

PUBLIC UTILITIES COMMISSION

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April 27, 2005

Advice Letter 2043-E-B

Rose de la Torre
Pacific Gas & Electric
77 Beale Street, Room 1088
Mail Code B10C
San Francisco, CA 94105

Subject: Extension of the closing and expiration date of Schedule E-DEPART and removal of
Schedule E-EXEMPT

Dear Ms de la Torre:

Advice Letter 2043-E-B is effective January 27, 2005 by Resolution E-3903. A copy of the
advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "S. H. Gallagher".

Sean H. Gallagher, Director
Energy Division

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

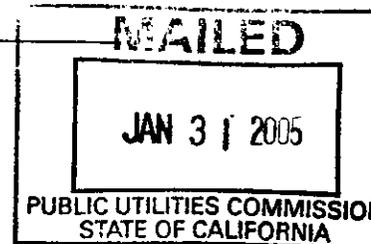
RESOLUTION E-3903
JANUARY 27, 2005

RESOLUTION

Resolution E-3903. Pacific Gas and Electric Company proposes to modify Schedules E-DEPART and E-EXEMPT to extend their expiration dates, and to revise Schedule E-DEPART to permit billing departing load customers for the Regulatory Asset charge. Approved with modifications.

By AL 2043-E filed on October 19, 2000, and Supplemental AL 2043-E-A filed on February 18, 2004.

SUMMARY



Pacific Gas and Electric Company (PG&E) is authorized to bill non-exempt Departing Load (DL) customers for certain charges under Schedule E-DEPART.

- PG&E may revise Schedule E-DEPART to allow billing DL customers for Nuclear Decommissioning (ND) and Public Purpose Program (PPP) charges until superseding tariffs for billing nonbypassable charges have been approved or until it has been determined that DL customers' obligations to pay such charges have ended.
- PG&E is not authorized at this time to bill the ongoing Competition Transition Charge (CTC)¹ or the Regulatory Asset (RA) charge through

¹ Public Utilities (PU) Code Section 369 authorized the Commission to establish a mechanism for recovery of transition costs. With specified exceptions, these transition costs were to sunset no later than March 31, 2002. PU Code Section 367 (a) identified the ongoing costs that could be recovered beyond the end of the transition period. These ongoing costs are referred to as the "ongoing CTC" or "tail CTC."

Schedule E-DEPART until issues regarding the Cost Responsibility Surcharge (CRS) have been resolved for each type of individual DL customer.²

BACKGROUND

Certain nonbypassable charges with specified exemptions were enacted through legislation.

Assembly Bill (AB) 1890, signed into law on September 23, 1996, established:

- (a) a nonbypassable CTC (PU Code Sections 367-368, 369, 375-376)
- (b) certain exemptions to the CTC (PU Code Sections 372, 374)
- (c) nonbypassable charges for ND (PU Code Section 379)
- (d) recovery of Rate Reduction Bond (RRB) principal, interest, and ongoing costs through a nonbypassable Fixed Transition Amount (FTA) charge (PU Code Section 840(d)); and
- (e) a separate nonbypassable rate component to cover PPP costs (PU Code Sections 381-383, 385).

PG&E implemented legislative mandates through tariffs.

To implement these provisions of AB 1890, PG&E established Schedule E-DEPART, Schedule E-EXEMPT, and Preliminary Statement Part BB, *Competition Transition Charge Responsibility for All Customers and CTC Procedure for Departing Loads*.

Schedule E-DEPART applies to all customers who remain physically located within PG&E's service territory, but now receive electricity supply, and

² Resolution E-3831 approved tariffs regarding ongoing CTC for Customer Generation (CG) DL. (See Decision (D.) 05-01-035, modifying Resolution E-3831, and denying rehearing as modified.) Ongoing CTC for municipal departing load (MDL) is pending in Application (A.) 03-08-004, and a billing and collection phase for MDL CRS is pending in Rulemaking (R.) 02-01-011. Also, with respect to the dedicated rate component (DRC), there may be a pending issue regarding the 2.7 cent/kWh cap in Phase II of PG&E's GRC in A.04-06-024. (See D.04-11-015, p. 62.)

transmission and distribution services from a source other than PG&E. These customers include the following types:

