



ELECTRIC PRELIMINARY STATEMENT PART CJ Sheet 1
NEGATIVE ONGOING COMPETITION TRANSITION CHARGE MEMORANDUM ACCOUNT

CJ. NEGATIVE ONGOING COMPETITION TRANSITION CHARGE MEMORANDUM ACCOUNT (NOCTCMA) (N)

- 1. PURPOSE: The purpose of the NOCTCMA is to record and track negative costs associated with the above-market component of the ongoing competition transition charge (CTC), effective January 1, 2006. Beginning January 1, 2006 and thereafter, the above-market component of ongoing CTC is calculated monthly and negative results are to be tracked and applied to offset positive above-market results in accordance with Decision 05-12-045, Ordering Paragraph (O.P.) 6. Netting positive and negative CTC shall not result in paying negative CTC to any customers. Any negative CTC that is not offset by positive CTC will remain in the NOCTCMA where it will have no effect on customers.

The above-market cost calculation is associated with PG&E's portfolio of CTC-eligible contracts as defined in Public Utilities Code Section 367(a). The negative above-market costs are not eligible to be applied to other elements of the ongoing CTC revenue requirement such as contract restructuring amounts, employee transition costs, or the 10 percent shareholder savings associated with restructuring existing CTC-eligible contracts. Nor are the negative above-market amounts eligible to be applied to a balance undercollection in the Modified Transition Cost Balancing Account (MTCBA).

No interest shall accrue on a negative CTC balance in the NOCTCMA. The tracking of negative CTC shall cease when all ongoing CTC costs associated with the CTC-eligible portfolio have been recovered. Any remaining negative CTC balance in the NOCTCMA shall have no further effect on cost allocation or rates, pursuant to Decision 05-12-045. Costs in the NOCTCMA will be tracked consistent with any customer-specific subaccount allocation carried in the MTCBA, pursuant to Decision 05-12-045.

- 2. APPLICABILITY: The NOCTCMA shall apply to all customers who are obligated to pay ongoing CTC subject to the jurisdiction of the Commission, except for those specifically excluded by the Commission.
- 3. RATES: The NOCTCMA does not have a rate component.
- 4. ACCOUNTING PROCEDURES: PG&E shall make entries at the end of each month as follows:
 - a. A credit entry equal to the negative above-market costs, allocated and tracked by customer-specific subaccounts defined in the MTCBA, as applicable.
 - b. A debit entry equal to the positive above-market costs allocated and tracked by customer-specific subaccounts defined in the MTCBA, as applicable.

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