

August 8, 2001

Advice 2150-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Revenue Neutral Time-of-Use Rate Proposal for Customers
Currently Served On Electric Rate Schedule A-10**

Pacific Gas and Electric Company (PG&E) hereby submits this advice filing for revisions to its electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.¹

Purpose

In compliance with Decision (D.) 01-08-021, issued August 2, 2001, PG&E is submitting this advice filing to implement revenue neutral time-of-use (TOU) pricing for customers who are not currently on a TOU rate schedule but will receive a Real Time Pricing (RTP) meter later this year through the California Energy Commission's (CEC) ABX1 29 meter installation program.

Background

On May 17, 2001, the CEC filed an emergency petition for modification of 01-05-064.² In that petition, the CEC requested that the Commission clarify that the meters

¹ 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.

² Decision 01-05-064 adopted revenue allocation and rate design guidelines for the 3¢ average energy procurement surcharge, for the rates billed under Schedule E-EPS that became effective on June 1, 2001.

provided under ABX1 29 will be RTP meters and that installation of these meters is mandatory for all customers whose usage exceeds 200 kilowatts (kW) of demand. The CEC also requested that the Commission remove the requirement that customers provided with RTP meters be switched to TOU rate schedules.

On August 2, 2001, the Commission issued D. 01-08-021, in part to address the CEC's May 17, 2001 petition. In D. 01-08-021, the Commission states that the CEC has chosen to install RTP meters, and clarifies that installation of these meters for customers with electric loads of more than 200 kW will be mandatory. The August 2, 2001 decision also requires that those customers who are not currently enrolled under a TOU rate schedule but receive meters funded through ABX1 29 be given the option of either enrolling in a demand reduction program or transferring to a TOU rate schedule. The decision states, "Customers should make this election within 15 days" after the new metering system has been installed (D. 01-08-021, Ordering Paragraph 1(a), modifying D. 01-05-064). If no selection is made, the customer is to be assigned by default to a TOU rate schedule.

While PG&E has supported the mandatory installation of meters, PG&E opposed the forced participation of these customers in either a load reduction program or TOU rate schedule. In its comments on Administrative Law Judge Walwyn's Draft Decision (DD) modifying Decision (D.) 01-05-064, PG&E stated that approximately 3,500 of the 8,000 customers eligible for the AB1X 29 meter program subscribe to the demand-metered non-TOU rate Schedule A-10, and that these customers' usage patterns are not comparable to the load characteristics historically used to allocate costs and design rates for PG&E's existing TOU rate Schedules A-6 and E-19V. Moreover, assigning these customers by default to either Schedule A-6 or E-19V would result in additional, unexpected bill increases that could detract from the success of the new metering program. For example, PG&E has estimated that mandatory reassignment of the affected Schedule A-10 customers to Schedule E-19 would increase the average Schedule A-10 customer's annual bill by \$15,000 to \$20,000, which would be an increase of 15 percent or more over the amounts that such a customer has previously been billed under Schedule A-10.

In its comments on the DD, PG&E recommended an alternative TOU rate design for those Schedule A-10 customers who will receive meters under AB1X 29, as a revenue neutral "first step" towards implementing TOU pricing and offering load reduction program enrollment opportunities to these customers. PG&E proposed assigning only the Schedule E-19 TOU surcharges adopted in D. 01-05-064 (as billed under Schedule E-EPS) to those current Schedule A-10 customers who receive the new meters. These customers would then simply continue to pay all of the otherwise-applicable charges currently specified under Schedule A-10, but would pay new TOU surcharges under Schedule E-EPS for the "three cent increase"

portion of their electric bill. Thus, the only portion of the bill that would be subject to TOU pricing would be the three-cent average energy procurement surcharge component.

In D. 01-08-021, the Commission recognized that if the non-TOU customers who receive these new meters must shift to an existing TOU rate schedule, many of them would be likely to view this requirement as a penalty (D. 01-08-021 at p. 5). Therefore, the Commission clarified that customers do have a choice between enrollment under a demand reduction program or on a TOU rate schedule (*Id.* at p. 6), and indicated that it would like to examine PG&E's revenue neutral TOU surcharge rate proposal in further detail (*Id.* at p. 21).

Ordering Paragraph 4 of D. 01-08-021 directs both PG&E and Southern California Edison to file complete revenue neutral TOU rate proposals and supporting workpapers by August 8, 2001. Interested parties are directed to file comments on these proposals by August 15, 2001. PG&E hereby submits its revenue-neutral TOU rate proposal as a formal advice letter, and requests that the seven-day comment period be treated as a shortened protest period for this advice letter. PG&E requests that this procedure be used so as to provide for expeditious resolution of the outstanding rate assignment issues, thereby reducing the current uncertainty attached to the ABX1 29 metering program for these customers.

