

December 3, 2002

Advice 2314-E

(Pacific Gas and Electric Company ID U39E)

**Subject: Submits Agreement with AT&T Broadband
In Accordance with General Order 96A, Section X.A.**

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (the "Company") hereby submits in accordance with Section X.A of General Order 96-A an agreement between the Company and TCI Cablevision of California, Inc. ("AT&T Broadband")¹ regarding the designation of a centralized workgroup of PG&E employees to provide engineering review, design work, cost development and facility installation estimates with respect to AT&T Broadband's multi-year expansion of its Broadband system in the greater Bay Area.²

Background

AT&T Broadband plans to enhance its Broadband system in the greater Bay Area. AT&T Broadband plans to build approximately 2400 sites per year over the course of the next three years. Each site will serve approximately 300 homes within the AT&T Broadband serving area. The enhancement of the Broadband system is expected to extend service to approximately 1.4 million homes in AT&T Broadband's serving area throughout the greater Bay Area.

The Agreement is the result of negotiations between the Company and AT&T Broadband to enable the Company to meet AT&T Broadband's schedule for site activations for the enhancement of the Broadband system.

¹ The agreement is entered into by TCI Cablevision of California, Inc., on behalf of itself and the other affiliates operating under cable television franchises within the counties of San Francisco, San Mateo, Santa Clara, Alameda, Contra Costa, Solano, Napa, Sonoma, Marin, Santa Cruz, and Monterey Counties, California, as part of the operating unit presently known as the Bay Area Market of AT&T Broadband.

² 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.

The basic element of the transaction is that the Company will designate a workgroup to perform the engineering design review, develop connection costs and any other required engineering-related work for a minimum of two hundred (200) sites per month for AT&T Broadband's project. The Company's designated workgroup will include twelve estimators to perform the design and engineering work on AT&T Broadband's project. This designated workgroup represents less than three percent (3%) of the Company's overall workforce of 525 electric estimators. In addition to the twelve estimators, the Company's designated workgroup includes a supervisor, two new business representatives and two clerical employees to provide supervision and administrative support for the estimators. The supervisory and administrative support for this designated workgroup is roughly proportional to the staff supporting the Company's overall estimating workforce.

The Company's designated workgroup will provide design and engineering services associated with energizing AT&T Broadband's power stations, which will be located on the Company's poles. The estimating work on this project involves a discrete set of design and engineering skills. The Company currently provides such design and engineering services to other telecommunication company customers. These services represent less than four percent (4%) of the work performed by the Company's overall electrical estimator workforce. The creation of a designated workgroup to support AT&T Broadband's project will promote greater operational efficiency within the Company by assigning work involving discrete design and engineering services to a selected group of estimators. The designated workgroup will also reduce the workload that would otherwise be assigned to the Company's overall estimator workforce.³ The Company is prepared to consider similar agreements with any other similarly-situated customers that may be interested in designating a centralized workgroup for such discrete design and engineering services.

AT&T Broadband will retain the Company's designated workgroup to perform such work on a minimum of two hundred (200) sites per month. AT&T Broadband anticipates that it will fully utilize the designated workgroup on the Broadband project. The term of the agreement will be three years, unless extended by the mutual written agreement of the parties. After the second anniversary of the effective date of the agreement, AT&T Broadband may reduce its commitment to request electric service to less than 200 sites, but no fewer than 100 sites without the Company's concurrence. The Agreement provides the Company with adequate security in the event that AT&T Broadband does not provide the monthly

³ PG&E has recently hired ten estimators that will be available to staff the designated workgroup for AT&T Broadband's project, should the Commission approve the Agreement in accordance with General Order 96-A. In the event that the Commission withholds its approval of the Agreement, PG&E will retain these estimators to augment the normal attrition in its estimator workforce due to retirement, resignation or reassignment within the Company. The recently-hired estimators have completed the Company's training program, and have been assigned to regular duties during the pendency of this advice proceeding. The site activation work associated with the AT&T Broadband project is among the most suitable initial assignments for these recently-trained estimators. Accordingly, these estimators have commenced work on various site activation projects, including the AT&T Broadband project.

minimum number of sites for activation. AT&T Broadband will be charged for the minimum monthly labor requirement in the event that the designated workgroup is not fully utilized on AT&T Broadband's project, and the workgroup cannot be reassigned to other available Company work.

