

December 4, 2002

**Advice 2315-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Tariff Revisions to Accommodate California Department of Water Resources (DWR) Bond-Related Costs**

Pacific Gas and Electric Company (PG&E) hereby submit for filing revisions to its electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.<sup>1</sup>

**Purpose**

PG&E is filing this advice letter to comply with Decision (D.) 02-11-074, *Order Granting Rehearing To Modify Decision 02-10-063*. Specifically, in compliance with Ordering Paragraph (OP) 1, PG&E is revising the DWR Bond Charge in its Preliminary Statement Part I - *Rate Schedule Summary* and Preliminary Statement Part CM – *Bond Charge Balancing Account (BCBA)*. This advice letter also provides updated customer notification language that includes residential sales under 130 percent of baseline in the exempt category of customers.

**Background**

On October 24 the CPUC adopted Decision 02-10-063 imposing bond charges to recover Department of Water Resources (DWR) bond costs from most bundled customers; excluded from the bond charge were San Diego Gas and Electric sales up to 130 percent of baseline, and all medical baseline and California Alternate Rates for Energy (CARE) eligible usage.

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<sup>1</sup> 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.

On November 13, 2002, PG&E filed Advice 2300-E in compliance with D. 02-10-063. Advice 2300-E contained tariff revisions to Preliminary Statement Part I – *Rate Schedule Summary*, Preliminary Statement AM – *Emergency Procurement Surcharge Balancing Account (EPSBA)*, and a new Preliminary Statement Part CM – *Bond Charge Balancing Account (BCBA)*.

Decision 02-11-074, *Order Granting Rehearing To Modify Decision 02-10-063*, revised the original decision to exempt all three utilities' residential sales up to 130 percent of baseline usage from the DWR Bond Charge in addition to the existing exemption on sales to Medical Baseline and California Alternate Rates for Energy (CARE) customers' usage. As such, one of the aforementioned tariff revisions (Preliminary Statement Part I) will be superceded as of December 4, 2002, by the revisions contained in this advice letter, to comply with D. 02-11-074 and exempt residential sales up to 130 percent of baseline usage from the DWR Bond Charge.

Pursuant to D. 02-11-022, the DWR Bond Charge should be imposed on all Direct Access (DA) customers except for those who have been on DA continuously both before and since DWR began procuring power under Assembly Bill (AB) 1X. However, The Rate Agreement (between DWR and the Commission) provides that the Commission may impose Bond Charges on DA customers only after (1) the Commission issues an order that provides for such charges, and (2) the order becomes final and unappealable.<sup>2</sup> Pursuant to D. 02-10-063, the non-exempt retail bundled customers' usage will be billed for DWR Bond Charges at the rate which excludes responsibility of other customer groups. The difference between revenue from the current rate and revenue at the rate of \$0.00579 per kWh<sup>3</sup> that would have resulted from implementation of the decision in Rulemaking (R.) 02-01-011 will be tracked in the BCBA.

## **Tariff Revisions**

### **Rate Schedule Summary**

In compliance with D. 02-11-074, PG&E is revising the DWR Bond Charge shown on Preliminary Statement Part I – *Rate Schedule Summary*. This charge is now applicable to all bundled customers except for residential sales up to 130 percent of baseline, Medical Baseline and CARES sales. The DWR Bond charge of \$.00701 per kWh shall apply to all such consumption effective upon filing, subject to review by the Energy Division for compliance with this order. This approach is

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<sup>2</sup> Rate Agreement, Section 4.3, which is attached to D.02-02-051.

<sup>3</sup> The rate that would have resulted from implementation of Decision 02-11-022, \$0.00579 per kWh, is based on the 2003 DWR Bond Revenue Requirement of \$744 million submitted on November 8, 2002, and the "Total Load Minus Excluded Residential and Departed Load" from Table 1 of Appendix A to Decision 02-11-074.

consistent with the way other surcharges, such as CARE, are identified and communicated.

Tables 1 and 2 in the attached workpapers summarize the rates and charges that are currently filed at the Commission for residential electric rate Schedule E-1. These tables also demonstrate that the total bundled rates are set at the frozen rate levels established under AB 1890, in addition to the effects of the one-cent and three-cent Energy Procurement Surcharges. Total rates do not change when functional rate components are changed or added. As Table 3 demonstrates, the net change of the DWR Bond Charge on total rates and charges is zero because the proposed DWR Bond Charge is offset by an equal decrease to the sum of the residually calculated CTC component and Energy Procurement Surcharges.