- Customer Generation Departing Load (CGDL) – load that is supplied in part or in whole by on-site or over the fence non-utility owned generation
- Municipal Departing Load (MDL)³ - loads that transfer from PG&E to a municipal-owned utility, an irrigation district, or similar governmental agency with statutory authority to sell and deliver electricity to consumers in its jurisdictional area
- Municipal Departing New Load (MDNL) - new electric loads that are established in PG&E's service territory, but which receive electricity delivered by a municipal-owned utility, irrigation district, or similar agency
- Split Wheeling Departing Load (SDL) - load that 1) was previously served in part with retail electric service from PG&E and in part by the Western Area Power Administration (WAPA), pursuant to Contract 2948A between PG&E and WAPA, and 2) for which, upon expiration of Contract 2948A on December 31, 2004, the consumer reduces or eliminates retail service from PG&E and replaces that service with wholesale service, supplied by WAPA or a similarly-situated entity and wheeled by PG&E, under a Federal Energy Regulatory Commission (FERC) jurisdictional agreement.
- New WAPA Departing Load (NWDL)- loads 1) previously served entirely with retail electric service from PG&E, where the consumer reduces or eliminates retail service, and replaces that service with wholesale service, supplied by WAPA or a similarly-situated entity and wheeled by PG&E, under a FERC jurisdictional agreement and 2) new electric loads that are established in PG&E's service territory, but which have all or a part of their power requirements supplied by WAPA or a similarly situated entity and wheeled by PG&E under a FERC jurisdictional agreement

³ In D.03-07-028, the Commission refers to MDL as customers who depart from an investor-owned utility (IOU) to take service from a local publicly-owned utility (POU), and thereby displace usage formerly delivered by the IOU.

PG&E has filed advice letters to address each type of DL customer through separate, individual tariff schedules. These advice letters are still pending. To the extent that superseding tariff language has not been approved by the Commission, Preliminary Statement Part BB and Schedule E-DEPART continue to apply, and are used to address consumer and utility obligations related to departing load, subject to adjustment.

PG&E filed Advice Letter (AL) 2043-E to extend the expiration dates of pertinent tariffs.

Currently, Schedule E-DEPART specifies that the tariff will expire the "... earlier of March 31, 2002, or the date on which the Commission-authorized costs for utility generation-related assets and obligations have been fully recovered."⁴ By AL 2043-E, PG&E proposes to revise Schedule E-DEPART to extend the expiration date until a superseding tariff for billing departing load customers for nonbypassable charges has been approved or until it has been determined that departing customers' obligations to pay such charges have ended.

Schedule E-EXEMPT applies to customers who are exempt from paying the CTC. This tariff states that it will expire on "the earlier of March 31, 2002, or the date on which the Commission-authorized costs for utility generation-related assets and obligations have been fully recovered." To ensure consistency between Schedules E-EXEMPT and E-DEPART, and with PU Code Sections 372 and 374, PG&E proposed in AL 2043-E to continue the exemptions pursuant to PU Code Sections 372 until the Commission has determined that departing load customers' obligations to pay such charges have ended, and clarify that certain PU Code Section 374 exemptions are no longer operative after March 31, 2002.

PG&E supplemented AL 2043-E to include the RA charge in Schedule E-DEPART.

⁴ PG&E retained the authority to bill for FTA under Schedule E-RRB (Rate Reduction Bonds Bill Credit and Fixed Transition Amount) which does not have a similar termination date.

On February 18, 2004, PG&E filed supplemental AL 2043-E-A to revise Schedule E-DEPART to clarify that non-exempt DL customers are also responsible for payment of the RA charge effective March 1, 2004 in accordance with D.03-12-035, which approved a modified settlement agreement in PG&E's bankruptcy proceeding.

NOTICE

AL 2043-E and AL 2043-E-A were noticed in the Daily Calendar.

Notice of AL 2043-E and AL 2043-E-A were made by publication in the Commission's Daily Calendar. PG&E states that a copy of each of the ALs were mailed and distributed in accordance with Section III-G of General Order 96-A.

PROTESTS

AL 2043-E and AL 2043-E-A were protested.

PG&E's AL 2043-E was timely protested by Merced Irrigation District (Merced) on November 7, 2000. PG&E responded to Merced's protest on November 16, 2000. PG&E's supplemental AL 2043-E-A was timely protested by Merced and Modesto Irrigation District (Modesto) on March 9, 2004. PG&E responded to the protests on March 16, 2004.

Merced asserts that PG&E's proposed revisions to Schedule E-DEPART are ambiguous and could result in customers paying a higher CTC amount.

In AL 2043-E, PG&E proposes that Schedule E-DEPART be extended until "such time as the Commission has approved a superseding tariff for billing departing customers for nonbypassable charges or until it has determined that departing customers' obligations to pay such charges have ended." Merced believes that this language could be interpreted to mean customers could continue to pay a "full CTC bill" even though they would have no legal obligation to pay anything other than post-transition CTC (and other nonbypassable charges) after the date the rate freeze ends (which at the latest would be March 31, 2002). Merced proposes that if the advice letter is approved, the Commission should set the post-freeze CTC obligation at 25 percent of the prior year's obligation, subject to a true-up.

