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February 17, 2006

Mr. Sean Gallagher  
Director, Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4004  
San Francisco, CA 94102

**Re: Withdrawal of Advice 2673-G/2732-E: Recovery of 2005-2006 Self-Generation Incentive Program (SGIP) Costs, Approval of SGIP Revenue Requirement, and Future SGIP Cost Recovery Methodology**

Dear Mr. Gallagher:

In accordance with the provisions of General Order 96-A, Section III.K, Pacific Gas & Electric Company (PG&E) hereby withdraws Advice 2673-G/2732-E filed November 9, 2005.

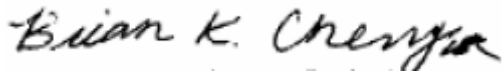
Pursuant to Decision (D.) 05-06-029 and in response to draft Resolution E-3956 on PG&E's 2006 Annual Electric True-up advice letter, PG&E filed Advice 2673-G/2732-E to request Commission approval and recovery of Self Generation Incentive Program (SGIP) gas and electric costs for the period July 1, 2005 to December 31, 2005, and approval to include in gas and electric rates a forecast of the 2006 SGIP budget.

While this advice letter was pending, the Commission issued several decisions that rendered Advice 2673-G/2732-E out-of-date. On December 15, 2005, the Commission approved D.05-12-044, which increased statewide funding for the SGIP by \$300 million, \$132 million of which was allocated to PG&E. Decision 05-12-044 also authorized recovery of the added funding in the utilities' next gas and electric rate change. In compliance with this decision, PG&E included the \$132 million revenue requirement in its Annual Electric True-up (AET) and Annual Gas True-up (AGT) advice filings. The AET and AGT advice filings were approved on December 15, 2005 and January 24, 2006, respectively. PG&E began collecting the solar initiative revenues on January 1, 2006.

On January 12, 2006, the Commission issued D.06-01-024, which established the ten-year California Solar Initiative (CSI), and set annual program budgets. Decision 06-01-024 also directed each utility to collect the CSI revenue requirement going forward in addition to the recorded SGIP programs costs through December 31, 2005.

Today, PG&E simultaneously files revised preliminary statements via Advice 2705-G/2788-E to reflect the directions and program budgets indicated in the recently issued D.05-12-044 and D.06-01-024.

Sincerely,

A handwritten signature in black ink that reads "Brian K. Cheng". The signature is written in a cursive, slightly slanted style.

Director, Regulatory Relations

cc: Jerry Royer, Energy Division  
Lisa Paulo, Energy Division  
Service List R.04-03-017