### **Bond Charge Balancing Account**

In compliance with D.02-11-074, PG&E is revising the language referencing the applicability of the DWR Bond Charge in Preliminary Statement CM Bond Charge Balancing Account (BCBA), to indicate the residential sales below 130 percent of baseline is exempt from the charge.

### **Customer Notification**

Decision 02-10-063 required PG&E to properly notify customers of the DWR surcharge inclusion on their monthly bill. Pending implementation of a line item on the bill for DWR Bond Charges, PG&E has been using bill inserts to notify customers of the bond charge since November 15, 2002, and will print a message on the bill beginning December 16, 2002, to notify customers as follows:

"A new line item titled "DWR Bond Charge" will appear on your bill soon. This is imbedded in current rates and is not a rate increase. Eligible customers are all retail electric customers except customers on a medical baseline rate, on a CARE rate, those residential usage customers below 130 percent of baseline, or customers served by an Electric Service Provider."

### **Protests**

Anyone wishing to protest this filing may do so by sending a letter by **December 24, 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 Branch Chief – Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200

E-mail: [jjr@cpuc.ca.gov](mailto: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](mailto:RxDd@pge.com)

### **Effective Date**

PG&E requests that this advice filing become effective on December 4, 2002, which is the date of filing, subject to 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 and the service list for Application 00-11-038. Address changes 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/](http://www.pge.com/customer_services/business/tariffs/)

Vice President - Regulatory Relations

### Attachments

cc: Monica Wiggins, Sempra  
Phillip Durgin, Southern California Edison



PRELIMINARY STATEMENT  
(Continued)

I. Rate Schedule Summary (\$ per kWh)\*

	<u>CEE Incentive Rate</u>	<u>CAREA**</u>	<u>DWR Bond***</u>	
All Schedules	.00021	.00124	.00701	(I)

\* The CEE Incentive and CAREA rates apply to all eligible retail sales. Any Customer, Meter, Demand, or other Charges specified in the rate schedules shall be accounted for in the TRA.

\*\* The CARE rates apply only to NONCARE Schedules and nonqualifying use under ESL, ESRL, and ETL.

\*\*\* The Department of Water Resources (DWR) Bond charge applies to all retail bundled sales, excluding CARE, Medical Baseline Sales, and residential usage below 130 percent of baseline.

(T)



PRELIMINARY STATEMENT  
 (Continued)

CM. BOND CHARGE BALANCING ACCOUNT (BCBA)

1. PURPOSE: The purpose of the BCBA is to record revenues from the DWR Bond Charge rate by customer class during the period after a decision in R. 02-01-011 and pursuant to Decision 02-10-063 and Decision 02-11-074. The BCBA has three subaccounts: (1) Bundled Customer Subaccount, (2) Direct Access Customer Subaccount, and (3) Departing Load Customer Subaccount. (T)
2. APPLICABILITY: The BCBA will apply to Retail Bundled Customer, Direct Access, and Departing Load Customers, except residential usage below 130 percent of baseline, California Alternate Rates for Energy (CARE), and medical baseline. (T)
3. REVISION DATE: The revision dates applicable to the BCBA shall be as determined in the Revenue Adjustment proceeding or as otherwise ordered by the Commission. (T)
4. BCBA RATES: The BCBA does not have a rate component.
5. ACCOUNTING PROCEDURE: PG&E shall maintain the BCBA by making entries at the end of each month as follows:
  - a. Bundled Customer Subaccount
    - 1) A credit entry equal to the Bond Charge revenue from non-exempt retail bundled customers.
    - 2) A debit entry equal to the Bond Charge revenue from non-exempt retail bundled customers that would have been received at the Bond Charge rate resulting from a decision in R. 02-01-011.
    - 3) A credit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries 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.
  - b. Direct Access Customer Subaccount
    - 1) A credit entry equal to the Bond Charge revenue from eligible Direct Access Customers.
    - 2) A debit entry equal to the Bond Charge revenue from eligible Direct Access Customers that would have been received at the Bond Charge rate resulting from a decision in R. 02-01-011.
    - 3) A credit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries 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.

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PRELIMINARY STATEMENT  
(Continued)

CM. BOND CHARGE BALANCING ACCOUNT (BCBA) (Continued)

5. ACCOUNTING PROCEDURE (Cont'd.)

c. Departing Load Customer Subaccount

- 1) A credit entry equal to the Bond Charge revenue from eligible Departing Load Customers.
- 2) A debit entry equal to the Bond Charge revenue from eligible Departing Load Customers that would have been received at the Bond Charge rate resulting from a decision in R. 02-01-011.
- 3) A credit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries 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.

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