PG&E responds to Merced that the proposed changes simply retain the existing tariffs until new rates go into effect.

PG&E says that its filing has no impact on the level of post-freeze CTCs, which will be determined by the Commission, and would not give PG&E authority to bill a higher CTC component than allowed.

Merced believes PG&E's AL 2043-E is premature.

In proposing changes to Schedule E-DEPART, PG&E explained that it did not have a tariff mechanism for collecting post-rate freeze nonbypassable charges from departing customers, and that it planned to file an application to establish future nonbypassable charge payment mechanisms. Merced declares that PG&E should not be allowed to seek the changes by advice letter but instead should be directed to file appropriate tariff language changes in PG&E's anticipated application.

PG&E responds that it is not premature to file this advice letter in advance of its anticipated application due to uncertainty regarding the actual end-date of the rate freeze.

PG&E believes it is entirely appropriate to request extension of the expiration dates simply to ensure that a tariff mechanism remains in place to bill departed customers for nonbypassable charges until the Commission sets rates for post-transition period CTCs.

Merced asserts the supplemental advice letter is duplicative of tariffs proposed in another advice letter.

Merced asserts that changes to Schedule E-DEPART proposed in AL 2043-E-A duplicate and cause confusion insofar as they apply to MDL customers that are explicitly addressed and defined in Schedule E-MDL proposed by PG&E in AL 2433-E. Merced requests the Commission require PG&E to revise its proposed Schedule E-DEPART to state that customers subject to Schedule E-MDL shall not be subject to Schedule E-DEPART.

PG&E states that Schedule E-DEPART is necessarily duplicative.

PG&E responds that Schedule E-DEPART is in fact duplicative of provisions in its proposed Schedule E-MDL proposed in AL 2433-E, because it is needed for other types of departing load customers. If and when Schedule E-MDL is approved by the Commission, it is intended to supersede those portions of Schedule E-DEPART and Preliminary Statement BB as they apply to MDL customers.

Modesto argues that PG&E has no authority to collect the charges proposed on Schedule E-DEPART

Modesto protests Supplemental AL 2043-E-A on the basis that Schedule E-DEPART was to expire by its own terms on the earlier of March 31, 2002, or the date on which the Commission-authorized costs for utility generation-related assets and obligations have been fully recovered. Modesto believes that the Commission through D.04-01-026 determined that the latter date occurred on January 18, 2001. Thus by either test Schedule E-DEPART has expired, and thus PG&E has no authority to collect the charges on the rate schedule on a retroactive basis. It states such retroactivity would have significant impacts on customers for whom those charges have not been collected, and would be extremely unfair to customers who departed PG&E's system after the expiration date, only to find that PG&E is now entitled to retroactively impose such charges.

PG&E believes the expiration language in Schedule E-DEPART was erroneous.

PG&E acknowledges that Schedule E-DEPART has expired and explains that it filed AL 2043-E to request an extension because it believes the original terms were erroneous.

Modesto questions the validity and the applicability date of the RA Charge.

In AL 2043-E-A, PG&E revised Schedule E-DEPART to clarify that DL customers who departed on or after January 1, 2000 are responsible for payment of the RA charge, effective March 1, 2004. Modesto believes the RA charge is improper to the extent that it would be imposed on customers who are not presently receiving, or ever received, electric service from PG&E, and it has not been approved by the Legislature. Modesto also argues that the January 1, 2000 date bears no rational relationship to any legitimate starting point.

MDL, MDNL, SDL, and NWDL by filing a supplemental to each of the pending advice letters. This solution resolves Merced's protest on the duplicative tariffs issue.

PG&E's request to extend the expiration date of Schedule E-EXEMPT is moot because this tariff is no longer necessary.

PG&E proposed in AL 2043-E to extend the expiration date of Schedule E-EXEMPT to continue the CTC exemptions pursuant to PU Code Section 372 until the Commission has determined that departing load customers' obligations to pay such charges have ended, and clarify that certain PU Code Section 374 CTC exemptions are no longer operative after March 31, 2002.

We note that the CTC exemptions previously permitted under Schedule E-EXEMPT pursuant to PU Code Section 372 have been subsumed into CG tariffs, CTC exemptions pursuant to subdivision (a) of PU Code Section 374 are no longer operative, and CTC exemptions pursuant to subdivisions (b) and (c) of PU Code Section 374 are preserved though Preliminary Statement Part BB, Sections 3.e.11 and 12. As a result, Schedule E-EXEMPT is no longer necessary. In compliance with this resolution, PG&E should remove the schedule from its tariffs.

Unless specifically addressed in the Discussion section, issues raised in protests are denied without prejudice.

