

January 9, 2001

ADVICE 2026-E-B

(Pacific Gas and Electric Company ID U 39 E)

Subject: Accounting Procedures for Bilateral Power Purchases

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (the Company or PG&E) hereby submits for filing revisions to its electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I. This filing supplements Advice 2026-E and modifies tariffs from that filing as described herein. It also supersedes Advice 2026-E-A, which is rejected by the Commission in Resolution (R.) E-3724 dated December 21, 2000.

Background

Advice 2026-E was filed on August 8, 2000, to implement tariff changes effective August 3, 2000, in accordance with Decision (D.) 00-08-023 dated August 3, 2000. D. 00-08-023 approved an Emergency Motion filed by PG&E on July 21, 2000, authorizing the Company to enter into bilateral contracts with third parties to purchase energy and ancillary services and capacity products in the bilateral market. In Advice 2026-E, the Company filed new Preliminary Statement Part BW--*Power Exchange Bilateral Option Memorandum Account* (PXBOMA), to record net costs associated with the bilateral option.

The Company then filed supplemental Advice 2026-E-A dated August 15, 2000, to revise language in the PXBOMA and Preliminary Statement Part N--*Transition Revenue Account* (TRA) to account for the transfer of the balance recorded in the PXBOMA to the TRA on a monthly basis, and to revise Schedule PX to allow for adjustments associated with the bilateral option authorized in D. 00-08-023.

On December 21, 2000, the Commission issued R. E-3724, which approved the tariffs filed in Advice 2026-E with certain modifications, rejected supplemental Advice 2026-E-A, and ordered the Company to file a new supplemental Advice 2026-E-B to revise the tariffs filed in Advice 2026-E as follows [as stated in R. E-3724]:

1. In order to clarify that PG&E's bilateral procurement costs are included in the TRA, PG&E should modify line item 5.i. to say: "A debit entry equal to the amount recorded¹ for all power obtained for PG&E's customers as recorded in Schedule PX."
2. In order to reflect correctly the costs of bilateral contracts within its Schedule PX, PG&E should modify its Schedule PX as follows. Item 1, "Development of hourly forward market costs" should be modified to include the cost of bilateral contracts as those costs are incurred. Item 4, "Post Real-Time Settlement Costs" should be modified to include any amounts recorded in the PXBOMA found to be unreasonable in the annual Revenue Adjustment Proceeding or other proceeding expressly authorized by the Commission.

Effective Date

In accordance with D. 00-08-023, and R. E-3724, the tariffs filed in this supplemental Advice 2026-E-B are effective **August 3, 2000**.

Notice

In accordance with Section III, Paragraph G, of General Order No. 96-A, PG&E is sending copies of this advice filing electronically or by U.S. mail to the interested parties shown on the attached advice letter mailing list and A. 99-01-016. Address change requests for the advice letter mailing list should be directed to Nel Avendano at (415) 973-3529.

Vice President - Regulatory Relations

Attachments

cc: Service List—A. 99-01-016

¹ By agreement between the Commission's Energy Division and PG&E, the word "recorded" has been changed to the word "used."



PRELIMINARY STATEMENT
(Continued)

