

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

**ENERGY DIVISION**

I. D. #5994

**RESOLUTION E-4010**

**October 5, 2006**

**RESOLUTION**

Resolution E-4010. This Resolution approves Pacific Gas and Electric's (PG&E) request for transfer of the Advanced Metering Infrastructure Memorandum Accounts and disposition and recovery of the balances in the Advanced Metering and Demand Response Account and the Gas Advanced Metering Account. This Resolution also approves PG&E's request for disposition of the balances through the Distribution Revenue Adjustment Mechanism (DRAM) and the Core Fixed Cost Account (CFCA) consistent with the AMDRA and GAMA preliminary statements.

By PG&E Advice Letter (AL) 2772-E/2698-G filed on January 31, 2006

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**SUMMARY**

This resolution approves PG&E's request to transfer costs in the Advanced Metering Infrastructure Memorandum Account – Electric (AMIMA-E) to the Advanced Metering and Demand Response Account (AMDRA) and the transfer of Advanced Metering Infrastructure Memorandum Account – Gas (AMIMA-G) to the Gas Advanced Metering Account (GAMA). In addition, pursuant to D. 05-09-044, Energy Division has verified that the costs recorded in AMDRA and GAMA, as filed in Advice 2772-E/2698-G are consistent with the cost categories adopted in D.05-09-044 and approves the disposition of the balances through the Distribution Revenue Adjustment Mechanism (DRAM) and the Core Fixed Cost Account (CFCA).

**BACKGROUND**

**The Commission authorized PG&E to file an Advice Letter to transfer recorded costs in AMIMA-E to AMDRA and AMIMA-G to GAMA.**

On September 22, 2005, the Commission approved PG&E's Application for Recovery of Pre-deployment Costs of the Advanced Metering Infrastructure (AMI) Project in D. 05-09-044. As part of that decision, the Commission authorized PG&E to file an advice letter to transfer any recorded costs that are consistent with the activities and funding

level authorized in the decision from the AMIMA's to AMDRA and GAMA. In addition, D.05-09-044 authorized PG&E to book future costs which were authorized in that decision directly into AMDRA and GAMA. Also, the Commission authorized PG&E to file quarterly advice letters to request cost recovery subject to review of cost categories.

### **NOTICE**

Notice of PG&E 2772-E/2698-G was made by publication in the Commission's Daily Calendar. PG&E states that a copy of their AL was mailed and distributed in accordance with Section III-G of General Order 96-A.

### **PROTESTS**

No Protests were filed.

### **DISCUSSION**

**Energy Division recommends approving PG&E's request to transfer AMIMA-E to costs in the AMDRA and the transfer of AMIMA-G to GAMA, as specified in Ordering Paragraph 7 of D.05-09-044.**

The AMIMA-E account balance for the October through December 2005 time period only includes accrued interest on the September balance. The amount to be transferred from AMIMA-E for the October through December period is \$992. Energy Division recommends approving the transfer of \$992 to AMDRA.

The AMIMA-G account balance for the October through December 2005 time period only includes accrued interest on the September balance. Energy Division recommends approving the transfer of \$845 to GAMA.

**Energy Division has determined the costs recorded in AMDRA to be consistent with the cost categories adopted in D.05-09-044. As such, Energy Division recommends the final disposition of \$10, 362, 968 through DRAM**

The AMDRA account balance includes the following for the period October 1, through December 31, 2005:

1. The AMDRA account balance includes the incremental costs associated with AMI project development and management activities, consistent with the PG&E

preliminary statement, part CS –Advanced Metering and Demand Response Account authorized as part of D. 05-09-044. Those activities include costs such as project management, Request for Proposal (RFP) development and analysis, business case development, contract negotiation, development of PG&E’s rate case applications, and the costs for electric AMI pre-deployment activities.

2. As directed by D.05-01-056, PG&E implemented its approved 2005 Demand Response programs. In accordance with that decision, and prior decisions in Rulemaking (R.) 02-06-001, the costs to develop, implement and measure these demand response programs are currently placed in the AMDRA account.
3. Pursuant to D. 04-01-012, PG&E included in AMDRA the costs of the Statewide Pricing Pilot (SPP) activities.

Energy Division staff has reviewed the costs recorded in AMDRA from October 1 through December 31, 2005, including the transfer of costs from AMIMA-E, and finds them to be consistent with Commission directives. Energy Division staff, therefore recommends the final disposition of \$10, 362, 968 through DRAM.

**Energy Division has determined the costs recorded in GAMA to be consistent with the cost categories adopted in D.05-09-044, and recommends the final disposition of \$706, 239 through the Core Fixed Cost Account (CFCA)**

Energy Division staff has reviewed the costs recorded in GAMA from October 1 through December 31, 2005 including the transfer of costs from AMIMA-G, and finds them to be consistent with Commission directives. PG&E AMI pre-deployment activity costs booked to GAMA include: systems software upgrades and integration; project management; server software expenses; miscellaneous meter equipment. Energy Division staff, therefore recommends the final disposition of \$706, 239 through CFCA.

## **COMMENTS**

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU code 311 (g) (2), the otherwise applicable 30-day period for public review and comment is being waved.

## **FINDINGS**

1. On January 31, 2006 PG&E filed Advice Letter 2772-E/2698-G requesting authority for transfer of the Advanced Metering Infrastructure Memorandum Accounts and the disposition and Recovery of the Balances in the Advanced Metering and Demand Response Account (AMDRA) and the Gas Advanced Metering Account (GAMA).
2. Energy Division has reviewed the PG&E advice letter and recommends approval of PG&E's request to transfer costs recorded in Advanced Metering Infrastructure Memorandum Account -Electric (AMIMA-E) to AMDRA, as specified in D.05-09-044.
3. Energy Division recommends approval of PG&E's request to transfer costs from the Advanced Metering and Infrastructure Memorandum Account – Gas (AMIMA-G) to the Gas Advanced Metering Account (GAMA) , as specified in D.05-09-044.
4. Energy Division has reviewed the costs recorded in AMDRA and finds them to be consistent with cost categories adopted in D. 05-09-044.
5. Energy Division recommends disposition of the total AMDRA balance of \$10,362,968 through the Distribution Revenue Adjustment Mechanism (DRAM).
6. Energy Division recommends disposition of the total GAMA balance of \$706,239 through the Core Fixed Cost Account (CFCA).

## **THEREFORE IT IS ORDERED THAT:**

1. PG&E is authorized to transfer costs recorded in AMIMA-E for costs for electric AMI pre-deployment activities for the October through December 2005 period to AMDRA.
2. PG&E is authorized to transfer costs recorded in AMIMA-G for costs for gas AMI pre-deployment activities for the October through December 2005 period to GAMA.
3. PG&E is entitled to full disposition of the AMDRA balance of \$10,362,968 through DRAM.
4. PG&E is entitled to full disposition of the GAMA balance of \$706,239 through CFCA.

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 October 5, 2006; the following Commissioners voting favorably thereon:

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STEVE LARSON  
Executive Director