

June 11, 2001

Advice 2124-E

(Pacific Gas and Electric Company ID U 39 E)

Subject: Pro Forma Electric Tariffs, Preliminary Statement, and Agreement Revisions to Comply With Senate Bill X1 28

Pacific Gas and Electric Company (PG&E) hereby submits for filing pro forma revisions to electric tariff sheets and to its electric preliminary statement needed to implement the provisions of recently enacted state legislation, Senate Bill X1 28 (SBX1 28). As directed in the Assigned Commissioner's Ruling (ACR) on Implementation of SB X1 28 dated May 31, 2001, the revised tariff sheets and preliminary statement are being submitted here on a pro forma basis.

Purpose

The purpose of this filing is to submit pro forma revisions for many of PG&E's electric rate tariffs and its electric rate Schedule S – *Standby Service* to ensure that qualifying customers installing electric generating equipment will have the opportunity to be served under rates, rules, and requirements identical to those under which customers who do not install new generation units are served, and to establish a new Distributed Energy Resources Memorandum Account (DERMA) to record, by customer class, those standby charges that are waived for qualifying customers together with any quantifiable corresponding benefits provided by new distributed energy resources. PG&E is also revising the "*Special Agreement for Electrical Standby Service,*" (Form 79-285).

Background

On May 22, 2001, Governor Davis signed SBX1 28 which, among other provisions, added Article 3.5 to the Public Utilities Code (PU Code), and directed the Commission to require each electrical corporation under the operational control of the Independent System Operator as of January 1, 2001, to modify its tariffs to ensure that customers installing new distributed energy resources, in accordance with the criteria specified in new PU Code Sections 353.1 and 353.3, have the opportunity to be served under rates, rules, and requirements identical to those under which customers who do not install new distributed energy resources are served. Qualifying customers, as described above, are not to be exempted from reasonable interconnection charges, contributions to public purpose programs, or obligations determined by the Commission to result from participation in the purchase of power through the California Department of Water Resources. SBX1 28 also added new PU Code Section 353.9 requiring the Commission to establish

a firewall to ensure that the net costs resulting from the tariff modifications granted to the members of each customer class be recovered only from within that customer class.

On May 31, 2001, Commissioner Richard Bilas issued an ACR in Rulemaking 99-10-025, requiring the utilities to submit advice letters on June 11, 2001, including those pro forma tariff revisions necessary in order to comply with SBX1 28. This filing is submitted in compliance with the May 31, 2001, ACR.

Tariff Revisions

Three sets of pro forma tariff revisions are provided in this filing: (1) revisions to PG&E's standard electric rate schedules; (2) revisions to its electric rate Schedule S – Standby Service; and (3) PG&E's proposed new electric Preliminary Statement – Distributed Energy Resources Memorandum Account (DERMA).

Revisions to Standard Rate Schedules

All of PG&E's standard residential and commercial/industrial electric rate schedules that currently contain applicability provisions related to standby service have been revised to exempt those customers installing new distributed energy resources in accordance with the criteria set forth in PU Code Sections 353.1 and 353.3 from the provisions of Schedule S-Standby Service Special Conditions 1 through 6, and payment of the monthly standby reservation charges as specified under Section 1 of Schedule S. This exemption ensures that customers installing new distributed energy resources in accordance with the criteria specified in new PU Code Sections 353.1 and 353.3 be served under rates, rules, and requirements identical to those under which customers who do not install new distributed energy resources. Those qualifying customers who elect to claim the exemption must also agree to take service under a time-of-use (TOU) rate schedule until such time as the real-time pricing (RTP) rate schedule described in PU Code Section 353.3 becomes available, and on the RTP rate schedule after it becomes available. This requirement is provided for in an appropriate Special Condition to be incorporated in each of the revised standard rate schedules.

Revisions to Schedule S

PG&E is currently the only Commission-jurisdictional electric utility that provides service to many of its standby customers under a stand-alone standby tariff independent of the provisions of any otherwise applicable standard rate schedule. For those customers who operate electric generation equipment capable of serving their entire load, Schedule S is the only applicable tariff under which PG&E currently provides service. In order to provide the standby charge exemptions contemplated in PU Code Sections 353.1 and 353.3 to customers of this type, PG&E's pro forma revisions to Schedule S provide that these customers will be exempted from paying

the monthly reservation charges under that rate schedule, but would continue to pay the applicable energy, reactive demand, customer and meter charges that are also provided for in Schedule S. Also, those Schedule S customers who elect to claim the SBX1 28 standby charge exemption would be subject to the same RTP enrollment requirement as provided for under the revised standard rate schedules.

New Memorandum Account

Pursuant to the ACR and PU Code Section 353.9, PG&E proposes to establish the DERMA to track the waived standby charges identified in PU Code Sections 353.1 and 353.3 together with any quantifiable benefits provided by distributed energy resources. Separate sub-accounts will be established in the DERMA for each principal customer class. PG&E requests the disposition for recovery of the amounts in the DERMA be determined in the Revenue Adjustment Proceeding (RAP), or any other proceeding as authorized by the Commission. The recovery of any amounts recorded in the DERMA will not be subject to any existing or future restrictions on post-rate freeze rate recovery, such as those in Decisions (D.) 99-10-057 and D. 00-03-058.

Protests

Anyone wishing to protest this advice filing may do so in writing, sent via U.S. mail or facsimile, by July 1, 2001, which is within 20 days of this filing. Protests should be mailed to:

IMC Program Manager
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 the Director, Energy Division, Room 4005 and Jerry Royer, Energy Division, at the address as shown above. It is also request 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
Attention: Les Guliasi
Director, Regulatory Relations
77 Beale Street, Mailcode B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226

There are no restrictions as to who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

Effective Date

PG&E will submit a supplement to this advice letter containing its final tariff revisions after the pro forma tariffs submitted here have been approved by the Energy Division. Consistent with the provisions of the ACR dated May 31, 2001, PG&E requests that the effective date of the final tariffs be established as May 22, 2001.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and sent via U.S. mail to parties shown on the attached list and to the service list for Rulemaking (R.) 99-10-025. Address change requests should be directed to Nelia Avendano at (415) 973-3529.

PG&E reserves all legal rights to challenge the decisions or statutes under which it has been required to make this advice filing, and nothing in this advice filing constitutes a waiver of such rights. Also, PG&E reserves any additional legal rights to challenge the requirement to make this advice filing by reason of its status as a debtor under Chapter 11 of the Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.

Vice President – Regulatory Relations

Attachments

cc: Service List – R. 99-10-025