N. TRANSITION REVENUE ACCOUNT (TRA) (Cont'd.)

5. ACCOUNTING PROCEDURE: (Cont'd.):

- d. On and after the date the Commission or its delegate declares to be the start date for direct access, a debit entry equal to the Transmission TRA Separated Revenues, based upon rates approved by the Federal Energy Regulatory Commission (FERC);
- e. A debit entry equal to the annual applicable Distribution TRA Separated Revenue Requirement Amount divided by twelve;
- f. A debit entry equal to the annual applicable Nuclear Decommissioning TRA Separated Revenue Requirement Amount divided by twelve;
- g. A debit entry equal to the annual applicable Public Purpose Programs TRA Separated Revenue Requirement Amount divided by twelve;
- h. A debit entry equal to the amount recorded for FERC-authorized ISO charges for transmission support, exclusive of charges in Item d;
- i. A debit entry equal to the amount recorded for all power obtained for PG&E's customers as used in Schedule PX; (N)
(N)
- j. A debit entry equal to the amount recorded for Diablo Canyon-related ICIP exclusion items listed in Findings of Fact 38, 39, and 40 of Decision 97-05-088; (T)
- k. A debit entry equal to the costs associated with CEP and EET funded by PG&E, up to the amount authorized for PG&E by the CPUC; (T)
- l. A debit entry equal to the recorded incentives paid to customers for avoided power purchases during the period between June 1, 2000, and December 31, 2000, as provided for under Schedule E-BID. (T)
- m. A credit entry equal to the recorded amount of revenue cycle services credits given to customers for revenue cycle services provided by entities other than PG&E; (T)
- n. A credit entry equal to the amount of Shareholder Participation, as defined in Section 6 below; and (T)
- o. If the sum of the beginning of the month balance and the balance after entries 5.a through 5.n above is a debit, Item 5.o will be a debit entry equal to the interest on the average balance of the account at the beginning of the month and the balance after entries 5.a through 5.n above, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, G.13 or its successor. (T)

At the end of each month, the balance in this account will be treated as follows:

- 1) If a credit balance, the credit balance will be transferred to the CTC Revenue Section of the TCBA, as defined in Part AV of PG&E's Preliminary Statement.
- 2) If a debit balance, the debit balance including interest will remain in this account and be carried over to the following month.

(Continued)



PRELIMINARY STATEMENT
(Continued)

BW. POWER EXCHANGE BILATERAL OPTION MEMORANDUM ACCOUNT (PXBOMA)

(N)

1. PURPOSE:

The purpose of the PXBOMA is to record net costs incurred by PG&E in procuring energy, ancillary services, capacity products, and transmission related services needed to use the bilateral option offered by the California Trading Services (CTS) Division of the California Power Exchange (PX) or for delivery through the PX Day-Ahead or Day-Of markets.

2. APPLICABILITY:

The PXBOMA shall apply to all customer classes, except for those specifically excluded by the Commission.

3. PXBOMA RATES:

The PXBOMA does not have a rate component.

4. ACCOUNTING PROCEDURE:

PG&E shall maintain the PXBOMA by making entries at the end of each month as follows:

- a. A debit or credit entry for payments to or receipts from, respectively, third parties for energy, ancillary services, capacity products, and transmission related services.
- b. A credit entry equal to monthly revenues received from the PX for bilateral energy, ancillary services, and capacity products.
- c. A debit entry for scheduling and settlement fees invoiced by the PX for use of the bilateral delivery option.
- d. An entry equal to the interest on the average of the balance at the beginning of the month and the balance after entries 4.a. through 4.c. above, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, G. 13 or its successor.

PG&E shall request recovery of the balance in the PXBOMA in the annual Revenue Adjustment Proceeding (RAP), or other proceeding expressly authorized by the Commission. The PXBOMA amounts authorized by the Commission in the RAP shall be included in the PX credit calculation.

(N)

(Continued)



SCHEDULE PX—POWER EXCHANGE ENERGY COST
 (Continued)

RATES: (Cont'd.)

1. Development of hourly forward market costs (Cont'd.)

The weighted average cost for these services shall be calculated for each hour as the sum of the costs in the day-ahead market in each zone, plus the costs in the hour-ahead market in each zone, plus the net gain or loss on transactions in the block forward market, the cost of bilateral contracts as these costs are incurred, all divided by the total kWh purchased in all zones in all forward energy markets for that hour. PG&E's block forward market transactions shall be limited as defined in Resolution E-3658, and modified pursuant to subsequent Commission decisions and resolutions. Furthermore, PG&E is guaranteed recovery of costs for its block forward market transactions for deliveries until the end of PG&E's rate freeze.

(D) (N)

2. Estimate of Real-time Settlement Costs:

An estimate of real-time settlement costs for the trading day will be calculated hourly and added to the cost derived in Part 1 of this section on the trading day, or as soon thereafter as practicable. This rate is determined by dividing the estimate of the real-time cost amount, including spinning reserve, non-spinning reserve, replacement reserve, regulation, and imbalance energy, by PG&E's estimate of the load to be served by the PX.