All issues raised in protests filed by Merced and Modesto were detailed in the Protest Section of this Resolution. Because this Resolution modifies PG&E's request in AL 2043-E and denies AL 2043-E-A without prejudice, it is not necessary to address issues of protest on elements that are not being approved by this Resolution. Accordingly, all issues not specifically addressed in the Discussion section above are denied without prejudice.

COMMENTS

Per statutory requirement, this Draft Resolution was mailed to parties for comment at least 30 days prior to consideration by the Commission.

PG&E responds that Modesto's concerns regarding the validity of the RA charge are without merit and that the proposed applicability date is reasonable.

PG&E believes that the Commission rejected similar arguments by Modesto and concluded that MDL customers should be held responsible for CRS in D.03-07-028 and D.03-08-076. It argues that the same reasoning would apply to the RA charge. In addition, PG&E believes that the Commission effectively affirmed the validity of the RA charge and rejected Modesto's argument for exemption by approving PG&E's modified bankruptcy settlement agreement and the RA agreed to therein, and approving PG&E's Rate Design Settlement Agreement.

Modesto claims that PG&E has not satisfied due process.

Modesto states that it appears AL 2043-E-A was not actually sent to customers who would have a vested interest in Schedule E-DEPART and that this lack of notice does not satisfy due process.

DISCUSSION

Rate schedules allowing PG&E to bill non-exempt DL customers nonbypassable charges have expired.

As discussed above Schedules E-DEPART and E-EXEMPT contained language providing for an expiration date of the earlier of March 31, 2002 or the date on which the Commission-authorized costs for utility generation-related assets and obligations have been fully recovered. In AL 2043-E, PG&E proposes to extend the expiration date of these rate schedules to ensure consistency between the two, and to permit billing non-exempt DL customers the PPP charge, the CTC, and the ND charge.⁵ It was filed in October, 2000 but has not been acted on. As of March 31, 2002, Schedules E-DEPART and E-EXEMPT had expired.

Ongoing CTC is now included in the CRS mechanism for DL customers.

⁵ As stated above, the FFA charge has been billed and collected pursuant to another tariff schedule.

Since the time PG&E filed AL 2043-E, the Commission has established CRS mechanisms requiring designated DL customers to bear a portion of the costs that the California Department of Water Resources (DWR) incurred pursuant to AB 1X and AB 117, and certain utility costs, as necessary to avoid shifting costs to bundled utility customers. The policies and mechanisms to implement the CRS for DL customers are based on the principles developed for the Direct Access CRS⁶. Specifically, the CRS is composed of the following elements: the DWR Bond Charge, the RA charge per D.04-02-062, ongoing CTC, and the DWR Power Charge.

To bill and collect, CRS, PG&E has filed several separate advice letters that would consolidate all nonbypassable charges into a single rate schedule for each of the different departing load types⁷. These new rate schedules, if and when implemented, would supersede Schedule E-DEPART. Until these new rate schedules are in effect and unless the expiration date for Schedule E-DEPART is extended, however, PG&E is unable to bill and collect any nonbypassable charges from DL customers for which they are liable.

PG&E should be allowed to bill and collect for PPP and ND but billing for CTC and RA must be addressed as part of CRS applicable to each type of DL customer.

Without dispute, PU Code Sections 379, 381-385 and 399.8 establish that ND and PPP are nonbypassable charges. Accordingly, all non-exempt DL customers are obligated to pay these charges even after they depart PG&E's system. Until it expired, Schedule E-DEPART permitted PG&E to bill DL customers these charges. According to PG&E, the initial expiration date was erroneous and should be extended to allow PG&E to continue to bill for these charges. We

⁶ CRS was adopted and applied to non-exempt DL customers under a series of Commission decisions; CGDL in D.03-04-030, as modified by D.03-04-041, Resolution E-3831, and D.05-01-035, MDL and MDNL in D.03-07-028, D.03-08-076, and D.04-11-014, and SDL in D.03-09-052.

⁷ PG&E proposed tariffs for CGDL in AL 2375-E, for MDL in AL 2433-E, E-A, E-B, MDNL in AL 2483-E, SDL in AL 2579-E, and NWDL in AL 2592-E.

agree that PG&E should be allowed to bill DL customers for ND and PPP charges under Schedule E-DEPART, or in any superseding tariff because these charges are nonbypassable pursuant to statute. To that extent, we deny Modesto's protest regarding PG&E's authority to bill DL customers for ND and PPP.

We can not appropriately allow PG&E to bill and collect for ongoing CTC or RA from DL customers through Schedule E-DEPART because these components are now captured within CRS. CRS charges for CGDL customers were addressed in Commission Resolution E-3831 but have not yet been fully addressed by the Commission for SDL, NWDL, MDL, and MDNL customers. Issues relating to the billing, collection, and accounting for CRS revenues from MDL customers pursuant to D.03-07-028 are the subject of a separate phase of R.02-01-011. PG&E must await the outcome of that phase before it may bill and collect from MDL customers for their liability for CRS, which includes ongoing CTC costs and RA.

