

May 19, 2000

ADVICE 2234-G/2001-E

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) proposes to revise the franchise fee factor used for calculating the monthly rate for gas Schedule G-SUR—*Customer Procured Gas Franchise Fee Surcharge*, and the franchise fee factor used to compute the electric franchise fee surcharge. Computations for the gas and electric franchise fee factors are shown in Attachment I.

Sections 6350 through 6354 of the California Public Utilities Code (PU Code) created a surcharge on gas and electricity transported, but not sold, by California utilities. The surcharge replaces the franchise fees that would accrue to municipal entities if the utility had sold the gas or electricity and the revenues from the sale were subject to the franchise fee calculation. As required by the PU Code, the surcharge is based on the value of gas or electricity delivered to each transport customer.

Franchise fee factors are derived from values adopted every three years in General Rate Case (GRC) decisions. The forecast of franchise fee expense in PG&E's Test Year 1999 GRC was based on recorded data through 1996. Since the GRC decision was delayed until February 2000, the data used to derive the franchise fee factors is over four years old.¹ PG&E proposes in this filing to revise current gas and electric franchise fee factors based on franchise fee payments for the year 1999 and their associated billed revenue.

The Schedule G-SUR monthly gas franchise fee surcharge is equal to the volume of gas transported to a customer, multiplied by the average gas commodity cost, which is then multiplied by the gas franchise fee factor. The average commodity cost of gas is set monthly, based on the Weighted Average Cost of Gas (WACOG). Based on gas franchise fee payments for the year 1999 and their associated billed revenue, the revised 1999 gas franchise fee factor is 0.009649, compared to the factor of 0.01003 based on 1996 GRC data.

¹ General Rate Case Decision (D.) 00-02-046 dated February 17, 2000.

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For electric customers, the electric franchise fee surcharge is equal to the PX Energy Credit multiplied by the electric franchise fee factor. Based on electric franchise fee payments for the year 1999 and their associated billed revenue, the electric factor is 0.007549, compared to the electric franchise fee factor of 0.007278 based on 1996 GRC data.

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

PG&E requests that this filing be approved on regular notice, **June 28, 2000**, which is 40 days after the date of this filing. PG&E proposes to implement the franchise fee factor changes in the month following Commission approval.

Anyone wishing to protest this advice letter may do so by sending a letter within twenty (20) days after 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, California 94102
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of Director, Energy Division, and Jerry Royer, Energy Division, at the address above. A copy of the protest should be sent by U.S. mail and via facsimile to:

Pacific Gas and Electric Company
Attention: Les Guliasi
Manager, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226

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The protest shall set forth the grounds upon which it is based, and shall be submitted expeditiously. There is no restriction on who may file a protest.

In accordance with Section III, Paragraph G, of General Order 96-A, PG&E is mailing copies of this advice letter to the utilities and interested parties shown on the attached list and all parties to A. 97-12-020. For mailing list changes, please telephone Nelia Avendano at (415) 973-3529.

Vice President – Regulatory Relations

Attachments

cc: Service List – A. 97-12-020