3. Real-time Settlement Costs True-Up:

A real-time settlement cost true-up, representing the real-time costs not yet reflected in charges to customers for the trading day 60 days or earlier, is added to the cost derived in Parts 1 and 2 of this section. This rate is determined by dividing the real-time cost amount (which is the dollar amount (either positive or negative) incremental to the cost described in Parts 1 and 2 of this section) by PG&E's estimate of the load to be served by the PX. Two adjustments may eventually be implemented: one for all customers of PG&E and an incremental adjustment only for customers without real-time meters.

PG&E may make up to two real-time settlement cost true-ups on a single day's hourly prices, in order to shorten the lag between the real-time settlement cost true-up and the trading day.

(Continued)



SCHEDULE PX—POWER EXCHANGE ENERGY COST
(Continued)

RATES:
(Cont'd.)

4. Post Real-Time Settlement Costs:

Adjustments for incentive payments made to customers taking service under Schedule E-BID, costs recorded in the E-BIDMA (Preliminary Statement Part BS), amounts recorded in the PXBOMA (Preliminary Statement Part BW) found to be unreasonable in the annual Revenue Adjustment proceeding or other proceeding expressly authorized by the Commission, black start capability, long term voltage support, PX administration costs, ISO grid management charges, and amounts resulting from dispute resolution may be required after the real-time settlement cost adjustment is incorporated into PX prices. PX charges including, but not limited to, these adjustments which are available after the real-time settlement cost adjustment has been implemented for a specific hour, will be accrued once a month and applied to adjust PX prices in the next full calendar month. Once the total accrued amounts are summed, the total will be divided by the number of days in the next full calendar month to develop a daily amount. The daily amount will be divided by the sum of PG&E's estimate of the 24 hourly loads for the day to determine an adjustment (\$/MW) for the day.

(N)
|
(N)

5. Adjustments for Distribution Loss Factors (DLFs) and Uncollectibles:

The average hourly cost at the transmission/distribution interface, as determined by the sum of the average costs described in Parts 1, 2, 3 and 4 of this section, is multiplied by the DLF and an uncollectible factor to determine the appropriate price to be paid by end-use customers served at each voltage level. DLFs will be calculated by PG&E based on the forecast hourly PG&E UDC Service Area Load (Direct Access, plus Bundled Service, including Hourly PX Pricing Option Service) per Decision 97-08-056. The hourly DLFs will be broken out by service voltage level and made available each day to market participants during the day-ahead market. PG&E will calculate the hourly DLFs based on samples of hourly service area load by applying the approach approved in Decision 92-12-057. The uncollectible factor is equal to 1.002456.

BUNDLED
SERVICE OR
DIRECT ACCESS
SERVICE:

1. Calculation of PX charges for Bundled Service and Hourly PX Pricing Option Customers and PX credits for Direct Access and Hourly PX Pricing Option Customers:

For purposes of determining PX charges for Bundled Service Customers and the PX credit for Direct Access and Hourly PX Pricing Option Customers, an average for each schedule (or TOU period) is developed through the use of a statistical load profile which represents the average load profile for all customers (both Direct Access and Bundled Service) on a given rate schedule. For Agricultural, Traffic Control, Streetlighting, and Outdoor Lighting rate schedules, the statistical load profiles are "static" and are determined hourly for the entire year based on average historical data for three recorded years. These latter static statistical load profiles are updated each calendar year based on available data for the previous three years. For all remaining rate schedules, the statistical load profile is determined "dynamically," using the most current load research information available. This current data will become available and will be posted approximately seven days from the date of occurrence.

The sum of the products of the (1) average hourly costs, including adjustments, and (2) the hourly loads, divided by the use associated with the statistical load profile (expressed as a fraction of the profile period use allocated to each hour) will yield an average cost for a specific customer group and TOU period. These average PX costs will be updated weekly.