PG&E should calculate the amount of PPP and ND charges that it should have but did not collect from DL customers from the date Schedule E-DEPART expired through the effective date of this Resolution. PG&E should amortize these amounts over a three-year period and bill DL customers accordingly. PG&E should file an advice letter with its amortization plan within 30 days of today's date that will be effective on the date filed, subject to Energy Division's determination that it complies with this Resolution.

PG&E should consolidate all information applicable to a particular type of DL customer in a single tariff covering such customers.

In PG&E's AL (AL 2375-E) requesting authorization to permit billing CRS to non-exempt CGDL, PG&E proposed to include the ND and PPP elements of Schedule E-DEPART so that CGDL customers would be able to refer to a single tariff containing information on all nonbypassable charge obligations. Resolution E-3831, which addressed that AL, stated that PG&E could not re-introduce these elements because D.03-04-030 merely authorized CRS implementation. We agree with Merced that duplicative tariffs could lead to confusion and prefer PG&E's proposal to have a single tariff which would contain all information applicable to each type of DL customer. To that end, we recommend that PG&E file an advice letter to move PPP and ND charges into the CG tariff schedule. Per authorization granted by this resolution, PG&E may request that these charges also be included in the tariffs that apply to the other specific types of DL, such as

PU Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this Resolution was neither waived nor reduced. Accordingly, this Draft Resolution was mailed to parties for comment on December 23, 2004. PG&E filed comments on January 10, 2005. Merced and Modesto each replied to PG&E's comments on January 18th.

PG&E requests the Draft Resolution be modified to allow immediate commencement of the billing and collection of the CTC and RA charge from all DL customers except MDNL.

PG&E believes that the Draft Resolution improperly proposes to defer collection of the CTC and the RA charge until completion of the separate billing and collection phase for MDL and MDNL, and resolution of various advice letter filings on DL. While PG&E agrees that it may be appropriate to defer billing of these charges for MDNL, it does not believe such a deferral is appropriate for other types of DL. PG&E claims that prior to the expiration of Schedule E-DEPART, it billed CTC to non-exempt MDL customers utilizing a Commission - approved methodology. PG&E maintains that this methodology does not require modification, and is not expected to be modified in the upcoming billing and collection proceeding. Rather, PG&E expects that the main matters to be addressed in that proceeding concern the billing and measurement of MDNL.

PG&E also believes it would be unjust to defer the CTC and RA charge based on the pending tariff filing concerning SDL and NWDL because these filings were not made until late 2004. PG&E argues that DL customers have been on notice since late 2000 of its intentions to bill for CTC under Schedule E-DEPART.

Merced and Modesto believe the Draft Resolution correctly provides that the CTC and RA charge should be deferred until issues regarding CRS have been resolved for each type of DL customer.

Merced and Modesto believe that the upcoming billing and collection proceeding will determine the basis upon which CRS (which includes ongoing CTC and the RA charge) can be billed to all MDL, and that it would not be appropriate to

allow PG&E's proposed billing and collection for the CTC and the RA charges to go forward as it would prejudice the outcome of this proceeding.

This Resolution maintains that it is not appropriate to allow PG&E to bill and collect the ongoing CTC or the RA charge from DL customers because these components are part of the CRS, and issues regarding CRS implementation for DL are pending at the Commission.

As noted in the Draft Resolution, issues relating to the billing and collection of CRS for MDL are the subject of a separate phase in R.02-01-011, and issues regarding CRS implementation for other DL are currently before the Commission in outstanding advice letters. On December 23, 2004, an Administrative Law Judge (ALJ) ruling was issued initiating the process for the implementation of billing and collection of CRS for all MDL ("new" and "transferred"). Since ongoing CTC and RA are components of CRS, it is appropriate to wait for resolution of outstanding CRS implementation issues.

PG&E believes the Draft Resolution errs in finding E-EXEMPT to be no longer necessary although PG&E concurs that it can be removed due to other tariff provisions.

The Draft Resolution directed PG&E to remove Schedule E-EXEMPT from its tariffs on the assumption that the CTC exemptions previously permitted under Schedule E-EXEMPT pursuant to PU Code Section 372 have been subsumed into CG tariffs, and PU Code Section 374 CTC exemptions are no longer operative. PG&E points out that while subdivision (a) of PU Code Section 374 did expire on March 31, 2002, subdivisions (b) and (c) of this Section remain operative. Nonetheless, PG&E concurs with the directive of the Draft Resolution to remove Schedule E-EXEMPT because Preliminary Statement Part BB, Sections 3.e.11 and 12 preserve the applicable customer exemptions.

