

February 17, 2000

ADVICE 1968-E

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby provides the Commission with notice of transmission rate changes for retail electric customers, consistent with PG&E's currently pending transmission revenue requirement request filed with the Federal Energy Regulatory Commission (FERC) on September 1, 1999, assigned to FERC Docket No. ER99-4323-000, and approved by FERC to become effective (subject to refund) on April 1, 2000. The transmission rates that PG&E is asking FERC to approve in that docket were calculated using the same methodology previously approved by the Commission in Decision 97-08-056 and Resolution E-3510, in the Cost Separation proceeding, and are set forth in Attachment I in exactly the same format as filed with FERC.

In order to preserve the rate freeze mandated by Assembly Bill 1890, the proposed changes to PG&E's retail transmission rates should be offset exactly by corresponding changes to the Generation and CTC components of PG&E's total effective rates. This is the same process that PG&E has used to implement its two most recent prior retail transmission rate changes, as in its recently approved Advice 1757-E-A (Resolution E-3623, dated September 2, 1999) and Advice 1860-E, approved by Commission letter dated December 16, 1999).

However, PG&E believes it most likely that the rate changes to be adopted in Phase 1 of its 1999 General Rate Case and in the 1998 Revenue Allocation Proceeding will also become effective on or prior to the April 1, 2000 effective date for the new retail transmission rates. Because the rate changes to be adopted in those two proceedings will also interact with the currently-established Generation and CTC rate component, PG&E believes that it would be premature to submit the specific Generation and CTC tariff changes that would be needed to implement the proposed transmission rates in isolation from the effects of these intervening rate changes. PG&E will supplement this advice letter after the above mentioned rates are finalized to include the tariff changes.

As more thoroughly discussed in the filing at FERC (a copy of which was delivered at the time that it was filed to Mr. Peter Arth, Jr. of the Commission's Legal Division), the purpose of the proposed rate change is to

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reflect PG&E's most current estimates of the cost of providing transmission service.

PG&E requests that this filing become effective on **April 1, 2000**.

This filing will not increase any other rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

While the proceeding and forum for parties to respond to the appropriateness of these rates is the FERC proceeding in which these rates will be considered, anyone wishing to protest this filing may do so by sending a letter within 20 days of the date of this filing. Protests should be mailed to:

IMC Branch Chief
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, CA 94102
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of the Director, Energy Division (address above), and Les Guliasi, Regulatory Relations Manager, 77 Beale Street, Mail Code B10C, P.O. Box 770000, San Francisco, CA 94177, Facsimile: (415) 973-7226. The protest shall set forth the grounds upon which it is based and shall be submitted expeditiously. There are no restrictions on who may file a protest.

In accordance with Section III, Paragraph G of General Order 96-A, PG&E is mailing copies of the advice filing to the utilities and interested parties shown on the attached list. Address change requests should be directed to Nelia Avendano at (415) 973-3529.

Vice President – Regulatory Relations

Attachments