(Continued)



TABLE OF CONTENTS
(Continued)

PRELIMINARY STATEMENTS

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Part AL	Not Being Used	
Part AM	Not Being Used	
Part AN	Diablo Canyon Property Tax Balancing Account.....	14432-E
Part AO	Diablo Canyon Audit Costs Memorandum Account.....	14433-E
Part AP	Real Property Sales Memorandum Account.....	14436-E
Part AQ	Reduced Return on Equity Memorandum Account.....	14449-E
Part AR	1997 Rate Design Window Shareholder Participation Memorandum Account.....	14723-E
Part AS	Fixed Transition Amount Charge.....	14794,16128-E
Part AT	Rate Reduction Bond Memorandum Account.....	14796,14797-E
Part AU	Direct Access Discretionary Cost/Revenue Memorandum Account.....	14837-E
Part AV	Transition Cost Balancing Account.....	14983 to 14990,16177,16178, 16618,16619,16620,14995,15723,15724,15725,14998 to 15001,16621,16622,16623-E
Part AW	Rate Group Transition Cost Obligation Memorandum Account.....	16635,15005,16909,16910-E
Part AX	Must-Run Fossil Plant Memorandum Account.....	15726,15009-E
Part AY	Non-Must-Run Fossil Plant Memorandum Account.....	15727,15011-E
Part AZ	Non-Must-Run Hydroelectric/Geothermal Memorandum Account.....	15728,16804,16805-E
Part BA	Divestiture Bonus Return on Equity Memorandum Account.....	15015,15016-E
Part BB	Competition Transition Charge Responsibility for All Customers and CTC Procedure for Departing Loads.....	16399,14957,14958,16400,14960, 14961,16229,16230,16231,14963,14964,14965,14966,14967,14968,14969,16401,16402-E
Part BC	PU Code Section 376-Restructuring Implementation Tracking Account.....	16520,16521-E
Part BD	PU Code Section 381(d)-Renewable Program Costs Tracking Account.....	15018-E
Part BE	Must-Run Hydroelectric/Geothermal Plant Memorandum Account	16510,16181,16806,16807-E
Part BF	Streamlining Residual Account.....	15101-E
Part BG	Generation Facility Operations and Maintenance Account.....	16225,16226-E
Part BH	Independent System Operator (ISO) Power Exchange (PX) Implementation Delay Memorandum Account (IPIDMA).....	15731,15732-E
Part BI	Non-Nuclear Generation Capital Additions Memorandum Account.....	15540-E
Part BK	Transmission Revenue Requirement Reclassification Memorandum Account.....	16761-E
Part BL	Electric Low-Income Memorandum Account (ELIMA).....	16087-E
Part BM	Applicant Installation Trench Inspection Memorandum Account.....	16607-E
Part BN	Vegetation Management Quality Assurance Balancing Account.....	16979-E
Part BO	Real Property Gain/Loss on Sale Memorandum Account.....	16651-E
Part BP	PX Credit Audit Memorandum Account.....	16647-E
Part BQ	Interim PX-Based Price Tracking Account (IPXPTA).....	16695-E
Part BR	Applicant Installation Trench Inspection Deferred Account.....	16606-E
Part BS	Schedule E-BID Memorandum Account.....	16991,16992-E
Part BT	Electric Supply Cost Memorandum Account.....	16813-E
Part BU	Vegetation Management Balancing Account.....	16887-E
Part BW	Power Exchange Bilateral Option Memorandum Account.....	17843-E (N)

(Continued)



TABLE OF CONTENTS
(Continued)