The Draft Resolution has been modified to reflect PG&E's comments concerning Schedule E-EXEMPT.

This Resolution clarifies that the specified subdivisions of PU Code Section 374 exemptions are still operative but Schedule E-EXEMPT can be removed as a result of provisions in Preliminary Statement Part BB.

PG&E suggests that the Draft Resolution should clarify its directive for amortization of past undercollected nonbypassable charges.

PG&E does not object to the amortization proposal offered in the Draft Resolution but believes it should specify the length of time over which the amortization should take place.

The Draft Resolution has been modified to specify an amortization period.

This Resolution adopts PG&E's proposal in its comments to amortize the past undercollected PPP and ND charges over three years, which is approximately the same time period over which these charges were owed by DL customers.

FINDINGS

1. Tariff schedules E-DEPART and E-EXEMPT allowing PG&E to bill and collect from non-exempt DL customers nonbypassable charges have expired.
2. PG&E filed AL 2043-E on October 19, 2000 to add language to Schedule E-DEPART and Schedule E-EXEMPT to extend the expiration dates.
3. On February 18, 2004, PG&E filed supplemental AL 2043-E-A to permit billing DL customers for the RA charge.
4. Since the time PG&E filed AL 2043-E, ongoing CTC and the RA charge are now included in the CRS mechanism for DL customers.
5. Until new individual rate schedules are in effect for each DL customer type and unless the expiration date for Schedule E-DEPART is extended, PG&E has no mechanism for recovery of the nonbypassable charges from DL load customers.
6. PG&E may revise Schedule E-DEPART to allow billing DL customers for ND and PPP charges until superseding tariffs for billing nonbypassable charges have been approved or until it has been determined that DL customers' obligations to pay such charges have ended.
7. PG&E should calculate the amount of PPP and ND charges that it should have but did not collect from DL customers from the date Schedule E-DEPART expired through the effective date of this Resolution, amortize these amounts over a three-year period, and bill DL customers accordingly. PG&E should file an advice letter with its amortization plan within 30 days of today's date that will be effective on the date filed, subject to Energy Division's determination of compliance.

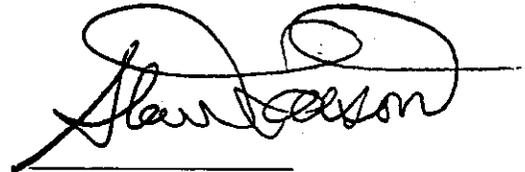
8. PG&E is not authorized at this time to bill DL customers the ongoing CTC or the RA charge through Schedule E-DEPART until issues regarding the CRS have been resolved for each type of DL customer.
9. PG&E should consolidate all information applicable to a particular type of DL customer, including all nonbypassable charges into a single tariff covering such customers.
10. PG&E's request to extend the expiration date of Schedule E-EXEMPT is moot because the remaining operative portions of this tariff are covered by Preliminary Statement Part BB and thus Schedule E-EXEMPT is no longer necessary.
11. Unless specifically addressed in the Discussion section, issues raised in protests are denied without prejudice.

THEREFORE IT IS ORDERED THAT:

1. PG&E's request in AL 2043-E is approved with modifications.
2. PG&E is authorized to revise Schedule E-DEPART to allow billing DL customers for ND and PPP charges until superseding tariffs for billing nonbypassable charges have been approved or until it has been determined that DL customers' obligations to pay such charges have ended.
3. PG&E shall calculate the amount of PPP and ND charges that it should have but did not collect from DL customers from the date Schedule E-DEPART expired through the effective date of this Resolution, amortize these amounts over a three-year period, and bill DL customers accordingly. PG&E shall file an advice letter with its amortization plan within 30 days of today's date, that shall become effective on the date filed, subject to Energy Division's determination of compliance with this Order.
4. PG&E is not authorized at this time to bill the ongoing CTC or the RA charge through Schedule E-DEPART until issues regarding CRS have been resolved for each type of DL customer.
5. PG&E shall remove Schedule E-EXEMPT from its tariffs because Preliminary Statement Part BB preserves the remaining operative CTC exemptions.
6. Supplemental AL 2043-E-A is denied without prejudice.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on January 27, 2005; the following Commissioners voting favorably thereon:

A handwritten signature in black ink, appearing to read "Steve Larson", written over a horizontal line.

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
PRESIDENT
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners

Comr. Grueneich recused herself from this agenda item and was not part of the quorum in its consideration.

