

November 19, 2001

Advice 2352-G/2175-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: California Alternate Rates for Energy Balancing Account (CAREA) Modifications

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

Purpose

This filing proposes modifications to electric Preliminary Statement Part M – California Alternate Rates for Energy Account (CAREA – Prelim. M) and gas Preliminary Statement Part V - California Alternate Rates for Energy Account (CAREA – Prelim. V). These modifications are necessary to implement the provisions of Senate Bill (SB) X2 2, Section 4, which amends Section 739.1 of the Public Utilities Code to include the following new language:

“(b) The commission shall work with the public utility electrical and gas corporations to establish penetration goals. The commission shall authorize recovery of all administrative costs associated with the implementation of the CARE program that the commission determines to be reasonable, through a balancing account mechanism. Administrative costs shall include, but are not limited to, outreach, marketing, regulatory compliance, certification and verification, billing, measurement and evaluation, and capital improvements and upgrades to communications and processing equipment.”

PG&E proposes tariff language changes to the appropriate balancing accounts to implement the state legislature’s directives to record all administrative costs associated with the implementation of the CARE program.

Background

PG&E is currently authorized to recover a revenue requirement of \$511,000, including Franchise Fees and Uncollectibles (FF&U), for electric CARE administrative costs and \$410,000, including FF&U, for gas CARE administrative costs. The revenue requirements for CARE administrative costs were adopted in PG&E's 1999 General Rate Case (GRC), Decision 00-02-046. The GRC authorized electric CARE administrative costs are included in the Transition Revenue Account (TRA) as part of the public purpose programs revenue requirement, and the authorized gas CARE administrative costs are recorded in the gas CARE balancing account.

Beginning in 2002, Section 739.1 of the Public Utilities Code will require PG&E to record all CARE administration costs in a balancing account. Therefore, PG&E submits proposed revisions to its gas and electric CAREA preliminary statements to record all reasonable CARE administrative costs starting January 1, 2002. For electric, PG&E will remove from its TRA adopted Public Purpose Program revenue requirement the \$511,000 annual electric GRC CARE administrative costs that will now be included for recovery in the electric CARE balancing account (CAREA – Prelim. M) starting January 1, 2002, pursuant to Public Utilities Code Section 739.1 (b). For gas, the adopted annual gas CARE administrative costs of \$410,000 have been removed from gas base revenue (see PG&E Preliminary Statement, Part C.2) and have been tracked in the gas CARE balancing account (CAREA – Prelim. V). Beginning January 1, 2002, PG&E will remove the adopted annual gas CARE administrative costs and record all monthly gas CARE administrative costs to the gas CARE balancing account for future recovery, pursuant to Public Utilities Code Section 739.1 (b). PG&E also proposes language for the CAREA preliminary statements to allow for reasonableness review of all CARE administrative costs.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **December 9, 2001**, which is 20 days from 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, CA 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, CA 94177
Facsimile: (415) 973-7226

Effective Date

PG&E requests that this filing become effective on **January 1, 2002**.

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 to the service list for A. 00-11-009, et al., and R. 98-07-037. 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. 00-11-009 et al, and R. 98-07-037



PRELIMINARY STATEMENT
(Continued)

V. CALIFORNIA ALTERNATE RATES FOR ENERGY ACCOUNT (CAREA)

- 1. PURPOSE: The purpose of the CARE balancing account is to record the California Alternate Rates for Energy (CARE) revenue shortfall associated with the Low-Income Ratepayer Assistance (LIRA) Program established by Decisions 89-07-062 and 89-09-044, as well as the expansion of the LIRA Program authorized by Decision 92-04-024. This account also records the CARE Program administrative costs, pursuant to Public Utilities Code Section 739.1 (b). The program was revised in Decision 94-12-049 and the name changed to CARE. The balance in this account will be amortized into transportation rates in the next Cost Allocation Proceeding. (N)

Descriptions of the terms and definitions used in this section are found in Preliminary Statement, Part C, or in Rule 1. Refer to Section C.8 for the CARE shortfall computation.

- 2. APPLICABILITY: The CAREA balance applies to all non-CARE rate schedules and contracts subject to the jurisdiction of the CPUC, except for those schedules and contracts specifically excluded by the CPUC.
- 3. REVISION DATE: The revision date applicable to the CAREA rate shall coincide with the revision date of the Cost Allocation Proceeding or at other times, as ordered by the CPUC.
- 4. FORECAST PERIOD: The forecast test period will be as specified in the current Cost Allocation Proceeding.
- 5. CAREA RATES: CAREA Rates are included in the effective rates set forth in each rate schedule (see Preliminary Statement, Part B), as applicable.
- 6. ACCOUNTING PROCEDURE: PG&E shall make the following entries to the CAREA at the end of each month:
 - a. a debit entry equal to the CARE revenue shortfall resulting from core deliveries during the current month less the allowance for Franchise Fees and Uncollectibles Accounts Expense (F&U);
 - b. a debit entry equal to all monthly administrative costs allocated to the gas CARE Program that include, but are not limited to, outreach, marketing, regulatory compliance, certification and verification, billing, measurement and evaluation, and capital improvements and upgrades to communications and processing equipment; (T)
 - c. a credit entry equal to the CAREA revenue, net of F&U; and (T)
 - d. an entry equal to the interest on the average balance in the account at the beginning of the month and the balance in the account after entries V.6.a and V.6.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, H.15, or its successor. (T)
- 7. REASONABLENESS REVIEW: In conjunction with the appropriate proceeding, the utility shall file with the Commission an annual report on the CARE program, reporting on the reasonableness of recorded Program administrative costs included in the CARE balancing account during the previous year. CARE administrative costs shall include, but are not limited to, the costs specified in Section 739.1 (b) of the Public Utilities Code. (N)



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