PRELIMINARY STATEMENTS

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Part A	Description of Service Area & General Requirements	12081 to 12090,15715-E
Part B	Not Being Used	
Part C	Not Being Used	
Part D	Energy Efficiency California Energy Commission Memorandum Account.....	16551-E
Part E	CPUC Reimbursement Fee	11994-E
Part F	Helms Adjustment	11995-E
Part G	Catastrophic Event Memorandum Account	15716,11740-E
Part H	Interest	10579-E
Part I	Rate Schedule Summary.....	16810-E
Part J	Income Tax Component of Contributions Provision	11752,11503-E
Part K	Energy Commission Tax	10880-E
Part L	Electric Restructuring Costs Accounts	16515 to 16517-E
Part M	California Alternate Rates for Energy Account.....	15091-E
Part N	Transition Revenue Account.....	17754,16628,17842,17020-E
Part O	Demand-Side Management Tax Change Memorandum Account.....	15094-E
Part P	Customer Energy Efficiency Adjustment.....	15104,15095,15097,15105,15106-E
Part Q	Competition Transition Charge Responsibility	14028-E
Part R	Not Being Used	
Part S	Hazardous Substance Mechanism.....	15719,15720,13540,13419 to 13421-E
Part T	Qualifying Facility Contribution in Aid of Construction Memorandum Account.....	13426-E
Part U	Not Being Used	
Part V	Arbitration Memorandum Account.....	13360-E
Part W	Not Being Used	
Part X	Not Being Used	
Part Y	Electric and Magnetic Field Measurement Policy.....	13399-E
Part Z	Electric Vehicle Balancing Account.....	15099,16251-E
Part AA	Electric Deferred Refund Account.....	14274-E
Part AB	Independent System Operator Memorandum Account.....	14259-E
Part AC	Power Exchange Memorandum Account.....	14260-E
Part AD	Transition Cost Audit Memorandum Account.....	15917-E
Part AE	Generation Divestiture Transaction Costs Memorandum Account.....	14169-E
Part AF	Not Being Used	
Part AG	Competition Transition Charge Exemptions Memorandum Account.....	14277,14278-E
Part AH	Industry Restructuring Memorandum Account..	16644,16645,14282,14382 to 14386,16646-E
Part AI	Not Being Used	
Part AJ	System Safety and Reliability Enhancement Funds Balancing Account	14787,14788,15100-E

(T)

(Continued)



TABLE OF CONTENTS
(Continued)

RATE SCHEDULES

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
LIGHTING RATES		
LS-1	PG&E-Owned Street and Highway Lighting	15393,16950,15395,15936,16490,16324-E
LS-2	Customer-Owned Street and Highway Lighting	15398,16951,15400 to 15403,16491-E
LS-3	Customer-Owned Street and Highway Lighting Electrolier Meter Rate	16952,15406,15407,16492-E
TC-1	Traffic Control Service	16953,15410,16493-E
OL-1	Outdoor Area Lighting Service.....	16954,15413,15414,16494-E
OTHER		
S	Standby Service.....	16955,16956,16957,15419,16200,15421,16201,16202,15424,15425,16203,16204,16205,16206,16495,16336-E
E-DEPART	Departing Customers	15905-E
E-EXEMPT	Competition Transition Charge Exemption	16068 to 16073-E
E-TD	Transmission and Distribution Bypass Deferral Rate	15694 to 15696,16496-E
E-TDI	Incremental Sales Rate for New Customers	15698,15699,16497-E
E-RRB	Rate Reduction Bonds Bill Credit and Fixed Transition Amount Charge	14798,14799-E
E-NEM	Net Energy Metering Service.....	16091,16092-E
E-BID	Price Responsive Load Program	16994 to 16996-E
AGRICULTURAL RATES		
AG-1	Agricultural Power	16861,15446 to 15449,16498,15451 to 15453-E
AG-R	Split-Week Time-of-Use Agricultural Power	15454,16959,15456,15457,15458,15459,16499,16340,15462,15463,15464-E
AG-V	Short-Peak Time-of-Use Agricultural Power	15465,16960,15467,15468,15469,15470,16500,16342,15473,15474,15475-E
AG-4	Time-of-Use Agricultural Power	15476,16961,16962,15479 to 15483,16501,16345,15486,15487,15488-E
AG-5	Large Time-of-Use Agricultural Power	15489,16963,16964,15492 to 15496,16502,16348,15499,15500,15501-E
AG-6	Large Agricultural Power	15502,16965,15504,15505,15506,16350-E
AG-7	Experimental Tiered Time-of-Use Agricultural Power	15701,15702,16966,16967,15705,15706,15707,15708,16503,16353-E
AG-8	Deferral of Gas and Diesel Engine-Driven Pumping Facilities	15710,15711,16504-E
POWER EXCHANGE RATES		
PX	Power Exchange Energy Cost.....	16905,17844,17845,16744,16745,15521,15522-E (T)
DIRECT ACCESS		
E-CREDIT	Revenue Cycle Services Credits	16567 to 16578-E
E-DASR	Direct Access Services Request Fees	14847-E
E-ESP	Service to Energy Service Providers	16109,15828,15829,15830,16221-E
E-ESPNSF	Energy Service Provider Non-Discretionary Service Fee	16535,16536-E
E-EUS	End User Services.....	14852,14853,14854-E