October 19, 2000

ADVICE 2043-E

(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject: Extend the closing and expatriation dates of Schedules
E-DEPART and E-EXEMPT**

Introduction and Purpose

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its electric tariff sheets. Copies of the affected sheets are included in Attachment I herein. The purpose of this filing is to modify Schedules E-DEPART and E-EXEMPT by extending their closing and expiration dates as explained below.

Schedule E-DEPART

Schedule E-DEPART applies to Departing Load Customers, defined in Preliminary Statement Part BB, *Competition Transition Charge Responsibility for All Customers and CTC Procedure for Departing Loads*, Section 3 as customers who remain physically located within PG&E's service territory, but no longer receive electricity supply or delivery services from PG&E, and are now being supplied energy and distribution services from a source other than PG&E. Pursuant to Public Utilities Code Sections 367, 369, 379, and 381, the Competition Transition charge (CTC), the Nuclear Decommissioning charge, the Public Purpose Programs charge, and the Trust Transfer Amount charge are nonbypassable and Departing Load Customers are obligated to continue paying these charges to PG&E even after they depart PG&E's system.

Currently, E-DEPART Special Conditions describe that schedule's closing date as, "...the earlier of March 31, 2002, or the date on which the Commission-authorized costs for utility generation-related assets and obligations have been fully recovered." Thus, when E-DEPART expires, so does PG&E's present tariff mechanism for collecting these nonbypassable charges from Departing Load Customers.

Electric Preliminary Statement BB, Paragraph 4.e discusses collection of nonbypassable charges as follows:

“On March 31, 2002 (or at such time as determined by the CPUC), the Departing Load Customer's monthly payment obligation described in the preceding paragraph will cease and be replaced by the option to meet post-2001 CTC and other nonbypassable charge obligations by making either a final lump sum payment amount or making other post-2001 periodic payments. The structure and amounts of these post-2001 lump sum and/or periodic payment options will be determined by a future CPUC proceeding addressing post-2001 CTC and other nonbypassable charge responsibility.”

PG&E plans to file an application to establish future nonbypassable charge payment mechanisms, including the referenced lump sum payment. Due to the possibility that E-DEPART could expire prior to March 31, 2002, and before the Commission has had adequate time to address PG&E's application. PG&E proposes that the E-DEPART Special Conditions language be revised to read:

This schedule will continue in effect until such time as the Commission has approved a superseding tariff for billing departing customers for nonbypassable charges or until it has determined that departing customers' obligations to pay such charges have ended.

Schedule E-EXEMPT

Schedule E-EXEMPT applies to customers who are exempt from paying the CTC, pursuant to Public Utilities Code Sections 372 and 374. Customers who are exempt from paying CTC pursuant to PU Code Sections 372, 374(b) and 374(c) continue to be exempt from CTC obligations until all CTC has been fully recovered, including CTC obligations which remain after the end of the mandated rate freeze. Customers who are exempt from paying CTC pursuant to PU Code Section 374(a) continue to be exempt under the statute until March 31, 2002, but the Section 374(a) CTC exemptions are no longer operative after March 31, 2002. (See Pub. Util. Code, § 374(a)(4).)

E-EXEMPT Special Condition 1 states that the schedule will expire on “...the earlier of March 31, 2002, or the date on which the Commission-authorized costs for utility generation-related assets and obligations have been fully recovered.”

To ensure consistency between Schedules E-EXEMPT and E-DEPART, and with PU Code Sections 372 and 374, PG&E proposes that Special Condition 1 in Schedule E-EXEMPT be revised to read:

This schedule will continue in effect and be applicable to customers exempt pursuant to P.U. Code Sections 372, 374(b) and 374(c) until the Commission has determined that departing customers' obligations to pay such charges under P.U. Code Sections 367, 368, 375 and 376 have ended. This schedule will continue in effect and be applicable to customers exempt pursuant to P.U. Code Section 374(a) until and including March 31, 2002.

E-EXEMPT Special Condition 2 describes the conditions under which a Section 374 Irrigation District may allocate CTC exemptions to its direct access customers. Because Section 374 Irrigation District CTC exemptions for both departed and direct access customers expire after March 31, 2002, PG&E also proposes that a statement be added to Special Condition 2, clarifying that Special Condition 1 will expire on March 31, 2002.

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

Effective Date

PG&E requests that this advice filing become effective on **November 28, 2000**, which is 40 days after the date of filing.

Protests

Anyone wishing to protest this filing may do so by sending a letter within 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 3102
San Francisco, CA 94102
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Jerry Royer, at the address shown above. It is also requested that a copy of the protest be sent via postal mail and facsimile to Pacific Gas and Electric

Company on the same date it is mailed or delivered to the Commission (at the address shown below).

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

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. Address change requests should be directed to Nelia Avendano at (415) 973-3529.

