

January 13, 2003

Advice 2320-E-A

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Supplemental Filing - Revisions to Electric Distribution Rates to Comply with Decisions 02-11-027 and 02-10-029

Pacific Gas and Electric Company (PG&E) hereby submits this supplemental filing for proposed revisions to its electric rate schedules for Commission-approved changes effective January 1, 2003.¹

Purpose

This filing supplements Advice 2320-E filed December 17, 2002, which was described as submitting rates that reflect the revenue increases authorized by the 2003 Cost of Capital (CoC) Decision (D.) 02-11-027 dated November 7, 2002. This supplemental letter adds clarifying language to indicate that the rates submitted in Attachment I to Advice 2320-E also include all distribution revenue requirements authorized by the Commission through December 17, 2002. The revenue requirements include the balancing account balances, and CARE discounts reviewed and adopted in PG&E's 2000/2001 RAP decision, D. 02-10-019.

Background

The Commission reviews PG&E's cost of capital on an annual basis, in the COC proceeding, including long-term debt, preferred stock, and common equity. The amount of financial leverage faced by PG&E is determined by the proportion of debt to common equity capital, or leverage. For 2003, the Commission has adopted a return on common equity for PG&E of 11.22 percent and a return on rate base of 9.24 percent.

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 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.

Based on the revised rates of return adopted in D. 02-11-027, the electric distribution revenue requirement increases by \$6,363,000, and the utility retained generation revenue requirement increases by \$1,564,000. PG&E is revising its electric distribution rates to reflect the adopted increase in the distribution revenue requirement. In addition to the distribution rate changes authorized by D. 02-11-027, PG&E included all distribution revenue requirements authorized by the Commission through December 17, 2002, when designing the rates filed in Attachment I of Advice 2320-E. The revenue requirements include the balancing account balances, and CARE discounts reviewed in PG&E's 2000/2001 RAP and adopted in D. 02-10-019. In order to retain total rates at the current levels, generation rates are reduced slightly to offset the distribution increase.

Rate tables that show the distribution rate components on the affected rate schedules are included in Attachment I. PG&E has consolidated all rate changes to be implemented on January 1, 2003, in final tariff form in Advice 2333-E.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **February 2, 2003**, 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, 4th Floor
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

PG&E requests that Advice 2320-E and supplemental Advice 2320-E-A become effective on **January 1, 2003**, which is the effective date for rate changes specified in D. 02-11-027.

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 parties on the service list for A. 02-05-022. Address changes should be directed to Rose de la Torre (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: Service List A. 02-05-022