A-10 TOU Rate Design

In its July 26, 2001, comments on the DD, PG&E explained that using the same TOU surcharge rate structure from Schedule E-EPS that is currently applicable for Schedule E-19 customers would be very nearly revenue neutral. However, D. 01-08-021 directs that PG&E submit a "complete" revenue neutral rate proposal and supporting workpapers. Therefore, PG&E provides here and in its workpapers a complete revenue neutral surcharge TOU rate structure for Schedule A-10,³ based on the same rate design methodology that was adopted for Schedules A-6 and E-19 in D. 01-05-064. PG&E's proposed revenue neutral surcharge rate structure for

³ The revenue neutral rate design documented in PG&E's attached rate design workpapers is shown for the entire current Schedule A-10 customer population. The TOU usage assumptions used for the purpose of developing this rate proposal are derived from load research estimates for Schedule A-10, as previously incorporated in PG&E's annual Revenue Allocation Proceeding (RAP) submissions. The information shown in the attached workpapers was developed for the entire Schedule A-10, which comprises approximately 50,000 customers and nearly 13 billion kWh of annual electricity usage. PG&E estimates that while only approximately 3,500 of these customers will be assigned new meters pursuant to ABX1 29, this group accounts for nearly one-third of the total annual electricity consumption (4.2 billion kWh) that is billed under Schedule A-10. The load research based TOU usage estimates documented in PG&E's workpapers are the best currently available TOU billing determinant assumptions useful for the purpose of developing a revenue neutral TOU rate design for the ABX1 29 metering program.

Schedule A-10 preserves the revenues assigned separately to summer and winter rates for Schedule A-10 customers in D. 01-05-064, while matching as closely as possible the TOU surcharge price differentials which were adopted for Schedules A-6 and E-19.

Tariff Revisions

PG&E herein also submits revised tariff sheets for its electric rate Schedule E-EPS—*Energy Procurement Surcharges*, setting forth its proposed revenue neutral TOU energy procurement surcharge rates, together with one revised tariff sheet for Schedule A-10—*Medium General Demand-Metered Service* which describes applicability conditions for the TOU surcharge rates. PG&E proposes that all Schedule A-10 customers receiving the ABX1 29 meters be assigned to the revenue neutral TOU surcharges. This would preserve revenue neutrality for the recommended TOU surcharges for the class as a whole, while also serving to appropriately and reasonably separate TOU rate considerations from customer enrollment decisions for new demand reduction programs.

Protests

Pursuant to the expedited comment period provided for in D. 01-08-021, anyone wishing to protest this filing should do so by sending a letter via postal mail and facsimile by **August 15, 2001**, which is 7 days after the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. 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 the Director, Energy Division, Room 4005 and Jerry Royer, Energy Division, 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
Attention: Les Guliasi
Director, Regulatory Relations
77 Beale Street, Mailcode B10C

P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list, and the service list parties for A. 00-11-056. Address changes should be directed to Nelia Avendano at (415) 973-3529. Advice letter filings can also be accessed electronically at:

http://www.pge.com/customer_services/business/tariffs/

Vice President - Regulatory Relations

Attachments

cc: Service List – A. 00-11-056



SCHEDULE A-10—MEDIUM GENERAL DEMAND-METERED SERVICE

APPLICABILITY: A customer selecting service on Schedule A-10 after August 15, 1992 must use at least 50,000 kWh per year. Schedule A-10 applies to single-phase and polyphase alternating-current service (for a description of these terms, see Section D of Rule 2). This schedule is not available to customers whose maximum demand exceeds 499 kW for three consecutive months, or to residential or agricultural service for which a residential or agricultural schedule is applicable.

Under Schedule A-10, there is a limit on the demand (the number of kilowatts (kW)) the customer may require from the PG&E system. If the customer's demand exceeds 499 kW for three consecutive months, the customer's account will be transferred to Schedule E-19 or E-20.

Customers who have received new hourly interval meters under the real-time metering program, funded by the California Energy Commission (CEC) pursuant to recently enacted California state legislation (Assembly Bill 1X29), will pay the charges according to the terms and conditions in this schedule, and also the time-of-use (TOU) surcharges specified under electric rate Schedule E-EPS, Section 2.

(N)
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 |
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 (N)

The provisions of Schedule S—Standby Service Special Conditions 1 through 6 shall also apply to customers whose premises are regularly supplied in part (but not in whole) by electric energy from a nonutility source of supply. These customers will pay monthly reservation charges as specified under Section 1 of Schedule S in addition to all applicable Schedule A-10 charges.

TERRITORY: PG&E's entire service territory.