Vice President-Revenue Requirements

Attachments



SCHEDULE E-DEPART-DEPARTING CUSTOMERS

APPLICABILITY: This schedule is applicable to customers no longer taking any service from PG&E.

TERRITORY: The entire territory served.

RATES: Each departing account is responsible for Public Purpose Programs charges, Nuclear Decommissioning charges, and the Competition Transition Charge (CTC). Charges for customers taking service under this schedule will be calculated in accordance with the rates by function as set forth in the customer's otherwise applicable rate schedule.

BILLING: Departing customers who are eligible for an RRB credit under Schedule-E-RRB are required to pay CTC as determined for eligible customers, and are required to pay the FTA charge on a monthly basis until the FTA charge expires, as specified in Schedule E-RRB. The ongoing FTA charge shall be based on (a) the last 12 months of the customer's recorded energy use on an eligible schedule, or (b) an average of the last three years of the customer's recorded energy use on an eligible schedule, or (c) the customer's actual monthly usage.

Departing customers which leave PG&E's service to be served by an entity which must impose a Public Purpose Programs surcharge pursuant to Public Utilities Code Section 385 shall not thereafter be required to pay PG&E's Public Purpose Programs charge.

SPECIAL CONDITIONS: This schedule will continue in effect until such time as the Commission has approved a superseding tariff for billing departing customers for nonbypassable charges or until it has determined that departing customers' obligations to pay such charges have ended.

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(Continued)



SCHEDULE E-EXEMPT—COMPETITION TRANSITION CHARGE EXEMPTION
(Continued)

BILLING: Customers with qualifying exempt load are eligible for the rate Reduction Bond Credit if they otherwise meet the eligibility requirements. Exempt customers who are eligible for a rate reduction under Schedule E-RRB will have their CTC exemption calculated as described for eligible customers and will be required to pay the FTA charge until the FTA charge expires.

SPECIAL CONDITIONS: 1. This schedule will continue in effect and be applicable to customers exempt pursuant to P.U. Code Sections 372, 374(b) and 374(c) until the Commission has determined that departing customers' obligations to pay such charges under P.U. Code Sections 367, 368, 375 and 376 have ended. This schedule will continue in effect and be applicable to customers exempt pursuant to P.U. Code Section 374(a) until and including March 31, 2002. (T)

For Customers Taking Service Under This Schedule After the Start Date for Direct Access

2. Customers which select Fresno Irrigation District, Laguna Irrigation District, Merced Irrigation District, Modesto Irrigation District, or South San Joaquin Irrigation District ("Section 374 Irrigation Districts") as the customer's Energy Service Provider (ESP) may take Direct Access service from PG&E and be served under this schedule if:
 - a. The customer selects a Section 374 Irrigation District which allocates a CTC exemption to the customer's account as the customer's ESP, and has that ESP provide direct access service for the customer in accordance with Electric Rule 22;



SCHEDULE E-EXEMPT—COMPETITION TRANSITION CHARGE EXEMPTION
(Continued)

SPECIAL
CONDITIONS:
(Cont'd.)

- 2. (Continued)
 - m. Customers who take steps which would qualify the customer's load as Departing Load under Section BB.4 of PG&E's Preliminary Statement after having been served under this Special Condition 2 will still need to comply with the provisions of that Section, provided that (i) those customers who continue to have a CTC exemption allocated to their entire load by the Section 374 Irrigation District which served as the customer's ESP under this Special Condition 2 will not have the amount of their CTC exemption recalculated and (ii) those customers who had a CTC exemption allocated to only a portion of their load by the Section 374 Irrigation District which served as the customer's ESP under this Special Condition 2 will have the amount of their CTC exemption, if any, recalculated

For the purposes of this schedule, the definition of agricultural pumping load shall be that determined by the California Energy Commission in its proceedings on Implementation of Restructuring Legislation, Docket No. IRR-1890.

For the purpose of establishing the applicability of this rate schedule to a customer which has selected a Section 374 Irrigation District as its ESP under Direct Access, the electric service line referred to in Section (c) above is defined as, and limited to, those electric conductors or cables which extend between a point of connection at PG&E's electric facilities and a single termination point at or in the customer-owned underground service termination enclosure or at the customer-owned overhead termination point. If the point of interconnection is to be a PG&E facility over which PG&E has transferred operational control to the Independent System Operator, then the provisions of the Transmission Control Agreement Among the Independent System Operator and Transmission Owners would apply and must be met before the Section 374 Irrigation District could interconnect. For the duration of the rate freeze period service under this schedule shall not be available to multiple retail customers served or sub-metered on the low side of an irrigation district owned meter, except that service under this schedule is available to customers currently eligible for master-metered or sub-metered service.

Special Condition 2 will expire on April 1, 2002. (N)



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