The Company's designated workgroup will perform only tariff-related services. All services performed by the designated workgroup at each individual AT&T Broadband site will be pursuant to Electric Tariff Rules 15 and 16 and the Company's existing Distribution and Service Extension Agreement. All work performed will be invoiced in accordance with the Tariff Rules 15 and 16 and in the manner specified in the Distribution and Service Extension Agreements. The Distribution and Service Extension Agreements are based upon the actual cost development for the Company's design and engineering services. The one variation from the standard tariff charges is that AT&T Broadband has agreed to furnish the office equipment for the Company's designated workgroup because they will be operating out of a new centralized office location.

The Company has leased office space to provide a centralized location for the designated workgroup. In order to secure appropriate office space for the Designated Workgroup, AT&T Broadband has agreed to pay all costs incurred for such office space until the Commission approves or accepts the transaction under this Advice Letter.

In the event of AT&T Broadband's termination of the agreement prior to the expiration of its term, AT&T Broadband will pay the Company's costs relating to the Designated Workgroup until the Company's employees secure another position within the Company or leave the Company's employment, for a period not to exceed ninety (90) days. AT&T Broadband will also pay the Company all costs arising from the lease of office space for the Designated Workgroup following AT&T Broadband's termination of the agreement.

PG&E retains the right to cancel or suspend its obligations under the agreement for cause, including the failure of AT&T Broadband to perform, or the work on AT&T Broadband's Broadband Project is unreasonably delayed.

The transaction between the Company and AT&T Broadband consists of:

- 1) Agreement Between AT&T Broadband and the Pacific Gas and Electric Company For Designation of a Centralized Workgroup (Tab A)

The electric Lists of Contracts and Deviations have been revised to reflect the agreement; the affected tariff sheet is listed on Attachment I.

This filing will not affect any rate change, cause the withdrawal of service, or conflict with any rate schedule or rule.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **December 23, 2002**, 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 Program Manager
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address.

The protest should be sent via both e-mail and facsimile to PG&E 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
E-mail: RxDd@pge.com

Effective Date

In accordance with General Order 96-A, Section X.A., the Company requests that this filing be effective on regular notice, **January 12, 2003**, which is 40 days after the date of filing.

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 the service list shown below. Address change requests should be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can

also be accessed electronically at:

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

Vice President – Regulatory Relations

Attachments

cc: TCI Cablevision of California, Inc.



LIST OF CONTRACTS AND DEVIATIONS
(Continued)

Name and Location of Customer PG&E Installation Reference No.	Type or Class of Service	Execution and Expiration Dates	Commission Authorization Number and Date	Most Comparable Regular Tariff		
				Schedule or Rule No.	Contract Difference	
<u>EAST BAY REGION (Cont'd.)</u>						
<u>Other Customers (Cont'd.)</u>						
Capital Associates Oakland	Domestic	10-31-79 & 12-29-79 ---	Res. E-1877 4-15-80	Rule 18	Master Metered	
Shell Oil Company Shell Oil Refinery Martinez Contra Costa County	Coml/Inc	6-19-81 ---	Res. E-1937 9-1-81	Rule 2.1	Monthly Cost of Ownership Charge	
Chevron U.S.A., Inc. Richmond	General Service	2-11-88 5 Years*3	D.88-02-016 2-10-88	E-20	Special Rate	
Shell Oil Company Martinez	General Service	6-24-88 5 Years	D.88-08-056 8-24-88	E-20	Special Rate	
Standard Oil of California San Ramon	Industrial	---	---	Rule 2 Section 1	Cost of Ownership Charge	
USS-POSCO Industries Pittsburg	General Service	6-30-93 3-1-01	D.94-11-032 11-9-94 Advice 1489-E	E-20	Special Rate	
TCI Cablevision of California, Inc. Alameda and Contra Costa Counties	New Business	11-27-02 3 Years	---	Rule 15 and Rule 16	Designated Workgroup Agreement	(N) (N)

*1 to *4 See last page of Electric Contracts and Deviations Section for explanation of footnotes.