(L)

(Continued)



SCHEDULE A-10—MEDIUM GENERAL DEMAND-METERED SERVICE
(Continued)

RATES:	Transmission	Distribution	Public Purpose Programs	Generation	Nuclear Decom-missioning	FTA	Reliability Services	Total Rate	(L)
ENERGY CHARGE (per kWh per month)									
Transmission Voltage Level									
Summer	—	\$0.00475	\$0.00297	\$0.07051	\$0.00036	\$0.01056	—	\$0.08915	
Winter	—	\$0.00388	\$0.00297	\$0.05502	\$0.00036	\$0.01056	—	\$0.07279	
Primary Voltage Level									
Summer	—	\$0.00986	\$0.00319	\$0.06514	\$0.00040	\$0.01056	—	\$0.08915	
Winter	—	\$0.00805	\$0.00319	\$0.05059	\$0.00040	\$0.01056	—	\$0.07279	
Secondary Voltage Level									
Summer	—	\$0.01007	\$0.00332	\$0.06478	\$0.00042	\$0.01056	—	\$0.08915	
Winter	—	\$0.00822	\$0.00332	\$0.05027	\$0.00042	\$0.01056	—	\$0.07279	
DEMAND CHARGE (per kW of maximum demand per month)									
Transmission Voltage Level									
Summer	\$2.65	\$0.06	—	(\$1.63)	—	—	\$0.87	\$1.95	
Winter	\$0.66	\$0.01	—	(\$1.09)	—	—	\$0.87	\$0.45	
Primary Voltage Level									
Summer	\$2.65	\$4.09	—	(\$2.11)	—	—	\$0.87	\$5.50	
Winter	\$0.66	\$1.23	—	(\$1.11)	—	—	\$0.87	\$1.65	
Secondary Voltage Level									
Summer	\$2.65	\$4.67	—	(\$1.49)	—	—	\$0.87	\$6.70	
Winter	\$0.66	\$1.15	—	(\$1.03)	—	—	\$0.87	\$1.65	
CUSTOMER CHARGE, per meter per month	—	\$75.00	—	—	—	—	—	\$75.00	
TRANSMISSION REVENUE BALANCING ACCOUNT ADJUSTMENT RATE per kWh per Month									
	(\$0.00157)	—	—	\$0.00157	—	—	—	\$0.00000	(L)

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SCHEDULE E-EPS—ENERGY PROCUREMENT SURCHARGES

APPLICABILITY: This schedule applies to electric customers as described below. The surcharges under this schedule provide an increase in revenues, subject to refund or adjustment, for the purpose of improving utility recovery of the costs of procuring future energy costs in the wholesale market.

TERRITORY: Schedule E-EPS applies everywhere PG&E provides electric service.

RATES: The following surcharges are applied after all other calculations are made pursuant to the terms set forth in each rate schedule:

1. An Energy Procurement Surcharge shall be charged to all electric service customers, except customers taking service on the California Alternative Rates for Energy (CARE) program, and customers taking service on Schedule E-DEPART.

Per kWh

\$0.01000

2. An additional Energy Procurement Surcharge shall be charged to all bundled service customers, except customers taking service on the California Alternative Rates for Energy (CARE) program or who receive a medical baseline allowance.

For Residential Tier 1 and Tier 2 rates, see the customer's otherwise-applicable rate schedule. Tier 3 rates apply to 130 percent to 200 percent of the customer's Tier 1 baseline quantity; Tier 4 rates apply to 201 percent to 300 percent of the Tier 1 baseline quantity; Tier 5 rates apply to use over 300 percent of the Tier 1 baseline quantity.

<u>Rate Schedule</u>	<u>Surcharge</u> (\$/kWh)
Residential:	
E-1, EM, ET, ES, ESR, E-7, E-A7, E-8, E-9	
Tier 3	\$0.05124
Tier 4	\$0.09517
Tier 5	\$0.11505
Commercial/Industrial:	
A-1 Summer	\$0.06140
Winter	\$0.02838
A-6 Summer On-Peak	\$0.10064
Summer Partial Peak	\$0.04551
Summer Off-Peak	\$0.03551
Winter Partial Peak	\$0.04551
Winter Off-Peak	\$0.03551

(L)

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SCHEDULE E-EPS—ENERGY PROCUREMENT SURCHARGES
(Continued)

RATES:
(Cont'd.)

<u>Rate Schedule</u>	<u>Surcharge</u> (\$/kWh)	(L)
Commercial/Industrial: (Continued)		
A-10 Transmission Summer	\$0.04898	
Transmission Winter	\$0.03906	
Primary Summer	\$0.06338	
Primary Winter	\$0.02745	
Secondary Summer	\$0.06042	(L)
Secondary Winter	\$0.02888	
A-10 Time-of-Use (TOU) – Transmission		(N)
Summer On-Peak	\$0.06269	
Summer Partial Peak	\$0.05051	
Summer Off-Peak	\$0.04051	
Winter Partial Peak	\$0.04399	
Winter Off-Peak	\$0.03399	
A-10 TOU – Primary		
Summer On-Peak	\$0.11654	
Summer Partial Peak	\$0.05051	
Summer Off-Peak	\$0.04051	
Winter Partial Peak	\$0.03238	
Winter Off-Peak	\$0.02238	
A-10 TOU – Secondary		
Summer On-Peak	\$0.10548	
Summer Partial Peak	\$0.05051	
Summer Off-Peak	\$0.04051	
Winter Partial Peak	\$0.03381	
Winter Off-Peak	\$0.02381	(N)

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