



**Pacific Gas and
Electric Company™**

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April 4, 2006

ADVICE 2718-G and 2809-E

(Pacific Gas and Electric Company ID U 39 M)

ADVICE 1988-E

(Southern California Edison Company ID U 338 E)

ADVICE 1787-E and 1605-G

(San Diego Gas & Electric Company ID U 902 E)

ADVICE 3619-G

(Southern California Gas Company ID U 904 E)

**Subject: Use of the Federal Reserve Three-Month Commercial Paper
Rate – Financial, Federal Reserve Statistical Release H.15, for
Accrual of Interest on Balancing Accounts and Customer
Deposits**

Public Utilities Commission of the State of California (CPUC)

Purpose

Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) referred to collectively as the Investor-Owned Utilities (IOUs) request the use of the Federal Reserve three-month Commercial Paper Rate – Financial, from Federal Reserve Statistical Release H.15, for the recording of interest in their balancing accounts and customer deposits when a non-financial rate is not posted.

Background

On January 29, 1980, the CPUC issued Decision (D.) 91269, which ordered that the interest rates applicable to the various accounts of the respondent utilities shall be changed to conform to the published Federal Reserve Board three-month Prime Commercial Paper rate on a companywide basis. D.91269 was implemented through IOU advice filings, stating that if the data series representing balancing account interest rate is discontinued, each utility would utilize whichever Federal Reserve Board series most closely approximates the prior rate.

From February 1, 1980, to December 31, 2001, the IOUs used the Federal Reserve Statistical Release, G.13, which was a close indicator of the interest rate applicable to the commercial paper, prime three-month rate. This rate was discontinued in December 2001, at which time the IOUs assumed the use of the Federal Reserve three-month Commercial Paper Rate – Non Financial, Federal Reserve Statistical Release H.15. Over the past year, this rate has been unavailable due to a lack of trades at the 90-day maturity or greater. As a result, in this advice filing the IOUs are requesting the use of the Federal Reserve three-month Commercial Paper Rate – Financial, Federal Reserve Statistical Release H.15, for the recording of interest in balancing accounts and customer deposits when the non-financial rate is not available by the 1st business day of each month. The IOUs also wish to note that the changes proposed in this advice letter do not affect current rates.

Effective Date

The IOUs request that this filing be effective **May 1, 2006**.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **April 24, 2006**, which is 20 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address.

The protest should be sent via both e-mail and facsimile to PG&E (and the other IOUs) on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company
Attention: Brian Cherry
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226

E-mail: PGETariffs@pge.com

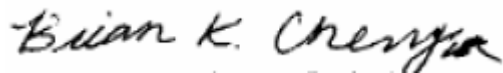
AdviceTariffManager@sce.com

MWiggins@semprautilities.com

Notice

In accordance with Section III, Paragraph G, of General Order 96-A, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes should be directed to Rose de la Torre at RxDd@pge.com or (415) 973-4716. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>



Director - Regulatory Relations

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. Pacific Gas and Electric Company U39M

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Shilpa Ramaiya

Phone #: (415) 973-3186

E-mail: srrd@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) #: **PG&E 2718-G/2809-E, SCE 1988-E, SDG&E 1605-G/1787-E, and SoCalGas 3619-G**

Subject of AL: Use of the Federal Reserve Three-Month Commercial Paper Rate – Financial, Federal Reserve Statistical Release H.15, for Accrual of Interest on Balancing Accounts and Customer Deposits

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

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

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Resolution Required? Yes No

Requested effective date: **5-1-2006**

No. of tariff sheets: 0

Estimated system annual revenue effect: (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting). N/A

Tariff schedules affected: N/A

Service affected and changes proposed¹: Use of available component in calculation of interest for balancing accounts and customer deposits

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
jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Utility Info (including e-mail)
Attn: Brian K. Cherry
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77 Beale Street, Mail Code B10C
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¹ Discuss in AL if more space is needed.

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