(Continued)



TABLE OF CONTENTS

	<u>CAL P.U.C. SHEET NO.</u>	
Title Page.....	8285-E	
Table of Contents:		
Rate Schedules	17849,17848-E	(T)
Preliminary Statements	17847,17846-E	(T)
Rules, Maps, Contracts and Deviations	17023-E	
Sample Forms	15617,16094,16546,16196,17000,16759-E	

RATE SCHEDULES

<u>SCHEDULE</u>	<u>TITLE OF SHEET</u>	<u>CAL P.U.C. SHEET NO.</u>
RESIDENTIAL RATES		
E-1	Residential Service	16911,15237,16462-E
EE	Service to Company Employees	15239-E
EM	Master-Metered Multifamily Service	16912,15241,15242,16463-E
ES	Multifamily Service	16913,15245,15246,16464,16262-E
ESR	Residential RV Park and Residential Marina Service	16914,15249,15250,16465-E
ET	Mobilehome Park Service	16915,15253,15254,16466,16266-E
E-7	Residential Time-of-Use Service	16655,16916,15257,16467-E
E-A7	Experimental Residential Alternate Peak Time-of-Use Service ..	16657,16917,15260,16468-E
E-8	Residential Seasonal Service Option	16918,16469-E
E-9	Experimental Residential Time-of-Use Service for Low Emission Vehicle Customers	15264,16919,16920,15267,15268,16470-E
EL-1	Residential CARE Program Service	16921,15274,16471-E
EML	Master-Metered Multifamily CARE Program Service	16922,15277,16472,16473-E
ESL	Multifamily CARE Program Service	16923,15280,15281,16474,16281-E
ESRL	Residential RV Park and Residential Marina CARE Program Service	16924,15284,15285,16475-E
ETL	Mobilehome Park CARE Program Service	16925,15289,15290,16476,16285-E
EL-7	Residential CARE Program Time-of-Use Service	16659,16926,15293,16477-E
EL-A7	Experimental Residential CARE Program Alternate Peak Time-of-Use Service	16661,16927,15296,16478-E
EL-8	Residential Seasonal CARE Program Service Option.....	16928,16479-E
COMMERCIAL/INDUSTRIAL		
A-1	Small General Service	16929,16480-E
A-6	Small General Time-of-Use Service	15302,16930,16481,16295-E
A-10	Medium General Demand-Metered Service	16931,15307,15308,16482,16297-E
A-T	Nondomestic Interruptible Service	11862-E
A-RTP	Experimental Real-Time-Pricing Service	15313,16483-E
A-15	Direct-Current General Service	16932,16484-E
E-19	Medium General Demand-Metered Time-of-Use Service	16410,15316,15317,16933, 16934,16935,15321,15322,15323,15324,16411,16412,16413,15328,16414,15330,16936, 16937,16938,16416,16417,16418,16419,16420,16485,16539,16540,16541,16306,16307-
E-20	Service to Customers with Maximum Demands of 1,000 Kilowatts or More	16425,15344,16939,16940,16941, 15348,15349,15350,15351,16426,16427,16428,15355,16429,16430,15358,16942,16943, 16944,16432,16433,16434,16435,16436,16486,16438,16542,16543,16544,16314-E
E-25	Restricted Variable-Peak-Period Time-of-Use Service to Water Agencies	15372,16945,16946,16947,15376 to 15379,16487,16318-E
E-36	Small General Service to Oil and Gas Extraction Customers	16948,16488,16320-E
E-37	Medium General Demand-Metered Time-of-Use Service to Oil and Gas Extraction Customers	15687,15688,16949,15690,15691,15692,16489-E
ED	Experimental Economic Development Rate	16881,16882-E
E-CARE	CARE Program Service for Qualified Nonprofit Group-Living and Qualified Agricultural Employee Housing Facilities	15392-E

(Continued)