

February 4, 2002

Advice 2370-G/2194-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Extend Funding for Low-Emission Vehicle Programs

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.¹

Purpose

This advice filing complies with Resolution (R.) G-3322 dated January 23, 2002, which extends through December 31, 2002, the current authority received in Decision (D.) 95-11-035 to fund the acquisition of low-emission vehicles (LEV) for fleets, LEV research and development projects, public education activities and other related endeavors for California utilities.² The criteria for the LEV programs was established in OII 91-10-029/OIR 91-10-028.

Background

Under D. 95-11-035, utilities were granted authorization to use ratepayer funding to support LEV programs for a six-year period from January 1, 1996, through December 31, 2001.³ PG&E filed Advice 2340-G on September 14, 2002, and Advice 2164-E on September 19, 2001, requesting to continue to expend up to

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 Southern California Edison Company, Southern California Gas Company, and PG&E.

³ PG&E's Advice 1936-G/1559-E references a letter dated December 14, 1995, from Wesley M Franklin, Executive Director, California Public Utilities Commission, to Steven D. Patrick of Southern California Gas Company, confirming that the accounting books for prior interim and bridge LEV programs close effective December 31, 1995. The books for the program approved in D. 95-11-135 will close on December 31st for each subsequent year. Therefore, PG&E's tariffs revised herein reference the six-year program ending December 31, 2001, rather than December 21, 2001, as stated in R. G-3322.

\$8.268 million annually of balancing account funding on its current gas and electric LEV programs. This level of spending is consistent with that already authorized for the existing LEV program on an annualized basis. PG&E requested that the funding continuance be effective January 1, 2002, and continue through the effective date of rates resulting from a Commission decision issued in PG&E's next General Rate Case. Other California utilities filed similar advice letters for funding continuance. Resolution G-3322 grants the utilities' requests, subject to certain modifications.

The extended funding for LEV programs is granted from the date of R. G-3322 (January 23, 2002) for an interim time period no later than December 31, 2002. Utilities are ordered to file applications within 60 days of the date of R. G-3322 for the purpose of extending funding beyond the authorized interim time period, addressing specific guidelines set forth in R. G-3322. Funding for the interim period is limited to the most recent amount that the Commission allowed utilities to place in rates as authorized in D. 95-11-035, unless a lesser amount was requested by a utility in its advice filing.

Since the funding requested in gas Advice 2340-G and electric Advice 2164-E is duplicative, the Commission is approving Advice 2340-G and rejecting Advice 2164-E. The authorized interim funding will support both Natural Gas Vehicle (NGV) and Electric Vehicle (EV) programs.

Tariff Revisions

PG&E is revising gas Preliminary Statement Part X—*Natural Gas Vehicle Balancing Account*, and electric Preliminary Statement Part Z—*Electric Vehicle Balancing Account*, to indicate in the Purpose section that, in R. G-3322, authorization of the LEV programs has been extended to December 31, 2002.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **February 25, 2002**, which is 21 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, 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, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226

Effective Date

Resolution G-3322 orders the utilities to file advice letters by February 4, 2002, to amend any current tariff provisions to reflect the authorized NGV/LEV funding granted in R. G-3322. The resolution allowing the interim funding became effective on **January 23, 2002**, for the program activities described in the utilities' advice filings, contingent on review by the Energy Division.

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. 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



PRELIMINARY STATEMENT
(Continued)

X. NATURAL GAS VEHICLE BALANCING ACCOUNT (NGVBA)

1. PURPOSE: The purpose of the NGVBA is to record starting January 1, 1996: (T)
 (1) all transportation revenue from customers receiving service under all natural gas vehicle and liquefied natural gas (LNG) rate schedules; (2) all Gas Department revenue requirements on reasonably incurred costs associated with PG&E's Natural Gas Vehicles (NGV) Program, and the Gas Department allocated portion of common costs from the Electric Vehicle (EV) Program, as authorized by the CPUC in Decision 95-11-035; and (3) any debit or credit balance in the NGVBA as of December 31, 1995. The balance in the NGVBA will be recovered in rates in future Cost Allocation Proceedings (CAP). Resolution G-3322 extends program funding and balancing account treatment through December 31, 2002. (N)
 (N)

Descriptions of the terms and definitions used in this section are found in Preliminary Statement, Part C, or in Rule 1.

2. APPLICABILITY: The NGVBA balance will be collected from all customer classes except for those specifically excluded by the CPUC.
3. REVISION DATE: Amounts recorded in the NGVBA shall be transferred to other balancing accounts on the revision date of the CAP or at other times, as ordered by the CPUC.
4. NGVBA RATES: This account does not have a rate component.
5. ACCOUNTING PROCEDURE:

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

- a. A credit entry equal to the transportation revenue for deliveries during the month under all natural gas vehicle and LNG rate schedules, excluding the allowance for franchise fees and uncollectible accounts (F&U) expense.
- b. A debit entry equal to:
- 1) the incremental amounts recorded in PG&E's Operations and Maintenance and Administrative and General Expense Accounts that were incurred for the Gas Department's portion of the NGV Program, and the Gas Department allocated portion of common PG&E fleet expenses from the EV program;
 - 2) depreciation expense on the average of the beginning and the end-of-month balance of plant installed to support the Gas Department's portion of the NGV Program and the Gas Department allocated portion of common facilities from the EV Program, at one-twelfth the depreciation rate approved by the CPUC for these plant accounts;
 - 3) the return on investment on the average of the beginning and the end-of-month balance of plant installed to support the Gas Department's portion of the NGV Program and the Gas Department allocated portion of common facilities from the EV Program, at one-twelfth of the annual rate of return on investment last adopted for the gas department by the CPUC; less

(Continued)



PRELIMINARY STATEMENT
(Continued)

X. NATURAL GAS VEHICLE BALANCING ACCOUNT (NGVBA) (Cont'd.)

5. ACCOUNTING PROCEDURE: (Cont'd.)

- 4) the return on the average of beginning and end-of-month accumulated depreciation, and on average accumulated net deferred taxes on income resulting from the normalization of federal tax depreciation, using the rate of return in X.5.b.3, above; and
- 5) the federal and state taxes based on income associated with items X.5.b.3 and X.5.b.4, above, calculated at marginal tax rates currently in effect. This will include all statutory adjustments. For Federal and State taxes, this will conform to normalization requirements, as applicable. Interest cost will be equal to the percentage of net investment last adopted by the CPUC for PG&E.
- c. An entry equal to interest on the average balance in the NGVBA at the beginning of the month and the balance at the end of the month after entries X.5.a and X.5.b, 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)
- d. A credit or debit entry to transfer all or a portion of the balance in the NGVBA to other balancing accounts for future rate recovery, as may be approved by the CPUC.
- e. The recorded costs underlying the revenue requirement entries X.5.b.1 through X.5.b.5 to this above account, shall not exceed the expenditure levels in current year dollars and fund shifting restrictions for the six-year period beginning January 1, 1996, through December 31, 2001, as authorized in Decision 95-11-035. Resolution G-3322 extended funding through December 31, 2002. (N)
(N)



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