marketing activities it deferred in 2007 so that it could integrate into its messaging first year lessons learned and explain that ClimateSmart premiums are now tax deductible. The utility said it withheld the CCAR payment until the pace of protocol development increased.

Now that we are more informed about PG&E's marketing strategy, we can determine if a higher 2008 budget is warranted. The ClimateSmart annual report is useful in this inquiry as it describes actions PG&E took in 2007 and program results. As we discussed above, overall customer reaction to the program has been tepid and the amount of collected revenues are low. PG&E analyzed these results and found that there was a general lack of awareness and understanding about the program. However, the experimental program is relatively new and it is too early to draw any conclusions about its success. The

performance to date suggests that a more aggressive marketing effort is needed if the full potential of the program is to be realized.

We find that PG&E's use of the transferred funds should be an effective response to this situation. It will tailor its marketing to address the challenges it faced in 2007, which no doubt impeded the program's progress. Customers may also find the program more appealing if they know that their ClimateSmart premiums are tax deductible. The stepped-up effort that PG&E plans to undertake in 2008 will get this important information out to its customers and build upon the program's recent momentum. Also, collaborating with the EAG, as discussed below, should increase the productivity of this endeavor. Denying the transfer may cause PG&E to scale down its efforts and runs the risk that fewer customers will comprehend the program and help fund beneficial projects.

On the matter of the CCAR funds, PG&E explained that it withheld the approximately \$360,000 because the development of the GHG emission reduction protocols was below expectations. This amount is part of the \$900,000 that was pledged to CCAR in D.06-12-032. We find this to be an acceptable reason for the deferral.

In sum, PG&E has satisfactorily justified its request and shown that the proposed funds transfer is reasonable. PG&E AL 2903-G/3208-E is approved. PG&E must continue to observe the \$16,260,000 A&M spending limit set for the full term of the program. TURN's protest is denied.

TURN also suggested in its comments on the annual report that more regular reporting of program results should be instituted. In response, PG&E said that this was unnecessary as it provides the EAG (of which TURN is a member) with regular updates. In D.06-12-032, we required PG&E to report on program results annually. We find that this reporting requirement and PG&E's responsiveness to the EAG is sufficient to keep these parties well informed about the program's progress. We agree with PG&E that requiring more frequent reporting is not needed.

PG&E shall meet with the EAG for a review of its future marketing plans, and to discuss ways that its low income customers can actively participate in reducing GHG emissions.

The EAG conducted a comprehensive review of PG&E's A&M plans shortly after ClimateSmart was approved. Now, at this point in the 3-year program and with the benefit of the first year results, it is appropriate that another thorough review is undertaken.

Therefore, we direct PG&E to convene a meeting with the EAG at the earliest convenient time. The purpose of this meeting (and any future meetings as necessary) is to enable the EAG to critically evaluate PG&E's future marketing plans (2008 and beyond) and to ensure that the utility's activities are consistent with the objectives of the program and that the ratepayer provided A&M funds are put to their highest and best use. Attention should be given to the educational content of PG&E's plans, as this is an important aspect of the ClimateSmart program.²⁰ PG&E's marketing of the program should also be reviewed within the context of its other programs that benefit the environment such as energy efficiency. The ClimateSmart program should be viewed as being complementary to these other programs and seen as a way for customers to further minimize their carbon footprint.

Additionally, we acknowledge that PG&E has undertaken various activities specifically designed for its low income customers.²¹ PG&E indicates that it has received input from the EAG concerning these efforts.²² No doubt additional opportunities to serve this customer segment exist. To help identify these opportunities, we direct PG&E to confer with the EAG on this subject. In particular, PG&E and the EAG are to jointly explore creative ways that the utility's low income customers can actively participate in the reduction of GHG emissions. For example, at a meeting with Commission staff, PG&E said that it would consider the prospects for employment and training associated with ClimateSmart funded projects. This was an initiative specifically adopted in D.06-12-032.²³ Work in this area is to be conducted in conjunction with the A&M review described above.

²⁰ D.06-12-032, *mimeo*, p. 32.

²¹ PG&E 2007 ClimateSmart Annual Report, pp. 10-1.

²² *Ibid*

²³ D.06-12-032, Ordering Paragraph 26.

PG&E is required to keep ED informed of the timing of this meeting with the EAG and any additional meetings that may be necessary for the completion of this comprehensive A&M review and the joint exploration of low income customer activities. In addition to the meeting(s), the utility is required to continue its routine interactions with the EAG.

PG&E shall provide a report to ED on the results of the meeting(s) described above. The report is to include a discussion of the EAG's evaluation of the marketing plans and describe any concerns the group raised and how they were addressed by the utility. A description of the creative low income customer ideas that were developed in collaboration with the EAG and an explanation of how they can or will be implemented shall also be included in the report. PG&E is to confer with ED to establish a date when the report is due.

Energy Division is to determine whether GHG emissions are to be accounted for as either "short" or "metric" tons under the program.

In its annual report comments, TURN highlighted PG&E's reference that the utility is reporting GHG emission reductions in "short" tons. TURN explains that this differs with CCAR which does its reporting in "metric" tons (PG&E acknowledged CCAR's practice in the annual report). In response, PG&E says that its use of short tons is consistent with its testimony and the compliance requirements of D.06-12-032.

This is an important issue. D.06-12-032 does not specify what type of ton GHG emissions are to be measured. It is PG&E's understanding that the Commission means "short" ton. This has implications on the definition of the 1.5 million ton GHG emission reduction guarantee since a short ton is about 10 percent less than a metric ton and raises this question - should the guarantee be in short or metric tons? To resolve this, we instruct ED to review the ClimateSmart proceeding record and any other relevant information that may be useful. Upon the conclusion of its review and research, ED is to issue a draft resolution with its recommendation. The draft resolution is to be served on the A.06-01-012 service list with parties given an opportunity for comment.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. The draft of this resolution was mailed for comments on August 19, 2008.

No party submitted comments on the Draft Resolution.

FINDINGS

1. PG&E filed AL 2903-G/3208-E requesting permission to transfer \$1,740,343 of unspent A&M funds budgeted for 2007 to 2008. \$392,229 of this amount is part of the \$900,000 amount earmarked for CCAR in D.06-12-032.
2. TURN filed a protest recommending that PG&E's request be denied.
3. PG&E's use of the funds it seeks to transfer to 2008 should result in a more effective marketing strategy for the program.
4. TURN's suggested reporting requirement is unnecessary.
5. D.06-12-032 does not specify if the 1.5 million ton GHG emissions guarantee is in short or metric tons.
6. The EAG is responsible to provide PG&E guidance concerning its implementation and marketing of the ClimateSmart program.
7. Directing the EAG to review PG&E's future marketing plans and provide input on low income GHG emission reduction activities is consistent with the EAG's purpose.

THEREFORE IT IS ORDERED THAT:

1. PG&E AL 2903-G/3208-E is approved.
2. PG&E shall meet with the EAG as described under the heading in this resolution that refers to this requirement and to inform ED about the status and outcome of the meeting(s).

3. TURN's protest is denied.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on September 18, 2008; the following Commissioners voting favorably thereon:

/s/ Paul Clanon
Paul Clanon
Executive Director

MICHAEL R. PEEVEY
PRESIDENT
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners

**THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
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Last Updated: September 30, 2009

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