(Continued)



LIST OF CONTRACTS AND DEVIATIONS
(Continued)

Name and Location of Customer PG&E Installation Reference No.	Type or Class of Service	Execution and Expiration Dates	Commission Authorization Number and Date	Most Comparable Regular Tariff		
				Schedule or Rule No.	Contract Difference	
<u>GOLDEN GATE REGION</u> (Cont'd.)						
<u>Other Customers</u>						
Sutro Tower, Inc. TV Antenna and Operations Building, San Francisco	Power Service	7-13-73	G.O.96-A,X.A. Res. E-1453 2-4-75	Rule 15	Monthly Charge for Excess Facilities	
Esprit de Corps 900 Minnesota Street San Francisco	Coml/Ind	7-6-76 ---	Res. E-1737 1-10-78	Rule 16	Monthly Cost of Ownership Charge	
Kaiser Hospital San Francisco	Coml	12-16-77 ---	Res. E-1810 12-19-78	Rule 2	Revised Monthly Cost of Ownership Supplemental Agreement to Advice 635-E, 663-E, 633-E, 684-E	
Two Polk Corp. Managing Partner for Fox Plaza, Tenants - In Common	Domestic	11-16-78 5 Years*1	Res. E-1819 2-27-79	Rule 2	Monthly Cost of Ownership Charge	
Fine Arts Museum of San Francisco	Coml	3-30-79 ---	---	Rule 2	Monthly Cost of Ownership Charge	
L.H. Hopkins San Francisco	Heating	---	File 1314	H-1	Two-Phase Service	
Sadik, Inc. San Francisco	Domestic	---	File 1314	DM	Three-Phase Service	
Genentech, Inc. South San Francisco	Industrial	9-23-96 4-20-00	D.94-09-071 9-15-94 Res. E-3653 3-16-00	E-20	Special Negotiated Rate	
TCl Cablevision of California, Inc. San Francisco and San Mateo Counties	New Business	11-27-02 3 Years	---	Rule 15 and Rule 16	Designated Workgroup Agreement	(N) (N)

*1 to *4 See last page of Electric Contracts and Deviations Section for explanation of footnotes.

(Continued)



LIST OF CONTRACTS AND DEVIATIONS
(Continued)

Name and Location of Customer PG&E Installation Reference No.	Type or Class of Service	Execution and Expiration Dates	Commission Authorization Number and Date	Most Comparable Regular Tariff		
				Schedule or Rule No.	Contract Difference	
<u>MISSION TRAIL REGION</u> (Cont'd.)						
<u>Other Customers</u> (Cont'd.)						
Qume Corp. International Business Park in San Jose	Coml	4-10-79 ---	---	Rule 2	Cost of Ownership Charge	
Santa Maria Radiology Lab Santa Maria	Coml	5-22-79 ---	---	Rule 2	Cost of Ownership Charge	
Peninsula Volunteers, Inc. Menlo Park	Domestic	11-1-79 ---	Res. E-1876 4-2-80	Rule 18	Master Metered	
Union Oil Company Santa Maria	General Services	5-5-88 5 Years	D.88-08-056 8-24-88	E-20	Special Rate	
Union Oil Company Santa Maria	General Services	12-27-91 ---	D.90-12-128 12-27-90	E-20	Special Rate Amendment	
Marilyn Creer Canada Road	Domestic	9-1-92	Res. E-3260 3-31-92	Rule 15 Sect. E7	Uneconomic Line Purchase	
TCI Cablevision of California, Inc. Santa Clara, Santa Cruz, and Monterey Counties	New Business	11-27-02 3 Years	---	Rule 15 and Rule 16	Designated Workgroup Agreement	(N) (N)

*1 to *4 See last page of Electric Contracts and Deviations Section for explanation of footnotes.

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LIST OF CONTRACTS AND DEVIATIONS
(Continued)

Name and Location of Customer PG&E Installation Reference No.	Type or Class of Service	Execution and Expiration Dates	Commission Authorization Number and Date	Most Comparable Regular Tariff		
				Schedule or Rule No.	Contract Difference	
<u>REDWOOD REGION</u> (Cont'd.)						
<u>Other Customers</u> (Cont'd.)						
Exxon Corp. Benicia Refinery Benicia	Coml/Ind	6-29-95 4 Years	G.O.96-A,X.A. Res. E-3423	Schedule E-20	Special Negotiated Rate	
Meyer Cookware Vallejo	Coml/Ind	9-23-96	G.O.96-A,X.A. Res. E-xxxx Advice 1626-E	Rule 15	Transmission Voltage Line Extension	
TCl Cablevision of California, Inc. Solano, Napa, Sonoma, and Marin Counties	New Business	11-27-02 3 Years	---	Rule 15 and Rule 16	Designated Workgroup Agreement	(N) (N)

*1 to *4 See last page of Electric Contracts and Deviations Section for explanation of footnotes.

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